MINUTES OF
Budget and Control Board Meeting
April 12, 1983

019383

State of South Carolina

State Budget and Control Board

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

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

Box 12444
Columbia
29211

April 12, 1983

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary WAM

SUBJECT: Summary of Board Actions at April 12, 1983 Meeting

The following is a summary of actions taken by the Budget and Control Board at the April 12, 1983 meeting:

1. Approved the minutes of meetings held on March 22 and 24, 1983;

2. Approved the following county proposals to issue industrial revenue bonds on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results: (a) Abbeville County, $1,000,000 on behalf of Bigelow-Sanford, Inc., project; and (b) Spartanburg County, $1,000,000 on behalf of Major Media of the Southeast, Inc., project;

3. Received as information the full-time equivalent position operational report for March, 1983;

4. Received as information a report that the Widllife and Marine Resources Department Baughman's boat ramp project involving $2,056.40 had been approved by staff for establishment and that Joint Bond Review Committee action on this project is not required:

5. Approved the following easements as recommended by the Division of General Services and approved by the Attorney General's Office: (a) easement to the Commissioners of Public Works, Charleston County, for the purpose of constructing, installing and maintaining a 16-inch ductile iron water main class 52 in the west right-of-way of Folly Road involving tidelands below the mean high water mark of Folly Creek and Oak Island Creek; (b) easement to the North Charleston Sewer District for the purpose of constructing and maintaining subaqueous pipelines below the mean high water mark of Noisette Creek near Park Circle, North Charleston; (c) easement to SCE&G for the purpose of constructing and maintaining a 10 3/4 inch subaqueous pipeline in Horse Creek, Aiken County; and (d) easement between Wildlife and Marine Resources Department and the Palmetto Electric Cooperative to provide power needed for the Waddell Mariculture Research and Development Facility;

019384

6. Received as information the Department of Corrections March 1983 report on its permanent improvement program;

7. Received as information reports of payments of interviewee travel expenses by the College of Charleston, Clemson University, the Department of Mental Health, and the University of South Carolina;

8. Heard a report on the 1982-83 budget balancing situation by State Auditor Vaughn which indicated an unsatisfied shortfall of approximately $1.8 million which Mr. Vaughn expects will be covered as a part of the personal service reconciliation effort which is to be completed by April 15 and authorized Mr. Vaughn to remind agencies that: (a) it is illegal to postpone the payment of a bill incurred in one fiscal year until the following year; (b) statutes require that federal and other funds be used before general funds; and (c) agencies should be frugal in expenditures in the latter part of the fiscal year;

9. Carried over a request by the Department of Mental Retardation for authorization to transfer $477,232 of personal service and related funds to other operating categories;

10. Agreed that a policy on the number of work days in the required work week should be developed by the Board and that agencies should be advised not to implement any changes in the normal work week pending the adoption of that policy;

11. Authorized staff to proceed with the required public review and hearing process on regulations of the State Fire Marshal which have been approved by the Fire Commission;

12. Adopted the charter for the Board's internal audit unit and established an audit committee including as members State Treasurer Patterson, Comptroller General Morris, and Executive Director Putnam;

13. Gave assurance to the Department of Corrections that $365,000 of capital improvement bond funds for the replacement of washers scheduled to be available in the July - December, 1983 period will be available for release in that time period;

14. Approved the use of $840,000 of excess paying patient fee debt service funds to finance the renovation of building Med B at the Department of Mental Retardation's Whitten Center, after agreeing that this project should be separated from the overall Whitten Center renovation project and be treated accordingly and that the remaining renovation project budget be reduced from $2,887,500 to $2,047,500 of state capital improvement bond funds;

019385

15. Approved a 9% interest rate on the lease/purchase of a used diesel truck by the Department of Corrections and an interest rate of 8.24% on information technology equipment to be acquired by the University of South Carolina;

16. Approved the travel of Agriculture Department employee Roy W. Copelan, Jr., to San Juan, Puerto Rico, Curacao, and Antigua during the April 7 - 15, 1983 period for the purpose of participating in and assisting in the Caribbean Food Exposition at an estimated cost of $2,669 to be paid from state-appropriated funds;

17. Authorized the State Personnel Division to implement a pilot incentive pay program for medical transcriptionists at the Medical University and to set and adjust incentive pay rates;

18. Agreed to hold its next regular meeting at 9:30 A. M. on Tuesday, April 26, 1983;

19. Authorized the Board's Property Management Section to proceed with the sale of the old Georgetown National Guard Armory to the City of Georgetown and the sale of the old Cheraw National Guard Armory to the Town of Cheraw under the terms agreed upon and authorized the sale of the properties received in exchange for these armories provided that all proceeds received as a result of these transactions be deposited to the general fund;

20. Carried over a request relating to the dedication of the law library in the Dennis Building;

21. After considering the findings and recommendations of the Fire Marshal Appeals Panel in appeals regarding the First Free Will Baptist Church, Florence, and the Chris and Cindy Day Care Center, Taylors, rendered its decision in each appeal;

22. Approved a salary adjustment for a Clemson University employee who will serve a two-year assignment with the U. S. Corps of Engineers under the Intergovernmental Personnel Act and determined that future salary adjustments should be considered by the Board;

23. Granted a Department of Corrections employee one hundred eighty days of additional leave without pay for disability in accord with the provisions of Section 3.09(I) of the Personnel Rules Manual;

24. Approved the settlement of the Sumter Developmental Learning Center versus the Department of Social Services case;

25. Agreed that the Division of General Services should continue its process of meeting with vendors expressing interest in proposing an alternative to the proposed instructional television fixed service local distribution systems and to advise the Board on the status of those efforts at the next meeting; and

26. Ratified actions taken during executive session.

WAM:dw

019386

MINUTES OF BUDGET AND CONTROL BOARD MEETING

APRIL 12, 1983 9:30 A. M.

The State Budget and Control Board met at 9:30 A. M. on Tuesday, April 12, 1983, in the Governor's conference room in the State House with the following members in attendance:

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

Representative Tom G. Mangum was absent.

Also attending were Executive Director W. T. Putnam; Board Secretary William A. McInnis; Governor's Executive Assistant Katherine M. Clarke; Deputy Attorney General Frank K. Sloan; and staff members of the various Board divisions.

MINUTES OF PREVIOUS MEETINGS - Board members previously had been furnished a draft version of the minutes of meetings held on March 22 and March 24, 1983.

Mr. Putnam called the Board's particular attention to the item in the March 22 minutes on The Citadel's requests to use tuition fee revenues and former tuition fee revenues for operating purposes. Board members agreed that the minutes as drafted described the actions taken on those requests.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the referenced minutes as published.

BLUE AGENDA - Board members were advised that the reviews required in connection with blue agenda items 1 and 2, relating to county proposals to issue industrial revenue bonds, were incomplete.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board gave conditional approval to blue agenda items 1 and 2 and approved all other items on the blue agenda.

Blue agenda items are identified as such in these minutes.

019387

INDUSTRIAL REVENUE BONDS (BLUE AGENDA #1 AND #2) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the following county proposals to issue industrial revenue bonds on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results: (a) Abbeville County, $1,000,000 on behalf of the Bigelow-Sanford, Inc., project; and (b) Spartanburg County, $1,000,000 on behalf of Major Media of the Southeast, Inc., project.

Information relating to this matter has been retained in these files and is identified as Exhibits 1 and 2, respectively.

FINANCE DIVISION - FULL-TIME EQUIVALENT POSITION REPORT FOR MARCH, 1983 (BLUE AGENDA #3) - The Board received as information the full-time equivalent position operational report for March, 1983.

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

GENERAL SERVICES, STATE ENGINEER - PERMANENT IMPROVEMENT PROJECT ACTION BY STAFF (BLUE AGENDA #4) - The Board received as information a State Engineer report that the Wildlife and Marine Resources Department Baughman's boat ramp project involving $2,056.40 had been approved by staff for establishment and that Joint Bond Review Committee action on this project is not required.

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

GENERAL SERVICES - EASEMENTS (BLUE AGENDA #5) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the following easements as recommended by the Division of General Services and approved by the Attorney General's Office: (a) easement to the Commissioners of Public Works, Charleston County, for the purpose of constructing, installing and maintaining a 16-inch ductile iron water main class 52 in the west right-of-way of Folly Road involving tidelands below the mean high water mark of Folly Creek and Oak Island Creek; (b) easement to the North Charleston Sewer District for the purpose of constructing and maintaining subaqueous pipelines below the mean high water mark of Noisette Creek near Park Circle, North Charleston; (c) easement to South Carolina Electric and Gas Company for the purpose of constructing and maintaining a 10 3/4 inch subaqueous pipeline in Horse Creek, Aiken County; and (d) easement between the Department of Wildlife and Marine Resources and the Palmetto Electric Cooperative to provide power needed for the James M. Waddell, Jr., Mariculture Research and Development Facility.

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

DEPARTMENT OF CORRECTIONS - MARCH 1983 REPORT ON PERMANENT IMPROVEMENT PROGRAM (BLUE AGENDA #6) - The Board received as information the Department of Corrections March 1983 report on its permanent improvement program.

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

EXECUTIVE DIRECTOR'S OFFICE - INTERVIEWEE TRAVEL EXPENSE PAYMENTS (BLUE AGENDA #7) - The Board received as information reports of payments of interviewee travel expenses by the College of Charleston, Clemson University, the Department of Mental Health, and the University of South Carolina.

Governor Riley noted that the University of South Carolina data showed that some $37,000 had been spent for these purposes since June 1982 which he felt to be a lot during a time when budget cuts were being made. He asked staff to monitor these reports in the future for any apparent excesses.

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

FINANCE DIVISION - 1982-83 BUDGET BALANCING - State Auditor Edgar A. Vaughn, Jr., presented a brief report to the Board on the effort to meet the estimated 3% shortfall in general fund revenues in the current year amounting to $59,500,000. Board members had been provided with a copy of the materials Mr. Vaughn reviewed at the meeting including Schedules I, II, and III which together showed a total of $57,615,257 toward the $59.5 million shortfall and leaving an unsatisfied shortfall of $1,884,743. Mr. Vaughn expressed a belief that the personal service reconciliation effort which involves the distribution of merit and fringe benefit funds to the agencies will produce sufficient funds to cover the referenced unsatisfied shortfall. Mr. Vaughn expressed some concerns about some of the items included in the materials presented and indicated that he may bring alternatives to the Board for its consideration when final approval is given to the entire package at the next meeting.

Mr. Patterson indicated that he wants a cover sheet showing that the whole projected shortfall will be covered.

Mr. Vaughn suggested that the Board remind the agencies that it is illegal to postpone the payment of a bill incurred in one fiscal year until the following year. He noted that some evidence of that has been found in audit work and that agencies indicate an intention to hold bills in an effort to cover shortages in the current year. Mr. Vaughn also urged that the Board remind agencies that statutes require that federal and other funds be used before general funds are called upon and that the agencies be cautioned to be frugal in expenditures in these latter parts of the fiscal year.

Governor Riley urged Mr. Vaughn to proceed with his effort to advise the agencies on these three points and Mr. Vaughn agreed to do so.

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

FINANCE DIVISION - TRANSFER REQUEST (MENTAL RETARDATION) - The Board without objection carried over a request by the Department of Mental Retardation to transfer $477,232 of personal service and related funds to other operating categories.

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

PERSONNEL DIVISION - DAYS IN AGENCY WORK WEEKS - The Personnel Division advised the Board that it has been asked if approval by the Board is required for an agency to reschedule full-time employees (those working 37.5 hours to 40 hours per week) to regularly work four days rather than five days in

a work week. The Division advises also that Code Section 8-11-230 provides in part that the Board is authorized and directed to develop policies and programs concerning leave with or without pay, hours of work, fringe benefits, etc.

Mr. Putnam reminded the Board that this basic issue had been addressed on one occasion with the Department of Agriculture and that the Board had approved a shortened work week on a trial basis for that agency. He recommended that the Board develop a policy on this subject and that the agencies be advised not to implement any changes in the normal work week pending the adoption of that policy.

The Board without objection agreed that a policy on the number of work days in the required work week should be developed by the Board and that agencies should be advised not to implement any changes in the normal work week pending the adoption of that policy.

EXECUTIVE DIRECTOR'S OFFICE - FIRE MARSHAL REGULATIONS - Mr. Putnam advised the Board that, as a result of staff error, the regulations which the Board considered at its February 8, 1983 meeting had not been filed with the Legislative Council and published in the State Register even though the Board at that meeting had authorized staff to proceed with the required public review and hearing process. He indicated that the Fire Commission had held a hearing on these regulations but that that hearing has no effect because proper notice had not been given by way of publication in the State Register.

019392

Mr. Putnam advised the Board that the regulations presented today are slightly revised from those presented at the February 8 meeting and asked for authorization to proceed with the required review and hearing processes on them.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized staff to proceed with the required public review and hearing process on regulations of the State Fire Marshal which have been approved by the Fire Commission.

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

EXECUTIVE DIRECTOR'S OFFICE - INTERNAL AUDIT CHARTER - Mr. Putnam noted that, as a result of the reorganization of the Board's administrative functions in the Fall of 1982, the internal audit functions had been centralized in the Executive Director's Office. He noted that this unit has done some very good work already and that it has developed a charter which sets out a policy framework within which the unit would expect to function. He noted that the charter includes provision for the establishment of an audit committee to be comprised of two members of the Board and the Executive Director.

Governor Riley noted that he would presume that the two audit committee members ought to be Mr. Patterson and Mr. Morris.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a charter for the Board's internal audit unit as presented and established an audit committee. On a second motion

by Mr. Patterson, seconded by Mr. Morris, the Board named Mr. Patterson and Mr. Morris and Mr. Putnam to the membership of the audit committee.

Mr. Putnam introduced staff member Michael Windham who heads the internal audit unit in his office.

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

EXECUTIVE DIRECTOR'S OFFICE - BOND FUNDS FOR CORRECTIONS LAUNDRY EQUIPMENT - Mr. Putnam advised the Board that the Department of Corrections has requested that assurance be given that the $365,000 of capital improvement bond funds scheduled for release in the July - December, 1983 period will be released on that schedule. The Board also was advised that the Joint Bond Review Committee has agreed to the release of those funds in that time period. Mr. Putnam recommended that the Board take a similar action.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board gave assurance to the Department of Corrections that the $365,000 of capital improvement bond funds for the replacement of washers scheduled to be available in the July - December, 1983 period will be available for release in that time period.

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

MENTAL RETARDATION - FUNDING OF WHITTEN CENTER RENOVATION PROJECT - The Board was advised that $2,887,500 of state capital improvement bonds had been authorized to finance the renovation of various buildings at Whitten Center but that most of those funds are not presently available in that they are

in later priority groups in the schedule developed by the Joint Bond Review Committee. The Department of Mental Retardation, because of the urgency of renovating Building Med B at Whitten Center, requested and received Joint Bond Review Committee of the use of $840,000 of excess paying patient fee debt service funds to finance that particular project. In approving that request, the Committee also voted to deauthorize a like amount of the capital improvement bond funds authorized previously for the project. The effect of the Committee's action thus was to hold the budget of the overall project at $2,887,500 but to change the source of funds to finance it so that $840,000 will be provided from excess paying patient fee debt service funds and the remaining $2,047,500 would be provided from state capital improvement bond funds.

Mr. Putnam recommended that the Board authorize the use of the $840,000 of excess paying patient fee debt service funds on the project but that the Department of Mental Retardation be required to make the renovation of Building Med B a separate project and that the overall renovation project be reduced accordingly.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the use of $840,000 of excess paying patient fee debt service funds to finance the renovation of building Med B at the Department of Mental Retardation's Whitten Center, after agreeing that this project should be separated from the overall Whitten Center renovation project and established separately and be treated accordingly and that the remaining renovation project budget be reduced to $2,047,500 of state capital improvement bond funds.

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

GENERAL SERVICES - EQUIPMENT ACQUISITION FINANCING - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved a 9% interest rate on the lease/purchase of a used diesel truck by the Department of Corrections and an interest rate of 8.24% on information technology equipment to be acquired by the University of South Carolina, upon the recommendation of the Division of General Services and after Mr. Patterson had approved the rates of interest.

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

DEPARTMENT OF AGRICULTURE - FOREIGN TRAVEL - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board ratified the approval given by staff to the travel of Agriculture Department employee Roy W. Copelan, Jr., to San Juan, Puerto Rico, Curacao, and Antigua during the April 7-15, 1983 period for the purpose of participating in and assisting in the Caribbean Food Exposition at an estimated cost of $2,269 to be paid from State-appropriated funds.

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

PERSONNEL DIVISION - INCENTIVE PAY FOR MEDICAL TRANSCRIPTIONISTS - The Personnel Division advised the Board that the Medical University has requested authorization to implement an incentive pay program for medical transcriptionists based on their productivity and that it has been estimated that some $19,000 in savings could be realized by the Medical University annually if such a plan were to be implemented.

Following a brief discussion in which it was noted that the Personnel Subcommittee had approved the project, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the State Personnel Division to implement a pilot incentive pay program for medical transcriptionists at the Medical University and to set and adjust incentive pay rates.

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

FUTURE MEETING - The Board without objection agreed to hold its next regular meeting at 9:30 A. M. on Tuesday, April 26, 1983.

EXECUTIVE SESSION - Mr. Putnam advised the Board that two contractual matters, four personnel matters, and one legal settlement had been proposed for consideration in executive session. He also indicated that the last item on the executive session agenda should be carried over.

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

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

(1) Authorized the Board's Property Management Section to proceed with the sale of the old Georgetown National Guard Armory to the City of Georgetown and the sale of the old Cheraw National Guard Armory to the Town of Cheraw under the terms agreed upon and authorized the sale of the properties received

in exchange for these armories provided that all proceeds received be deposited to the State's general fund;

(2) Carried over a request relating to the dedication of the law library in the Dennis Building;

(3) After considering the findings and recommendations of the Fire Marshal Appeal Panel in appeals regarding the First Free Will Baptist Church, Florence, and the Chris and Cindy Day Care Center, Taylors, rendered its decision in each appeal;

(4) Approved the salary adjustment for a Clemson University employee who will serve a two-year assignment with the U. S. Corps of Engineers under the Intergovernmental Personnel Act and determined that future salary adjustments should be considered by the Board;

(5) Granted a Department of Corrections employee 180 days of additional leave without pay for disability in accord with the provisions of Section 3.09(I) of the Personnel Rules Manual;

(6) Approved the settlement of the Sumter Developmental Learning Center versus the Department of Social Services case; and

(7) Agreed that the Division of General Services should continue its process of meeting with vendors expressing interest in proposing an alternative to the proposed instructional television fixed service local distribution systems and that the Division should advise the Board on the status of those efforts at the next meeting.

The meeting was adjourned at 10:45 A. M.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978, the Freedom of Information Act, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary in the State House and near the Board Secretary's office in the Wade Hampton Office Building at 9:00 a.m. on Monday, April 11, 1983.]

019358

The State of South Carolina

Office of the Attorney General

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2081

April 15, 1983

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

Re: $1,000,000 Abbeville County, South Carolina, Industrial Revenue Bond, (Bigelow-Sanford, Inc.)

Dear Mr. McInnis:

Regarding the above referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

B J Willoughby

B. J. Willoughby
Assistant Attorney General

BJW/cs

Enclosures

019399

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

RESOLUTION
OF
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING AN UNDERTAKING BY ABBEVILLE COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF A PUMP STATION AND HEAT SETTING EQUIPMENT AT A CARPET MANUFACTURING FACILITY THROUGH THE ISSUANCE OF A $1,000,000.00 ABBEVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (BIGELOW PROJECT) SERIES 1983.

WHEREAS, the County Council of Abbeville 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 Abbeville County, South Carolina (the "County"); and

WHEREAS, the undertaking provides for the issuance and sale to the Citizens and Southern National Bank of South Carolina ("C&S") of a One Million Dollar ($1,000,000) Abbeville County, South Carolina Industrial Revenue Bond (Bigelow Project) Series 1983, pursuant to the Act, the proceeds to be used to finance the acquisition, construction and installation of a pump station and heat setting equipment at a carpet manufacturing facility (the "Project"); and

WHEREAS, C&S has agreed to purchase the Bond; and

WHEREAS, the proceeds of the Bond will be loaned by the County to Bigelow-Sanford, Inc., a South Carolina corporation (the

019400

"Company"), in exchange for its $1,000,000 note (the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the Bond; and

WHEREAS, the Company will own the Project and will secure payments under the Company Note for a limited time by causing Chemical Bank to issue a $1,000,000 letter of credit (the "Letter of Credit"); and

WHEREAS, the County will secure payment of the Bond by granting to C&S a security interest in the Company Note and will conditionally assign to C&S the Company Note; and

WHEREAS, the Company will unconditionally guarantee payment of the Bond; and

WHEREAS, the general terms of the principal loan documents contemplated in connection with this transaction have been reviewed by the Attorney General of South Carolina on behalf of the State Board; and

WHEREAS, the State Board has made such independent investigation 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 as follows:

(a) The statement of facts set forth in the recitals of this Resolution are in all respects true and correct;

019401

(b) The County Council has filed with the State Board pursuant to the Act a proper petition reciting facts which are in all respects true and correct.

(c) The Project is reasonably estimated to cost approximately One Million Six Hundred Thousand Dollars ($1,600,000).

(d) The pump station will save approximately 450 existing jobs at the Company's Rocky River Plant in the County and will allow expansion of that plant to create up to 1,000 jobs in the future. The heat setting equipment will require 6 persons per 8 hour shift. The Project will be of benefit to the State of South Carolina, and to the County and adjacent areas in particular.

(e) 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 the proposed undertaking of the County to finance the Project through the issuance of the Bond pursuant to the Act (including changes in any details of the financing consummated which do not materially affect the undertaking) is hereby approved.

3. That notice of this action taken by the State Board in giving its approval to the undertaking of the County, shall be published in The Press and Banner, which is a newspaper published in Abbeville, 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.

019402

Exhibit A

NOTICE OF APPROVAL OF PROJECT

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 Abbeville County, South Carolina (the "County") of the acquisition, construction and installation of a pump station and heat setting equipment by Bigelow-Sanford, Inc., a South Carolina corporation, (the "Company") at its Rocky River Plant in the County, (the "Project") through the issuance of an Industrial Revenue Bond (Bigelow Project) Series 1983, in the principal amount of One Million Dollars ($1,000,000) (the "Bond"), pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended.

The proceeds of the Bond will be loaned by the County to the Company in exchange for its $1,000,000 note (the "Company Note") providing for payments to the County sufficient to meet the payment schedules on the Bond. The Company will own the Project and will secure payments to be made under the Company Note for a limited time by causing Chemical Bank to issue a $1,000,000 letter of credit (the "Letter of Credit"). The Bond will be payable by

019403

the County solely from payments received by the County under the Company Note or the Letter of Credit. Neither the Project or Bond, nor any charges in connection with the Project or Bond, 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.

When completed, the Project is reasonably estimated to save approximately 450 jobs at the Company's Rocky River Plant, to create at least 6 additional jobs at that plant and to allow that plant to expand sufficiently to create up to 1,000 jobs in the future.

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 action de novo instituted in the Court of Common Pleas in the County.

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

By: s/William A. McInnis
Secretary

019404

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, April 12, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item) and Representative Mangum.

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

FOR MOTION	AGAINST MOTION
3	0

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

That any and all conditions attached to the referenced Board action have been satisfied as of the date of this certificate.

APR 15 1983

019405

William A. McInnis

Secretary

4-13-83

C&S

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, P. O. BOX 1449, GREENVILLE, S.C. 29602
A SUBSIDIARY OF THE CITIZENS AND SOUTHERN CORPORATION

March 31, 1983

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

The South Carolina State Budget
and Control Board
Wade Hampton Office Building
Room 618
Columbia, South Carolina 29211

Gentlemen:

In connection with the sale by Abbeville County, South Carolina (the "Issuer") of its Industrial Development Revenue Bond (Bigelow Project), Series 1983, dated the date of issuance and delivery thereof, in the principal amount of $1,000,000 (the "Bond") to the Citizens & Southern National Bank of South Carolina, Greenville, South Carolina (the "Purchaser"), the Purchaser makes the following representations and certifications:

(i) 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 Bond;

(ii) the Purchaser is financially able to bear the economic risk of its proposed investment in the Bond for an indefinite period;

(iii) the Purchaser is familiar with the business affairs of Bigelow-Sanford, Inc. (the "Company") and has obtained and examined all financial and other information with respect to the Bond, 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 Bond and to make an informed investment judgment in connection with the purchase of the Bond;

(iv) 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 Bond and its investment in the Bond;

(v) the Bond is 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 Bond or any portion thereof for resale either currently or after the passage of a fixed period of time;

(vi) the Purchaser is not presently a party to, nor has it contemplated any agreement, undertaking, arrangement, obligation indebtedness or commitment which is likely to compel disposition of its investment in the Bond.

Sincerely,

CITIZENS & SOUTHERN NATIONAL
BANK OF SOUTH CAROLINA

By: James S. Weaver
James S. Weaver,
Vice President

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

COUNTY OF ABBEVILLE)

PETITION

TO: THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

The County Council of Abbeville 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 Abbeville 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.

019408

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist in the financing of the acquisition, construction and installation of buildings, pipelines, improvements and equipment in the County to intake, pump and store water to service the Rocky River Plant carpet manufacturing facility of Bigelow-Sanford, Inc. (the "Company") also located in the County and to assist in the financing of the acquisiion and installation of equipment to heat set yarn at that aforementioned facility (the "Project"). The necessity for this Project was created by the anticipated flooding of a portion of the existing water system by action of the United States Army Corps of Engineers in its Russell Dam Project and by technological and market changes within the carpet industry. The Project is essential to the continued operation and to the expansion of the existing manufacturing facility of the Company in the County. In this connection, the County, acting through the County Council, has agreed to issue and sell an Abbeville County, South Carolina, Industrial Revenue Bond (Bigelow Project) Series 1983 (the "Bond") in the amount of One Million Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal

019409

Revenue Code of 1954, as amended. The Bond shall be repaid in forty equal quarterly installments of principal over a period of ten years commencing July 1, 1983. Interest shall be payable quarterly at the rate of sixty-five percent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina (the "Bank") from time to time.

4. The cost of the Project is approximately One Million Six Hundred Thousand Dollars ($1,600,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond.

5. When completed the Project will save approximately 450 existing jobs in the County and will allow expansion of the Rocky River Plant to create up to 1000 jobs in the future. Also, operation of the heat setting equipment will require 6 persons per 8 hour shift.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no

019410

pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of One Million Dollars. The County promptly will use the proceeds of the Bond to purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be guaranteed for a limited time by an irrevocable letter of credit issued by Chemical Bank. Payment of the Bond will be secured by the granting to the Bank of a security interest in the aforementioned note and the aforementioned letter of credit. Also, in order to secure further payment of the Bond, the County will conditionally assign to the Bank the aforementioned note and the aforementioned letter of credit.

(b) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

019411

(c) The issuance and sale of the Bond 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 its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(e) The Company will guarantee unconditionally full payment of the Bond;

(f) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(g) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(h) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

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

019412

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 Bond, 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 ABBEVILLE COUNTY

(SEAL)

By: W D Ryan
Chairman of County Council

Attest: Joyce T. Simpson
Clerk of County Council

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

March 21, 1983

019413

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

A RESOLUTION

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF AN ABBEVILLE COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BOND (BIGELOW PROJECT) SERIES 1983 IN THE PRINCIPAL AMOUNT OF ONE MILLION DOLLARS 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 THIS UNDERTAKING.

BE IT RESOLVED BY THE COUNTY COUNCIL OF ABBEVILLE 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 Abbeville County, South Carolina (the "County Council") has made the following findings:

1. Bigelow-Sanford, Inc., a South Carolina corporation (the "Company"), has proposed that Abbeville County, South Carolina (the "County") assist in financing the acquisition, construction and installation in the County of buildings, pipelines, improvements and equipment to intake, pump and store water to service the carpet manufacturing facility of the Company (Rocky River Plant) also located in the County and that the County assist in financing the acquisition and installation of equipment to heat set yarn at that aforementioned facility (the "Project"). The necessity for this Project was created by the anticipated flooding of a portion of the existing water system by action of the United States Army Corps of Engineers in its Russell Dam Project and by techno-

logical and market changes within the carpet industry. The Project is essential to the continued operation and to the expansion of the existing manufacturing facility of the Company in the County. The Project will be financed in part by the issuance and sale by the County of its Industrial Revenue Bond (the "Bond"), in a total principal amount of One Million Dollars, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

2. The Project will be aided by the assistance which the County might render pursuant to the Act. The County, acting through the County Council, has agreed to assist in financing the Project by issuing and selling the Bond. The proceeds of the Bond will be loaned by the County to the Company to finance the Project. The Company in exchange for the Bond shall deliver to the County, at the time that the Bond is issued and sold, its note in the amount of the proceeds. Payment of this Note will be guaranteed for a limited time by an Irrevocable Letter of Credit issued by Chemical Bank (the "Letter of Credit").

3. The Project will subserve the purposes of the Act. The Project, when completed, will save approximately 450 existing jobs and will allow expansion of the Rocky River Plant to create up to 1000 jobs in the future. Also, operation of the heat setting equipment will require 6 persons per 8 hour shift.

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

019415

5. The amount necessary to finance the Project is approximately One Million Six Hundred Thousand Dollars. The amount of the Bond shall be One Million Dollars, and the Bond shall be issued and sold for this amount at no discount. The Bond shall be repaid in forty equal quarterly installments of principal over a period of ten years commencing July 1, 1983 and shall be subject to mandatory prepayment shortly before expiration of the Letter of Credit unless the bondholder shall otherwise consent in writing. Interest shall be payable quarterly at the rate of sixty-five per cent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina, a national banking corporation, from day to day. Payments to the County by the Company shall be sufficient to allow the County to meet the repayment schedule on the Bond.

6. No reserve fund shall be established in connection with the Bond or in connection with the maintenance of the Project.

7. The Company shall pay all costs required to keep the Project in good repair and to keep the Project properly insured.

8. The proposed loan documents obligate the Company unconditionally to pay to the County the amounts necessary to pay all principal, interest and premium, if any, when and as they become due on the Bond and similarly to pay all other costs in connection with those instruments.

9. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

019416

10. The Company has arranged for the issuance and sale of the Bond to the Citizens and Southern National Bank of South Carolina.

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. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) is hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to his signature.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Abbeville County, South Carolina on March 21, 1983, relating to the issuance of the Abbeville County, South Carolina Industrial Revenue Bond (Bigelow Project) Series 1983 in a total principal amount of One Million Dollars.

Joyce T. Simpson
Clerk of County Council
Abbeville County, South Carolina

March 21, 1983

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

019417

Exhibit "A"

STATE OF SOUTH CAROLINA)

COUNTY OF ABBEVILLE)

PETITION

TO: THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

The County Council of Abbeville 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 Abbeville 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.

019418

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist in the financing of the acquisition, construction and installation of buildings, pipelines, improvements and equipment in the County to intake, pump and store water to service the Rocky River Plant carpet manufacturing facility of Bigelow-Sanford, Inc. (the "Company") also located in the County and to assist in the financing of the acquisiion and installation of equipment to heat set yarn at that aforementioned facility (the "Project"). The necessity for this Project was created by the anticipated flooding of a portion of the existing water system by action of the United States Army Corps of Engineers in its Russell Dam Project and by technological and market changes within the carpet industry. The Project is essential to the continued operation and to the expansion of the existing manufacturing facility of the Company in the County. In this connection, the County, acting through the County Council, has agreed to issue and sell an Abbeville County, South Carolina, Industrial Revenue Bond (Bigelow Project) Series 1983 (the "Bond") in the amount of One Million Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal

019419

Revenue Code of 1954, as amended. The Bond shall be repaid in forty equal quarterly installments of principal over a period of ten years commencing July 1, 1983. Interest shall be payable quarterly at the rate of sixty-five percent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina (the "Bank") from time to time.

4. The cost of the Project is approximately One Million Six Hundred Thousand Dollars ($1,600,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond.

5. When completed the Project will save approximately 450 existing jobs in the County and will allow expansion of the Rocky River Plant to create up to 1000 jobs in the future. Also, operation of the heat setting equipment will require 6 persons per 8 hour shift.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no

019420

pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of One Million Dollars. The County promptly will use the proceeds of the Bond to purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be guaranteed for a limited time by an irrevocable letter of credit issued by Chemical Bank. Payment of the Bond will be secured by the granting to the Bank of a security interest in the aforementioned note and the aforementioned letter of credit. Also, in order to secure further payment of the Bond, the County will conditionally assign to the Bank the aforementioned note and the aforementioned letter of credit.

(b) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

019421

(c) The issuance and sale of the Bond 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 its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(e) The Company will guarantee unconditionally full payment of the Bond;

(f) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(g) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(h) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

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

019422

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 Bond, 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 ABBEVILLE COUNTY

(SEAL)

By: _____
Chairman of County Council

Attest: _____
Clerk of County Council

March 21, 1983

019423

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 4/12/83

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

1. Local Government: Abbeville County
2. Bond Counsel:
   (a) Firm Nyche, Burgess, Freeman & Parham
   (b) Contact Person Carl Mueller Phone 242-3131
   (c) Address Box 10207, Greenville, SC 29603
3. Project Name: Bigelow-Sanford, Inc.
4. Issue Amount: $1,000,000 Type: Industrial
5. Employment Impact of Project: save approx. 430 existing jobs and will allow expansion to create up to 1,000 jobs in the future
6. Type/Nature of Business of Firm Involved: carpet manufacturing facility

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	CM 4/5	DE 4/6
(b) Documents on issuance/securing of bonds	CM 4/5	DE 4/6
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: C+S Bank)	CM 4/5	EAW 4/6
(3) Review by State Auditor's Office (memo)	OK 4/13	xxxxxxxx
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (2 copies for certification for bond counsel)	CM 4/5	DE 4/6
(f) Review by Attorney General's Office (letter)	OK 4/15	xxxxxxxx

019424

Motion: GLP
Second: EEM
Absent: RCD during item, TGM
Vote: For 3, Against 0

Certificates signed: 4/15/83

Resolutions mailed: 4/15/83

C. GRANVILLE WYCHE
ALFRED F. BURGESS
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
FRANK S. HOLLEMAN, III

WYCHE, BURGESS, FREEMAN & PARHAM
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
GREENVILLE, SOUTH CAROLINA 29603

POST OFFICE BOX 10207
44 EAST CAMPERDOWN WAY
CABLE ADDRESS: JURAL
TELEPHONE 803-242-3131

APR 5 1983

March 31, 1983

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

Mr. William McInnis
State Budget and Control Board
Sixth Floor
Wade Hampton Office Building
Room 618
Columbia, South Carolina

Re: $1,000,000 Abbeville County, South Carolina
Industrial Revenue Bond (Bigelow Project)
Series 1983

Dear Mr. McInnis:

Enclosed please find the following documentation with regard to the above-captioned industrial revenue bond:

1. Petition to the State Budget and Control Board of South Carolina of Abbeville County dated March 21, 1983;

2. Resolution authorizing the above Petition dated March 21, 1983;

3. Bond Ordinance;

4. Resolution of the State Budget and Control Board of South Carolina;

5. Commitment Letter of the Citizens and Southern National Bank of South Carolina.

I am forwarding the above documentation for review by the State Budget and Control Board at its meeting to be held on April 12, 1983. Please forward the signed copies to the undersigned once approval has been received.

Very truly yours,

Carl Muller

Carl F. Muller

CFM/bjm
Enclosures

019425

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

ABBEVILLE COUNTY, SOUTH CAROLINA

$1,000,000

INDUSTRIAL REVENUE BOND

(BIGELOW PROJECT)

SERIES 1983

BOND ORDINANCE

019426

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE BY ABBEVILLE COUNTY, SOUTH CAROLINA TO THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA OF AN ABBEVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (BIGELOW PROJECT) SERIES 1983 IN THE TOTAL AMOUNT OF ONE MILLION DOLLARS TO FINANCE THE ACQUISITION, CONSTRUCTION AND INSTALLATION IN THE COUNTY OF BUILDINGS, PIPELINES, IMPROVEMENTS AND EQUIPMENT TO INTAKE, PUMP AND STORE WATER TO SERVICE THE CARPET MANUFACTURING FACILITY OF BIGELOW-SANFORD, INC. (ROCKY RIVER PLANT) ALSO LOCATED IN THE COUNTY AND TO FINANCE THE ACQUISITION AND INSTALLATION OF CERTAIN EQUIPMENT TO HEAT SET YARN AT THAT FACILITY; AUTHORIZING THE LOAN BY THIS COUNTY OF THE PROCEEDS OF THIS BOND TO THIS COMPANY FOR THESE PURPOSES; AUTHORIZING THE ACCEPTANCE BY THIS COUNTY FROM THIS COMPANY OF ITS NOTE IN THE TOTAL AMOUNT OF ONE MILLION DOLLARS AND OTHERWISE PROVIDING FOR PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS BOND; AUTHORIZING THE CONDITIONAL ASSIGNMENT OF THIS NOTE, A LETTER OF CREDIT AND THE GRANTING OF A SECURITY INTEREST IN THIS NOTE AND THIS LETTER OF CREDIT BY THIS COUNTY TO THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA IN ORDER TO SECURE PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS BOND; AND AUTHORIZING OTHER RELATED MATTERS.

WHEREAS, Abbeville County, South Carolina is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to loan money to private corporations in order to promote the industrial development of South Carolina and to develop trade in South Carolina by inducing industrial enterprises to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, Abbeville County, South Carolina is further authorized by this statute to issue industrial revenue bonds payable solely out of payments which it shall receive from private corporations that have been granted these industrial development loans; and

WHEREAS, Abbeville County, South Carolina has been requested to assist in financing the acquisition, construction and installation of buildings, pipelines, improvements and equipment for an industrial facility in Abbeville County, South Carolina; and

WHEREAS, Abbeville County, South Carolina has committed to lend this assistance for the acquisition, construction and installation of these facilities; and

WHEREAS, these facilities will be of the character and will accomplish the purposes prescribed by the aforementioned statute; and

WHEREAS, Abbeville County, South Carolina proposes to loan to Bigelow-Sanford, Inc. funds to finance the acquisition, construction and installation of these facilities and necessary related expenses; and

WHEREAS, it has been determined that, in order to finance these facilities and these necessary related expenses, Abbeville County, South Carolina will be required to issue, sell and deliver to the Citizens and Southern National Bank of South Carolina a $1,000,000 principal amount Abbeville County, South Carolina Industrial Revenue Bond (Bigelow Project), Series 1983.

NOW, THEREFORE, BE IT ORDAINED by the County Council of Abbeville County, South Carolina, in meeting duly assembled:

019428

ARTICLE I

DEFINITIONS

The terms defined in this section for all purposes of this Ordinance shall have the respective meanings specified in this section.

"BOND" means the $1,000,000 Abbeville County, South Carolina Industrial Development Revenue Bond (Bigelow Project), Series 1983, in the principal amount of $1,000,000 to be issued, sold and delivered by the County to the Citizens and Southern National Bank of South Carolina. The Bond shall be substantially in the form attached as Exhibit A to the Loan Agreement.

"CHAIRMAN" means the duly elected Chairman of County Council or, in his absence, the Vice-Chairman of County Council.

"CLERK" means the Clerk of County Council, or, in her absence, any person authorized to act in her stead.

"CODE" means the Internal Revenue Code of 1954, as amended, and all applicable regulations.

"COMPANY" means Bigelow-Sanford, Inc., a South Carolina corporation, its successors and assigns.

"COMPANY NOTE" means the Secured Note of the Company in the principal amount of $1,000,000 to be executed and delivered by the Company to the County in consideration for the issuance of the Bond and the loan of the proceeds of the Bond to the Company. The Company Note will be substantially in the form attached as Exhibit C to the Loan Agreement.

019429

"CONSTRUCTION FUND" means the account to be established at the Citizens and Southern National Bank of South Carolina with the proceeds from the sale and delivery of the Bond and Company Note.

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

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

"C&S" means the Citizens and Southern National Bank of South Carolina, a national banking association, its successors and assigns, and, if it shall sell or transfer the Bond, then any party which shall subsequently become a registered holder of that Bond.

"LETTER OF CREDIT" means the Irrevocable Letter of Credit issued by Chemical Bank guaranteeing full payment of the Company Note for a limited period of time. The Letter of Credit will be substantially in the form attached as Exhibit D to the Loan Agreement.

"LOAN AGREEMENT" means the Loan Agreement among the County, C&S and the Company, which recites the terms and conditions of the loan to be made by C&S to the County and by the County to the Company to finance the Project and necessary related expenses. The Loan Agreement will be substantially in the form attached as Exhibit X to this Ordinance.

019430

"PROJECT" means the buildings, pipelines, improvements and equipment that have been or will be acquired, constructed and/or installed in the County by the Company, that will be financed with the proceeds from the Bond and Company Note and that will be used by the Company to intake, pump and store water to service its carpet manufacturing facility (Rocky River Plant) also located in the County or that will be used by the Company to heat set yarn at that facility.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment between the County and C&S, in which the County grants to C&S a security interest in its rights in and to the Company Note, the Letter of Credit, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to C&S its rights in and to those documents, all amounts received under those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to the Loan Agreement.

ARTICLE II

TERMS OF THE BOND AND THE COMPANY NOTE

SECTION 201. RESTRICTION ON ISSUANCE. No Bond shall be issued under this Ordinance except in accordance with the provisions of this Ordinance.

SECTION 202. ISSUANCE OF BOND. The Bond is hereby authorized and shall be issued and delivered by the County on or

019431

before May 31, 1983 at such time as the County, the Company and C&S shall agree and shall be dated the date of issuance and delivery. The Bond shall be in registered form and shall be sold to C&S for a purchase price equal to its principal face amount of $1,000,000. The interest rate, maturity, redemption provisions and other terms and conditions of the Bond shall be as provided in the Loan Agreement, which is attached to and expressly incorporated into this Ordinance.

SECTION 203. LIMITED OBLIGATION. The Bond and all payments required under the Bond (including principal and interest) shall be limited obligations of the County payable by the County solely from payments received by the County under or in connection with the Company Note. This Ordinance, the Loan Agreement, the Bond, the Security Agreement and Conditional Assignment and all obligations of the County arising under or related to these documents, do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

SECTION 204. ACCEPTANCE OF COMPANY NOTE. Simultaneous with the issuance, sale and delivery of the Bond, the County shall purchase the Company Note, which shall be dated the date of delivery. The Company Note shall be in the principal amount of $1,000,000 and shall be purchased for that amount. The terms and conditions of the Company Note shall be as provided in the Loan

019432

Agreement, which is attached to and expressly incorporated into this Ordinance. The Company Note shall provide for payments of principal, interest and costs sufficient to pay when due all amounts payable under the Bond.

ARTICLE III

DOCUMENTATION

SECTION 301. AUTHORIZATION, EXECUTION AND DELIVERY OF DOCUMENTS. The County is authorized and directed to execute, seal and deliver and to exercise its powers and perform its obligations under the Bond, the Loan Agreement, and the Security Agreement and Conditional Assignment, each substantially in the form attached as an exhibit to this Ordinance or the Loan Agreement. The County is authorized and directed, prior to execution, sealing and delivery of these documents, to make any changes or modifications in the form of any of these documents which may be required or deemed appropriate by the Chairman in order to accomplish the purposes of the transactions authorized by this Ordinance and which the Chairman shall determine do not materially affect adversely the interest of the County under these documents. The County is authorized and directed to execute, seal and deliver all other documents which may be requested by C&S or the Company at any time in connection with this transaction and which the Chairman shall determine do not materially affect adversely the interests of the County in this transaction. All documents to be executed by the County shall be

019433

signed and sealed by the Chairman and the Clerk shall attest to his signature. The execution, sealing and delivery of each document shall be conclusive evidence of its due execution, sealing and delivery in accordance with the terms of this Ordinance, and each such document shall thereupon become binding and enforceable against the County.

SECTION 302. CONDITION OF COUNTY'S OBLIGATION; PAYMENT OF PRINCIPAL AND INTEREST. Any obligation for the payment of money incurred by the County pursuant to this Ordinance or any documents executed in connection with the transactions authorized by this Ordinance shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from payments received by the County under or in connection with the Loan Agreement, the Company Note and the Letter of Credit. Nothing in this Ordinance, the Bond or any document executed in connection with the transactions authorized by this Ordinance shall be considered as pledging any other funds or assets of the County.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS

SECTION 401. CONSTRUCTION FUND. The County shall establish with C&S the Construction Fund to receive all of the proceeds from the issuance and sale of the Bond and Company Note and to be designated "Abbeville County (Bigelow Project) Series 1983 Construction Fund." All funds in the Construction Fund

019434

shall be disbursed in accordance with the terms of the Loan Agreement solely for the purposes and upon receipt of the requisitions described in the Loan Agreement.

SECTION 402. APPLICATION OF PROCEEDS. All of the proceeds from the sale and delivery of the Company Note shall be used to acquire, construct and install the Project and to pay the necessary expenses related to acquisition, construction and installation of the Project, all as more fully described in the Loan Agreement. The Company shall have the right to direct the investment of the moneys in the Construction Fund in accordance with the procedures described in the Loan Agreement and shall have the right to retain the earnings from those investments in the Construction Fund for use as described in the Loan Agreement.

ARTICLE V

MISCELLANEOUS

SECTION 501. ARBITRAGE. All of the proceeds of the Company Note are reasonably expected to be expended by the Company not later than December 31, 1983 to pay for the Project, which will consist entirely of property of a character subject to the allowance for depreciation under the Code and to pay any expenses allowed by the Act and the Code and incurred in connection with the acquisition, construction and installation of the Project. No part of the proceeds of the Bond or Company Note will be used to finance inventory or for working capital. The Chairman is hereby authorized to execute and file in the name and

019435

on behalf of the County a non-arbitrage certificate required to be executed pursuant to the provisions of the regulations issued pursuant to Section 103 of the Code.

SECTION 502. SEVERABILITY. If any provision of this Ordinance shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any jurisdiction or jurisdictions or in all jurisdictions, or in any case or cases or in all cases because it conflicts with any constitution or statute or rule of law or public policy, or for any other reason, that circumstance shall not have the effect of rendering the provision in question otherwise inoperative or unenforceable, or of rendering any other provision invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Ordinance, shall not affect the remaining portions of this Ordinance.

SECTION 503. CONTRACT. This Ordinance shall be deemed to be a contract which shall bind the County to the performance of its obligations hereunder and which shall be enforceable by the Company, C&S and any subsequent lawful holder of the Bond.

SECTION 504. EFFECTIVE DATE OF ORDINANCE. This Ordinance shall take effect immediately upon third reading by the County Council.

SECTION 505. The Chairman of the County is hereby authorized to make, if requested by the Company, an election to

019436

issue the Bond pursuant to Section 103(b)(6)(D) of the Code and to sign and file or cause to be filed any and all documents necessary to accomplish and effect such election.

I hereby certify that the foregoing constitutes a true copy of a Bond Ordinance duly adopted by the County Council of Abbeville County, South Carolina on _____, 1983.

By_____
Clerk of County Council

019437

EXHIBIT X

(LOAN AGREEMENT)

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 1, 1983, among ABBEVILLE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), the CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, a national banking association ("C&S"), and BIGELOW-SANFORD, INC., a South Carolina corporation (the "Company").

WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

ARTICLE I

LIMITATION OF COUNTY'S LIABILITY

Section 1.1. Any obligation which the County may incur for the payment of money as a result of its entering into or performance of this Loan Agreement or the transactions described in this Loan Agreement 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 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 or related to this Loan Agreement, the Company Note or the Letter of Credit.

019439

ARTICLE II

DEFINITIONS

Section 2.1. Certain terms used in this Loan Agreement shall have the meanings given to them in Section 2.2 of this Loan 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 Loan Agreement as follows:

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

"ASSISTANCE AGREEMENT" means the contract pursuant to which the County has agreed to finance the acquisition, construction and installation of the Project.

"BOND" means the $1,000,000 Abbeville County, South Carolina Industrial Development Revenue Bond (Bigelow Project) Series 1983 to be issued, sold and delivered by the County to C&S. The Bond shall be substantially in the form attached as Exhibit A to this Loan Agreement.

"CHAIRMAN" means the Chairman of County Council (or the Vice Chairman of County Council whenever the Chairman of County Council is unavailable to act).

"CLERK" means the Clerk of County Council (or the Assistant Clerk or Acting Clerk of County Council whenever the Clerk of County Council is unavailable to act).

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

"COMPANY" means Bigelow-Sanford, Inc., a South Carolina corporation.

"COMPANY NOTE" means the $1,000,000 Secured Note of the Company to be executed and delivered by the Company to the County in consideration for the issuance of the Bond and the loan of the proceeds thereof to the Company. The Company Note will be substantially in the form attached as Exhibit C to this Loan Agreement.

"COMPLETION DATE" means the date of completion of the acquisition, construction and installation of the Project as that date shall be certified as provided in Section 5.4 of this Loan Agreement.

019440

"CONSTRUCTION FUND" means the account to be established by the Company and the County at C&S with the proceeds from the sale and delivery of the Company Note and the Bond as provided in Article VI of this Loan Agreement.

"CONSTRUCTION PERIOD" means the period beginning with the execution and delivery of the Assistance Agreement and ending on the date that the Project is certified as completed in accordance with the procedure described in Section 6.4 of this Loan Agreement.

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

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

"C&S" means the Citizens and Southern National Bank of South Carolina, and, if it shall sell the Bond, then any party which shall subsequently become a registered owner of the Bond.

"LETTER OF CREDIT" means the Irrevocable Letter of Credit of Chemical Bank dated as of _____ ____, 1983 substantially in the form attached as Exhibit D to this Loan Agreement.

"LOAN AGREEMENT" means this Loan Agreement.

"PENALTY RATE" means that rate of interest equal to 115% of the Prime Rate or such maximum lesser amount as shall be allowed by law.

"PRIME RATE" means that rate of interest announced from day to day by C&S at its principal office as its prime rate determined at the close of business on each business day.

"PROJECT" means the buildings, pipelines, improvements and equipment that have been or will be acquired, constructed and/or installed in the County by the Company for the intake, pumping and storage of water to service the Company's carpet manufacturing facility (Rocky River Plant) also located in the County and the equipment that will be acquired and installed by the Company at the aforementioned facility and used by the Company to heat set yarn.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment, dated as of May 1, 1983 between the County and C&S, in which the County grants to C&S a security interest in its rights in and to the Company Note, the Letter of Credit, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to C&S its rights in and to those documents, all amounts received under those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to this Loan Agreement.

019441

ARTICLE III

REPRESENTATIONS AND ACKNOWLEDGMENTS

Section 3.1 Representations by the County. The County makes the following representations to the other parties to this Loan Agreement:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to issue the Bond and to enter into and perform the transactions described in this Loan Agreement. The County has been duly authorized by proper action of the County Council to execute and deliver this Loan Agreement and the Bond and to enter into and fully perform the transactions described in this Loan Agreement.

(b) Neither the execution and delivery of this Loan Agreement, nor the consummation and performance of the transactions described in or contemplated by this Loan Agreement, including specifically, but not limited to, the issuance of the Bond, violates, conflicts with or results 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 would adversely affect the Bond or the transactions described in or contemplated by this Loan Agreement.

(d) Neither the existence of the County nor the rights of the members of County Council to their offices is being contested and none of the proceedings taken to authorize the execution and delivery of the Bond or the transactions described in this Loan Agreement has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations or approvals required on the part of the County in connection with the issuance of the Bond and the execution and delivery of this Loan Agreement and the consummation of the transactions contemplated thereby have been obtained and remain in full force and effect as of the date hereof.

Section 3.2 Representations by the Company. The Company makes the following representations to the other parties to this Loan Agreement:

019442

(a) The Company is a corporation duly incorporated and in good standing under the laws of the State of South Carolina and is duly qualified to do business in every jurisdiction where such qualification is necessary. The Company has all necessary power to enter into and perform the transactions described in this Loan Agreement and has been duly authorized to do so.

(b) Neither the execution and delivery of this Loan Agreement or the Company Note, nor the consummation and performance of the transactions described in this Loan Agreement or the Company Note, violates, conflicts with or results 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 would adversely affect the transactions described in this Loan Agreement; nor are there any judgments outstanding and unsatisfied against the Company.

(d) This Loan Agreement and the executed counterparts of each of the documents attached as an exhibit to this Loan Agreement are legal, valid and binding obligations enforceable in accordance with their terms.

(e) The financial statements of the Company dated as of December 31, 1982 delivered to C&S represent fairly the financial condition of the Company at that date. The Company has no forward or long-term commitments or material unrealized anticipated losses from unfavorable commitments or contingent liabilities except those disclosed in the Company's financial statements at that date. Since December 31, 1982 there has been no material adverse change in the financial condition of the business or operations of the Company.

(f) The Company reasonably expects that all of the proceeds of the sale of the Bond will be expended not later than December 31, 1983 to pay for the Project, which will consist entirely of land and property of a character subject to the allowance for depreciation under the Code and to pay any expenses relating to the issuance of the Bond allowed by the Act and the Code, and incurred in connection with the acquisition, construction and installation of the Project. Acquisition, construction and installation of the Project will proceed with due diligence to completion no later than December 31, 1983. No part of the proceeds of the Bond will be used to finance inventory or for working capital.

019443

(g) All consents, approvals or authorizations, if any, of any governmental body or authority required on the part of the Company in connection with the issuance of the Bond, the execution, delivery and performance of this Agreement and the Company Note and the acquisition of the Project have been obtained and remain in full force and effect.

(h) As of April 19, 1982, no contracts had been entered into with respect to the Project. No portion of the Bond proceeds will be used to reimburse the Company for any costs paid or incurred prior to April 19, 1982.

(i) The Project is located entirely within the unincorporated area of the County.

(j) The Company has clear title to all assets and properties comprising the Project, free and clear of all prior liens, pledges, mortages or security interests.

(k) The Company has filed all tax returns required to be filed and paid all taxes that are deemed to be due or provided adequate reserves for payment.

(l) The Company has delivered to C&S all credit agreements, guarantees, purchase agreements, or other instruments related to extensions of credit in excess of $100,000.

(m) The Company has not made any investments by stock purchase, contributions, loan, advance, guaranty, assumption, or by any other means, except those as disclosed in the financial statements of the Company as of December 31, 1982.

019444

ARTICLE IV

ISSUANCE AND SALE OF THE BOND AND COMPANY NOTE

Section 4.1. Issuance and Sale of the Bond, Acceptance of Company Note and Application of Proceeds. In order to provide the Company, by way of loan, with funds for the payment of the costs of the acquisition, construction and installation of the Project, the County shall issue, sell and deliver the Bond to C&S (and C&S shall purchase the Bond) on or before May 31, 1983 at such time as the County, the Company and C&S shall agree, and the County shall loan the proceeds to the Company at that time in exchange for the Company Note. The Bond and Company Note shall be sold for a price equal to their principal face amounts, without discount. The Bond and Company Note shall be dated the date of issuance and delivery.

Delivery of the Bond and the loan of the proceeds of the sale thereof to the Company shall be conditioned upon the execution and delivery to the County of the Company Note and the Letter of Credit. Payments to be made by the Company under the Company Note shall be sufficient to enable the County to make timely payments of all amounts due under the Bond.

The terms and conditions of the Bond and the Company Note shall be as provided in the respective forms of Bond and Company Note attached as exhibits to this Loan Agreement.

Payment of the Bond shall be secured at the time of issuance and delivery by the Security Agreement and Conditional Assignment. Payment of the Company Note shall be guaranteed at the time of sale by the Letter of Credit.

All proceeds from the issuance and sale of the Bond and Company Note shall be deposited in the Construction Fund.

Section 4.2. Execution; Limited Obligation. The Bond shall be executed on behalf of the County by the signature of the Chairman and attested with the signature of the Clerk and shall have impressed thereon the corporate seal of the County. In case any officer of the County whose signature shall appear on the Bond shall cease to be such officer before the Bond is issued and delivered, such signature shall nevertheless be valid and sufficient for all purposes and the Bond may be issued and delivered as though said officer had remained in office until such issuance and delivery. The Bond shall be a limited obligation of the County as provided therein.

Section 4.3. Mutilated, Lost or Destroyed Bond. Should the Bond become mutilated, the County shall cause to be executed

019445

and shall deliver a new Bond of like date and tenor upon the cancellation of such mutilated Bond. Should the 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 the 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 in connection therewith.

Section 4.4. Registration and Transfer of Bond. The Bond shall be fully registered, payable to the registered owner thereof. The County hereby designates the Company as bond registrar and hereby directs the Company to maintain registration books for the registration or transfer of the Bond. The Bond may be transferred only upon assignment duly executed by the registered owner of the Bond, such transfer to be made on said registration books and endorsed on the Bond by the bond registrar. No such transfer shall be made until the transferring bondholder has caused its interest in the Company Note to be endorsed to the order of the transferee of the Bond. The person in whose name the the 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 the 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 the Bond to the extent of the sum or sums so paid.

Section 4.5. Unconditional Obligation of Company. The obligation of the Company to make the payments required to be made hereunder and under the Company Note and to perform and observe the other agreements on its part contained herein and in the Company Note shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. The Company (i) will not suspend or discontinue any payments required to be made under the Company Note except to the extent the same have been prepaid (and then only to the extent such prepayments have been received by the bondholders), (ii) will timely perform and observe all its other agreements contained in this Loan Agreement and in the Company Note, and (iii) will not terminate this Loan Agreement or its obligations under the Company Note for any cause including, without limiting the generality of the foregoing, the invalidity or unenforceability of the Bond, failure of the Company's title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, sale, loss, destruction or condemnation of or damage to the Project,

019446

commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative acts by or under the authority of the United States of America, the State of South Carolina, or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement.

Section 4.6. Cooperation by County. 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 this Loan Agreement, 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.

Section 4.7. Prepayment. Any prepayment of the Company Note in accordance with the provisions of that Note shall be applied immediately to the prepayment of the Bond in accordance with the provisions of the Bond.

019447

ARTICLE V

CONSTRUCTION FUND

Section 5.1. Disbursements from the Construction Fund. Monies in the Construction Fund shall be used for the following purposes and, subject to the provisions of Section 4.5 of this Loan Agreement, for no other purpose:

(a) Payment of all planning, engineering, architectural, supervision, inspection, construction and asset acquisition expenses incurred in connection with the acquisition, installation and construction 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 all taxes and assessments relating to the Project coming due during the Construction Period; and

(e) Payment of all fees coming due to C&S in connection with supervision of the Construction Fund during the Construction Period; and

(f) Payment of any and all other costs or expenses relating to the acquisition, construction and installation of the Project; and

Any payment made pursuant to the preceding subsections (a) through (f), inclusive, of this section may be made only for obligations or expenses paid or incurred after April 19, 1982, the date of the Assistance Agreement. No payment shall be made for any item except upon receipt by C&S, as agent, of a certificate from any officer of the Company stating that:

(a) an obligation in the stated amount has been paid or incurred by or on behalf of the Company, the payment of which is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal from the Construction Fund;

(b) each item for which the payment is being made is or was necessary in connection with the Project and is authorized by this Loan Agreement to be paid;

019448

(c) there are no vendors', mechanics', materialmen's or similar liens or rights to liens, chattel mortgages or conditional sale contracts, or other contracts or obligations which should be satisfied or discharged before payment of such obligation is made;

(d) the requisition contains no request for payment of any portion of any obligation which the Company is, as of the date of the certificate, entitled to retain under any retained percentage agreements;

(e) the requisition contains no request for payment of any obligation which when added to all previous requisitions and all anticipated future requisitions will result in less than substantially all of the proceeds of the Bond spent as of the date of such certificate being used to provide for land or property of a character subject to the allowance for depreciation under Section 167 of the Code; and

(f) the requisition contains no request for payment of any obligation which was paid or incurred prior to April 19, 1982.

This certificate also shall set forth:

(i) the names and addresses of the persons, firms or corporations to whom payment is due or to whom payments were made for which reimbursement is being requested; and

(ii) the amount to be paid for each such person, firm to corporation, and the purposes of such payments.

Payments from the Construction Fund, at the sole discretion of C&S, may be made:

(a) to the Company by way of reimbursement for expenses already paid from its own separate funds; or

(b) to the Company for payment to any third parties entitled to payment; or

(c) to any third parties entitled to payment.

In no event shall any advance from the Construction Fund be made if there exists a default under this Loan Agreement or any other documents delivered in connection with this transaction. No advance from the Construction Fund shall constitute a wavier of any of the conditions applicable to any subsequent advance.

019449

Any and all funds remaining in the Construction Fund after the Completion Date and after payment in full of the costs of acquiring, constructing and installing the Project shall be applied immediately by the Company to prepay the Company Note, and the County shall use such prepayments immediately to prepay the Bond.

There shall be a reasonable fee charged by C&S for handling the Construction Fund.

Section 5.2. Bank's Right to Rely on Certifications and to Withhold Funds. In making any payment from the Construction Fund, C&S may rely on any information, representation or certification delivered to it pursuant to Section 5.1 of this Loan Agreement, and C&S shall have no liability for making payments in accordance with this information, representation or certification. However, if C&S shall believe that any such information, representation or certification is incomplete or misleading in any material respect, then it shall immediately notify the Company in writing and it shall have no obligation to make any further payment from the Construction Fund until the validity of the requisition in question shall have been resolved to its reasonable satisfaction.

Section 5.3. Company Required to Pay Costs in Event Construction Fund Insufficient. In the event the funds in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs of the Project in full, the Company shall pay all additional costs to complete the Project. The County makes no warranty that the funds which will be paid into the Construction Fund in fact will be sufficient to pay all costs which have been or will be incurred in connection with the acquisition, construction and installation of the Project. The Company agrees that, even if it shall not be fully reimbursed for these additional costs of the Project through payments from the Construction Fund, it shall not be entitled to any further funds from the County or from C&S.

Section 5.4. Establishment of Completion Date. Completion of the Project shall be evidenced by a certificate signed by an officer of 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 the certificate contemplated by this Section 5.4 to be furnished as soon as practicable after the Project shall have been completed.

Section 5.5. Temporary Investment of Construction Fund. Any funds held as a part of the Construction Fund may be invested and reinvested by C&S at the direction of the Company only in (1)

obligations issued or guaranteed by the United States of America, or any agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress as an agency or instrumentality of the United States of America, or (2) obligations of any national or state banking association that are fully secured by obligations described in the preceding clause.

All earnings from such investment shall belong to the Company and shall be retained in the Construction Fund for disbursement as provided in this Loan Agreement.

The Company covenants: (a) that it will not direct C&S to make investments which would cause the Bond to be an "arbitrage bond" within the meaning of Section 103(c)(2) of the Code and the applicable regulations; and (b) that it will furnish to the County accurate information necessary to enable the appropriate County officers and bond counsel to make all necessary certifications required by Section 103(c)(2) of the Code and the applicable regulations.

Section 5.6. Protection of Tax Exempt Status of the Bond. In order to insure that interest on the Bond is not and will not become subject to federal income taxes, the Company and the County covenant with each other and the holder of the Bond that:

(1) all rights and privileges granted to the Company under this Loan Agreement shall be exercised so that if any conflict between this Section and any other provisions in this Loan Agreement shall arise, then in that case, this Section shall control; and

(2) the Company has not committed or permitted and will not commit or permit (as to any act over which it has control) the commission of any act which would cause the interest on the Bond to become includable in the gross income for federal tax purposes of the holder thereof; and

(3) the Company will comply with Section 103 of the Code and with the applicable regulations to the extent that compliance is necessary in order for interest on the Bond to be excludable from the income of the bondholder for the purpose of calculating income subject to federal income taxation.

Section 5.7. Determination of Taxability and Event of Taxability. An "Event of Taxability" shall mean any event as a result of which the interest income on the Bond becomes subject to federal income taxation; provided, however, no Event of Taxability shall be deemed to have occurred if the interest on the Bond is includable in gross income for federal tax purposes solely because

019451

a Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(10) of the Code.

A "Determination of Taxability" shall mean a determination that the interest income on the Bond is subject to federal income taxation as a result of an Event of Taxability, which determination shall be deemed to have occurred (i) on that date when the Company files any statement pursuant to Section 1.103-10(b)(2)(vi)(c) of the Income Tax Regulations applicable to Section 103 of the Code which discloses that an Event of Taxability has occurred; (ii) on that date when any amendments, modifications, addition or change causing an Event of Taxability hereunder shall have been made in Section 103 of the Code or the applicable of Income Tax Regulations thereunder; or (iii) on that date when any ruling, proposed deficiency or assessment of the Internal Revenue Service or opinion of any court shall have been rendered with respect to the taxability of interest income on the Bond, which ruling, deficiency, assessment, or opinion, in the opinion of counsel for a bondholder, would preclude the bondholder from excluding from his gross income for federal income tax purposes interest on his Bond; provided, however, no Determination of Taxability shall be deemed to have occurred under (iii) above, unless the Company has been afforded the opportunity, at its own expense, to contest any such conclusions or assessments and, further, no Determination of Taxability shall be deemed to have occurred unless such contest, if made, has been finally determined. The Company shall be deemed to have been afforded the opportunity to contest if it shall have been permitted to commence and maintain any action in the name of any holder or former holder of a Bond to judgment and through any appeals therefrom or other proceedings related thereto.

The Company, the County and C&S shall each give notice thereof to the others immediately upon receipt by any of them of notice that an Event of Taxability has occurred.

019452

ARTICLE VI

EFFECTIVE DATE OF THIS LOAN AGREEMENT; CERTAIN EXPENSES; REPAYMENT PROVISIONS; AND UNCONDITIONAL OBLIGATIONS OF COMPANY

Section 6.1. Effective Date of this Loan Agreement. This Loan Agreement shall become effective upon its delivery, and shall continue in full force and effect until all amounts payable under the Bond and Company Note have been fully paid, together with all sums to which the County and C&S are entitled under this Loan Agreement; provided, the obligation of the Company and the County to pay all amounts arising upon the occurrence of an Event of Taxability and a Determination of Taxability shall survive forever.

Section 6.2. Payment of County's Expenses. The Company shall pay upon demand by the County all fees and expenses incurred by the County in connection with the issuance, sale and delivery of the Bond and otherwise arising from the transactions described in this Loan Agreement.

Section 6.3. Repayment of Loan. The Company shall pay to C&S for the account of the County all payments required to be made by the Company to the County under the Company Note. All of these payments shall be applied by C&S immediately and exclusively to payment of the County's obligations under the Bond.

Section 6.4. Unconditional Guarantee. The Company hereby unconditionally guarantees that all payments required to be made to C&S under this Loan Agreement, the Bond and the Security Agreement and Conditional Assignment, shall be made promptly when due regardless of any determination for any reason, including but not limited to a determination that one or more of these documents or any portion thereof are deemed invalid or unenforceable.

019453

ARTICLE VII

MAINTENANCE AND INSURANCE

Section 7.1. 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; (ii) do not impair the security of the bondholders, and (iii) do not affect the tax-exempt status of the interest on the Bond. Any such additions, modifications, or improvements which are made by the Company shall be made only with the written approval of C&S, which will not be unreasonably withheld.

Section 7.2. Insurance Required.

(a) The Company shall, at no cost to the County and at all times, keep the Project insured against loss by fire, windstorm, hail, earthquake, water damage, explosion or other casualty in an amount not less than all amounts of outstanding principal, accrued interest and other expenses payable under the Company Note and this Loan Agreement from time to time.

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

(i) Public liability personal injury insurance (including Workmen's Compensation insurance) in an amount maintained by similar operations against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than Workmen's Compensation Insurance) to afford protection to the limit of not less than the total principal amount outstanding under the Company Note in respect of injury or death to one or more 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 the total principal amount outstanding under the Company Note in respect of damage to the properties of one or more owner arising from any one accident.

019454

(c) The insurance required by this Section 7.2 shall be maintained in full force and effect at all times.

(d) Certificates evidencing the insurance coverage required by this Section 7.2, shall be delivered by the Company to the County and C&S at the time of the sale of the Bond. And, 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 and C&S.

(e) The policies of insurance provided for in this section shall name the Company as the insured and C&S and the County, as additional insureds and/or loss payees, as their respective interests may appear.

(f) All insurance required by this Section 7.2 shall be effected with responsible insurance companies qualified to do business in the State of South Carolina selected by the Company and reasonably satisfactory to the County and C&S 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. 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 to the County and C&S.

(g) The Company shall have the sole right and responsibility to adjust any loss with any insurance company, provided that so long as any amount remains outstanding and unpaid under the Company Note or the Loan Agreement, no settlement of any claim shall be effected without the written consent of the County and C&S.

(h) The County hereby appoints C&S to approve or reject any such insurance company which the Company shall propose, to receive copies of certificates of insurance, to receive any notice of cancellation which may be required, and to approve or reject any settlement negotiated under any insurance policy. C&S may but shall be under no obligation to deliver to or discuss with the County any information so received or any proposed or final action relating to any insurance policy.

Section 7.3. Application of Net Proceeds of Insurance. The net proceeds of title and casualty insurance shall be paid and applied as provided in Section 7.5. The net proceeds of liability

019455

insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 7.4. Advances by the County or C&S. In the event that the Company shall fail to cause to be maintained the full insurance coverage required by this Loan Agreement or shall fail to keep the Project in reasonably safe condition or shall fail to keep the Project in good repair and good operating condition, or shall fail to pay the taxes and other charges as required by this Loan Agreement, or shall otherwise fail to comply with any covenant or agreement contained in or incorporated into this Loan Agreement, the County, or C&S, after actual notice to the Company, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements or make the required payments and take all other action that the County or C&S may deem necessary to cause the Company to comply with any covenant or agreement contained in or incorporated into this Loan Agreement; and all amounts so advanced by the County or C&S shall become an additional obligation of the Company to the one making the advancement. The Company agrees to pay upon demand the amounts so advanced with interest at the Penalty Rate from the date of advancement to the date of payment.

Section 8.5. Damage and Impairment.

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

(i) promptly terminate this Loan Agreement in accordance with the provisions of Article X, or

(ii) promptly replace the property affected with substantially similar property of equal value (without regard to the damage), or

(iii) restore the property affected to substantially the same condition that existed prior to the damage, or

with such changes, alterations and modifications (including the substitution and addition of other property) that may be desired by the Company and reasonably approved by the County and C&S (i) as not adversely affecting the use of the Project for the purpose for which it was intended, (ii) as not impairing the tax-exempt status of the interest on the Bond or (iii) as not affecting the qualification of the Project as a "project" under the Act. The

019456

County hereby appoints C&S to accept or reject any change, alteration or modification that the Company may propose. C&S may but shall be under no obligation to consult with the County prior to approving or rejecting any such change, alteration or modification. 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. All net proceeds of insurance arising from these losses or casualties shall be paid jointly to the County, the Company and C&S. If the Company elects to replace or repair the Project, then all net proceeds of insurance received from such claims or losses shall be deposited with C&S in a separate account. Funds in that account shall be disbursed solely for the purposes and according to the procedures and to the parties described in Article V of this Loan Agreement.

(b) If the Company elects to replace or repair the Project 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 or C&S for payment of these excess costs; nor shall the Company be entitled to any abatement or diminution of the amounts payable under the Company Note or this Loan Agreement or any other document related to this transaction.

(c) All net proceeds remaining after payment of all costs of repair or replacement or cure, shall be paid by the Company to the County to prepay the Company Note. The County immediately will pay to C&S all such amounts to serve as prepayment on the Bond to the extent of the payment made. When the Company Note has been fully paid, all net proceeds of insurance will be paid to the Company.

Section 7.6. 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 7.5.

Within ninety days from the date of such payment, the Company shall notify the County and C&S in writing as to which of the ways

019457

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 or cure shall be applied to prepay the Company Note and Bond, as more fully described in Section 7.5(c).

In no event shall the Company voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof, without the consent of the County and C&S. The County hereby appoints C&S as its agent to accept or reject any condemnation award offer. C&S may but shall be under no obligation to consult with the County prior to approving or rejecting any such condemnation award offer.

019458

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1. Operation of the Project. The Company shall own and operate the Project, subject to the terms of this Loan Agreement.

Section 8.2. 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 8.3. County's Right of Access to the Project and Company Records. Upon the occurrence of an Event of Default by the Company, the duly authorized agents of the County and C&S shall have the right at all reasonable times, to enter upon, examine and inspect the Project and inspect the Company's financial records.

Section 8.4. Indemnification Covenants.

(a) The Company shall and agrees to indemnify and save the County and C&S and their officers, agents or employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the term of this Loan Agreement, and, the Company further shall indemnify and save the County and C&S and their officers, agents and employees harmless against and from all claims arising during the term of this Loan Agreement from (i) any condition of or on the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Loan Agreement, (iii) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, and (iv) any act of negligence of any assignee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee of the Company. The Company shall indemnify and save the County and C&S harmless from 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 and C&S in any such action or proceeding at its own expense.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Loan Agreement, by reason of the issuance, sale and delivery of the Bond or any other document in connection with the issuance, sale and delivery of the Bond, by reason of the performance of any act in connection with the entering into and performance of the transactions described in this Loan Agreement, or by reason of the operation of the Project

019459

by the Company, 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; provided, however, that this indemnification shall not extend to wilfulness of the County.

Section 8.5. Affirmative and Negative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of principal and interest of the Company Note, unless the County and C&S shall otherwise consent in writing, the Company will (and will cause each consolidated subsidiary to) comply with all existing covenants required of it pursuant to the terms of Sections 6 and 7 of that certain Loan Agreement and Security Agreement dated as of September 18, 1981 by and between the Company and Chemical Bank, which covenants are attached as Exhibit E and shall survive expiration or termination of that aforementioned agreement. For purposes of this Loan Agreement the term "Bank" as used in the aforementioned covenants shall mean C&S and Chemical Bank.

Section 8.6. Appointment. The County hereby appoints C&S as its fully authorized agent to waive any of the conditions imposed by these covenants and to receive all reports described in this Article.

019460

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The occurrence of any one or more of the following events shall be an "Event of Default" under this Loan Agreement:

(a) If the Company shall fail to make any required payment or prepayment of principal or interest under the Company Note and the failure shall continue for two business days after notice; or

(b) If the County shall fail to make any required payment or prepayment of principal or interest under the Bond and the failure shall continue for two business days after notice; or

(c) If the Company shall fail to observe or perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in Section 9.1(a)), for a period of thirty days after written notice has been given to the Company by the County or C&S; provided, however, if said failure be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued so that the default is corrected within ninety days after such written notice and provided further, if by reason of "force majeure" as hereinafter defined the Company is unable in whole or in part to carry out any agreement on its part herein contained (other than as referred to in Section 9.1 (a)) there shall be no Event of Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or any State, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or any other cause or event not reasonably within the control of the Company; or

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

(e) If the Company shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall be

019461

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 the Company any such proceeding which remains undismissed for a period of thirty days; or if the Company 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 the Company suffers any such receivership or trusteeship to continue undischarged for a period of thirty days; or

(f) default shall occur under the Loan Agreement and Security Agreement dated as of September 18, 1981 by and between the Company and Chemical Bank or under any other agreement of the Company for money borrowed in excess of $1,000,000 principal or under the Security Agreement and Conditional Assignment.

Promptly after the occurrence of any Event of Default under this Loan Agreement, the Company will provide to C&S and the County written notice setting forth the nature of the default, the steps being taken to remedy the default, and the anticipated time that will be necessary to cure the default.

Section 10.2. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) C&S may, at its option and by notice in writing to the County and the Company, declare the unpaid principal amount of the Bond and Company Note and the interest accrued on the Bond and Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) C&S 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 County or the Company, under or described in this Loan Agreement or otherwise; and

(c) The County may, at its option and by notice in writing to the Company, declare the unpaid principal amount of the Company Note and the interest accrued on the Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(d) 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

019462

any obligation, agreement or covenant of the Company, under this Loan Agreement or otherwise.

Whenever an Event of Default referred to in Section 9.1 shall have happened and be subsisting, C&S shall have the right to enforce in the name of the County any rights or powers of the County described in the above subparagraphs (c) and (d), and the County hereby consents to any such action in this regard, and the County hereby appoints C&S as its agent with full authority to enforce these rights or powers.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to C&S or the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or any other document 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 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event there shall occur an Event of Default and C&S or 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 C&S or the County the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by C&S or the County.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any warranty, covenant or agreement contained in this Loan Agreement should be breached by the Company or the County and thereafter waived by the other parties to this Loan Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach. In addition no waiver hereunder shall be effective unless agreed upon in writing by C&S.

019463

ARTICLE X

OPTION IN FAVOR OF THE COMPANY

Section 10.1. Option to Terminate. At any time upon at least thirty days' notice the Company may terminate this Loan Agreement by paying to the County the full principal outstanding, interest accrued, and other amounts payable under the Company Note and paying to the County any and all other sums then due to the County under this Loan Agreement; provided, however, the obligation of the Company and the County to pay all amounts arising upon the occurrence of any Event of Taxibility and a Determination of Taxability shall survive forever.

Except as provided above, the Company cannot terminate this Loan 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, any change in the tax laws of the United States of America or of South Carolina or any political subdivision of either of these, or any failure of the County or C&S to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or failure of the Project at any time to comply with any existing or future statute, rule or regulation.

019464

ARTICLE XI

MISCELLANEOUS

Section 11.1. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed to have been given when delivered (a) if to the County, at Abbeville County Courthouse, Abbeville, South Carolina _____, Attention: Clerk of County Council; or (b) if to the Company, at P. O. Box 3089, Greenville, South Carolina, 29602, Attention: President; or (c) if to C&S Bank at P. O. Box 1449, Greenville, South Carolina, 29602, Attention: Senior Loan Officer. In the event that C&S shall sell its interest in the Bond, notice hereunder shall be given to the transferee at the address shown on the registration books kept by the Company as bond registrar. The Company, the County and the bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications given hereunder shall be sent or persons to whose attention the same shall be directed.

Section 11.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the registered holders of the Bond, the County and the Company and their respective successors and assigns. C&S shall have the right at any time to assign its respective rights under this Loan Agreement, the Bond, the Security Agreement and Conditional Assignment and the Company Note without the consent of the County or the Company; however, neither the County nor the Company shall have any such right of assignment without the consent of the holder of Bond. The bondholder may not transfer its interest in its Bond without also transferring its interest in the Security Agreement and Conditional Assignment, the Company Note and the Loan Agreement.

Section 11.3. Severability. In the event any provision of this Loan 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 Loan Agreement.

Section 11.4. Waiver of Presentment, etc. The Company hereby waives presentment, demand, dishonor, protest, notice for payment, notice of non-payment, notice of default, notice of compromise or surrender and any other demand or notice whatsoever in connection with the payment of the Bond or the Company Note.

019465

Section 11.5. Payments Due on Saturday, Sunday and Holidays. Whenever any payment to be made hereunder, under the Bond or under the Company Note shall be stated to be due on a Saturday, a Sunday or a public holiday under the laws of the State of South Carolina, such payment shall be made on the next succeeding business day.

Section 11.6. Amendments, Changes and Modifications. This Loan Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County, the Company and the registered owner of the Bond.

Section 11.7. Execution of Counterparts. This Loan 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 Loan Agreement or any counterpart of any document that is attached to this Loan Agreement as an exhibit.

Section 11.8. Law Governing Construction of Agreement. This Loan Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, THE CITIZENS AND SOUTHERN NATIONAL BANK, ABBEVILLE COUNTY, SOUTH CAROLINA, and BIGELOW-SANFORD, INC., each pursuant to due authority, have duly executed this Loan Agreement, all as of the date first above written.

(SEAL)
Attest:

ABBEVILLE COUNTY, SOUTH CAROLINA

By: _____
Chairman of County Council

_____
Clerk of County Council

_____
Witness

_____
Witness

019466

(SEAL)

CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH CAROLINA

_____
Witness

By: _____
Vice-President

_____
Witness

(SEAL)

BIGELOW-SANFORD, INC.

_____
Witness

By: _____
Vice-President

_____
Witness

Attest: _____
Secretary

019467

STATE OF SOUTH CAROLINA)
)
COUNTY OF ABBEVILLE)

PROBATE

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw the corporate seal of Abbeville County, South Carolina affixed to the foregoing Loan Agreement, and that (s)he also saw _____, as Chairman of County Council and _____, as Clerk of County Council, attest the same, and that (s)he with _____ _____witnessed the execution and delivery thereof as the free act and deed of the County.

_____

SWORN TO before me this
___ day of April, 1983

_____
Notary Public of South Carolina

My Commission Expires:_____

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

PROBATE

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw _____, known personally to him(her) as Vice President of Citizens and Southern National Bank of South Carolina, a national banking association, sign and seal the foregoing Loan Agreement, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of said bank.

SWORN TO before me this
___ day of April, 1983

_____

_____
Notary Public of South Carolina

My Commission Expires:_____

019468

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF GREENVILLE)

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw _____, and _____ _____, known personally to him(her) as _____ _____ and _____ of Bigelow-Sanford, Inc., sign and seal the foregoing Loan Agreement, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of said Company.

SWORN TO before me this
___ day of April, 1983

_____

_____
Notary Public for South Carolina

My Commission Expires:_____

019469

EXHIBIT A

(BOND)

019470

THIS BOND IS A LIMITED OBLIGATION AND IS NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS

STATE OF SOUTH CAROLINA
ABBEVILLE COUNTY
INDUSTRIAL REVENUE BOND (BIGELOW PROJECT)
SERIES 1983

$1,000,000.00

KNOW ALL MEN BY THESE PRESENTS that Abbeville County, a body politic and corporate, and a political subdivision of the State of South Carolina (the "County"), for value received, does promise to pay, but only from the source and upon the terms hereinafter provided, to the order of the Citizens and Southern National Bank of South Carolina (hereinafter, together with its successors and assigns and any lawful subsequent registered holder of this Bond, termed "Holder"), the principal sum of ONE MILLION DOLLARS ($1,000,000.00), plus interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to sixty-five per cent (65%) of the "Prime Rate" (as hereinafter defined), computed on the basis of a 360 day year of twelve 30 day months.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate of interest per annum equal to the "Penalty Rate" (as hereinafter defined).

019471

If the maximum marginal tax rate imposed on corporate income by Section 11 of the Internal Revenue Code of 1954, as amended (the "Tax Rate"), should increase or decrease from the current rate of 46%, then the County shall pay to the Holder of this Bond interest on the outstanding principal amount of this Bond as it varies from day to day at a rate of interest per annum calculated by multiplying the "Tax Equivalent Yield" by the difference between one and the new Tax Rate.

"Tax Equivalent Yield" means 65% of the Prime Rate divided by 54%. The "Prime Rate" means the rate of interest announced by the Citizens and Southern National Bank of South Carolina, as its prime rate determined at the close of business on each business day. The "Penalty Rate" means the rate of interest per annum equal to 115% of the Prime Rate.

In the event there shall occur a "Determination of Taxability" (as defined in the hereafter referred to Loan Agreement), the Holder shall have the option (to be exercised within 30 days of learning of the Determination of Taxability) to declare that the entire outstanding principal of and accrued interest under this Bond shall become due and payable within 30 days after notice to the County of such declaration. If the Holder makes such declaration, the redemption price shall be equal to the outstanding principal amount hereof plus accrued interest to the date of redemption. If the Holder does not make such declaration, then at all times after the Determination of Taxability this Bond

019472

shall bear interest at 110% of the Prime Rate. In either case, the County shall pay to the Holder an amount equal to (i) any penalties or interest on overdue taxes which are payable by the Holder as a result of the failure of the Holder to include in its gross income the interest received on this Bond for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day hereof computed at a rate of interest per annum equal to 110% of the Prime Rate and the interest actually paid or accrued on this Bond for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability; provided that if there is or has been more than one Holder of this Bond between the time of the Event of Taxability and the time of the Determination of Taxability, then payments described in (ii) shall be prorated according to the length of time that each Holder has held this Bond between the time of the Event of Taxability and the Determination of Taxability and shall be payable to each Holder on that basis. The obligations of the County described in this paragraph shall survive full payment or prepayment of this Bond.

Interest on this Bond shall be payable on each January 1, April 1, July 1 and October 1, commencing July 1, 1983, until payment in full of the principal hereof.

Principal shall be repaid in forty equal installments in the amount of Twenty-Five Thousand and No/100 Dollars ($25,000.00).

019473

Principal installments shall be due on the first day of each January 1, April 1, July 1 and October 1 commencing July 1, 1983 and continuing until April 1, 1983.

Mandatory prepayment of all outstanding principal hereof plus all accrued interest shall be required upon the earlier of August 1, 1986 or notice to the County of termination of the Loan and Security Agreement dated as of September 18, 1981 between Bigelow-Sanford, Inc. and Chemical Bank, unless the Holder shall otherwise consent in writing.

Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment of principal or interest hereon shall be due on a Sunday or a holiday, then payment shall be made on the next succeeding business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of Default" (as defined in the Loan Agreement).

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Bond and fourth to the principal amount of this Bond from time to time remaining unpaid.

All the payments made on this Bond shall be payable in legal tender of the United States of America and in immediately available funds. Payments of principal and interest hereon shall be made by check or draft and mailed to the registered owner

019474

hereof at the address shown on the registration books kept by the Company as bond registrar, or at such other place as the Holder may from time to time designate; provided, however, that payment of the final installment of principal and interest hereon shall be made only upon surrender of this Bond to the Company.

This Bond is issued pursuant to a Loan Agreement, dated as of May 1, 1983 among the County, Bigelow-Sanford, Inc. (the "Company") and the Holder, and an ordinance of the County adopted _____, 1983 for the purpose of providing funds for the County to loan the Company, which will in turn use these funds pursuant to the Loan Agreement to acquire, construct and install buildings, pipelines, improvements and equipment in the County for the intake, pumping and storage of water to service the Company's carpet manufacturing facility (Rocky River Plant) also located in the County and to acquire and install equipment to heat set yarn at that facility (hereinafter termed the "Project"). The Company shall use these funds solely to pay expenses incidental to the Project as provided in the Loan Agreement. The County offers this assistance in order to promote industry and to develop trade in the County and South Carolina.

This Bond is secured by a Security Agreement and Conditional Assignment dated as of May 1, 1983 (the "Security Agreement and Conditional Assignment") among the County, as debtor, and the Holder, as secured party. The collateral under that Security Agreement and Conditional Assignment includes one $1,000,000 Secured Note executed by the Company and payable to the order of

019475

the County (the "Company Note") and the proceeds of the Company Note. Payment of the Company Note is guaranteed by an Irrevocable Letter of Credit, dated as of _____ (the "Letter of Credit"), issued by Chemical Bank. Payment of the Bond is guaranteed by the Company pursuant to the Loan Agreement.

Copies of the Security Agreement and Conditional Assignment, the Company Note, the Loan Agreement, and the Letter of Credit are on file at the principal offices of the Holder in Greenville, South Carolina. Reference is made to these agreements for a full description of the obligations of the County and the Company and the rights and remedies of the Holder and the conditions under which the Holder may exercise rights under the Loan Agreement, to all of the provisions of which, the Holder of this Bond, by acceptance of this Bond, assents.

The County shall have the right at any time to prepay this Bond in whole or in part, without penalty, provided that notice of such prepayment shall have been given in writing to the Holder at least 30 days prior to the date of such prepayment. Any partial prepayment of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an Event of Default (and the expiration of any applicable cure period) as provided in the Loan Agreement, the Holder may, at its option, by notice in writing to the County and the Company declare the entire unpaid balance

019476

hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Bond be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such collection (including attorneys' fees) shall be added to the amount due upon this Bond, and be collectible as a part hereof.

This Bond is issued pursuant to the authorization of and for the purposes prescribed by Title 4, Chapter 29 of the Code of Laws of South Carolina, 1976, as amended, and pursuant to an ordinance duly adopted by the County Council of Abbeville County, South Carolina, and with the approval of the State Budget and Control Board of South Carolina. This Bond is a limited obligation of the County and is payable solely from the payments received by the County under the Company Note or out of the proceeds of the Security Agreement and Conditional Assignment or the Letter of Credit.

Pursuant to the Loan Agreement and the Company Note, payments sufficient for the prompt payment of all amounts payable under this Bond are to be paid by the Company to the County for application to payments due under this Bond.

019477

This Bond is registered in the name of the Holder on the registration books kept by the Company as bond registrar, which registration has been made in said registration books hereby by said bond registrar, and no transfer hereof shall be valid unless made on said registration book at the written request of the Holder. This Bond may not be transferred or assigned unless the Holder shall at the same time transfer and assign to any successor Holder its interest in the Loan Agreement, the Security Agreement and Conditional Assignment and the Company Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and for the execution and delivery of this Bond, the Loan Agreement, the Security Agreement and Conditional Assignment and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, ABBEVILLE COUNTY, SOUTH CAROLINA, has caused this Bond to be duly executed, sealed and delivered by the Chairman of County Council with the Clerk of County Council attesting, all on the ___ day of April, 1983.

(SEAL) ABBEVILLE COUNTY, SOUTH CAROLINA

By: _____
Chairman of County Council

Attest: _____
Clerk of County Council

019478

EXHIBIT B

(SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT)

019479

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA

AND

ABBEVILLE COUNTY, SOUTH CAROLINA

SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT

DATED AS OF MAY 1, 1983

019480

STATE OF SOUTH CAROLINA)
)
COUNTY OF ABBEVILLE)

SECURITY AGREEMENT
AND
CONDITIONAL ASSIGNMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Abbeville County, South Carolina, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), SENDS GREETINGS:

WHEREAS, the County is authorized and empowered by Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the acquisition, construction and equipping of the properties hereinafter described; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds for this purpose; and

WHEREAS, these industrial revenue bonds are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments in exchange for the loan of the proceeds of these industrial revenue bonds to these private enterprises; and

WHEREAS, the County has agreed to issue and sell its $1,000,000 Industrial Revenue Bond (Bigelow Project), Series 1983 (the "Bond"); and

WHEREAS, the Citizens and Southern National Bank of South Carolina ("C&S"), has agreed to purchase the Bond upon receipt

019481

from the County of adequate security for payment of all amounts payable under the Bond; and

WHEREAS, the County has agreed to loan to Bigelow-Sanford, Inc., a South Carolina corporation (the "Company") the proceeds from the issuance and sale of the Bond upon receipt by the County of the Company's Secured Note committing it to pay when due all amounts payable under the Bond and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of $1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the Bond and for the better securing of the payment of all amounts payable in accordance with the terms of the Bond and for the better securing of the payment of any other amounts herein specified, the County and C&S agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to C&S as holder of the Bond and its successors and assigns, and C&S does hereby accept, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

(a) That certain Secured Note dated on or about April ____, 1983 in the principal face amount of $1,000,000 executed by the

019482

Company and delivered to the County, naming the County as payee (the "Company Note"), substantially in the form attached as Exhibit C to the Loan Agreement, dated as of May 1, 1983, among the County, C&S and the Company (the "Loan Agreement"); and

(b) That certain Irrevocable Letter of Credit issued by Chemical Bank in substantially the form attached as Exhibit D to the Loan Agreement (the "Letter of Credit"); and

(c) All proceeds payable to the County from disposition by it of the Company Note and the Letter of Credit;

(d) All amounts payable to the County under the Company Note and the Letter of Credit.

The things described in (a) through (d), inclusive, hereinafter collectively shall be termed "Collateral."

C&S, its successors and assigns shall have and hold the Collateral forever; provided always, however, that this security interest is granted upon the express condition that if the County shall pay or cause to be paid all amounts payable to the holders of the Bond under the Bond, the Loan Agreement, and this Security Agreement and Conditional Assignment, then the security interest hereby granted shall cease and be discharged; otherwise it shall remain in full force and effect.

SECTION 2. CONDITIONAL ASSIGNMENT.

The County does hereby assign to C&S, its successors and assigns and C&S does hereby accept, as collateral security for payment of the Bond and any other amounts herein specified, all

019483

and singular of the County's right, title and interest in, to or arising under the following:

(a) Company Note; and

(b) Letter of Credit; and

(c) All proceeds payable to the County from disposition by it of the Company Note and the Letter of Credit; and

(d) All amounts payable to the County under the Company Note and the Letter of Credit.

These assignments are made upon the express condition that if the County shall pay or cause to be paid all amounts payable to the holders of the Bond under the Bond, the Loan Agreement, and this Security Agreement and Conditional Assignment, then these assignments shall cease and be discharged; otherwise they shall remain in full force and effect.

SECTION 3. PROTECTION OF COLLATERAL.

The County will not:

(a) by affirmative act consent to the creation or existence of any security interest in the Collateral except that granted to the holders of the Bond in connection with the transaction described in the Loan Agreement; or

(b) sell, mortgage, transfer, assign or hypothecate its interest in the Collateral except in accordance with the terms of the Loan Agreement and this Security Agreement and Conditional Assignment.

019484

SECTION 4. DEFAULTS AND OTHER PROVISIONS.

An "Event of Default" under this Security Agreement and Conditional Assignment shall occur if and when there shall be an Event of Default under the Loan Agreement.

SECTION 5. RIGHTS OF BONDHOLDER.

The County agrees that when any Event of Default has occurred and is continuing:

(a) C&S shall have the rights, duties and remedies of a secured party and the County shall have the rights and duties of a debtor under the Uniform Commercial Code of the State of South Carolina, regardless of where action may be taken to enforce those rights and duties; and

(b) C&S may, by notice in writing to the County, declare the entire unpaid balance of the Bond to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest, shall be immediately due and payable; and

(c) C&S shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof; and

(d) C&S may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, and either for cash or on credit and on such terms as it may determine, and at any place, provided, however, that any such sale shall be held in a commercially reasonable manner; and

019485

(e) C&S may proceed to protect and enforce the Bond and this Security Agreement and Conditional Assignment by suit or suits or proceedings in equity or at law, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

C&S, at its sole option, may advance moneys to meet the costs of taking control of the Collateral. Any funds expended by C&S for such purposes shall become indebtedness of the County to C&S secured by this Security Agreement and Conditional Assignment. Unless the County and C&S agree in writing to other terms of payment, such amounts shall be payable upon notice from C&S to the County requesting payment thereof and shall bear interest from the date of disbursement at the Penalty Rate as stated in the Loan Agreement. The taking and maintaining of control of the Collateral by C&S or the receiver shall not cure or waive any default hereunder or invalidate any other right or remedy of C&S hereunder.

In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement and Conditional Assignment, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price,

019486

shall be entitled to turn in and use the Bond and any claims for matured and unpaid interest on the Bond and any claim for any other amounts arising under the Bond.

The proceeds and avails of any sale of the Collateral and the proceeds and the avails of any remedy hereunder shall be paid and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the bondholders of the amount then owing or unpaid on the Bond for principal and interest and all allowable collection expenses, and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Bond with application to be made first to allowable collection expenses, second to any unpaid interest thereon, and third to unpaid principal thereof, such application to be made upon presentation of the Bond, and upon the notation thereof of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the bondholders and unpaid under the Loan Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the County or to whomsoever may be lawfully entitled to receive the same.

019487

No delay or omission of C&S to exercise any right or power arising from any default on the part of the County, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by C&S of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. C&S may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security interests and conditional assignments effected by this Security Agreement and Conditional Assignment or any rights, powers or remedies hereunder; nor shall C&S be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. MISCELLANEOUS.

The unenforceability or invalidity of any provision or provisions of this Security Agreement and Conditional Assignment shall not render any other provision or provisions herein contained unenforceable or invalid.

019488

All communications provided for herein shall be in writing and sent by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed given when actually received by the addressee. The respective addresses of the Company, C&S and the County are as follows:

As to the Company:	Attention: President P. O. Box 3089 Greenville, SC 29602
As to C&S:	Attention: Senior Loan Officer P. O. Box 1449 Greenville, SC 29602
As to the County:	Attention: Chairman of County Council County Council Abbeville, SC

or such other addresses as the Company, C&S or the County may designate by notice duly given to the other parties. All notices given by any party hereto shall be given to all parties hereto or their successors and assigns.

IT IS THE EXPRESS CONDITION of this Security Agreement and Conditional Assignment that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charges against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County under or in connection with the Company

019489

Note, and nothing in this Security Agreement and Conditional Assignment shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, C&S and the County have caused these presents to be duly executed and sealed, all as of the 1st day of May 1, 1983.

(SEAL)

CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH CAROLINA

_____
Witness

By: _____

Title: _____

_____
Witness

(SEAL)

ABBEVILLE COUNTY, SOUTH CAROLINA

Attest: _____
Clerk of County Council

By: _____
Chairman of County Council

_____
Witness

_____
Witness

019490

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF ABBEVILLE)

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw the corporate seal of Abbeville County, South Carolina affixed to the foregoing Security Agreement and Conditional Assignment, and that (s)he saw _____, as Chairman of County Council and _____, as Clerk of County Council, attest the same, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of the County.

_____

SWORN TO before me this
___ day of April, 1983.

_____
Notary Public for South Carolina

My Commission Expires: _____

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF GREENVILLE)

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw the corporate seal of the Citizens and Southern National Bank of South Carolina affixed to the foregoing Security Agreement and Conditional Assignment, and that (s)he saw _____, as _____, sign, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of the Citizens and Southern National Bank of South Carolina.

_____

SWORN TO before me this
___ day of April, 1983

_____
Notary Public for South Carolina

My Commission Expires:_____

019491

EXHIBIT C

(COMPANY NOTE)

STATE OF SOUTH CAROLINA)
)
COUNTY OF ABBEVILLE)

SECURED NOTE
1983

KNOW ALL MEN BY THESE PRESENTS that Bigelow-Sanford Inc., a South Carolina corporation (the "Company"), for value received, does promise to pay to the order of Abbeville County, South Carolina (the "County"), the principal sum of ONE MILLION DOLLARS ($1,000,000.00), and to pay interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to sixty-five per cent (65%) of the "Prime Rate" (as hereinafter defined) computed on the basis of a 360 day year of twelve 30 day months.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate per annum equal to the "Penalty Rate" (as hereinafter defined).

If the maximum marginal tax rate imposed on corporate income by Section 11 of the Internal Revenue Code of 1954, as amended (the "Tax Rate"), should increase or decrease from the current rate of 46%, then the Company shall pay to the County interest on the outstanding principal amount from time to time of this Note at a rate of interest per annum calculated by multiplying the "Tax Equivalent Yield" by the difference between one and the new Tax Rate.

"Tax Equivalent Yield" means 65% of the Prime Rate divided by 54%. The "Prime Rate" means the rate of interest announced

012493

by the Citizens and Southern National of South Carolina ("C&S") as its prime rate determined at the close of business on each business day. The "Penalty Rate" means the rate of interest per annum equal to 115% of the Prime Rate.

In the event there shall occur a "Determination of Taxability" [as defined in the Loan Agreement among C&S, the County and the Company dated as of Mayl 1, 1983 (the "Loan Agreement")] the County shall have the option (to be exercised within 30 days of learning of the Determination of Taxability) to declare that the entire outstanding principal of and accrued interest under this Secured Note shall become due and payable within 30 days after notice to the Company of such declaration. If the County makes such declaration, the redemption price shall be equal to the outstanding principal amount hereof plus accrued interest to the date of redemption. If the County does not make such declaration, then at all times after the Determination of Taxability, this Secured Note shall bear interest at 110% of the Prime Rate. In either case, the Company shall pay to the County an amount equal to (i) any penalties or interest on overdue taxes which are payable by the holder of the $1,000,000 Greenville County, South Carolina Industrial Revenue Bond (Bigelow Project) Series 1983 (the "Bond") as a result of the failure of such holder to include in its gross income the interest received on the Bond for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the

019494

Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day of the Bond computed at a rate of interest per annum equal to 110% of the Prime Rate and the interest actually paid or accrued on the Bond for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability.

Interest on this Secured Note shall be payable on each January 1, April 1, July 1 and October 1, commencing July 1, 1983 and continuing until payment in full of this Secured Note. Beginning on July 1, 1983 principal shall be repaid in forty (40) equal installments of Twenty-Five Thousand Dollars ($25,000.00) due on January 1, April 1, July 1 and October 1 of each year. Mandatory prepayment of all outstanding principal hereof plus all accrued interest shall be required upon the earlier of August 1, 1986 or notice to the County of termination of the Loan and Security Agreement dated as of September 18, 1981 between the Company and Chemical Bank, unless the County shall otherwise consent in writing. Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment date shall fall on a Sunday or a holiday, then payment shall be made on the next succeeding business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of Default" (as defined in the Loan Agreement).

019495

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Note and fourth to the principal amount of this Note from time to time remaining unpaid.

All the payments made on this Secured Note shall be payable in legal tender of the United States of America and in immediately available funds.

This Secured Note is given as security for the payment of the $1,000,000 Greenville County Industrial Revenue Bond (Bigelow Project), Series 1983 (the "Bond"), dated the date of this Secured Note and issued by the County under the terms of the Loan Agreement. Payments of both principal and interest from this Secured Note have been assigned and pledged to C&S as the original purchaser of the Bond under the terms of a Security Agreement and Conditional Assignment, dated as of May 1, 1983 (the "Security Agreement and Conditional Assignment"), and all such payments will be made directly to C&S for the account of the County pursuant to the Security Agreement and Conditional Assignment.

Under the Loan Agreement, the County is loaning to the Company the proceeds of the sale of the Bond so that the Company can acquire, construct and install buildings, pipelines, improvements and equipment in the County for the intake, pumping and storage of water to service the Company's carpet manufacturing facility (Rocky River Plant) also located in the County and to acquire and install equipment to heat set yarn at that facility (hereinafter termed the "Project").

019496

The Company will use these funds solely to pay expenses incidental to the Project.

This Secured Note is guaranteed by an Irrevocable Letter of Credit dated as of _____ (the "Letter of Credit").

The Company shall have the right at any time to prepay this Secured Note in whole or in part, without penalty, provided that notice of such prepayment shall have been given to the County at least 30 days in advance and shall be in writing. Any partial prepayment of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an "Event of Default" under the Loan Agreement, the County may, at its option and by notice in writing to the Company, declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Secured Note be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such collection (including attorneys' fees) shall be added to the amount due upon this Secured Note, and be collectible as a part hereof.

019497

As to this Secured Note and all instruments securing this indebtedness, the undersigned and endorsers severally waive all applicable exemption rights, whether under state constitution, homestead laws or otherwise, and also severally waive valuation and appraisement, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment, and expressly agree that the maturity of this Secured Note, or any payment hereunder, may be extended from time to time without in any way affecting the liability of the undersigned or said endorsers.

IN WITNESS WHEREOF, the Company has caused this Secured Note to be duly executed on the _____ day of April, 1983.

(SEAL) BIGELOW-SANFORD, INC.

Attest:_____ _____ By:_____

019498

EXHIBIT D

(LETTER OF CREDIT)

019499

IRREVOCABLE LETTER OF CREDIT
No. _____

_____, 198_

County Council
Abbeville County, South Carolina

Dear Sirs:

We hereby establish, at the request of Bigelow-Sanford, Inc. (the "Company"), in your favor, our Irrevocable Letter of Credit No. _____ (the "Letter of Credit"), in the amount of $_____ (as more fully described below), effective immediately and expiring on the earliest of the following dates (the "Expiry Date") (i) September 1, 1986, (ii) the date on which the principal amount of and interest on the promissory note dated the date hereof of the Company to your order in the principal amount of $1,000,000 (the "Note") have been paid in full and (iii) the date ten (10) Business Days after notice to you of the termination of the Loan and Security Agreement dated September 18, 1981 between the Company and us, as the same may be modified, amended or supplemented from time to time.

We hereby irrevocably authorize you to draw on us, once, in accordance with the terms and conditions hereinafter set forth, by your sight draft, an aggregate amount not exceeding $_____ (the "Letter of Credit Amount") with respect to payment of the unpaid principal amount of and interest on the Note, which maximum amount shall be reduced from time to time upon the payment of any portion of the principal amount of the Note in accordance with the provisions thereof.

Upon payment to you or your account of the amount specified in the draft drawn hereunder, we shall be fully discharged on our obligation under this Letter of Credit, and we shall not thereafter be obligated to make any further payments under this Letter of Credit.

Funds under this Letter of Credit are available to you against (a) your sight draft stating on its face: "Drawn under Chemical Bank Irrevocable Letter of Credit No. _____", and (b) a certificate in the form of Exhibit 1 attached hereto appropriately completed and

signed by you. Such draft and certificate shall be dated the date of presentation, which shall be made at our office located at _____, New York, New York _____, Attention: Letter of Credit Department, or at such other office in the City and State of New York that we may from time to time designate by written notice delivered to you.

As used herein, "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York City are authorized or required to close.

This Letter of Credit is subject to the Uniform Customs and Practice Law Documentary Credits (I.C.C. Publication No. 290). Communications with respect to this Letter of Credit shall be addressed to us at _____, New York, New York _____, Attention: Letter of Credit Department, specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) to any bank to which you have assigned the Note, but may not be further transferred by such transferee. Transfer of this Letter of Credit shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate substantially in the form of Exhibit 2 attached hereto.

Very truly yours,

CHEMICAL BANK

By_____
Title:

019501

Exhibit 1 to the
Letter of Credit

CERTIFICATE FOR THE PAYMENT
OF PRINCIPAL OF AND INTEREST ON
BIGELOW-SANFORD, INC. PROMISSORY NOTE

The undersigned, a duly authorized representative of the County Council, Abbeville County, South Carolina (the "County"), hereby certifies to Chemical Bank (the "Bank") with reference to its Irrevocable Letter of Credit No. _____ (the "Letter of Credit", any capitalized term used herein and not defined herein having its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the County, that:

(1) The County is making a drawing under the Letter of Credit with respect to the payment of principal of and interest on the Note, in accordance with the terms and conditions of the Letter of Credit;

(2) The unpaid amount of principal of and interest on the Note that is due and payable on the date hereof is $_____ and the amount of the draft accompanying this Certificate does not exceed such amount; and

(3) The amount of the draft accompanying this Certificate does not exceed the amount available on the date hereof to be drawn under the Letter of Credit in respect of the payment of principal of and interest on the Note and was computed in accordance with the terms and conditions of the Note.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the ____ day of _____, 19__.

COUNTY COUNCIL
ABBEVILLE COUNTY,
SOUTH CAROLINA

By: _____
[Name and Status]

Exhibit 2 to the
Letter of Credit

INSTRUCTION TO TRANSFER

_____, 19__

Chemical Bank
_____
New York, New York _____
Attention: Letter of Credit Department

Re: Irrevocable Letter of Credit No._____

Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably instructs you to transfer to:

_____
(Name of Transferee)

_____
(Address)

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "Letter of Credit"). The transferee is the assignee of the promissory note dated _____, 19__ of Bigelow-Sanford, Inc. to the order of Abbeville County, South Carolina in the original principal amount of $1,000,000.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that the transferee shall have no right to further transfer such Letter of Credit, or any rights therein.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effected.

Very truly yours,

COUNTY COUNCIL
ABBEVILLE COUNTY,
SOUTH CAROLINA

By_____
[Name and Status]

EXHIBIT E

(Covenants)

LOAN AND SECURITY AGREEMENT

AGREEMENT, dated as of September 18, 1981, by and between BIGELOW-SANFORD, INC., a South Carolina corporation (herein referred to as the "Borrower"), and CHEMICAL BANK, a New York banking corporation (herein referred to as the "Bank").

The Borrower desires to borrow from the Bank hereunder certain sums on a revolving and term loan basis and the Bank is willing, subject to and upon the terms and conditions herein set forth, to lend such sums to the Borrower.

NOW, THEREFORE, IT IS AGREED:

SECTION 6. AFFIRMATIVE COVENANTS.

The Borrower covenants and agrees that, until the Bank Debt is paid in full and this Agreement is terminated, unless specifically waived by the Bank in writing:

§ 6.1. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Borrower shall furnish to the Bank:

(a) as soon as practicable and in any event within 30 days after the close of each of the first eleven months in each fiscal year of the Borrower, an unaudited consolidated balance sheet of the Borrower and its Subsidiaries, a consolidated statement of income and surplus account of the Borrower and its Subsidiaries, and a consolidated statement of changes in financial position of the Borrower and its Subsidiaries, as at the end of and for the period commencing at the end of the previous fiscal year and ending with such month, setting forth in comparative form the corresponding

019506

figures for the appropriate periods of the preceding fiscal year, all in reasonable detail and certified by the chief financial or accounting officer of the Borrower to be true and correct, subject to normal recurring year-end audit adjustments, and to have been prepared in accordance with generally accepted accounting principles consistently maintained by the Borrower and its Subsidiaries;

(b) as soon as practicable and in any event within 120 days after the close of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries, a consolidated statement of income and surplus account of the Borrower and its Subsidiaries, and a consolidated statement of changes in financial position of the Borrower and its Subsidiaries, as at the end of and for the fiscal year just closed, setting forth the corresponding figures of the previous fiscal year in comparative form, all in reasonable detail and certified (without any qualification or exception deemed material by the Bank) by Peat, Marwick, Mitchell & Co. or other independent public accountants selected by the Borrower and satisfactory to the Bank; and concurrently with such financial statements, a written statement signed by such independent accountants to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of any Event of Default or other act, condition or event which, with the giving of no-

019507

tice or lapse of time, or both, as specified in Section 8, would constitute an Event of Default, or, if such independent accountants shall have obtained from such examination any such knowledge, they shall disclose in such written statement the Event of Default or other act, condition or event and the nature thereof, it being understood that such independent accountants shall be under no liability, directly or indirectly, to anyone for failure to obtain knowledge of any such Event of Default or act, condition or event;

(c) promptly upon receipt thereof, copies of all financial reports (including, without limitation, management letters), if any, submitted to the Borrower or any of its Subsidiaries by its auditors, in connection with each annual or interim audit of their respective books by such auditors;

(d) promptly upon the issuance thereof, copies of all reports by the Borrower or BSI to the Securities and Exchange Commission or any securities exchange, and all reports, notices or statements sent by the Borrower or BSI to the holders of any of its common or preferred stock or to the holders of any Indebtedness or to the trustee under any indenture under which the same is issued;

(e) simultaneously with the delivery of the statements required to be furnished pursuant to subparagraph (a) of this § 6.1 and subparagraph (b) of this § 6.1, a certificate signed by the chief financial or accounting officer of the Borrower stating that a review of the activities of the Borrower

019508

and its Subsidiaries during such month or fiscal year, as the case may be, has been made under his supervision with a view to determining whether during such month or fiscal year the Borrower and its Subsidiaries had performed and observed all of its and their obligations to the Bank and either stating that the Borrower and its Subsidiaries had during such month or fiscal year so performed and observed or, if the Borrower or any Subsidiary has not so performed and observed, specifying all such defaults and the action the Borrower proposes to take with respect thereto;

(f) promptly upon the commencement thereof, written notice of any litigation, including arbitrations, where the amount claimed exceeds $100,000 and of any proceedings before any governmental agency which would, if successful, materially affect the Borrower or any of its Subsidiaries;

(g) with reasonable promptness, such other information respecting the business, operations and financial condition of the Borrower or any of its Subsidiaries as the Bank may from time to time request;

(h) immediately upon becoming aware of any development or other information which may materially and adversely affect the properties, business, prospects, profits or condition (financial or otherwise) of the Borrower or any of its Subsidiaries, or the ability of any of them to perform or comply with this Agreement, telephonic or telegraphic notice

019509

specifying the nature of such development or information and such anticipated effect;

(i) as soon as practicable and in any event within 15 days after the end of each month, an inventory statement as of the end of such month showing the description, amount and net dollar value (expressed at the lower of cost on a LIFO basis or current market value) of all inventory by location and otherwise in such detail as the Bank may from time to time request;

(j) as soon as practicable and in any event within 15 days after the end of each month, an aging of Receivables as of the end of such month, in such detail as the Bank may from time to time request;

(k) on a daily basis, reports in form and substance satisfactory to the Bank showing the daily sales, cash, collections and credits; and

(l) as soon as practicable and in any event within 45 days after the end of each quarter, (i) a report showing the description, amount and dollar value of all fixed assets by location as of the end of such quarter and all dispositions thereof and additions thereto during such quarter and (ii) a statement showing the description, amount and dollar value (expressed at the lower of cost on a LIFO basis or current market value) of all inventory by location as of the end of such quarter, in each case in such detail as the Bank may from time to time request.

019510

§ 6.2. TAXES AND CLAIMS. Borrower shall duly pay and discharge, and shall cause each of its Subsidiaries to pay and discharge (except to the extent contested in good faith by appropriate proceedings, provided proper reserves are established on the books of the person concerned and provided that any lien arising from the disputed item does not attach to any Collateral), (a) all taxes, assessments and governmental charges upon or against the Borrower or its Subsidiaries or their respective properties or assets prior to the date on which penalties attach thereto and (b) all lawful claims, whether for labor, materials, supplies, services or anything else which might or could, if unpaid, become a lien or charge upon the properties or assets of the Borrower or any of its Subsidiaries.

§ 6.3. INSURANCE.

(a) The Borrower shall, and shall cause each of its Subsidiaries to, (i) keep all of its properties adequately insured at all times with responsible insurance carriers against loss or damage by fire and other hazards and (ii) maintain adequate insurance at all times with responsible insurance carriers against liability on account of damage to persons and property and under all applicable workmen's compensation laws. For the purposes of this § 6.3(a), insurance shall be deemed adequate if the same is not less extensive in coverage and amount relative to risk than is presently maintained by other persons engaged in the same or similar businesses,

019511

similarly situated. All insurance covering tangible property subject to a lien or security interest in favor of the Bank granted pursuant to this Agreement or under any instrument or document given as security pursuant hereto shall provide that, in the case of each separate loss in excess of $100,000, the full amount of insurance proceeds with respect thereto shall be payable to the Bank as mortgagee, secured party, or otherwise as its interest may appear, to be applied in accordance with § 2.3, and shall further provide for at least 10 days' prior notice to the Bank of the cancellation or substantial modification thereof.

(b) The Borrower shall, from time to time upon reasonable request of the Bank, promptly furnish or cause to be furnished to the Bank evidence, in form and substance satisfactory to the Bank, of the maintenance of all insurance required by this § 6.3 to be maintained, including, but not limited to, such originals or copies as the Bank may request of policies, certificates of insurance, riders and endorsements relating to such insurance and proof of premium payments.

§ 6.4. BOOKS AND RESERVES. The Borrower shall and shall cause each of its Subsidiaries to:

(a) maintain, at all times, true and complete books, records and accounts in which true and correct entries shall be made of its transactions in accordance with generally accepted accounting principles consistently applied; and

019512

(b) by means of appropriate quarterly entries, reflect in its accounts and in all financial statements furnished pursuant to § 6.1 proper liabilities and reserves for all taxes and proper provision for depreciation and amortization of its properties and bad debts, all in accordance with generally accepted accounting principles consistently applied, as above described.

§ 6.5. PROPERTIES IN GOOD CONDITION. The Borrower shall keep, and shall cause each of its Subsidiaries to keep, their respective properties in good repair, working order and condition and, from time to time, make all needful and proper repairs, renewals, replacements, additions and improvements thereto, so that the business carried on may be properly and advantageously conducted at all times in accordance with prudent business management.

§ 6.6. INSPECTION BY BANK. The Borrower shall allow, and shall cause each of its Subsidiaries to allow, any representative of the Bank to visit and inspect any of the properties of the Borrower or any Subsidiary, to examine the books of account and other records and files of the Borrower and each of its Subsidiaries, to make copies thereof and to discuss the affairs, business, finances and accounts of the Borrower and of each of its Subsidiaries with their respective officers and employees, all at such reasonable times and as often as the Bank may request.

019513

§ 6.7. PAY INDEBTEDNESS TO BANK AND PERFORM OTHER COVENANTS. The Borrower shall (a) make full and timely payment of the Bank Debt, whether now existing or hereafter arising, (b) duly comply with all the terms and covenants contained in each of the instruments and documents given to the Bank in connection with or pursuant to this Agreement, all at the times and places and in the manner set forth therein and (c) at all times maintain the liens and security interests provided for under or pursuant to this Agreement as valid and perfected first liens and security interests on the property intended to be covered thereby.

§ 6.8. FURTHER ASSURANCES. The Borrower shall, at its cost and expense, upon request of the Bank, duly execute and deliver, or cause to be duly executed and delivered, to the Bank such further instruments and do and cause to be done such further acts as may be necessary or proper in the opinion of the Bank to carry out more effectually the provisions and purposes of this Agreement.

§ 6.9. REFINANCINGS. The Borrower shall use its best efforts to obtain, prior to September 1, 1982, from one or more commercial banks or other institutional lenders, term financing aggregating not less than the following amounts for and on the security of each of the following parcels of the Real Property:

Parcel	Amount
Lyerly, Ga.	$6,880,000
Summerville, Ga.	1,810,000

019514

Parcel	Amount
Calhoun Falls, S.C.	$4,300,000
Landrum, S.C.	2,840,000
Belton, S.C.	1,072,000
Seneca, S.C.	98,000

in each case on terms and conditions customary for such financing and acceptable to the Bank. Upon consummation of any such financing with respect to a parcel of the Real Property and receipt by the Bank, pursuant to § 2.2(c), of the proceeds thereof in an amount not less than the respective specified amount, the Bank shall assign, release or satisfy the mortgage in its favor on such parcel. Nothing contained herein and no action taken by the Borrower hereunder shall modify the Second Term Loan, including, without limitation, the obligation of the Borrower to pay the Second Term Loan at maturity.

§ 6.10. PRESENT MANAGEMENT. The Borrower shall continue to employ, or cause to continue the employment of, in each of the positions of chief executive officer and chief operating officer an Individual Guarantor or, in the event of death or permanent disability, within 90 days such other person designated by the Borrower and reasonably acceptable to the Bank.

SECTION 7. NEGATIVE COVENANTS.

The Borrower covenants and agrees that, until the Bank Debt is paid in full and this Agreement is terminated, the Borrower shall not, without the prior written consent of the Bank:

019515

§ 7.1. WORKING CAPITAL. Permit Working Capital at any time to be less than the following amounts during the fiscal years of the Borrower ending on the following dates:

Year End	Required Amount
December 31, 1981	$18,000,000
December 31, 1982	18,000,000
December 31, 1983	20,000,000

and to be less than $20,000,000 thereafter.

§ 7.2.A. TANGIBLE NET WORTH. Permit the sum of Tangible Net Worth and Subordinated Debt at any time to be less than the following amounts during the fiscal years of the Borrower ending on the following dates:

Year End	Required Amount
December 31, 1981	$ 9,700,000
December 31, 1982	11,800,000
December 31, 1983	15,400,000
December 31, 1984	19,600,000
December 31, 1985	24,100,000

and to be less than $24,100,000 thereafter.

§ 7.2.B. LIABILITIES TO NET WORTH. Permit the amount of Indebtedness (excluding Subordinated Debt) to the sum of Tangible Net Worth and Subordinated Debt at any time to exceed the following percentages during the fiscal years of the Borrower ending on the following dates:

019516

Year End	Required Percentage
December 31, 1981	858%
December 31, 1982	797
December 31, 1983	646
December 31, 1984	518
December 31, 1985	424

and to exceed 424% thereafter.

§ 7.3. PRETAX NET INCOME. Permit Pretax Net Income at any time to be less than the following amounts during the fiscal years of the Borrower ending on the following dates:

Year End	Required Amount
December 31, 1981	$ 800,000
December 31, 1982	4,200,000
December 31, 1983	7,200,000
December 31, 1984	8,300,000
December 31, 1985	8,900,000

§ 7.4. CAPITAL EXPENDITURES. Make or be committed to make, or permit any Subsidiary to make or be committed to make, directly or indirectly, any expenditures for fixed or capital assets, amounting, in the aggregate for the Borrower and its Subsidiaries (on a noncumulative basis, to the effect that any amount not expended in any one fiscal year may not be expended in any subsequent one; provided, however, that not more than $1,000,000 of any amount not so expended in any one fiscal year may be expended in the next fiscal quarter of the Borrower), to more than $7,200,000 for the fiscal year of

019517

the Borrower ending on December 31, 1981 or to more than $6,000,000 in any subsequent fiscal year of the Borrower.

§ 7.5. MORTGAGES, LIENS, ETC. Create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien or charge of any kind upon or defect in title to or restriction upon the use of any of the Borrower's or any Subsidiary's property or assets of any character, whether owned at the date hereof or hereafter acquired, or hold or acquire any property or assets of any character under conditional sales, finance lease or other title retention agreements, or permit or suffer any Subsidiary to do so, except:

(a) mortgages, liens, pledges and security interests in favor of the Bank;

(b) (i) liens arising out of judgments or awards in respect of which the Borrower or a Subsidiary shall in good faith be prosecuting an appeal or proceedings for review and in respect of which the Borrower or such Subsidiary shall have secured a subsisting stay of execution pending such appeal or proceedings for review, provided the Borrower or such Subsidiary shall have set aside on its books adequate reserves with respect to such judgment or award; (ii) deposits, liens or pledges to secure payments of workers' compensation and other payments, unemployment and other insurance, old-age pensions or other social security obligations; and (iii) zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto,

019518

which do not impair the use of such property in the operation of the business of the Borrower or any Subsidiary or the value of such property for the purpose of such business;

(c) mortgages on the Real Property in connection with any refinancing permitted under § 6.9 hereof; and

(d) existing liens and security interests set forth in Schedule 7.5 hereof, but not any extension, renewal or increase in amount thereof.

§ 7.6. INDEBTEDNESS. Create, incur, assume or suffer to exist, contingently or otherwise, any Indebtedness, or permit or suffer any Subsidiary to do so, except:

(i) the Bank Debt;

(ii) unsecured Current Liabilities incurred in the ordinary course of business other than those which are for money borrowed or are evidenced by bonds, debentures, notes or other similar instruments;

(iii) Indebtedness (not overdue) secured by mortgages, liens or security interests permitted by § 7.5;

(iv) Indebtedness to the extent permitted by § 7.7;

(v) unsecured Subordinated Debt;

(vi) other unsecured Indebtedness of the Borrower for money borrowed not exceeding $6,500,000 in the aggregate outstanding at any time; and

(vii) unsecured Indebtedness of the Borrower incurred in connection with industrial revenue financing of facilities to be constructed and used by the Borrower, all on terms and

019519

conditions acceptable to and approved in writing by the Bank in each instance.

§ 7.7. LOANS, INVESTMENTS AND GUARANTEES. Lend or advance money, credit or property to any person, or invest in (by capital contribution or otherwise), or purchase or repurchase the stock or Indebtedness, or all or a substantial part of the assets or properties, of any person, or enter into any exchange of securities with any person, or guarantee, assume, endorse or otherwise become responsible for (directly or indirectly or by any instrument having the effect of assuring any person's payment or performance or capability) the Indebtedness, performance, obligations, stock or dividends of any person, or agree to do any of the foregoing, or permit or suffer any Subsidiary to do so, except:

(a) endorsement of negotiable instruments for deposit or collection in the ordinary course of business;

(b) investments in readily marketable, direct obligations of the Government of the United States of America maturing not more than one year after the date of the purchase thereof, in open market commercial paper, issued by any corporation organized and doing business under the laws of the United States of America or any state thereof, with a maturity not in excess of nine months from the date of acquisition thereof which has the highest credit rating by either Standard & Poor's Corporation or Moody's Investors Service, Inc., or in certificates of deposit issued by the Bank;

019520

(c) investments representing stock or obligations issued to the Borrower or any Subsidiary in settlement of claims against any other person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Borrower or a Subsidiary;

(d) investments representing the Indebtedness of any person owing as a result of the sale by the Borrower or any Subsidiary in the ordinary course of business of products or the sale of tangible personal property permitted under § 7.8 hereof;

(e) guarantees of the Indebtedness of BSI and the Individual Guarantors to the Bank;

(f) investments in Subsidiaries not to exceed $50,000 in the aggregate outstanding at any time;

(g) guarantees of the Indebtedness of others not exceeding $2,000,000 in the aggregate outstanding at any time; and

(h) unsecured recourse liabilities in connection with the sale of accounts receivable by the Borrower permitted under § 7.8 hereof not exceeding in the aggregate outstanding at any time the lesser of (i) the then aggregate outstanding accounts receivable so sold and (ii) $6,000,000.

§ 7.8. MERGER, SALE OF ASSETS, DISSOLUTION, ETC. Enter into any transaction of merger or consolidation, or transfer, sell, assign, lease, or otherwise dispose of (other than sales of finished products in the ordinary course of

019521

business) all or any part of its properties or assets, or any of its notes or accounts receivable, any stock (other than directors' qualifying shares) or Indebtedness (except by payment in accordance with its terms) of the Borrower or any Subsidiary, or change the general nature of its or their business, or wind up, liquidate or dissolve, or agree to do any of the foregoing, or permit any Subsidiary to do so, except that the Borrower may (i) sell assets or properties no longer necessary for the proper conduct of its business having a value amounting, in the aggregate for the Borrower and its Subsidiaries, to not more than $500,000 in each fiscal year of the Borrower (on a noncumulative basis) and (ii) sell accounts receivable of foreign Customers and other accounts receivable in the ordinary course of its business, all on such terms and conditions and in such amounts as are customary in the business in which the Borrower is now engaged.

§ 7.9. DIVIDENDS, REDEMPTIONS AND OTHER PAYMENTS. Declare or pay any dividends (other than dividends payable solely in common stock) on any shares of stock of any class of the Borrower, now or hereafter outstanding, or purchase, redeem or otherwise retire any such shares, or apply or set apart any of its assets therefor, or make any other distribution (by reduction of capital or otherwise) in respect of any such shares, or make any principal payment or prepayment on account of Subordinated Debt or Funded Debt (other than regular, scheduled mandatory prepayments or payment on ma-

019522

turity), or agree to do any of the foregoing, or permit any Subsidiary to purchase or set apart any of its assets for the purchase of any such shares, or for the payment, prepayment or purchase of any such Subordinated Debt or Funded Debt, or agree to do so; provided, however, that, so long as no Event of Default or condition, event or act which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing, the Borrower may, in any fiscal year of the Borrower, declare and pay dividends on its presently outstanding common stock in an amount not to exceed the amount set forth on Schedule 7.9 annexed hereto for such fiscal year.

§ 7.10. TRANSACTIONS WITH INSIDERS. Directly or indirectly, purchase, acquire or lease any material property from, or sell, transfer or lease any material property to, any stockholder, director, officer, agent or employee of the Borrower or any Subsidiary, or any relative thereof, or any person in which any one or more of such directors or officers have directly or indirectly in the aggregate more than a 5% beneficial interest, but nothing herein shall prevent any such transactions between the Borrower and any Subsidiary or between Subsidiaries.

§ 7.11. RENTAL OBLIGATIONS. On or after the date hereof, incur, create, assume or permit to exist, in respect of new leases of real or personal property, rental obligations or other commitments thereunder to make any direct or indirect

019523

payment, whether as rent or otherwise, for fixed or minimum rentals, percentage rentals, property taxes, or insurance premiums, or permit or suffer any Subsidiary to do so, in excess of $1,000,000 in the aggregate for the Borrower and all Subsidiaries during any period of 12 consecutive months.

§ 7.12. LEASE-BACKS. Enter into, or permit or suffer any Subsidiary to enter into, any arrangements, directly or indirectly, with any person, whereby the Borrower or any Subsidiary shall sell or transfer any property, whether now owned or hereafter acquired, used or useful in their respective businesses, in connection with the rental or lease of the property so sold or transferred or of other property which the Company or any Subsidiary intends to use for substantially the same purpose or purposes as the property so sold or transferred.

§ 7.13. COMPROMISE OF RECEIVABLES. The Borrower shall not, without the prior consent of the Bank in each instance, compromise or adjust any of the Receivables (or extend the time for payment thereof) or grant any additional discounts, allowances or credits thereon, other than in the normal course of business and not to exceed $50,000 in any one instance.

§ 7.14. COMPLIANCE WITH ERISA. With respect to all "employee pension benefit plans" maintained by the Borrower and its Subsidiaries:

(1) Neither the Borrower nor any of its Subsidiaries will (a) terminate any of such employee pension benefit plans so as to incur any liability to the Federal Pension Ben-

019524

efit Guaranty Corporation, (b) participate in any prohibited transaction involving any of such employee pension benefit plans or any trust created thereunder which would subject the Borrower or any of its Subsidiaries to a tax or penalty on prohibited transactions imposed under Code Section 4975 or ERISA, (c) fail to pay to any such employee pension benefit plan any contribution which it is obligated to pay under the terms of such plan, or (d) allow or suffer to exist any occurrence of a reportable event, or any other event or condition, which presents a material risk of termination by the Federal Pension Benefit Guaranty Corporation of any such employee pension benefit plan.

(2) As used in this § 7.14, the terms "employee pension benefit plans," "accumulated funding deficiency" and "reportable event" shall have the respective meanings assigned to them in ERISA, and the term "prohibited transaction" shall have the meaning assigned to it in Code Section 4975 and ERISA.

§ 7.15. AMENDMENT AND MODIFICATION OF PURCHASE AGREEMENT. Directly or indirectly, amend, modify, supplement, waive compliance with or assent to noncompliance with any term, provision or condition of the Purchase Agreement or of any document, instrument or agreement (including, without limitation, those evidencing or relating to the Subordinated Debt described in clause (a) of the definition thereof) executed or delivered in connection therewith or related there-

019525

to the Borrower's account and added to the Indebtedness to the Bank.

SECTION 11. DEFINITIONS.

For all purposes of this Agreement, unless the context otherwise requires:

"Bank Debt" shall mean and include all Loans and all Indebtedness owing at any time by the Borrower to the Bank and all interest and other charges thereon.

"Code Section 4975" shall mean, at any date, Section 4975 of the Internal Revenue Code of 1974, as the same shall be in effect at such date.

"Collateral" shall mean and include: (a) all Receivables and any other items of real or personal property in which the Borrower has granted or may in the future grant a lien or security interest to the Bank; (b) all of the right, title and interest of the Borrower in and to the goods or other property represented by or securing any of the Receivables; (c) all rights of the Borrower as unpaid vendor or lienor, including stoppage in transit, replevin and reclamation; (d) all additional amounts due to the Borrower from any Customer, irrespective of whether such additional amounts have been specifically assigned to the Bank; (e) all guarantees, mortgages on real or personal property, leases or other agreements or property securing or relating to any of the items referred to in subparagraph (a) hereof, or acquired for the purpose of securing and enforcing any of such items; (f)

019526

all moneys, securities and other property and the proceeds thereof, now or hereafter held or received by, or in transit to the Bank from or for the Borrower whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all deposits (general or special), balances, sum and credits with, and all claims of the Borrower against, the Bank at any time existing; (g) all books, records, ledger cards and other property and general intangibles at any time evidencing or relating to Receivables ("Records"); and (h) all proceeds of any of the foregoing in whatever form, including, without limitation, any claims against third parties for loss or damage to or destruction of any or all of the foregoing and cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents.

"Current Assets" shall be determined in accordance with generally accepted accounting principles consistently applied on a consolidated basis for the Borrower and its Subsidiaries and shall include only the following items: (i) cash in bank, on hand and in transit; (ii) prepaid items (excluding unamortized debt discount and expense); (iii) customers' accounts, other receivables, bills and notes receivable acquired in the ordinary course of business; (iv) inventories determined at the lower of cost on a LIFO basis or current market value; (v) investments permitted under § 7.7(b) hereof, in each case at the lower of cost or current market

019527

value; and (vi) cash surrender value of any insurance policies on the lives of the Borrower's officers, of which the Borrower is both owner and beneficiary; all after deduction of adequate reserves in each case where a reserve is proper in accordance with generally accepted accounting principles.

"Current Liabilities" shall be determined in accordance with generally accepted accounting principles consistently applied on a consolidated basis for the Borrower and its Subsidiaries and shall include, as of the date of determination thereof, (a) all Indebtedness payable on demand or maturing within one year after such date without any option on the part of the obligor to extend or renew beyond such year, (b) final maturities, installments and prepayments of Indebtedness required to be made within one year after such date and (c) all other items (including taxes accrued as estimated and reserves for deferred income taxes) which, in accordance with generally accepted accounting principles, would be included on a balance sheet as current liabilities.

"Customer" shall mean and include the account debtor or obligor with respect to any of the Receivables and/or the prospective purchaser with respect to any contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with the Borrower, pursuant to which the Borrower is to deliver any personal property or perform any services.

019528

"Eligible Receivables" shall mean and include such Receivables which are and at all times shall continue to be acceptable to the Bank in all respects. Criteria for eligibility shall be fixed and revised from time to time solely by the Bank in its exclusive discretion. In general, without limiting the foregoing, a Receivable shall in no event be deemed to be eligible (a) unless: (i) delivery of the merchandise covered by the Receivable or the rendition of services or other performance covered by the Receivable has been completed; (ii) no return, rejection or repossession has occurred; (iii) such merchandise or services or performance has been accepted by the Customer and no dispute, offset, defense or counterclaim has been asserted by the Customer; (iv) such Receivable continues to be in full conformity with the representations and warranties made by the Company to the Bank with respect thereto; (v) no more than 120 days have elapsed from the invoice date; and (vi) the Bank is and continues to be satisfied with the credit standing of the Customer in relation to the amount of credit extended; or (b) if it has been or is sold as permitted under § 7.8.

"ERISA" shall mean, at any date, the Employee Retirement Income Security Act of 1974 and the regulations thereunder, all as the same shall be in effect at such date.

"Funded Debt" shall mean, as of the date of determination thereof, all Indebtedness of the Borrower and its Subsidiaries (after eliminating inter-company items) other

019529

than Current Liabilities and Subordinated Debt.

"Indebtedness" shall mean all items which, in accordance with generally accepted principles of accounting, would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date Indebtedness is to be determined and, in any event, shall include (without duplication) letters of credit and all obligations relating thereto, any liability secured by any mortgage, pledge, lien or security interest on property owned or acquired, whether or not such liability shall have been assumed, and guarantees, endorsements (other than for collection in the ordinary course of business) and other contingent obligations in respect of the obligations of others.

"Loans" shall have the meaning set forth in § 2.1 hereof.

A "person" shall include an individual, a corporation, an association, a joint stock company, a business trust, a partnership, a joint venture, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Pretax Net Income" for any period shall be determined, except as hereinafter provided, in accordance with generally accepted accounting principles on a consolidated basis for the Borrower and its Subsidiaries (after eliminating all inter-company items and portions of earnings properly attributable to minority interests in subsidiaries). In

019530

making such determination, (i) there shall be excluded from gross revenues for such period any restoration to income of any contingency reserve except to offset losses or charges against income arising out of the contingency for which the reserve was created or to the extent that provision for such contingency reserve was made subsequent to August 29, 1981; (ii) there shall be deducted from such gross revenues for such period all operating expenses and other proper charges against income, including, but not limited to, interest on all Indebtedness, amortization of debt discount and expense, amortization of all other deferred charges properly subject to amortization, provisions for all contingency reserves, and provisions for depreciation, retirements and obsolescence in accordance with generally accepted accounting principles and in amounts not less than those actually deducted on the books or, if not yet actually charged on such books, then in amounts which would be charged in accordance with such principles, but excluding, provisions for all taxes including reserves for deferred income taxes; (iii) profits realized or losses sustained from any sale or abandonment of fixed or capital assets or any acquisition, retirement or sale of securities during such period shall be excluded; (iv) net income (as hereinabove defined) of acquired companies or businesses, which accrued prior to the effective date of the acquisition thereof by the Borrower or a Subsidiary, shall not be included; and (v) there shall not be considered

019531

in any computation of net income (as hereinabove defined) any effect on the net income of prior years as a result of a change in accounting principles.

"Receivables" shall mean and include all accounts, contract rights, instruments, documents, chattel paper and general intangibles, whether secured or unsecured, now existing or hereafter created, of the Borrower, and whether or not specifically sold or assigned to the Bank.

"Subordinated Debt" shall mean (a) the Indebtedness evidenced by the 14% Convertible Subordinated Notes Due 1991 of the Borrower and (b) all other Indebtedness which is subordinated to the Borrower's Indebtedness to the Bank upon terms and conditions and pursuant to subordination agreements satisfactory to the Bank in its sole discretion.

"Subsidiary" shall mean any corporation organized under the laws of any state of the United States or the District of Columbia and conducting all its business and having all its assets within the United States, all of whose outstanding stock of all classes (other than directors' qualifying shares, if any) is at the time owned by the Borrower and/or one or more Subsidiaries.

"Tangible Net Worth" shall mean the total of all assets appearing on a balance sheet prepared in accordance with generally accepted accounting principles for the Borrower and its Subsidiaries on a consolidated basis, after deducting therefrom (without duplication of deductions) the amount of

019532

all intangible terms reflected therein, including, without limitation, unamortized debt discount and expense, unamortized research and development expense, unamortized deferred charges and costs, goodwill, patents, trademarks, service marks, trade names, copyrights and all similar items which would be treated as intangibles in accordance with generally accepted accounting principles.

"Working Capital" shall mean the amount by which Current Assets exceed Current Liabilities.

Each term defined in Articles 1 or 9 of the Uniform Commercial Code shall have the meaning given therein unless otherwise defined herein.

Schedule 7.9

Permitted Dividends

Fiscal Year	Amount
1981	None
1982	$1,100,000
1983	900,000
1984	800,000
1985	800,000
1986	600,000

EXHIBIT

APR 12 1983 NO. 1

STATE BUDGET & CONTROL BOARD

019534

The State of South Carolina

MAY 09 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2081

May 5, 1983

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

Re: $1,000,000 Spartanburg County, South Carolina, Industrial Revenue Bond, (Major Media of the Southeast, Inc.)

Dear Mr. McInnis:

Regarding the above referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

David C. Eckstrom
Assistant Attorney General

DCE/cs

Enclosures

019535

4/12/83 expires

SEP 9 1983

The State of South Carolina

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2081

September 8, 1983

William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: $1,000,000 Spartanburg County, South Carolina Industrial Development Revenue Bonds, (Major Media of the Southeast, Inc., Project), Series 1983

Dear Mr. McInnis:

This is in response to your letter of August 16, 1983. I agree with your conclusion that the two changes indicated in the above bond package do not require further approval by the Budget and Control Board.

Sincerely yours,

David C. Eckstrom

David C. Eckstrom
Assistant Attorney General

DCE/cs

cc: Steven B. Kite, Esquire

019536

State of South Carolina

State Budget and Control Board

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

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

Box 12444
Columbia
29211

August 16, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Mr. Steven B. Kite
Kutak Rock & Huie
1200 Anchor Savings Bank Building
Atlanta, Georgia 30303

Dear Mr. Kite:

Re: $1,000,000 Spartanburg County Industrial Development Revenue Bonds
(Major Media of the Southeast, Inc., Project), Series 1983

In response to your August 1, 1983 letter, it is my opinion that the changes you describe which resulted from the renegotiation of the terms of the financing with NCNB do not require any further approval by the State Budget and Control Board. The two substantive changes you outlined are that NCNB will not require the Company to provide letters of credit as additional security for the bonds and that the loan will be for a fixed ten-year period and NCNB will not have the option to require the Company to prepay the loan.

In the event Assistant Attorney General David Eckstrom is inclined to add any comments on this question, I am forwarding a copy of this letter along with a copy of yours to him.

Sincerely,

William A. McInnis

William A. McInnis
Deputy Executive Director

WAM:dw
cc: David C. Eckstrom w/enc.

W. STELL HUIE
R. WILLIAM IDE, III
EDGAR H. SIMS, JR.
JEREMIAH LUXEMBURGER
CHARLES C. BENEDICT, P.C.
LAWRENCE L. THOMPSON
CHARLES N. PURSLEY, JR.
FELKER W. WARD, JR.
STEVEN B. KITE
JAY J. LEVIN
C. WILSON DuBOSE
W. KIMBALL GRIFFITH
PAUL A. HOWELL, JR.
ROBERT C. DILLON, P.C.
JAMES W. CULBRETH
ROBERT A. BOAS
FRANK A. LIGHTMAS, JR., P.C.
EDWARD M. FORD
JOHN R. LOWERY, P.C.
LESLY GAYNOR MURRAY
DAVID G. RUSSELL
STEPHEN B. SWARTZ
BARCLAY T. MACON, JR.
RUTH A. KNOX
STANLEY E. FOSTER
ALBERT S. ANDERSON
LAURA MATLAW MURPHY
SARAH H. ADAMS
JO LANIER MEEKS
MARGARET M. JOSLIN
RICHARD P. VORNHOLT
JOHN E. RAMSEY

KUTAK ROCK & HUIE
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
1200 ANCHOR SAVINGS BANK BUILDING
ATLANTA, GEORGIA 30303
(404) 522-8700
TELEX 804344-KR&H-ATL

EDWIN L. STERNE
GARY R. SMITH
DAVID B. POYTHRESS
COUNSEL

DENVER
2400 ARCO TOWER - 707 17TH STREET
DENVER, COLORADO 80202
(303) 534-1330

OMAHA
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102
(402) 346-6000

WASHINGTON
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
(202) 828-2400

AUG 18 1983

August 15, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Secretary
South Carolina Budget and
Control Board
600 Wade Hampton
State Office Building
Columbia, South Carolina 29211

RE: $1,000,000 Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983

Dear Mr. McInnis:

Pursuant to our recent conversations, enclosed please find an executed Investment Letter of NCNB National Bank of North Carolina with respect to the above-referenced industrial development bond financing. If you need anything further in regard to this matter, please do not hesitate to call.

Sincerely,

Steven B. Kite

nlw

Enclosure

019538

NCNB Corporate Services Inc.
70 West Madison Street
Suite 4060
Chicago, Illinois 60602
Telephone 312 | 372-0740

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

8-23-83

August 10, 1983

South Carolina State Budget
and Control Board
Columbia, South Carolina

Major Media of the Southeast, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344

Kutak Rock & Huie
1200 Anchor Savings Bank Building
Atlanta, Georgia 30303

$1,000,000
Spartanburg County
Industrial Development Revenue Bonds
(Major Media of the Southeast, Inc. Project)
Series 1983

Gentlemen:

In connection with the private placement of $1,000,000 principal amount of Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 (the "Bonds"), the undersigned purchaser of the Bonds (the "Purchaser") hereby acknowledges and represents that: (i) the Purchaser is familiar with Major Media of the Southeast, Inc. (the "Company"); (ii) the Purchaser has been furnished certain business and financial information about the Company; (iii) the Company has made available to the Purchaser the opportunity to obtain additional information to verify the accuracy of the information supplied and to evaluate the merits and risks of an investment in the Bonds; and (iv) that the Purchaser has had the opportunity to ask questions of and receive answers from representatives of the Company concerning the terms and conditions of the offering and the information supplied to the Purchaser.

019539

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

The undersigned acknowledges and represents that it has been advised that the Bonds are not registered under the Securities Act of 1933, as amended (the "1933 Act"), and that the Company is not presently required to register under Section 12 of the Securities and Exchange Act of 1934, as amended (the "1934 Act"). The Purchaser, therefore, realizes that if and when the Purchaser wishes to resell part or all of the Bonds that there may not be available current business and financial information about the Company. Further, no trading market now exists for the Bonds. Accordingly, the Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity of the Bonds may not be possible or may be at a price below that which the Purchaser is paying for the Bonds.

It is understood that the Purchaser has undertaken to verify the accuracy, completeness and truth of any statements made or omitted to be made concerning any of the material facts relating to this transaction, including information regarding the business and financial condition of the Company. The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Company. On this basis, it is agreed by acknowledgment of this letter that the Purchaser hereto is not relying on any other party or person to undertake the furnishing or verification of information relating to this transaction.

Very truly yours,

NCNB NATIONAL BANK OF
NORTH CAROLINA

By:

019540

W. STELL HUIE
R. WILLIAM IDE, III
EDGAR H. SIMS, JR.
JEREMIAH LUXEMBURGER
CHARLES C. BENEDICT, P.C.
LAWRENCE L. THOMPSON
CHARLES N. PURSLEY, JR.
FELKER W. WARD, JR.
STEVEN B. KITE
JAY J. LEVIN
C. WILSON DuBOSE
W. KIMBALL GRIFFITH
PAUL A. HOWELL, JR.
ROBERT C. DILLON, P.C.
JAMES W. CULBRETH
ROBERT A. BOAS
FRANK A. LIGHTMAS, JR., P.C.
EDWARD M. FORD
JOHN R. LOWERY, P.C.
LESLY GAYNOR MURRAY
DAVID G. RUSSELL
STEPHEN B. SWARTZ
BARCLAY T. MACON, JR.
RUTH A. KNOX
STANLEY E. FOSTER
ALBERT S. ANDERSON
LAURA MATLAW MURPHY
SARAH H. ADAMS
JO LANIER MEEKS
MARGARET M. JOSLIN
RICHARD P. VORNHOLT
JOHN E. RAMSEY

KUTAK ROCK & HUIE
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
1200 ANCHOR SAVINGS BANK BUILDING
ATLANTA, GEORGIA 30303
(404) 522-8700
TELEX 804344-KR&H-ATL

EDWIN L. STERNE
GARY R. SMITH
DAVID B. POYTHRESS
COUNSEL

DENVER
2400 ARCO TOWER - 707 17TH STREET
DENVER, COLORADO 80202
(303) 534-1330

OMAHA
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102
(402) 346-6000

WASHINGTON
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
(202) 828-2400

AUG 5 1983

August 1, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Mr. William McInnis
Secretary
South Carolina Budget
and Control Board
600 Wade Hampton
State Office Building
Columbia, South Carolina 29211

RE: $1,000,000 Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983

Dear Mr. McInnis:

Pursuant to our conversation of Monday, August 1, 1983, enclosed please find the revised Loan Agreement, Indenture of Trust, Guaranty Agreement, and Mortgage and Security Agreement for the above-referenced financing. On May 9, 1983, the State Budget and Control Board had approved this financing. However, prior to the closing of the transaction, Major Media of the Southeast, Inc. (the "Company") renegotiated the terms of the financing with NCNB National Bank of North Carolina ("NCNB"). Previously, Southern Bank and Trust Company of Greenville, South Carolina, was going to purchase the bonds. The agreement between the Company and NCNB has required two substantive changes to the enclosed documents:

(1) NCNB will not require the Company to provide letters of credit as additional security for the Bonds. Accordingly, all references to Continental Illinois National Bank and Trust Company of Chicago, The First National Bank of St. Paul, the Letters of Credit and the Reimbursement Agreement have been deleted from the documents. The documents have also been revised to delete references to the 91-day preference period required by bankruptcy law provisions.

019541

EXHIBIT
APR 12 1983 NO. 2
STATE BUDGET & CONTROL BOARD

(2) In the transaction as originally structured, the Letters of Credit were to be for a one-year term, renewable at the option of the Letter of Credit Banks. In the event the Letters of Credit were not renewed, then Southern Bank and Trust Company had the right to have the Bonds redeemed. Accordingly, although the Bonds had a nominal ten-year maturity, the Company had no assurance that they were, in fact, obtaining a ten-year loan. As a result of the restructuring of the financing with NCNB, the loan will be for a fixed ten-year period, and NCNB will not have the option to require the Company to prepay the loan.

In all other substantive respects, the documents are essentially similar to those previously filed with your office. I have requested NCNB to forward to me an executed copy of the Investment Letter, and I will provide that to you as soon as I receive it. In the meantime, should you have any questions in regard to any of the foregoing, or desire any additional information with respect to this transaction, please do not hesitate to call. Thank you for your assistance and attention to this matter.

Sincerely,

KUTAK ROCK & HUIE

Steven B. Kite

nlw

Enclosures

019542

EXHIBIT

APR 12 1983 NO. 2

RESOLUTION OF THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

APPROVING AN UNDERTAKING BY SPARTANBURG COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4, SECTION 4-29-10 ET SEQ. OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN FACILITIES FOR THE ASSEMBLING OF MANUFACTURED PRODUCTS FOR MAJOR MEDIA OF THE SOUTHEAST, INC. THROUGH THE ISSUANCE OF ITS SPARTANBURG COUNTY, SOUTH CAROLINA, INDUSTRIAL DEVELOPMENT REVENUE BONDS (MAJOR MEDIA OF THE SOUTHEAST, INC. PROJECT) SERIES 1983.

WHEREAS, the County Council of Spartanburg County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4, Section 4-29-10 et seq. 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 Spartanburg County, South Carolina (the "Issuer"); and

WHEREAS, the undertaking provides for the issuance, sale and delivery of Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 (the "Bonds") in an aggregate principal amount of $1,000,000 pursuant to the Act, the proceeds of which will be used to finance a portion of the costs of the acquisition, construction and equipping of certain facilities for the assembling of manufactured products and related office space for Major Media of the Southeast, Inc., a Minnesota corporation (the "Corporation"), including but not limited to

019543

space for assembly of outdoor advertising signs, and related steel structural supports and office headquarters space; and

WHEREAS, it is expected that the Bonds will be issued and sold to Southern Bank and Trust Company; and

WHEREAS, the proceeds of the Bonds will be loaned by the Issuer to the Corporation in exchange for the Corporation's agreement under a Loan Agreement (the "Loan Agreement") to pay amounts to the Issuer sufficient to pay the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, the Corporation will own the Project and will secure payments to be made by it under the Loan Agreement by the grant to Southern Bank and Trust Company (the "Trustee"), Continental Illinois National Bank and Trust Company of Chicago ("Continental") and The First National Bank of Saint Paul ("St. Paul") pursuant to a Mortgage and Security Agreement (the "Mortgage and Security Agreement") of a mortgage lien and security interest in the Project, and

WHEREAS, the Issuer will secure payment of the Bonds by the execution and delivery to the Trustee for the holders of the Bonds of an Indenture of Trust (the "Indenture") granting to the Trustee substantially all of the Issuer's rights under the Loan Agreement; and

WHEREAS, as further security for the Bonds, Continental and St. Paul will issue their Letters of Credit (the "Letters of Credit") in the aggregate amount of $1,000,000 pursuant to

the Letter of Credit Reimbursement Agreement (the "Reimbursement Agreement"); and

WHEREAS, as further security for the Bonds, Major Media, Inc., a Minnesota corporation (the "Guarantor") will guarantee the payment of principal of, premium, if any, and interest on the Bonds pursuant to a Guaranty Agreement (the "Guaranty"); and

WHEREAS, the general terms of the principal loan documents (the Loan Agreement, the Indenture, the Mortgage and Security Agreement, the Reimbursement Agreement, the Letters of Credit and the Guaranty) contemplated in connection with this transaction have been reviewed by the Attorney General of South Carolina on behalf of the State Board; and

WHEREAS, the State Board has made such independent investigation and study 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 as follows:

(a) The statements of fact set forth in the recitals of this Resolution are in all respects true and correct;

(b) The County Council has filed with the State Board pursuant to the Act a proper Petition reciting facts which are in all respects true and correct;

019545

(c) The Project will promote the general public welfare of the people of Spartanburg County by providing employment not otherwise provided locally; and

(d) The proposed financing is economically feasible.

2. That on the basis of the foregoing findings the proposed Project, and the proposed undertaking of the Issuer to finance the Project through the issuance of the Bonds pursuant to the Act (including changes in any details of the consummated financing which do not materially affect the undertaking) are hereby approved.

3. That notice of this action taken by the State Board in giving its approval to the undertaking of the Issuer, shall be published in The Spartanburg Herald-Journal, which is a newspaper published in Spartanburg County, South Carolina and having general circulation in the County.

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

019546

"EXHIBIT "A"

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 Spartanburg County, South Carolina (the "County") of the acquisition, construction and equipping of certain facilities for Major Media of the Southeast, Inc., a Minnesota corporation (the "Corporation"), including but not limited to a building for the assembly of manufactured products, being outdoor advertising signs and related steel structural supports and related office headquarters space (the "Project"), through the issuance of Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 (the "Bonds") in a principal amount of $1,000,000, pursuant to the provisions of Chapter 29 of Title 4, Section 4-29-10 et seq. of the 1976 Code of Laws of South Carolina, as amended.

The proceeds of the Bonds will be loaned by the County to the Corporation in exchange for the Corporation's agreement under a Loan Agreement (the "Loan Agreement") to pay amounts to the County sufficient to meet the payment schedule on the Bonds. The Corporation will own the Project and will secure payments to be made by it under the Loan

019547

Agreement by the grant to Southern Bank and Trust Company (the "Trustee"), Continental Illinois National Bank and Trust Company of Chicago ("Continental") and The First National Bank of Saint Paul ("St. Paul") pursuant to a Mortgage and Security Agreement (the "Mortgage and Security Agreement") of a mortgage lien and security interest in the Project. The County will secure payment of the Bonds by the execution and delivery to the Trustee for the holders of the Bonds of an Indenture of Trust (the "Indenture") granting to the Trustee substantially all of the County's rights under the Loan Agreement. The Bonds will also be secured by (i) the guarantee of Major Media, Inc., a Minnesota corporation (the "Guarantor"), of the payment of principal of, premium, if any, and interest on the Series 1983 Bonds pursuant to the Guaranty Agreement (the "Guaranty") and by (ii) Letters of Credit issued by Continental and St. Paul in the aggregate amount of $1,000,000 (the "Letters of Credit") pursuant to the Letter of Credit Reimbursement Agreement (the "Reimbursement Agreement").

The Bonds will be payable by the County solely from payments received by the County from the Corporation under or in connection with the Loan Agreement, and from payments derived from the Guaranty, the Letters of Credit and the Mortgage and Security Agreement. Neither the Project nor the Bonds, nor any charges in connection with the Project or the

019548

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.

By resolutions dated March 24, 1982 and March 23, 1983, the County Council found that there is a need for the Project, that the Corporation is financially responsible and is capable of fulfilling whatever obligations may be imposed upon it by the financing arrangement worked out in connection therewith, including those imposed by the Loan Agreement, that payments to the County by the Corporation shall be sufficient to allow the County to meet the payment schedule on the Bonds, and that the Corporation shall be obligated to pay the costs of operating and maintaining the Project in good repair and the costs of keeping it properly insured.

Notice is hereby 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 or the action of the County Council, by action de novo instituted in the Court of Common Pleas in the County.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: _____
Secretary

019549

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, April 12, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item) and Representative Mangum.

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

FOR MOTION	AGAINST MOTION
3	0

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

That any and all conditions attached to the referenced Board action have been satisfied as of the date of this certificate.

019550

MAY 09 1983

William A. McInnis

Secretary

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

A RESOLUTION

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF SPARTANBURG COUNTY, SOUTH CAROLINA INDUSTRIAL DEVELOPMENT REVENUE BONDS (MAJOR MEDIA OF THE SOUTHEAST, INC. PROJECT) SERIES 1983 (THE "SERIES 1983 BONDS") PURSUANT TO CHAPTER 29 OF TITLE 4, SECTION 4-29-10 ET. SEQ. OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THESE UNDERTAKINGS.

BE IT RESOLVED BY THE COUNTY COUNCIL OF SPARTANBURG 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 Spartanburg County, South Carolina (the "County Council") has made the following findings:

1. Major Media of the Southeast, Inc., doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising (the "Company"), a Minnesota corporation, has advised the County Council that it will construct a new facility for its offices and for the assembling of manufactured products constituting outdoor advertising signs and related steel support structures (the "Project") providing for 30 jobs in Spartanburg County, South Carolina, if Spartanburg County, South Carolina will issue its industrial development revenue bonds to finance the cost thereof, and the County Council on March 24, 1982 adopted a resolution evidencing its intent to so issue such bonds.

2. Construction of the Project will promote the general public welfare by providing employment not otherwise provided locally.

3. Financing of the Project and operations of the Company will be materially assisted if the proceeds of the Series 1983 Bonds are used to finance the acquisition, construction and equipping of the Project.

4. The Company is financially responsible and is capable of fulfilling the obligations to be imposed upon it by the Loan Agreement to be executed by it in connection with the issuance of the Series 1983 Bonds, including obligations to operate, repair and maintain at its own expense the Project and to discharge such other responsibilities as may be imposed by the Loan Agreement.

5. Utilities and public services necessary for the Project are or will be made available.

6. Adequate provision has or will be made for the payment of the principal of and the interest on the Series 1983 Bonds and any necessary reserves therefor and for the operation, repair and maintenance of the Project at the expense of the Company.

7. The willingness of the Issuer, acting through the County Council, to issue its Industrial Development Revenue Bonds to assist in financing the Project will promote and subserve the purposes of Chapter 29, Section 4-29-10, et seq.

019552

of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act").

8. The Issuer has, therefore, found and determined that, in order to promote the general public welfare of the people of Spartanburg County by providing employment not otherwise provided locally, it is necessary for the Issuer to assist the Company in providing the funds for financing the cost of the acquisition, construction and equipping of the Project by issuing its Spartanburg County, South Carolina Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 (the "Series 1983 Bonds") in the aggregate principal amount not to exceed $1,000,000.

9. It is proposed that the Project be constructed, purchased and owned by the Company. The proceeds of the Series 1983 Bonds will be loaned by the Issuer to the Company to be used to finance the costs of or related to the Project. Simultaneously with the issuance, sale and delivery of the Series 1983 Bonds, the Company will enter into a Loan Agreement requiring it to make Basic Payments sufficient to pay the principal of, premium, if any, and interest on the Series 1983 Bonds as and when the same become due and payable, and shall execute a Mortgage and Security Agreement creating a mortgage lien and a security interest in the Project to secure the Company's obligations under the Loan Agreement.

019553

10. The Series 1983 Bonds are further secured by two irrevocable Letters of Credit in the amount of $500,000 each issued by Continental Illinois National Bank and Trust Company of Chicago and The First National Bank of St. Paul.

11. The Loan Agreement to be executed by the Company and the Issuer and the Indenture of Trust (the "Indenture") to be executed by the Issuer and the trustee for the holders of the Series 1983 Bonds shall provide, among other things:

(a) That the Company shall pay all costs required to keep the Project in good repair and properly insured,

(b) That the Company must effect completion of the Project if the proceeds of the Series 1983 Bonds prove insufficient to do so,

(c) That, under certain circumstances, the Company will have the freedom to remodel, improve and add to the Project, to remove its Project Equipment, to transfer Project Equipment free of the lien of the Mortgage and Security Agreement, and to incur additional indebtedness,

(d) That the Company will be able to prepay the Basic Payments, and under certain circumstances will be required to prepay Basic Payments,

(e) That, under certain circumstances, the Issuer may issue Additional Bonds (as defined in the Loan Agreement) secured on a parity with the Series 1983 Bonds, and

019554

(f) Pursuant to the Indenture, the Issuer will assign to the trustee substantially all of its rights under the Loan Agreement.

12. Neither the Project nor the Series 1983 Bonds will give rise to an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation or constitute or give rise to any pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

13. The Series 1983 Bonds will be issued as tax-exempt instruments by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

14. The Company has arranged for the issuance and sale of the Series 1983 Bonds to Southern Bank and Trust Company, Spartanburg, South Carolina.

15. The Company may enter into various contracts relating to the construction, acquisition and/or installation of the Project or parts thereof. Certain of these contracts may require payments which shall become due prior to issuance and sale of the Series 1983 Bonds.

ARTICLE II

PETITION TO THE STATE BUDGET AND CONTROL BOARD

The Issuer is hereby authorized, directed and committed to submit a Petition to the State Budget and Control Board of South Carolina to seek the approval required by the Act.

019555

This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) and the County Administrator of the Issuer are hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to these signatures.

* * *

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Spartanburg County, South Carolina on March 23 , 1983, relating to the issuance of Spartanburg County, South Carolina, Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983.

C. F. Sims

Clerk of County Council
Spartanburg County,
South Carolina

, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

019556

STATE OF SOUTH CAROLINA)

COUNTY OF SPARTANBURG)

"EXHIBIT A"

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

PETITION

TO: THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

The County Council of Spartanburg 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 Spartanburg County, South Carolina (the "Issuer") as established by law, and as such, is the "Governing Board" described in Chapter 29 of Title 4, Section 4-29-10 et. seq. of the Code of Laws of South Carolina, 1976, as amended (the "Act").

2. The Act authorizes and empowers the Issuer, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist an "Industry", as defined in the Act in financing the acquisition, construction or equipping of land, building, other improvements including machinery, apparatus, equipment, office facilities and furnishings which shall be deemed necessary, suitable or

useful by any enterprise for the manufacturing, processing or assembling of any agricultural or manufactured products, inter alia.

3. Major Media of the Southeast, Inc., doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising (the "Company"), a Minnesota corporation, has advised the County Council that it intends to construct a new facility to be used as its office headquarters for Spartanburg County and to provide space for the assembly of manufactured products constituting outdoor advertising signs and related steel structural supports (the "Project"), provided that the Issuer issue its industrial development revenue bonds (the "Bonds") to finance the cost of the Project, and the Issuer has indicated its intention to issue the Bonds pursuant to a resolution adopted by it on March 24, 1982.

4. Construction of the Project will promote the general public welfare by providing employment not otherwise provided locally, providing approximately 30 additional new jobs at the Company and cause the maintenance of 3 jobs by the Company in Spartanburg County, South Carolina.

5. Financing of the Project and operations of the Company will be materially assisted if the proceeds of the Bonds are used to finance the acquisition, construction and equipping of the Project.

019558

6. The Company is financially responsible and is capable of fulfilling the obligations to be imposed upon it by the Loan Agreement to be executed by it in connection with the issuance of the Bonds, including obligations to operate, repair and maintain at its own expense the Project and to discharge such other responsibilities as may be imposed by the Loan Agreement.

7. Utilities and public services necessary for the Project are or will be made available.

8. Adequate provision has or will be made for the payment of the principal of and the interest on the Bonds and for the operation, repair and maintenance of the Project at the expense of the Company.

9. The willingness of the Issuer, acting through the County Council, to issue its Industrial Development Revenue Bonds to assist in financing the Project will promote and subserve the purposes of Chapter 29, Section 4-29-10, et seq. of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act").

10. At this time, it is reasonably estimated that the amount which will be needed to finance the costs of or related to the Project will be approximately $1,000,000. It is estimated that construction of the Project will be completed by June 1, 1983.

019559

11. For the purpose of paying the costs associated with the Project, the Issuer, acting through the County Council, has agreed with the Company that the Issuer will issue and sell its Spartanburg County, South Carolina, Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 for a purchase price not to exceed $1,000,000 to Southern Bank and Trust Company, Spartanburg, South Carolina.

12. The Issuer, by providing this financial assistance, will incur no indebtedness within the meaning of any state constitutional provision or statutory limitation and no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

13. The Bonds will be secured by Letters of Credit in the amount of $500,000 each issued by Continental Illinois National Bank and Trust Company of Chicago and The First National Bank of St. Paul.

14. The proposed loan documents will provide, among other things, the following:

(a) The proceeds of the Bonds will be used to pay the costs associated with the Project. The Bonds will be secured by an Indenture of Trust (the "Indenture") pursuant to which the Issuer will assign to Southern Bank and Trust Company, as trustee, acting on behalf of the holders of the Bonds, substantially all of its rights under a Loan Agreement to be executed by the

019560

Company. The Company will also enter into a Mortgage and Security Agreement in favor of the trustee creating a lien on and a security interest in the Project;

(b) The mortgage and the security interest to be granted by the Company to the Trustee will be conventional in form and will constitute a foreclosable lien upon the Project and the other property described therein.

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

(d) The payments to be made by the Company to the Issuer under the Loan Agreement (the "Basic Payments") will be sufficient to enable the Issuer to make all payments (including principal, premium, if any, and interest) required of the Issuer under the Bonds;

(e) The Loan Agreement will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(f) The Loan Agreement will obligate the Company to effect completion of the Project if the proceeds of the Bonds prove insufficient;

(g) The Loan Agreement provides that, under certain circumstances, the Company will have the freedom to remodel, improve and add to the Project, to remove its Project Equipment, to transfer Project Equipment free of the lien of the Mortgage and Security Agreement and to incur additional indebtedness;

(h) The Loan Agreement provides that the Company will be able to prepay the Basic Payments, and under certain circumstances will be required to prepay the Basic Payments;

(i) The Indenture provides that, under certain circumstances, the Issuer may issue Additional Bonds (as defined in the Loan Agreement), secured on a parity with the Bonds;

(j) The aggregate principal amount of the Bonds will be $1,000,000 and the average annual interest rate on the Bonds will be 70% of the Prime Rate in effect from time to time of Southern Bank and Trust Company;

(k) The principal of the Bonds will be amortized over 144 monthly payments so that the final maturity date of the Bonds shall be April 1, 1995; and

(l) The proposed documents will be substantially in the form commonly used in connection with the issuance of industrial development revenue bonds.

019562

Upon the basis of the foregoing, the Issuer, 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 further find that the proposed financing is economically feasible, that it approve the Project, and the issuance and sale of the Bonds, including changes in any detail 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 SPARTANBURG COUNTY

By: Kenneth L. Westmoreland
County Administrator

Attest:

C. D. Paine
Clerk of Council

March 23, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

019563

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of April 12, 1983]

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

1. Local Government: ~~Spartanburg County~~
2. Bond Counsel:
   (a) Firm Kutak Rock & Hite
   (b) Contact Person ~~Steven B. Kite~~ Phone 404 522-8700
   (c) Address 1200 ~~Standard~~ Federal Savings Bldg., Atlanta, Ga. 30303
3. Project Name: Major Media of the Southeast, Inc.
4. Issue Amount: $1,000,000 Type: ~~Industrial~~
5. Employment Impact of Project: maintain 3 jobs; provide approx. 30 additional new jobs
6. Type/Nature of Business of Firm Involved: assembly of outdoor advertising signs and related steel structural supports

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	SK 4/6	DE 4/6
(b) Documents on issuance/securing of bonds	SK 4/6	DE 4/6
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: ~~Southern Bank & Trust~~)	SK 4/6	EV 4/6
(3) Review by State Auditor's Office (memo)	OK 4/12	XXXXXXXX
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (2 copies for certification for bond counsel)	SK 4/6	DE 4/6
(f) Review by Attorney General's Office (letter)		XXXXXXXX

Motion: GHP
Second: EEM
Absent: RED during item; TGM
Vote: For 3 - Against 0

Certificates signed:

Resolutions mailed:

019564

EDWIN L. STERNE
W. STELL HUIE
R. WILLIAM IDE, III
TERRENCE LEE CROFT
EDGAR H. SIMS, JR.
JEREMIAH LUXEMBURGER
CHARLES C. BENEDICT, P.C.
LAWRENCE L. THOMPSON
CHARLES N. PURSLEY, JR.
FELKER W. WARD, JR.
C. EDWARD DOBBS
STEVEN B. KITE
JAY J. LEVIN
C. WILSON DuBOSE
W. KIMBALL GRIFFITH
PAUL A. HOWELL, JR.
ROBERT C. DILLON, P.C.
WILLIAM M. POOLE, P.C.
JAMES W. CULBRETH
ROBERT A. BOAS
MICHAEL DAVID KELLY
FRANK A. LIGHTMAS, JR., P.C.
EDWARD M. FORD
JAMES BOOKER, P.C.
JOHN R. LOWERY, P.C.
LESLY GAYNOR MURRAY
DAVID G. RUSSELL
DENISE CAFFREY
BARCLAY T. MACON, JR.
RUTH A. KNOX
T. RANDOLPH MERRILL
STANLEY E. FOSTER
ALBERT S. ANDERSON
LAURA MATLAW MURPHY
STEPHEN B. SWARTZ
JO LANIER MEEKS
MARGARET M. JOSLIN
LAURA E. BINION
JOHN J. CROSS, III
DIANE A. HEIM
RICHARD P. VORNHOLT

KUTAK ROCK & HUIE
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
1200 STANDARD FEDERAL SAVINGS BUILDING
ATLANTA, GEORGIA 30303
(404) 522-8700
TELEX 804344 KR&H ATL

GARY R. SMITH
COUNSEL

DENVER
2400 ARCO TOWER - 707 17TH STREET
DENVER, COLORADO 80202
(303) 534-1330

OMAHA
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102
(402) 346-6000

WASHINGTON
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
(202) 828-2400

MAY 05 1983

May 4, 1983

VIA COURIER

EXHIBIT
APR 12 1983 NO. 2
STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
South Carolina State Budget
and Control Board
Room 600
Wade Hampton Office Building
Capital Complex
Columbia, South Carolina 29201

Re: Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983

Dear Ms. Williams:

At the request of Mr. David Eckstrom of the Attorney General's Office, enclosed please find a revised page 4 to the Resolution of the State Budget and Control Board of South Carolina with respect to the above-referenced financing. You will note that the sole change is a revision of paragraph (1)(c) which has been made at Mr. Eckstrom's suggestion. Mr. Eckstrom has advised me that once this revision is made, he will forward the approving letter of the Attorney General's Office. I would appreciate your calling me as soon as that letter is received so that I can arrange for the publication of the notice of approval of this financing by the State Budget and Control Board in the Spartanburg County official newspaper.

Thank you for your attention to this matter. If you have any questions in regard to the foregoing, please do not hesitate to call.

Best wishes,

Steven B. Kite

rvb

Enclosure

cc: Mr. David C. Eckstrom (with Enclosure)

019565

APR 6 1983

EDWIN L. STERNE
W. STELL HUIE
R. WILLIAM IDE, III
TERRENCE LEE CROFT
EDGAR H. SIMS, JR.
JEREMIAH LUXEMBURGER
CHARLES C. BENEDICT, P.C.
LAWRENCE L. THOMPSON
CHARLES N. PURSLEY, JR.
FELKER W. WARD, JR.
C. EDWARD DOBBS
STEVEN B. KITE
JAY J. LEVIN
C. WILSON DuBOSE
W. KIMBALL GRIFFITH
PAUL A. HOWELL, JR.
ROBERT C. DILLON, P.C.
WILLIAM M. POOLE, P.C.
JAMES W. CULBRETH
ROBERT A. BOAS
MICHAEL DAVID KELLY
FRANK A. LIGHTMAS, JR., P.C.
EDWARD M. FORD
JAMES BOOKER, P.C.
JOHN R. LOWERY, P.C.
LESLY GAYNOR MURRAY
DAVID G. RUSSELL
DENISE CAFFREY
BARCLAY T. MACON, JR.
RUTH A. KNOX
T. RANDOLPH MERRILL
STANLEY E. FOSTER
ALBERT S. ANDERSON
LAURA MATLAW MURPHY
STEPHEN B. SWARTZ
JO LANIER MEEKS
MARGARET M. JOSLIN
LAURA E. BINION
JOHN J. CROSS, III
DIANE A. HEIM
RICHARD P. VORNHOLT

KUTAK ROCK & HUIE
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
1200 STANDARD FEDERAL SAVINGS BUILDING
ATLANTA, GEORGIA 30303
(404) 522-8700
TELEX 804344 KR&H ATL

GARY R. SMITH
COUNSEL

DENVER
2400 ARCO TOWER - 707 17TH STREET
DENVER, COLORADO 80202
(303) 534-1330

OMAHA
THE OMAHA BUILDING
1650 FARNAM STREET
OMAHA, NEBRASKA 68102
(402) 346-6000

WASHINGTON
1101 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
(202) 828-2400

April 1, 1983

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Secretary
South Carolina Budget and
Control Board
600 Wade Hampton
State Office Building 12444
Columbia, South Carolina 29211

Re: $1,000,000 Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983

Dear Mr. McInnis:

We are serving as Bond Counsel in connection with the above-referenced transaction. On March 23, 1983, the County Council of Spartanburg County adopted a resolution authorizing the filing of a petition to the State Budget and Control Board seeking approval of this financing as required by the South Carolina Industrial Development Bond Act. Accordingly, enclosed please find said Petition, together with a copy of the Resolution of the County Council of Spartanburg County, and copies of the Loan Agreement, Indenture of Trust, Mortgage, Guaranty, and Letter of Credit Reimbursement Agreement in connection therewith.

Southern Bank and Trust Company has agreed to purchase the bonds, which will be secured by Letters of Credit issued by Continental Illinois National Bank and Trust Company of Chicago and The First National Bank of Saint Paul, as well as a mortgage lien on the Project. Accordingly, an Investment Letter of Southern Bank and Trust Company is also enclosed together with the proposed form of resolution for the Board to adopt.

I would appreciate your having this matter placed on the April 12 Agenda, and if there is any further information which you need, please do not hesitate to contact the undersigned. Thank you for your attention to this matter.

Sincerely,

Steven B. Kite

rvb

Enclosures

cc: Mr. Roy McBee Smith

019567

EXHIBIT

LETTER OF CREDIT REIMBURSEMENT AGREEMENT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

This Letter of Credit Reimbursement Agreement ("Agreement") is dated as of this 1st day of April, 1983, by and among Major Media of the Southeast, Inc., a Minnesota corporation ("Borrower"), Major Media, Inc., a Minnesota corporation ("Guarantor"), The First National Bank of Saint Paul, a national banking association ("Saint Paul") and Continental Illinois National Bank and Trust Company of Chicago ("Continental"; Saint Paul and Continental shall be referred to collectively as the "Banks").

RECITALS

1. Borrower wishes to acquire certain real property (the "Project Site") located in Spartanburg County, South Carolina, and to construct and equip thereon a building (the "Project Building") including office facilities.

2. Spartanburg County, a county of the state of South Carolina, (the "Issuer") has agreed to issue its $1,000,000 aggregate amount of Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 (the "Bonds").

3. Borrower has requested Saint Paul and Continental to issue their irrevocable letters of credit (as the same may be amended, extended, renewed, or replaced from time to time, the "Letters of Credit") in favor of Southern Bank and Trust Company as trustee (the "Trustee") under an indenture dated April 1, 1983 (the "Indenture") between the Issuer and the Trustee. Saint Paul and Continental have agreed to issue their Letters of Credit on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. Documents Delivered Herewith. Prior to or contemporaneously with the execution of this Agreement, Borrower has delivered to the Banks, or has caused to be delivered to the Banks, the following documents and/or instruments:

1.1 Mortgage and Security Agreement (the "Mortgage") creating a lien upon the Project Site and the Project Building (the "Project"), subject only to the encumbrances listed therein (the "Permitted Encumbrances"), to secure Borrower's obligations under this Agreement.

1.2 Financing statements executed by Borrower for filing in such offices as is necessary to perfect the Banks' security interests in the personal property described in the Mortgage.

019568

1.3 A Commitment for Mortgagee's Policy of Title Insurance in favor of the Banks in the amount of the Mortgage issued by _____ ("Title"), by which Title commits to issue a mortgagee's policy of title insurance that:

(a) Specifically insures that the Mortgage is a lien upon the Project subject only to Permitted Encumbrances;

(b) Insures that the Project and its use do not violate any zoning or other use restrictions covering the Project and provides the coverage included within the standard "Form 100" endorsement;

(c) Waives the following standard exceptions and insures over (i) facts which would be disclosed by a comprehensive survey of the premises, (ii) mechanic's, contractor's or materialmen's liens and lien claims, and (iii) the rights of parties in possession; and

(d) Specifically insures that the interest rate on the indebtedness secured by the Mortgage does not violate any law pertaining to usury.

1.4 Guaranty Agreement (the "Guaranty") executed by the Guarantor.

1.5 Evidence satisfactory to the Banks of fire and extended coverage insurance on the Project naming the Banks under the standard mortgagee clause, in an amount equal to the full replacement cost of the Project Building (and in any event not less than an amount sufficient to prevent the insured from being a co-insurer under any applicable co-insurance clause) and providing for at least 30 days advance written notice to the Banks of cancellation.

1.6 A policy of flood insurance naming the Banks as additional insureds, covering the Project in the maximum amount available, or proof satisfactory to the Banks that the Project is not located within a designated flood plain.

1.7 Evidence satisfactory to the Banks of general liability insurance insuring Borrower against liability for injuries or death of any person or damage or destruction to or loss of property arising out of or in any way relating to the condition of the Project or any part thereof in amounts not less than $500,000 for death or personal injury to any person, $1,000,000 for personal injury and deaths resulting from any one accident and $500,000 for property damage in any one accident, provided that such coverage may be satisfied by

019569

an excess coverage policy. Such policy shall name the Banks as additional insureds and provide for 30 days written notice to the Banks in advance of cancellation.

1.8 Appraisal of the Project in form acceptable to the Banks.

1.9 Executed copy of the Indenture, the Loan Agreement of even date between Issuer and Borrower, the Mortgage executed by Borrower in favor of the Trustee, and other related documents (the "Bond Documents"), including an opinion of bond counsel addressed to the Banks.

1.10 Secured transaction searches and federal tax lien searches in Minnesota and South Carolina covering Borrower and the Guarantor, up-dated as of the date of the closing of the transaction contemplated hereby.

1.11 Payment of the Banks' Letter of Credit Fees payable under Section 3.3(a) of this Agreement through April 1, 1984.

1.12 Opinion of Borrower's counsel addressed to the Banks in form and substance satisfactory to them.

2. Representations and Warranties. In order to induce the Banks to enter into this Agreement, Borrower and the Guarantor hereby make for the benefit of the Banks the representations contained in Section _____ of the Loan Agreement with the same force and effect as if fully set forth herein and further represent and warrant that:

2.1 Organization. Each is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota.

2.2 Authority. Borrower has full power, right and authority to execute and deliver this Agreement, the Mortgage, and the other documents required hereby (the "Loan Documents"), to obtain the extension of credit herein provided for, and to perform and observe each and all of the matters and things provided for in the Loan Documents. The execution and delivery of the Loan Documents and the performance or observance of the terms thereof have been duly authorized by all necessary corporate and shareholder action and the Loan Documents constitute the legal, valid and binding obligations of Borrower enforceable in accordance with their terms. The Guarantor has full power, right and authority to perform and observe each and all of the matters and things provided for in the Guaranty. The execution and delivery of the Guaranty and the performance or observance of

019570

its terms have been duly authorized by all necessary corporate and shareholder action and the Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

2.3 Title. Borrower owns fee title to the Project Site subject only to Permitted Encumbrances.

2.4 Approval. The Project has been approved to the extent required by any applicable law, statute, ordinance, regulation, or effective restrictive covenant and by all federal, state, regional and local authorities; the use of the Project complies with all applicable zoning ordinances, regulations and restrictive covenants affecting the Project and all requirements for such use have been satisfied; and no additional consent or approval by any other person or entity, public or private, is required, and no other proceedings are required to be taken by Borrower to make the Loan Documents the valid and binding obligations of Borrower, nor by the Guarantor to make the Guaranty the valid and binding obligation of the Guarantor.

2.5 Litigation. There are no actions, suits or proceedings, at law or in equity, pending or threatened, against or affecting the Borrower, the Guarantor, or the Project, that would affect the validity or enforceability of the Mortgage or the priority of the lien thereof, except actions, suits and proceedings fully covered by insurance; and Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority, nor is the Guarantor.

2.6 Default under Agreements. The consummation of the transaction contemplated hereby and performance of this Agreement, the Mortgage, the Guaranty, and any other of the Loan Documents or Bond Documents, will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, bank loan or credit agreement, or other instrument to which Borrower or the Guarantor is a party or by which it or the Project may be bound or affected.

2.7 Event of Default. No Event of Default (as hereinafter defined) has occurred and is continuing as of the date hereof and no event has occurred and is continuing which with notice or lapse of time, or both, would be an Event of Default hereunder.

2.8 Financial Statements. The financial statements of Borrower dated _____ and of the Guarantor dated _____, which statements were heretofore delivered to the Banks, are true and correct in all material respects, have been prepared in accordance with generally

019571

accepted accounting principles consistently applied, except as otherwise stated therein, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof; no materially adverse change has occurred in the financial conditions reflected therein since the respective dates thereof and no additional borrowings which remain outstanding as of the execution of this Agreement, have been made by Borrower or the Guarantor since the dates thereof other than the borrowing contemplated hereby, by the Bond Documents, or under the terms of other loan documents with the Banks, or either of them.

3. Request for Extension of Credit; Reimbursement and Other Payments.

3.1 Issuance of Letter of Credit. Borrower hereby requests that Saint Paul immediately issue and deliver to the Trustee the Letter of Credit in the form of Exhibit A. Saint Paul agrees to issue and deliver its Letter of Credit on the terms and conditions contained in this Agreement. Borrower hereby requests that Continental immediately issue and deliver to the Trustee the Letter of Credit in the form of Exhibit B. Continental agrees to issue and deliver its Letter of Credit on the terms and conditions contained in this Agreement.

3.2 Reimbursement of Drafts. Borrower hereby agrees to pay to each Bank (i) on the date that a draft on the Letter of Credit issued by that Bank is paid by it, a sum (and interest on such sum as provided in clause (ii) below) equal to the amount so paid under the Letter of Credit plus any and all reasonable charges and expenses which such Bank may pay or incur relative to the Letter of Credit; (ii) interest on any and all amounts remaining unpaid by Borrower under clause (i) at any time from and including the date such amounts become payable until payment in full, payable on demand, at a fluctuating interest rate per annum equal to three percent per annum in excess of the rate of interest from time to time publicly announced by the issuing Bank as its Prime Rate, provided that such fluctuating rate shall in no event be higher than the maximum rate permitted by law; and (iii) any and all reasonable expenses incurred by either Bank in enforcing any rights under this Agreement or any other of the Loan Documents or the Guaranty.

3.3 Letter of Credit Fees; Reduction of Letter of Credit.

(a) Borrower agrees to pay each Bank a fee (the "Letter of Credit Fee(s)") at the rate of one and one-half percent (1½%) per annum of the face amount of such Bank's Letter of Credit, as the same may be reduced

019572

from time to time. The Letter of Credit Fees accruing from and after April 1, 1984 shall be payable annually in advance on April 1 of each year, based on the amount of each Letter of Credit as of 15 days prior to the payment date, until such Letter of Credit terminates in accordance with its terms.

(b) The amount of each Letter of Credit shall be reduced from time to time in accordance with its terms provided that for purposes of calculating the Letter of Credit Fees, such reduction shall be effective upon receipt by the respective Banks of written notice from the Trustee of the reductions.

3.4 Compensation for Increased Costs. If any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against letters of credit issued by, or assets held by, or deposits in or for the account of, either Bank, or (ii) impose on either Bank any other condition regarding this Agreement or such Bank's Letter of Credit, and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase the cost to such Bank of issuing or maintaining its Letter of Credit (which increase in cost shall be determined by such Bank's reasonable allocation of the aggregate of such cost increases resulting from such event), then, upon demand by such Bank, Borrower shall immediately pay to it, from time to time as specified by such Bank, additional amounts which shall be sufficient to compensate it for such increased cost. A certificate as to such increased cost incurred by such Bank as a result of any event mentioned in clause (i) or (ii) above, submitted by such Bank to Borrower, shall be conclusive as to the amount thereof.

3.5 Expenses of Issuance and Drafts. Borrower hereby agrees to pay to each Bank, on demand, sums equal to any and all reasonable charges and expenses which such Bank may pay or incur relative to the issuance of the Letter of Credit or to any payment by such Bank thereunder.

3.6 Payments and Computations. Borrower shall make each payment hereunder not later than 2:00 P.M. (St. Paul time) on the day when due in lawful money of the United States of America to the applicable Bank at its address referred to in Section 9.8 in same day funds. Borrower hereby authorizes the Banks, if and to the extent payment is not made when due hereunder, to charge from time to time against Borrower's account with the applicable Bank, any amount so due. The charging Bank will mail to Borrower

019573

written advice of the charge within three business days thereafter. Computations of interest and the Letter of Credit Fees hereunder shall be made by the Banks on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) elapsed.

3.7 Obligations Absolute. The payment obligations of Borrower under this Agreement shall be absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of the Letters of Credit, the Mortgage, the Bonds, the Indenture, the Loan Agreement, the Guaranty or any other of the Loan Documents or Bond Documents (collectively, the "Related Documents");

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, setoff, defense or other right which Borrower may have at any time against the Trustee, any beneficiary or any transferee of either Letter of Credit (or any persons or entities for whom the Trustees, any such beneficiary or any such transferee may be acting), either Bank, or any other person or entity, whether in connection with this Agreement, the transaction contemplated herein or any unrelated transaction;

(d) any statement or any other document presented under either Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(e) payment by either Bank under its Letter of Credit against presentation of a sight draft or certificate which does not comply with the terms of such Letter of Credit.

4. Affirmative Covenants. To induce the Banks to issue the Letters of Credit, Borrower and the Guarantor hereby covenant and agree that so long as any Letter of Credit is outstanding or Borrower or the Guarantor owes any amounts under this Agreement or the Guaranty, respectively, they will:

4.1 Payment of Charges. Promptly pay and discharge all taxes, installments of special assessments and other governmental charges imposed upon them, respectively, or upon their respective income and profits or upon the Project, and

019574

any and all claims for labor, material or supplies or rental charges or charges of any other kind which, if unpaid, might by law become a lien or charge upon the Project; provided, however, that Borrower and the Guarantor shall not be required to pay any such tax, assessment, charge or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings diligently pursued and Borrower and the Guarantor, as the case may be, shall have set aside on its books adequate reserves therefor.

4.2 Maintain Project. Maintain the Project in good repair, working order and condition and from time to time make or cause to be made all needful renewals, replacements and repairs so that at all times their respective businesses can be conducted efficiently.

4.3 Books and Records. Keep true and complete and accurate books of record and account in accordance with generally accepted accounting principles consistently applied, except as noted therein, and allow the Banks upon their request to examine and take extracts from the books and records of Borrower and the Guarantor.

4.4 Financial Statements. Furnish to the Banks:

(a) Within thirty days after the end of each month, a balance sheet, summary of capital additions, retirements and ending balance of sign structures subject to sign location leases, and a statement of income and changes in financial position, such statement to be certified to by the Vice President-Finance of the Guarantor and Borrower, respectively, and be prepared in accordance with generally accepted accounting principles consistently applied;

(b) As soon as available and in any event within 120 days after the close of each of their fiscal years, a consolidated balance sheet of the Guarantor and its subsidiaries as at the end of such year and a consolidated statement of income and retained earnings and changes in financial position for such year, certified by independent certified public accountants of recognized standing selected by Guarantor and Borrower and acceptable to the Banks;

(c) At the time of furnishing the statements and other information required under Section 4.4(a) above for the months of March, June, September, and December and at the time of furnishing the financial statements required under Section 4.4(b) above, a certificate signed by the Vice President-Finance of the Guarantor and Borrower, respectively, certifying that no Event of

019575

Default, as hereinafter defined, has occurred, and that no event has occurred and is continuing which would be an Event of Default were it not for any grace period specified herein or which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default hereunder, or if any such event has occurred and is continuing, specifying the nature thereof and steps, if any, being taken to correct the same; and, specifically, that the Guarantor and Borrower are in compliance with all financial and other affirmative and negative covenants contained in this Agreement; and

(d) Such other information as the Banks may reasonably request from time to time.

4.5 Operation of Project. Operate the Project and maintain its existence in compliance with all valid, applicable statutes, laws, rules, regulations and requirements.

4.6 Inspections. Permit any person designated by either Bank, at such Bank's expense, to visit and inspect any of the properties, books and financial records of Borrower and to discuss its affairs, finances and accounts with the officers of Borrower, all at such reasonable times and as often as either Bank may reasonably request. The Banks may disclose such information to any participating banks or other institutional lenders, and banks and other institutional lenders contemplating becoming participants and may further disclose such information pursuant to court orders and process and administrative subpoenaes or otherwise as permitted or required by law.

4.7 Indemnification. Indemnify, hold harmless and defend the Banks against, any and all damages, claims, losses, liabilities, costs, or expenses whatsoever the Banks may incur, including, but not limited to, reasonable attorneys' fees, by reason of or in connection with (i) any condition of the Project; (ii) any act of negligence of Borrower or the Guarantor or any of their respective assignees or of their or their assignees' agents, contracts, servants, employees or licensees; or (iii) execution and delivery or transfer of, or either Bank's payment or failure to pay under, the Letter of Credit; provided however, that Borrower shall not be required to indemnify the Banks for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (a) the willful misconduct or negligence of either Bank in determining whether a sight draft or signed statement presented under its Letter of Credit complied with the terms of the Letter of Credit or (b) either Bank's willful failure to pay under its Letter of Credit after the presentation to it by the Trustee

019576

or its assignee or transferee, of a sight draft and signed statement strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 4.7 is intended to limit Borrower's reimbursement obligations contained in Section 3.2.

4.8 Copies of Notices. Deliver to the Banks, immediately upon receipt, copies of any and all notices received or given by Borrower or Guarantor under the terms of or related to the Loan Agreement or other Bond Document.

5. Negative Covenants. Borrower and the Guarantor covenant and agree that for so long as any Letter of Credit remains outstanding, or any sums required to be paid to the Banks by Borrower or the Guarantor hereunder or under the Guaranty remain unpaid, Borrower and the Guarantor will not, without the Banks' prior written consent (which shall not be unreasonably withheld):

5.1 Encumbrances. Create, assume, incur or suffer to exist any pledge, mortgage, security interest, assignment or other lien or encumbrance of any kind, of or upon any of the Project, whether now owned or hereafter acquired, or of or upon the income or profits therefrom, other than Permitted Encumbrances.

5.2 Amendments. Amend in any respect the terms of the Bond Documents or the Guaranty.

5.3 Transfer of Project. Sell, convey, lease, or otherwise transfer any interest in all or any part of the Project.

5.4 Default Under Loan Agreement. Default under the terms of the Loan Agreement dated January 21, 1983 among Borrower, the Guarantor, the Banks and the other parties named therein.

5.5 Merge, Consolidate or Sell. Merge or consolidate with or into any other entity, or lease or sell all or substantially all of its property and business to any other entity or entities, other than in the ordinary course of business.

5.6 Subsidiaries. Form or acquire any subsidiaries in addition to those now in existence.

6. Events of Default; Effect Thereof; and Right to Cure.

6.1 Events of Default Defined. The occurrence of any one or more of the following shall constitute an "Event of Default" hereunder:

019577

(a) An Event of Default shall occur under the Loan Agreement or the Trust Indenture or any other of the Bond Documents; or

(b) Borrower shall fail to pay the Letter of Credit Fees as required by Section 3.3 hereof and such failure shall continue for ten days after notice of such failure is given to Borrower by either Bank; or

(c) Borrower shall fail immediately to pay amounts when due in accordance with Section 3.2 hereof or otherwise owing under this Agreement; or

(d) Any financial statement, certificate, representation, or warranty furnished pursuant to or made under this Agreement or any other of the Loan Documents or the Guaranty shall prove to be materially false as of the date thereof or any representation made herein or in any other of the Loan Documents shall be untrue in any material respect when made; or

(e) Judgment for the payment of money in excess of $50,000 shall be docketed against Borrower or the Guarantor and remain unsatisfied for a period of sixty (60) days after the entry thereof following the expiration of any applicable appeal period during which no appeal was taken; or

(f) Borrower shall fail duly and punctually to perform or observe any other of the covenants or agreements contained herein, or in any other of the Loan Documents or otherwise in connection herewith, and such failure to perform shall continue for a period of 30 days after either Bank gives notice to Borrower of such default.

6.2 Remedies. Upon the occurrence of an Event of Default, either Bank may, at its option, take any one or more of the following actions, in addition to any other actions available to it under any of the Loan Documents or the Guaranty or otherwise at law or equity:

(a) Notify the Trustee that an Event of Default has occurred and direct the Trustee to accelerate the Bonds in accordance with Section _____ of the Indenture; or

(b) Demand that Borrower immediately deposit in an escrow account established with each Bank the amount of its respective Letter of Credit, in which event Borrower agrees so to deposit such amount with the Banks to be

019578

held by them in accordance with Section 8.11 of this Agreement as security for Borrower's obligations under the Loan Agreement and under this Agreement; or

(c) Make any payment or take any action which Borrower has failed to make or to take and which has resulted in the Event of Default, in which event Borrower agrees that it shall be obligated immediately to reimburse the Banks in the amount of any such payment and any and all costs incurred by either Bank in taking any such action and Borrower acknowledges that as between Borrower and the Banks such action or payment by either Bank shall not cure the Event of Default under this Agreement.

(d) Notify the Trustee that an Event of Default has occurred and direct the Trustee not to make further disbursements from the Construction Fund (as defined and as provided in the Indenture).

7. Liability of the Banks. Borrower assumes all risks of the acts or omissions of the Issuer and any beneficiary or transferee of the Letters of Credit with respect to the use of the Letters of Credit. Neither of the Banks nor their respective officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Issuer and any assignee or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any indorsement(s) thereon, even if such documents should, in fact, prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under the Letters of Credit, except only that Borrower shall have a claim against either Bank, and such Bank shall be liable to Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by Borrower which Borrower proves were caused by (i) such Bank's willful misconduct or negligence in determining whether documents presented under its Letter of Credit comply with the terms of that Letter of Credit or (ii) such Bank's willful failure to pay under its Letter of Credit after the presentation to it by the Issuer or its assignee or transferee of a sight draft and certificate strictly complying with the terms and conditions of its Letter of Credit. In furtherance and not in limitation of the foregoing, the Banks may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

8. Agreement Between the Banks.

8.1 Notices. At the time either Bank gives to Borrower or the Trustee any notice under the terms of such Bank's Letter of Credit, this Agreement or any other of the Loan

019579

Documents or the Bond Documents, it shall give the other Bank a copy of such notice.

8.2 Proportionate Payment. All payments made with respect to Borrower's indebtedness to the Banks hereunder, whether by offset or otherwise, shall be applied on a pro rata basis to the indebtedness of Borrower hereunder to both Banks. Upon either Bank's receipt of such a payment, it shall notify the other Bank. To the extent such other Bank has received no payment, the receiving Bank shall apply to Borrower's indebtedness to it a portion of the payment calculated by multiplying the payment by a fraction, the numerator of which is the original amount of the receiving Bank's Letter of Credit and the denominator of which is equal to the total of the original amounts of the Letters of Credit of both Banks. The receiving Bank shall remit the balance of the payment to the other Bank for application to indebtedness of Company to that Bank.

8.3 Indemnification. Each Bank covenants and agrees that in the event it wrongfully dishonors any draft drawn on its Letter of Credit and the other Bank honors a draft contemporaneously presented on the other Bank's Letter of Credit, the dishonoring Bank will indemnify, defend, and hold and honoring Bank harmless against and from all liability, damages, losses, costs, expenses and attorneys' fees incurred by the honoring Bank as a result of such dishonor.

9. Miscellaneous.

9.1 Payment of Banks' Expenses. Borrower agrees, whether or not the transaction hereby contemplated is consummated, to pay the reasonable fees, expenses and disbursements of each Bank's legal counsel and all of each Bank's out-of-pocket expenses, including, but not limited to, recording fees, mortgage registration taxes, all title insurance charges, including title insurance fees and premiums incurred in connection herewith, and reasonable attorneys' fees incurred subsequent to the date on which this Agreement is executed.

9.2 Survival of Representations. All representations and warranties contained herein or made in writing by or on behalf of Borrower in connection with the transactions contemplated hereby shall survive the execution and delivery of this Agreement and the advances hereunder. All statements contained in any certificate or other instrument delivered by or on behalf of Borrower pursuant thereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by Borrower.

9.3 Right of Setoff. Upon the occurrence and during the continuance of any Event of Default, the Banks are hereby authorized at any time and from time to time, without notice

019580

to Borrower or the Guarantor (any such notice being expressly waived by Borrower and the Guarantor) and to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other indebtedness at any time owing, by either Bank (a) to or for the credit or the account of Borrower or the Guarantor against any and all of the obligations of Borrower now or hereafter existing under this Agreement; and (b) to or for the credit or the account of the Guarantor against any and all obligations of the Guarantor under the Guaranty, irrespective of whether or not either Bank shall have made any demand of Borrower or the Guarantor and although such obligations may be unmatured. Notwithstanding the foregoing, however, the Banks waive any such right, and any other right which they may have at law or otherwise to set off and apply such deposits or indebtedness, if, when and after there shall be a drawing under their respective Letters of Credit during the pendency of any proceeding by or against Borrower or the Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property. Subject to the foregoing waiver, the rights of the Banks under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Banks may have.

9.4 Amendment and Waiver. No amendment, change, waiver or modification of this Agreement shall be valid unless the same be in writing and signed by all of the parties hereto; provided that the Banks alone shall have the right to waive any Event of Default. No waiver by the Banks of any breach or default by Borrower of any of its obligations, agreements or covenants under this Agreement shall be deemed to be a waiver of any subsequent breach of the same, or any other obligation, agreement or covenant, nor shall any forebearance by the Banks to seek or enforce a remedy for such breach be deemed a waiver of their rights and remedies with respect to such breach.

9.5 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be an original, but all of which shall constitute one agreement.

019581

9.6 Governing Law. This Agreement shall be governed by, interpreted, and construed in accordance with the laws of the State of Minnesota. Borrower submits to the personal jurisdiction of the state and federal courts of the State of Minnesota over any action relating to this Agreement or the Bonds, waives any argument that such a forum is inconvenient, and agrees that any litigation initiated by it shall be venued in Ramsey County, Minnesota.

9.7 Term. This Agreement shall remain effective so long as any Letter of Credit is outstanding or any sums required to be paid to either Bank by Borrower remain unpaid.

9.8 Notices. Any notices shall be in writing required or contemplated hereunder shall be effective upon the placing thereof in the United States mails, certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Borrower:

Major Media of the Southeast, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344
Attn: Mr. Steven G. Loe
Vice President of Finance

If to the Banks:

The First National Bank of Saint Paul
332 Minnesota Street
Saint Paul, Minnesota 55101
Attn: Mr. Leslie Tatarek

Continental Illinois National Bank and Trust Company of Chicago
510 Marquette Avenue, Suite 300
Minneapolis, Minnesota 55402
Attn: Mr. Thomas C. Denison
Second Vice President

9.9 Third Party Beneficiary. This is not a third party beneficiary contract and nothing herein, express or implied, is intended or shall be construed to confer upon or to give to any person or corporation, other than the parties hereto, any right remedy or claim under or by reason of this Agreement and the covenants, stipulations and agreements contained herein are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns. Under no circumstances shall the Borrower have the right to draw against the Letter of Credit nor shall the Holders of the Bonds or coupons have any direct rights against the Banks under this Agreement, the Letters of Credit or otherwise.

9.10 Security Interest in Funds. Borrower hereby assigns and grants to the Banks as security for payment of

019582

its obligations hereunder, a security interest in all amounts remaining in the Funds established under the Indenture, together with all proceeds and earnings therefrom, otherwise payable to Borrower after payment in full of the Bonds.

9.11 Escrow Fund. Borrower hereby grants to the Trustee and to the Banks for the term stated in this section, a security interest in all funds deposited with the Banks under Section 6.2(b) of this Agreement as security for Borrower's obligations under this Agreement and under the Loan Agreement. The Banks shall hold such funds for themselves and as agents for the Trustee for purposes of perfecting the Trustee's security interest in any such funds. The Banks' respective security interests shall terminate upon the expiration of their respective Letters of Credit and the payment in full of Borrower's obligations under this Agreement. The security interest of the Trustee shall automatically terminate upon the earlier of (a) the termination of the Banks' security interests or (b) the payment of any and all drafts drawn on any Letter(s) of Credit. All funds deposited with either Bank under Section 6.2(b) hereof shall be invested by the Banks, at the direction of Borrower, in investments, the yield on which does not exceed the yield on the Bonds, all as more specifically set forth in an opinion of Bond Counsel (as defined in the Indenture) delivered by Borrower to the Banks at their request.

9.12 Additional Collateral. For so long as any Letter of Credit is outstanding, the Banks agree that they will not accept, and Borrower agrees that it will not grant to the Banks, any collateral security for Borrower's obligations under this Agreement to reimburse them for any draft drawn on the Letters of Credit unless a prior interest in the same collateral security is granted to the Trustee to secure Borrower's obligations under the Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Letter of Credit Reimbursement Agreement to be executed the date and year first above written.

MAJOR MEDIA OF THE SOUTHEAST, INC.

By_____
Its_____

MAJOR MEDIA, INC.

By_____
Its_____

019583

THE FIRST NATIONAL BANK
OF SAINT PAUL

By_____
Its_____

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY
OF CHICAGO

By_____
Its_____

019584

(FNB Letterhead)

IRREVOCABLE LETTER OF CREDIT

No:

Date: April 1, 1983

Spartanburg Bank and Trust Company
P.O. Box 6099
Spartanburg, South Carolina 29304

Dear Sir or Madam:

For the account of Major Media of the Southeast, Inc., a Minnesota corporation, we hereby issue our irrevocable letter of credit in the amount of $500,000 in your favor as Trustee under the Indenture of Trust (the "Indenture") dated April 1, 1983 between you and Spartanburg County, South Carolina (the "Issuer"). Pursuant to the Indenture the Issuer is issuing its Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 in the aggregate principal amount of $1,000,000 (the "Bonds").

Funds are available to you under this Letter of Credit against a single draft bearing the clause "Drawn under Letter of Credit No. _____ dated April 1, 1983 of The First National Bank of Saint Paul" and accompanied by this Letter of Credit for surrender and a completed certificate signed by you in the form of Exhibit A hereto.

This Letter of Credit shall immediately terminate upon the earliest of: (i) 2:00 p.m. (St. Paul, Minnesota time) on April __, 1984; (ii) our payment of a draft drawn on this Letter of Credit; or (iii) the date on which no Bonds are Outstanding (as defined in the Indenture).

Exhibit A

Upon delivery to us of an executed certificate in the form of Exhibit B, this Letter of Credit may be transferred in its entirety (but not in part) to any transferee who has succeeded you as Trustee under the Indenture.

This Letter of Credit shall be governed by Article 5 of the Uniform Commercial Code as in effect in the State of Minnesota.

This Letter of Credit sets forth in full our undertaking. We shall not be called upon to resolve questions of law or fact at issue between Major Media of the Southeast, Inc. and you or the Issuer. We hereby agree that a draft drawn under and in compliance with this Letter of Credit will be duly honored upon presentation.

THE FIRST NATIONAL BANK OF
SAINT PAUL

By _____

Its _____

Received and accepted by the
Trustee on April __, 1983

SPARTANBURG BANK AND TRUST COMPANY

By _____

Its _____

CERTIFICATE TO ACCOMPANY DRAFT
DRAWN ON THE FIRST NATIONAL BANK OF SAINT PAUL
LETTER OF CREDIT NO. _____ DATED APRIL 1, 1983
(the "Letter of Credit")

The undersigned, a duly authorized officer of Southern Bank and Trust Company (the "Trustee") submits this certificate to The First National Bank of Saint Paul ("Saint Paul") in support of a draft drawn on the Letter of Credit. All undefined capitalized terms used in this certificate shall have the meanings given them in the Indenture of Trust (the "Indenture") dated April 1, 1983 between the Trustee and Spartanburg County, South Carolina.

The undersigned certifies that:

1. The undersigned is the Trustee under the Indenture.

2. The Trustee is entitled to draw on the Letter of Credit under Section 5.04 of the Indenture.

3. The amount of the draft was computed in accordance with the terms and conditions of Section 5.04 of the Indenture and does not exceed (a) the principal amount of all Outstanding Bonds less (b) one-half of the amounts in any Funds established under the Indenture remaining after payment of accrued interest and premium, if any, on the Outstanding Bonds and available for payment of principal.

4. This certificate and the draft are dated and presented no earlier than three business days prior to the date on which principal payments of any Bonds to be paid with the proceeds of the draft are due and payable.

5. Contemporaneously with the presentation of this certificate and the accompanying draft to the Bank, the Trustee is presenting a similar certificate and draft to Continental Illinois National Bank and Trust Company ("Continental"). The amount of the draft presented to Saint Paul does not exceed one-half of the total amount of the two drafts.

6. The Trustee herewith delivers to the Saint Paul, to be held in escrow and released upon payment of the draft, executed and, with respect to real estate interests, recordable, instruments, including Uniform Commercial Code termination statements, sufficient to release and discharge the Trustee's interest in the Mortgage and all other security for the repayment of the Outstanding Bonds.

7. In accordance with Section ____ of the Indenture, after payment of the principal of, and accrued interest and premiums, if

any, on the Outstanding Bonds, the Trustee will deliver to Saint Paul a cashier's check equal to one-half of the amount, if any, remaining in any Funds established under the Indenture.

SOUTHERN BANK AND TRUST COMPANY

By_____
Its_____

019588

Dated: _____, 19__

The First National Bank of
Saint Paul
332 Minnesota Street
Saint Paul, Minnesota 55101

Attention:

Re: The First National Bank of Saint Paul
Irrevocable Letter of Credit No. _____
Dated _____

Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to the following (the "Transferee"):

(Name of Transferee)

(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the Transferee and the Transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments of the Letter of Credit, and the rights to transfer the Letter of Credit. All amendments of the Letter of Credit are to be advised direct to the Transferee without necessity of any consent of or notice to the undersigned beneficiary. The undersigned hereby certifies that the Transferee has become successor Trustee under the Indenture, and has accepted such appointment in writing.

The original of such Letter of Credit is returned herewith, and in accordance therewith we ask you to endorse the within transfer on the reverse thereof, and forward it directly to the Transferee.

Yours very truly,

SIGNATURE AUTHENTICATED

_____

_____
(Bank)

By _____
Its _____

_____
(Authorized Signature)

EXHIBIT B

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

DRAFT
KR&H
7/18/83

MORTGAGE AND
SECURITY AGREEMENT

FROM

MAJOR MEDIA OF THE SOUTHEAST, INC.
as Mortgagor

TO

NCNB NATIONAL BANK OF NORTH CAROLINA,
as Mortgagee

Dated as of September 1, 1983

THIS MORTGAGE AND SECURITY AGREEMENT IS ALSO TO BE INDEXED IN THE PERSONAL PROPERTY RECORDS AS A FINANCING STATEMENT FILED AS A FIXTURE FILING IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE, TITLE 36, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED. THE GOODS DESCRIBED HEREIN ARE OR ARE TO BECOME FIXTURES ON THE REAL ESTATE MORE PARTICULARLY DESCRIBED IN EXHIBIT A HERETO. THE NAMES OF THE DEBTOR AND THE SECURED PARTY, THE MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED, THE MAILING ADDRESS OF THE DEBTOR, AND A STATEMENT INDICATING THE TYPES, OR DESCRIBING THE ITEMS, OF COLLATERAL, ARE AS DESCRIBED IN SECTION 8.2 HEREOF.

MORTGAGE AND SECURITY AGREEMENT

TABLE OF CONTENTS

(This Table of Contents is not a part of the Mortgage and Security Agreement and is for convenience of reference only.)

		Page
PARTIES		1
PREAMBLES		1
ARTICLE I		
CONVEYANCE TO TRUSTEE		2
ARTICLE II		
DEFINITIONS		3
ARTICLE III		
SECURITY FOR ADDITIONAL BONDS		4
ARTICLE IV		
MAINTENANCE AND MODIFICATION OF THE PROJECT; RELEASE OF CERTAIN PROPERTY		
SECTION 4.1	Maintenance and Modification of the Project by Company	4
SECTION 4.2	Release of Items of Project Equipment	5
SECTION 4.3	Release of Certain Land	6
SECTION 4.4	Granting of Easements	8

Page

ARTICLE V

TAXES AND INSURANCE; ADVANCES

SECTION 5.1 Taxes, Permits and Other Charges 8

SECTION 5.2 Provisions Respecting Insurance 9

SECTION 5.3 Advances 9

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

SECTION 6.1 Damage, Destruction and Condemnation 9

SECTION 6.2 Application of Net Proceeds 9

SECTION 6.3 Insufficiency of Net Proceeds 9

SECTION 6.4 Condemnation of Property Owned by the Company 10

ARTICLE VII

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE COMPANY

SECTION 7.1 Defense of the Title 10

SECTION 7.2 Inspection of the Project 10

ARTICLE VIII

AGREEMENTS AFFECTING THE PROJECT;
SECURITY AGREEMENT; FURTHER ASSURANCES

SECTION 8.1 Leases and Other Agreements Affecting the Project 11

SECTION 8.2 Security Agreement 11

SECTION 8.3 Further Assurances; After Acquired Property 13

019592

SECTION 8.4	Agreement to Pay Attorneys' Fees and Expenses	14
SECTION 8.5	Estoppel Affidavits	14
SECTION 8.6	Subrogation	14
SECTION 8.7	Transfer of the Project	14

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.1	Events of Default Defined	14
SECTION 9.2	Acceleration of Maturity	15
SECTION 9.3	Right to Enter and Take Possession, Operate and Apply Revenues	16
SECTION 9.4	Performance by Trustee on Default by the Company	17
SECTION 9.5	Receiver	18
SECTION 9.6	Enforcement	18
SECTION 9.7	Purchase by the Trustee	19
SECTION 9.8	Application of Proceeds of Sale	19
SECTION 9.9	Company as Tenant Holding Over	19
SECTION 9.10	Waiver of Appraisement, Valuation, Stay, Extension, Homestead Exemption and Redemption Laws	19
SECTION 9.11	Leases	20
SECTION 9.12	Discontinuance of Proceedings and Restoration of the Parties	20
SECTION 9.13	Remedies Cumulative	20
SECTION 9.14	Waiver	20
SECTION 9.15	Suits to Protect the Project	22

019593

SECTION 9.16 Trustee May File Proofs of Claim 22

ARTICLE X

MISCELLANEOUS

SECTION 10.1 Construction of This Instrument 23

SECTION 10.2 Limit of Validity 23

SECTION 10.3 Reconveyance to Company 23

SECTION 10.4 Rules of Interpretation 23

SECTION 10.5 Applicable Law 23

SECTION 10.6 Notices 23

SECTION 10.7 Severability 24

SECTION 10.8 Captions 24

SECTION 10.9 Binding Effect..... 24

TESTIMONIUM 24

SIGNATURES 24

ACKNOWLEDGEMENTS 26

EXHIBIT A Description of Land

EXHIBIT B Description of Permitted Encumbrances

EXHIBIT C Description of Debtor and Secured Party

018591

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

THIS MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") dated as of September 1, 1983, between MAJOR MEDIA OF THE SOUTHEAST, INC., a Delaware corporation doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising (the "Company"), as mortgagor, and NCNB NATIONAL BANK OF NORTH CAROLINA, a national banking association (the "Trustee"), as mortgagee.

W I T N E S S E T H

WHEREAS, pursuant to Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as from time to time amended, and known as the Industrial Development Bond Act (the "Act"), Spartanburg County (the "Issuer") is duly authorized, for the public purposes set forth in the Act, to borrow money by issuing its revenue bonds for the purposes provided in the Act including, but not limited to, the purpose of acquiring, constructing, improving, expanding and equipping of any project constituting a "Project" (as defined in the Act); and

WHEREAS, in furtherance of the purposes of the Act, the Issuer proposes to issue its Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 in the aggregate principal amount of $1,000,000 (the "Series 1983 Bonds"), and to loan the proceeds from the sale of the Series 1983 Bonds to the Company to enable it to acquire, construct and equip certain land and buildings constituting a project as defined in the Act (the "Project") and as described in the Agreement (as hereinafter defined); and

WHEREAS, the Issuer and the Company have entered into a Loan Agreement (the "Agreement"), dated as of the date hereof, under which Agreement the Issuer has loaned the proceeds of the Series 1983 Bonds to the Company to enable the Company to acquire, construct, equip and install the Project; and

WHEREAS, in order to induce the future purchasers of the Series 1983 Bonds to purchase the same, the Company has agreed to convey to Trustee a first mortgage lien on the real property on which the Project is located (the "Land") and all

019595

improvements thereto or thereon and to grant a security interest in machinery, equipment, inventory and other tangible personal property now or hereafter located on the Land as security for the payment of the amounts payable under the Agreement and any amendments or substitutes thereto, with such lien and security interest being subject to Permitted Encumbrances (as defined in the Indenture and as listed in Exhibit "B" attached hereto); and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CONVEYANCE TO TRUSTEE

In order to secure the indebtedness and other obligations of the Company hereinafter set forth, the Company hereby grants, bargains, sells, conveys and assigns, to the Trustee, its successors and assigns, forever, for the equal benefit of the owners from time to time of the Bonds without preference or priority of one over the other, all the Company's right, title and interest in, to and under any and all of the following:

All of the real property and improvements and appurtenances thereto described in Exhibit "A" attached hereto and made a part hereof and any and all improvements and appurtenances hereafter located thereon or made thereto, subject only to Permitted Encumbrances, as defined in Exhibit "B" attached hereto, such real property, improvements and appurtenances being hereinafter referred to as the "Land."

TOGETHER WITH all presently existing or hereafter acquired machinery, apparatus, fittings, equipment, chattels and articles of personal property, of the Company, which are now or hereafter located in or on the Land or in any buildings or other improvements on the Land, including, but not limited to the personal property described on Exhibit C attached hereto (the "Project Equipment"), and all repairs, additions, accessions, alterations, renewals and replacements thereto or thereof, substitutions therefor and all cash and non-cash proceeds (including insurance proceeds) therefrom, subject only to Permitted Encumbrances, all of which to the maximum extent permitted by law are hereby declared and shall

019596

be deemed to be fixtures and accessions to the freehold and a part of the Land as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Mortgage, subject only to Permitted Encumbrances.

TOGETHER WITH all other easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Project or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by the Company, and the reversion and reversions, remainder and remainders (including, without limitation, all payments under leases or tenancies, proceeds of insurance, condemnation payments, and tenant security deposits relating to the Project), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of the Company of, in, and to the same, subject only to Permitted Encumbrances.

TO HAVE AND TO HOLD the Project and other property described herein, together with all and singular the rights, members and appurtenances thereof, to the use and benefit of Trustee, its successors and assigns, forever, to secure the payment of the amounts payable by the Company under the Agreement and any amendments or supplements thereto and all obligations of the Company under this Mortgage.

ARTICLE II

DEFINITIONS

All words and phrases defined in Article I of the Agreement and Article I of the Indenture shall have the same meaning in this Mortgage, and the Agreement and Indenture are, by this reference thereto, incorporated herein and made a part hereof.

ARTICLE III

SECURITY FOR ADDITIONAL BONDS

Pursuant to the provisions of Article II of the Indenture, the Issuer is authorized to issue Additional

018597

Bonds. Such Additional Bonds may be issued or incurred to finance the cost of completing as well as the cost of making any additions, improvements, extensions, alterations, modifications or changes to the Project, provided that all of the conditions and requirements for the issuance or incurrence of such Additional Bonds as provided for in the Indenture or the Agreement, as the case may be, are satisfied prior to or contemporaneously with the issuance of such Additional Bonds. Upon the issuance of any Additional Bonds, the Company shall execute an amendment to this Mortgage or, if directed by the Trustee, a separate mortgage, providing for the conveyance to the Trustee of any property being financed with such Additional Bonds, and providing that this Mortgage shall be security for such Additional Bonds, the same as if they had been issued or incurred at the time the Series 1983 Bonds were issued. The Series 1983 Bonds and any Additional Bonds are hereinafter referred to as the "Bonds."

ARTICLE IV

MAINTENANCE AND MODIFICATION OF THE PROJECT; RELEASE OF CERTAIN PROPERTY

Section 4.1. Maintenance and Modification of the Project by Company. The Company agrees that, until all the Bonds shall have been redeemed or retired and all other obligations incurred or to be incurred by the Company under the Agreement shall have been paid, the Company will, at the Company's own expense, maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that the Company will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals deemed proper and necessary by it. The Issuer and the Trustee shall have no responsibility in any of these matters or for the making of improvements or additions to the Project.

In addition, the Company shall have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project from time to time as the Company, in its discretion, may deem to be desirable for the Company's use and purposes, the cost of which remodeling, substitutions, additions, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company and be included under the terms of this Mortgage as part of the Project; provided, however, that such remodeling, substitutions, additions,

019598

modifications and improvements shall not in any way damage the Project (except for any temporary and immaterial damage associated with any such remodeling or other such activities) or significantly alter the character or purpose or detract from the value or operating efficiency thereof, and will not significantly impair the revenue producing capability of the Project or adversely affect the ability of the Company to comply with the provisions of this Mortgage, the Agreement and the Indenture. Any property for which a substitution or replacement is made pursuant to this Section may be disposed of by the Company in any manner and in the sole discretion of the Company. The Company will not permit any mechanic's or other lien to be established or remain against the Project for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the Company; provided that if the Company shall first notify the Issuer and the Trustee of the Company's intention to do so, the Company may in good faith contest any mechanic's or other lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Trustee or the Issuer shall notify the Company that, in the opinion of its counsel, by nonpayment of any such items the lien of the Indenture or the mortgage lien and security interest of this Mortgage will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Company shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Section 4.2. Release of Items of Project Equipment. If no event of default hereunder shall have occurred and be continuing, the Company may remove any items of Project Equipment from the Project and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer therefor, provided that:

(a) (i) the Company shall receive consideration at least equal to the fair market value, if any, of such Project Equipment as determined by the Company Representative, (ii) such consideration is applied toward the acquisition of additional Project Equipment to be used in the operations of the Project and to be subject to the lien hereof, and (iii) such removal, sale, trade-in, exchange or other disposition will not significantly impair the uses of the Project for which it was intended; or

019599

(b) the Company shall determine that such items of Project Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary for the Company's purposes and that the removal, sale, trade-in, exchange or other disposition will not significantly alter the character or purpose or detract from the value or operating efficiency of the Project and will not significantly impair the revenue producing capacity of the Project; provided, however, that any proceeds or other consideration received by the Company pursuant to a transaction permitted by this subparagraph (b) shall, to the extent not used to replace the Project Equipment, be deposited into the Bond Fund; and provided further that the Company shall not be required to make any such deposits to the Bond Fund until such time as the proceeds or other consideration received by the Company exceeds $10,000 in any fiscal year of the Company.

The removal from the Project of any portion of the Project Equipment pursuant to the provisions of this Section 4.2 shall not entitle the Company to any abatement or diminution of the amounts payable under the Agreement.

Upon the request of the Company, the Issuer and the Trustee shall deliver or cause to be delivered to the Company, such instruments as are reasonably necessary to confirm the release of removed items of the Project Equipment from the mortgage lien and security interest of this Mortgage and the Indenture and cancelling any lien or security interest with respect thereto, provided that such request is accompanied by a certificate of the Company Representative to the effect that such release complies in all respects with this Section.

Section 4.3. Release of Certain Land. Notwithstanding any other provisions of this Mortgage or the Agreement and if no event of default shall have occurred and be continuing, the Company hereto reserves the right, at any time and from time to time, to amend this Mortgage for the purpose of effecting the release of or removal from the mortgage lien of this Mortgage of (i) any unimproved part of the Land (on which no building or equipment owned by the Company and essential to the continued operation of the Project is situated) or (ii) any part of the Land with respect to which the Company proposes to convey fee title to a public utility or public body in order that utility services or roads may be provided for the Project; provided that if at the time any such amendment is made any of the Bonds are outstanding and unpaid such amendment shall not be effective until and unless there are deposited with the Trustee the following:

(a) Copies of the said amendment to this Mortgage;

(b) A certificate of the Company (i) stating that the Company is not in default under any of the provisions of the Agreement or this Mortgage, (ii) giving an adequate legal description of that portion of the Land to be released, (iii) stating the purpose for which the release is desired, and (iv) requesting such release;

(c) A resolution of the Board of Directors of the Company approving the amendment to this Mortgage;

(d) Evidence of the authority of the officers of the Company who execute such amendment to this Mortgage;

(e) If applicable, a copy of the instrument granting the easement or conveying the portion of the Land to be released;

(f) Any instrument or instruments required from the Issuer by the terms of such release or removal from the Land; and

(g) A certificate of an independent engineer reasonably acceptable to the Trustee dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of such engineer (i) the portion of the Land so proposed to be released is necessary or desirable in order to obtain utility services or roads to benefit the Project, or is not otherwise needed for the operation of the Project for the purpose hereinabove stated and (ii) the release so proposed to be made will not impair the usefulness of the Project for the purposes intended and will not destroy the means of ingress and egress therefrom; and

provided further, however, that if the portion of the Land to be released has transportation or utility facilities located upon it, the Company shall retain an easement to use such facilities to the extent necessary for the efficient operation of the Project.

The Trustee agrees that upon receipt of the notice and certificates required by this Section to be furnished to it by the Company, it will (but only at the expense of the Company) promptly execute and deliver or cause to be executed and delivered to the Company a quitclaim deed covering the portion of the Land to be released.

013601

Section 4.4. Granting of Easements. If no event of default shall have occurred and be continuing, the Company may at any time or times grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in the Project free from the lien and security interest afforded by or under this Mortgage or the Company may release existing easements, licenses, rights-of-way and other rights and privileges with or without consideration, and the Trustee agrees that it shall (but only at the expense of the Company) execute and deliver or cause to be executed and delivered any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt of: (1) a copy of the instrument of grant or release; (2) a written application signed by the Company Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of the Project; and (3) an opinion of Independent Counsel that such grant or release will not materially weaken, diminish or impair the security afforded pursuant to the terms of this Mortgage.

ARTICLE V

TAXES AND INSURANCE; ADVANCES

Section 5.1. Taxes, Permits and Other Charges. The Company will pay during the term of this Mortgage, as the same respectively become due, the taxes, charges and assessments with respect to the Project and the operation thereof in accordance with the requirements of Section 4.5 of the Agreement.

Section 5.2. Provisions Respecting Insurance. The Company shall maintain insurance with respect to the Project and the operation thereof in the manner and amounts specified in Sections 4.6 through 4.9 of the Agreement.

Section 5.3. Advances. In the event the Company shall fail to maintain the full insurance coverage required by the Agreement or shall fail to keep the Project in good repair and operating condition, the Issuer or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and

019602

provide for payment thereof; and all amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Company to the party making the advancement and shall be secured hereby, which amounts, together with interest thereon at the Late Payment Rate, the Company agrees to pay.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 6.1. Damage, Destruction and Condemnation. Unless the Company shall have exercised its option to prepay the amounts payable under the Agreement pursuant to the provisions of Article IX thereof, if prior to full payment of the Bonds (or provisions for payment thereof in accordance with the provisions of the Indenture) (i) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall be obligated to continue to pay the amounts payable under the Agreement.

Section 6.2. Application of Net Proceeds. The Issuer, the Trustee and the Company will cause the Net Proceeds of any insurance proceeds or condemnation award resulting from any event described in Section 6.1 hereof to be deposited and applied in the manner set forth in Article V of the Agreement.

Section 6.3. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Article V of the Agreement, the Company will complete the work and pay any cost in excess of the amount of the Net Proceeds held by the Trustee. The Company agrees that if by reason of any such insufficiency of the Net Proceeds, the Company shall make any payments pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the owners of any of the Bonds, nor shall the Company be entitled to any diminution of the amounts payable under the Agreement.

019603

Section 6.4. Condemnation of Property Owned by the Company. The Company shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Project or that is not collateral for the Bonds.

ARTICLE VII

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE COMPANY

Section 7.1. Defense of the Title. The Company covenants that it is lawfully seized and possessed of title in fee simple to the Land; that it has good right to sell, convey or otherwise transfer or encumber the same; and that the Company, for itself, and its successors and assigns, warrants and will forever defend the right and title to the foregoing described and conveyed property unto the Issuer, its successors and assigns, against the claims of all persons whomsoever, excepting only Permitted Encumbrances. The Company will cause to be furnished, concurrently with the execution and delivery of this Mortgage, an ALTA owner and mortgagee title insurance policy (or appropriate binder) upon the Land issued by a title insurance company approved by the Issuer and the Trustee, insuring that the Company has good and marketable fee simple title to the Land and that this Mortgage represents a valid first mortgage lien on the Land, subject to no encumbrances other than Permitted Encumbrances, in an amount equal to the face amount of the Series 1983 Bonds.

Section 7.2. Inspection of the Project. The Company covenants and agrees that at any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right fully to inspect any and all of the Project.

ARTICLE VIII

AGREEMENTS AFFECTING THE PROJECT; SECURITY AGREEMENT; FURTHER ASSURANCES

Section 8.1. Leases and Other Agreements Affecting the Project. The Company shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under any lease or any other agreement of any nature

019604

whatsoever now or hereafter involving or affecting the Project or any part thereof.

Section 8.2. Security Agreement.

(a) Insofar as the Project Equipment is concerned, this Mortgage is hereby made and declared to be a security agreement, and the Company hereby grants to the Trustee and its successors and assigns, a security interest in each and every item of the Project Equipment and in all cash and non-cash proceeds (including insurance proceeds) of any of the foregoing in compliance with the provisions of the Uniform Commercial Code as enacted in the State. A financing statement or statements reciting this Mortgage to be a security agreement affecting all of the Project Equipment shall be executed by the Company, as debtor, and the Trustee, as secured party, and appropriately filed. The remedies for any violation of the covenants, terms and conditions of the security agreement herein contained shall be (i) as prescribed herein, or (ii) as prescribed by general law, or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, all at the Trustee's sole election. The Company and the Trustee agree that the filing of such financing statement(s) in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing the declaration and hereby stated intention of the Company and the Trustee that the Project Equipment is and at all times and for all purposes and in all proceedings, both legal or equitable, shall be regarded to the maximum extent permitted by law as part of the real estate irrespective of whether (1) any such item is physically attached to the improvements, (2) serial numbers are used for the better identification of certain items capable of being thus identified, or (3) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (A) the proceeds of any fire and/or hazard insurance policy, or (B) any award in eminent domain proceedings for a taking or for loss of value, or (C) the Company's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the Project, whether pursuant to a lease or otherwise, shall never be construed as in anywise altering any of the rights of the Trustee as determined by this instrument or

impugning the priority of the Trustee's security interest granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of the Trustee in the event any court shall at any time hold with respect to the foregoing (A), (B) or (C), that notice of the Issuer's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records. Subject to Permitted Encumbrances and the provisions of Sections 4.1 and 4.2 hereof, the Company further covenants and agrees that all of the Project Equipment shall be owned by the Company and shall not be the subject matter of any lease or other instrument, agreement or transaction whereby the ownership or beneficial interest thereof or therein shall be held by any person or entity other than the Company; nor shall the Company create or cause to be created any security interest or lien covering any such property, other than the security interest created herein in favor of the Issuer and the rights of tenants lawfully occupying the Project.

(b) The Company warrants that (i) the Company's (that is, "Debtor's") name, identity or corporate structure, and its residence or principal place of business, are as set forth in subsection (c) hereof; (ii) the Company (that is, "Debtor") has been using or operating under said name, identity or corporate structure without change from the time period set forth in subsection (c) hereof; and (iii) the location of the collateral presently in existence is upon the Land. The Company covenants and agrees that the Company will furnish the Issuer and the Trustee with notice of any change in the matters addressed by clauses (i) and (iii) of this subsection within thirty (30) days of the effective date of any such change, and the Company will promptly execute any financing statements or other instruments deemed necessary by the Issuer or the Trustee to prevent any filed financing statement(s) from becoming misleading or losing its or their perfected status.

(c) The information provided in this subsection is provided in order that this Mortgage shall comply with all the requirements of the Uniform Commercial Code, as enacted in the State, for instruments to be filed as financing statements. The names of the "Debtor" and the "Secured Party," the identity or corporate structure and

residence or principal place of business of the "Debtor" and the time period for which the "Debtor" has been using or operating under said name and identity or corporate structure without change, are as set forth in Schedule 1 of Exhibit "D", attached hereto and made a part hereof; the mailing address of the "Secured Party" from which information concerning the security interest may be obtained, and the mailing address of the "Debtor," are set forth in Schedule 2 of said Exhibit "D".

Section 8.3. Further Assurances; After Acquired Property. At any time, and from time to time, upon request by the Issuer or the Trustee, the Company shall make, execute and deliver or cause to be made, executed and delivered, to the Issuer and the Trustee and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by the Issuer or the Trustee, any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of the Issuer or the Trustee, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (i) the obligations of the Company under this Mortgage and (ii) the mortgage lien and security interest of this Mortgage as a first and prior lien upon the security and/or title in and to all of the Project and any additions to or substitutions thereof pursuant to the terms of this Mortgage and the Agreement. Upon any failure by the Company to do so, the Issuer or the Trustee may make, execute, record, file, re-record and/or refile any and all such mortgages, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of the Company, and the Company hereby irrevocably appoints the Issuer and the Trustee the agent and attorney-in-fact of the Company to do so. The mortgage lien and security interest hereof shall automatically attach, without further act, to all after-acquired property which becomes a part of the Project, as defined herein.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Mortgage and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of any obligation or agreement on the part of the Company in this Mortgage or the Agreement,

013607

the Company agrees that it will on demand therefor pay to the Issuer or the Trustee, as the case may be, the fees of such attorneys and such other expenses so incurred by the Issuer or the Trustee; and any such amounts paid by the Issuer or the Trustee, as the case may be, shall be added to the indebtedness secured by the mortgage lien and security interest of this Mortgage.

Section 8.5. Estoppel Affidavits. The Company, upon ten (10) days' prior written notice, shall furnish the Issuer and the Trustee a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on, the indebtedness secured hereby and whether or not any offsets or defenses exist against such principal and interest.

Section 8.6. Subrogation. The Trustee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby or are otherwise discharged or paid by the Trustee.

Section 8.7. Transfer of the Project. Subject to Permitted Encumbrances and to the provisions of this Mortgage and the provisions of Article IV of the Agreement, the Company shall not sell, transfer, lease, pledge, encumber, create a security interest in, or otherwise hypothecate all or any part of the Project.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be "events of default" under this Mortgage and the terms "event of default" and "default" shall mean, whenever they are used in this Mortgage, any one or more of the following events:

(a) Failure by the Company to pay as and when due and payable any payment required by this Mortgage, subject to any grace period provided in the Agreement; or

(b) Failure by the Company to observe and perform any covenant, condition or agreement in this Mortgage on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be

019608

remedied, given to the Company by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Company within the applicable period and diligently pursued until the default is corrected, but in no event shall any default remain uncorrected, in whole or in part, for a period in excess of ninety (90) days after notice of such default has been given in accordance with this Section 9.1(b).

(c) The occurrence of an event of default under the Agreement, the Indenture or the Guaranty.

The foregoing provisions of subsection (b) of this Section are subject to the following limitations: if by reason of force majeure (as that term is defined in Section 8.1 of the Agreement) the Company is unable in whole or in part to carry out any agreement on its part herein contained, the Company shall not be deemed in default during the continuance of such inability.

Section 9.2. Acceleration of Maturity. If an event of default shall have occurred and be continuing pursuant to which acceleration is permitted as set forth in the Agreement, then the entire indebtedness secured hereby shall, at the option of the Trustee, immediately become due and payable without notice or demand, which are hereby expressly waived, and no omission on the part of the Trustee to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 9.3. Right to Enter and Take Possession, Operate and Apply Revenues.

(a) If an event of default shall have occurred and be continuing, the Company, upon demand of the Trustee, shall forthwith surrender to the Trustee the actual possession of the Project and, to the extent permitted by law, the Trustee itself, or by such officers or agents or designees as it may appoint, may enter and take possession of all or any part of the Project without the appointment of a receiver, or an application therefor, and may exclude the Company and its agents and employees wholly therefrom, and may have joint access with the Company to the books, papers and accounts of the Company.

019609

(b) If the Company shall for any reason fail to surrender or deliver the Project or any part thereof after such demand by the Trustee, the Trustee may obtain a judgment or decree conferring upon the Trustee the right to immediate possession or requiring the Company to deliver immediate possession of the Project to the Trustee, to the entry of which judgment or decree the Company hereby specifically consents. The Company will pay to the Trustee, upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to the Trustee's attorneys and agents; and all such expenses and compensation shall, until paid, be secured by this Mortgage.

(c) Upon every such entering upon or taking of possession, the Trustee may hold, store, use, operate, manage and control the Project and conduct the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Project insured; (iii) manage and operate the Project and exercise all the rights and powers of the Company to the same extent as the Company could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to the Trustee, all as the Trustee from time to time may determine to be in its best interests; and perform all acts required of the Company as lessor under any lease of all or any part of the Project, all as the Trustee may from time to time determine to be to its best advantage. The Trustee may collect and receive all the rents, issues, profits and revenues from the Project, including those past due as well as those accruing thereafter, and, after deducting (A) all those expenses of taking, holding, managing and operating the Project (including compensation for the services of all persons employed for such purposes); (B) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (C) the cost of such insurance; (D) such taxes, assessments and other similar charges as the Trustee or the Issuer may at its option pay; (E) other proper charges upon the Project or any part thereof; and (F) the reasonable compensation, expenses and disbursements of the attorneys and agents of the Trustee and the Issuer, the Trustee shall apply the remainder of

019610

the moneys and proceeds so received by the Trustee to the payment of the amounts due under the Agreement.

(d) For the purpose of carrying out the provisions of this Section, the Company hereby irrevocably constitutes and appoints the Trustee the true and lawful attorney-in-fact of the Company to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions of said attorney-in-fact with respect to the Project.

(e) Whenever all amounts due under the terms of this Mortgage, the Agreement, the Guaranty and the Indenture shall have been paid and all events of default cured and satisfied, the Trustee may surrender possession of the Project to the Company, its successors and assigns; provided, that the same right of taking possession shall exist if any subsequent event of default shall occur and be continuing.

Section 9.4. Performance by Trustee on Default by the Company. If the Company shall default in the payment, performance or observance of any term, covenant or condition of this Mortgage, the Trustee may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by the Trustee in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by the Company to the Trustee, with interest thereon at the Late Payment Rate.

The Trustee shall be the sole judge of the necessity for any such actions and of the amounts to be paid. The Trustee is hereby empowered to enter and to authorize others to enter upon the Project or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to the Company or any person in possession holding under the Company. The Company expressly acknowledges and agrees, however, that notwithstanding anything contained in this Section to the contrary, the Trustee shall not be obligated under this Section to incur any expense or to perform any act whatsoever.

Section 9.5. Receiver. If an event of default shall have occurred and be continuing, the Trustee, upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right without notice and without regard to the occupancy or value of any security for the indebtedness secured hereby or the solvency of any party

bound for its payment, to the appointment of a receiver to take possession of and to operate the Project and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the State. The Company shall pay to the Trustee, upon demand, all expenses, including receivers' fees, reasonable attorneys' fees, costs and agents' compensation, incurred pursuant to the provisions of this Section; and all such expenses shall, until paid, be secured by this Mortgage.

Section 9.6. Enforcement.

(a) If an event of default shall have occurred and be continuing, the Trustee, at its option, may foreclose this Mortgage in order to pay the indebtedness secured hereby and accrued interest thereon and insurance premiums, liens, fines, assessments, taxes and charges, including utility charges, if any, with accrued interest thereon, all as provided hereinabove, and all expenses of the sale and of all proceedings in connection therewith, including reasonable attorneys' fees as hereinabove provided. In case of foreclosure and sale, the Project may, at the option of Trustee, be sold in one parcel.

(b) If an event of default shall have occurred and be continuing, the Trustee may, in addition to and not in abrogation of the rights covered under subsection (a) hereof, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of any amounts due under the terms of this Mortgage or the Agreement, the Guaranty, or the Indenture or to enforce the performance of any term, covenant, condition or agreement of this Mortgage or the Agreement, the Guaranty or the Indenture or any other right, and (ii) to pursue any other remedy available to it, all as the Trustee shall determine most effectual for such purposes.

Section 9.7. Purchase by the Trustee. Upon any foreclosure sale, the Trustee may bid for and purchase the Project and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price.

Section 9.8. Application of Proceeds of Sale. In the event of a foreclosure sale of the Project pursuant to

subsection 9.6(a) hereof, the proceeds of said sale shall be applied, in the following order: (a) to the expenses of such sale and of all proceedings in connection therewith, including reasonable attorneys' fees as provided hereinabove; (b) to insurance premiums, liens, assessments, taxes and charges, including utility charges, advanced by the Issuer or the Trustee; (c) to payment of any amounts due under the terms of this Mortgage, the Guaranty, the Indenture and the Agreement; and (d) the remainder, if any, shall be paid to the Company. If the proceeds of any such sale should be insufficient to pay in full the obligations recited in clauses (a), (b) and (c) of this Section 9.8, the Issuer shall be entitled to a judgment for the deficiency.

Section 9.9. Company as Tenant Holding Over. In the event of any such foreclosure sale by the Trustee, the Company shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

Section 9.10. Waiver of Appraisement, Valuation, Stay, Extension, Homestead Exemption and Redemption Laws. Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived, neither the Company nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, the absolute sale of the Project, the final and absolute putting into possession of the purchasers thereof, immediately after such sale or the obtaining of any deficiency judgment. The Company, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof.

Section 9.11. Leases. The Trustee, at its option, is authorized to foreclose this Mortgage subject to the rights of any tenants of the Project, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by the Company, a defense to any proceedings instituted by the Trustee to collect the sums secured hereby.

019613

Section 9.12. Discontinuance of Proceedings and Restoration of the Parties. In case the Trustee shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Trustee shall continue as if no such proceeding had been taken.

Section 9.13. Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Issuer or the Trustee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 9.14. Waiver.

(a) No delay or omission of the Trustee to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Mortgage to the Trustee may be exercised from time to time and as often as may be deemed expeditious by the Trustee. No consent or waiver, expressed or implied, by the Trustee to or of any breach by the Company in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach in the performance of the same or any other obligations of the Company hereunder. Failure on the part of the Trustee to complain of any act or failure to act or to declare an event of default, irrespective of how long such failure continues, shall not constitute a waiver by the Trustee of its rights hereunder or impair any rights, powers or remedies consequent on any breach or default by the Company.

(b) If the Trustee (i) grants forbearance or an extension of time for the payment of any sums secured hereby; (ii) takes other or additional security for the payment of any sums secured hereby; (iii) waives or does not exercise any right granted herein or in the Agreement, the Indenture or the Guaranty; (iv) releases any part of the Project from the lien of this Mortgage

or otherwise changes any of the terms, covenants, conditions or agreements of this Mortgage, the Indenture, the Guaranty or the Agreement; (v) consents to the filing of any map, plat or replat affecting the Project; (vi) consents to the granting of any easement or other right affecting the Project; or (vii) makes or consents to any agreement subordinating the mortgage lien or security interest hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Mortgage or any other obligation of the Company or any subsequent purchaser of the Project or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Trustee from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument or instruments executed by the Trustee, shall the mortgage lien or security interest of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Project, the Trustee, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Project or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the Company and without in any way releasing or discharging any liabilities, obligations or undertakings of the Company.

Section 9.15. Suits to Protect the Project. The Trustee shall have power (i) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Project by any acts which may be unlawful or any violation of this Mortgage, (ii) to preserve or protect its interest in the Project and in the rents, issues, profits and revenues arising therefrom, and (iii) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Issuer, the Trustee or the owners of the Bonds.

Section 9.16. Trustee May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other

proceedings affecting the Company, its creditors or its property, the Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such proceedings for the entire amount due and payable by the Company under this Mortgage at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date.

ARTICLE X

MISCELLANEOUS

Section 10.1. Construction of this Instrument. This Mortgage is intended to operate and is to be construed as (i) a security agreement pursuant to the provisions of the Uniform Commercial Code of South Carolina, Title 36, Code of Laws of South Carolina, 1976, as amended, and (ii) a mortgage conveying a lien on the Project to the Trustee.

Section 10.2. Limit of Validity. If from any circumstances whatsoever fulfillment of any provision of this Mortgage, at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Mortgage that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

Section 10.3. Reconveyance to Company. It is the true meaning of this instrument that if the Company shall fully perform all the terms, conditions and covenants of this Mortgage, and of the Agreement, Indenture and Guaranty secured hereby, then this Mortgage shall be null and void; otherwise it is to remain in full force and virtue.

Section 10.4. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Mortgage and not solely to the particular portion in which any such word is used.

019616

Section 10.5. Applicable Law. This instrument is made under and pursuant to the laws of the State of South Carolina and it is intended that the laws of said State shall govern its construction, validity and enforcement.

Section 10.6. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows: if to the Trustee, NCNB National Bank of North Carolina, One NCNB Plaza, Charlotte, North Carolina , Attention: Corporate Securities Services Department; if to the Company, Major Media of the Southeast, Inc., 7751 Flying Cloud Drive, Eden Prairie, Minnesota 55344, Attention: President; and if to the Issuer, Spartanburg County, South Carolina, County Administration Building, Spartanburg, South Carolina 29304, Attention: County Administrator; and if to the Guarantor, Major Media, Inc., 7751 Flying Cloud Drive, Eden Prairie, Minnesota 55344, Attention: President. A duplicate copy of each notice, certificate or other communication given hereunder by the Company shall also be given to the Issuer. The Issuer, the Guarantor, the Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.7. Severability. If any provision of this Mortgage shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 10.8. Captions. The captions or headings in this Mortgage are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Mortgage.

Section 10.9. Binding Effect. This Mortgage shall inure to the benefit of and be binding upon the Company and the Trustee and their respective legal successors and assigns.

IN WITNESS WHEREOF, the Company has executed this Mortgage by causing its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested to by its Secretary, and the Trustee has executed this Mortgage by causing its duly

authorized officers to subscribe hereunto, have its official seal impressed hereon and attested by its duly authorized officers, all as of the day first above written.

Attest:

MAJOR MEDIA OF THE SOUTHEAST, INC.

By: _____
Title:

_____
Title:

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

_____
Witness

_____
Witness

Attest:

NCNB NATIONAL BANK OF NORTH CAROLINA

_____
Title:

By: _____
Title:

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

_____
Witness

_____
Witness

019618

STATE OF]
]
COUNTY OF] PROBATE

PERSONALLY APPEARED, before me , who, being duly sworn, says that (s)he saw the corporate seal of NCNB National Bank of North Carolina affixed to the foregoing Mortgage and Security Agreement, and that (s)he also saw , as , and , as , attest the same, and that (s)he with witnessed the execution and delivery thereof as the free act and deed of NCNB National Bank of North Carolina.

Notary Public

Sworn to before me this
day of , 1983.

Notary Public of South Carolina

019619

STATE OF SOUTH CAROLINA]
]
COUNTY OF SPARTANBURG] PROBATE

PERSONALLY APPEARED, before me , who, being duly sworn, says that (s)he saw the corporate seal of Major Media of the Southeast, Inc. affixed to the foregoing Mortgage and Security Agreement, and that (s)he also saw , as President, sign, and , as Secretary, attest the same, and that (s)he with witnessed the execution and delivery thereof as the free act and deed of Major Media of the Southeast, Inc.

_____
Notary Public

Sworn to before me this
day of , 1983.

_____
Notary Public of South Carolina

My Commission Expires:

_____

013620

EXHIBIT A

DESCRIPTION OF LAND

All those certain pieces, parcels or lots of land in Spartanburg County, State of South Carolina, shown and designated as 7.82 acres and 1.766 acres on a plat prepared for A. Darrell Merchant by Archie S. Deaton, R.L.S., dated February 16, 1982, revised March 12, 1983, and recorded in Plat Book 87, page 942, RMC Office for Spartanburg County, and as set forth more fully below:

BEGINNING at a point in the center of South Carolina Highway 62 and running with center of said highway thence S 11-12 E 60 feet to point in center of said highway; thence S 75-55 W 54.63 feet to a concrete monument; thence turning and running S 49-22 W 333.61 feet to concrete monument; thence S 68-59-30 W 200.56 feet to an iron pin; thence S 66-46 W 195.29 feet to an iron pin; thence S 64-44 W 198.39 feet to an iron pin; thence S 63-07-30 W 201.83 feet to an iron pin; thence S 61-03-20 W 202.79 feet to an iron pin; thence S 58-53-40 W 235.23 feet to an iron pin; thence S 56-23 W 236.23 feet to an iron pin; thence N 10-54-20 E 530.02 feet to an iron pin; thence N 73-28 E 1560.60 feet to the beginning point in center of South Carolina Highway 62.

019621

EXHIBIT B

PERMITTED ENCUMBRANCES

Permitted encumbrances, as of any particular time, are (i) liens for taxes and assessments not then delinquent, or which the Company may, pursuant to Section 4.5 of the Agreement, allow to remain unpaid, (ii) the Agreement, the Indenture, this Mortgage and any financing statements naming the Issuer or the Company as debtor and naming the Trustee or the Issuer as secured party filed to perfect the security interests granted by the Indenture, the Agreement and this Mortgage, (iii) utility access and other easements and rights of way, restrictions and exceptions that the Company Representative certifies will not interfere with or impair the Project, and (iv) minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Project and as do not, in the opinion of Independent Counsel, materially impair the property affected thereby for the purpose for which the Issuer has loaned its funds.

019622

EXHIBIT C

PROJECT EQUIPMENT

The Project Building will have approximately 20,000 square feet with 6,000 being first floor offices, 5,000 being second floor space for future offices, and 9,000 in the shop area. The building will house the management and sales offices and art department for the Company. The shop area will manufacture poster faces (structures) and paint bulletin faces will be repainted here. Posters will also be prepasted in preparation of posting them on the location.

The Project Building includes the following equipment and personal property:

Quantity	Description
20	place settings sterling silver
18	place settings fine china
	Omega III ET-2460 Electronic Telecommunication system (phones)
1	Amana SDI-22 refrigerator
1	Amana ADM-1B drop in range
1	Amana CC-1 range cartridge
1	Kitchenaid dishwasher
1	MVH-9T Microwave oven
1	CS1982 MGA Color TV
1	H5310 MGA VCR Machine
1	specially made cabinet for VCR and TV
1	5600 Pitney Bowes Mailing machine
1	EM5-15 Electronic postage scale
1	Dictaphone system with Thought Tank and two subscribe stations
1	overhead crane
1	welder, bench grinder, table saw and band saw paint racks and steel work tables

019623

Quantity	Description
1	Kimball 90-3672DW Desk
1	Kimball 90-1978SW Credenza
1	Leathercraft 732-38 Exec Chair Uph: PA Antique Blue, #5 Base
2	Kimball 84 Guest Conference Chairs Uph: 1310 Scarlet Wedgewood
1	Wildwood 5019 Domed Caddie Lamp (Red)
1	Pair Draperies Kravet, Tiking-16 54" side, 27" Repeat w/Kirsch 54143 vintage brass rod
2	Kimball 90-3066DW Desk Finish:W12
2	Kimball 82/B23/C20 Exec Chairs Uph: 316/126 Brown, Finish: W12
4	Paoli 431-1 Side Arm Chairs Uph: Maharam M451402 Wool Tweed #78, Finish: Brown tone
2	Pairs Draperies Fairmont 2690 Teal with Schumacher 27-5020 off white lining, Kirsch 54143 Vintage brass rods
1	Kimball 90-3672DWM Desk, W12 Finish
1	Kimball 90-1978SWM Credenza
1	Leathercraft 732-38 Exec Chair Base #5, Uph: Royce Venetian Red
2	Kimball #84 Conference Chairs Finish: W12 Uph: Wooltex 1113
1	Wildwood #121 Lamp
1	Leathercraft 1031-17 Wing Chair Uph: Royce Venetian Red
1	Madison Square 414 tilt top table
1	Madison Square 501 End table
1	Madison Square 307 Butlers Tray
1	Ashley Manor 1337-64 Sofa Uph: 8415/14 Grade 11
1	Wildwood 3167 Crane tree Lamp
1	Pair Draperies Kravet Rokby-1 Natural Ground 36" Repeat w/cornice board
1	Leathercraft 1031-17 Wing Chair Uph: Kravet Rokby-1 54", 36" Repeat 61/2 yds
1	Ashley Manor 1337-64" Sofa Uph: 1634/14 Grade 14

019624

Quantity	Description
1	Madison Square 501 End Table
1	Madison Square 504 Coffee Table
1	Wildwood 418 Brass Lamp
2	Leathercraft 208-27 Occasional Chairs Uph: PA Antique Blue Leather
1	Madison Square 414 Tilt top table
4	Pairs of Draperies Kravet Formosa 16 with cornice boards
1	Kittinger T414-72-02-0B 72x36 Exec Desk Finish: W12
1	Kittinger Credenza unit consisting of: 1-T715-1F File Unit 1-T715-3R Hinged desk unit with uniform top and base Burl fronts to match T-414-72-02-OB
1	Wildwood 104 Large Cluster Lamp
1	Leathercraft 7153 Exec Chair Uph: PA Antique Blue
1	Hickory Mfg. 2760-86 Console Table
2	Kimball 90-3066 Desk Finish: W12
2	Kimball 82-B23-C20 Exec Chair Uph: 316/126 Brown, W12 finish
4	Paoli 431-1 Side Arm Chairs, Uph: Maharam M451402 Wool Tweed, Brown tone finish
1	Wellington Hall 6-405-5 Console Table
1	Wildwood 155 Candlestick Lamp
1	Hickory Manufacturing 1760-84 Chippendale Side Chair Uph: West Gate 3-3623
1	Kimball 80-B20-C-20 Sec Chair Uph: Wedgewood 1120 Wooltex Finish: W12
1	Kimball 90-6675LWM Sec Desk
1	Kimball 90-B119W Top P, laminate
1	Corry F582106-3 Two drawer lateral file finish: P 77 Brown
3	Corry Jamestown F590002 Two letter files over storage units Finish: P97 Almond
1	Kittinger CW66, CW65 Dining Conference table with 2-24" leaves, extends to 147"
10	Hickory Mfg. 1760-85 Chippendale Arm Chairs Uph: Westgate 3-3623
1	Hickory Manufacturing 1760-02 Huntboard
1	Wellington Hall 6-300 Pembroke Tables Mahogany finish

019625

Quantity	Description
1	Ashley Manor 1337-80" Sofa Uph: Westgate 3-3651
2	Hickory Mfg 861 Arm Chair Uph: West gate 4-4704
2	Wildwood Lamps 3065
1	Kimball 90-3672DW Double Pedestal Desk
1	Kimball 90-11 Bookcase
1	Carolina Seating 6185-7 Exec Chair Uph: 204 Pattern 975
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea Beige, W12 finish
2	Corry 166-0524 19/22 Cabinets w/2 ea. 005-1894 EDP Hanging Drawers and 1 ea. 005-1833 6" drawers, P77 Brown finish
1	Corry F58-3207-03 Three drawer lateral file with locks and hanging drawers frames, P77 Brown finish
1	Pair of Draperies Schumacher 72874-54 Color: Mauire Slate with Kirsch 54143 Brass Rods
2	Hickory 2760-03 Bachlor Chest Mahogany finish
2	Wildwood Lamps 2483 Brass
2	Kay Lyn T7113-65 Loveseat Uph: Westgate 3-3679, American Masterpice finish
1	Wellington Hall 6-100-5 Cocktail table Mahogany finish
1	Madison Square 278 English Magazine Rack
2	Kay Lyn M865 Chairs Uph: Robert Allen Pace Delft
1	Kimball 80-B20-C20 Sec Chair Uph: Wooltex 1120 Wedgewood, W12 finish
1	Kimball 90-6675RWM Sec Desk, W12 Finish
1	Wellington Hall 6-405-5 Console Mahogany finish
1	Wildwood Lamp 169
1	Wildwood Umbrella Stand
1	Kimball 90-3066DW Desk
1	Kimball 83/B23/C20 Exec Chair Uph: 126/316, W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea Beige, W12 finish
2	Corry F58-2204-03 Two Drawer Files, P77 Brown finish

019626

Quantity	Description
2	Nucraft 240-OBC Bookcases Special match Kimball 900 Series
2	Panels Stationary Draperies Schumacher 74193-54 Beige, Palace Robe w/Kirsch 54147 Brass Rods
2	Levolor Blinds
1	Kimball 90-3066DW Desk
1	Kimball 82/B23/C20 Exec Chair Uph: 126/316, W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame Strip 1400 Amber/Navy
1	Kimball 90-1978SW Credenza
1	Wildwood 5018 Lamp
1	Pair Draperies Schumacher All Spice 75M 465-5411 W/ Kirsch 54145 Brass Rod
4	Thonet 8669 Side Chairs Uph: 343 English Oak
1	Thonet 242-718 36" Dia. Table Finish: 343 English Oak
1	Kay Lyn M356 Bench, Uph: 30-25B
1	Mt. Airy 5066C Desk, Orient Oak Finish
2	Mt. Airy Arm Chairs, Orient Oak Finish, Uph:
1	Mt. Airy 30295 Exec Chair, Orient Oak Finish, uph:
2	Corry F58-2206-03 Two Drawer Files P77 Brown Finish
2	Corry 146-1087 Top, LW7 Walnut Finish
1	Mt. Airy 5083-5087-5888 Credenza Orient Oak finish
1	Wildwood 2741 Lamp
2	Pair draperies Robert Allen King Street Stripe Taupe
1	Hickory Manufacturing 2760-86 Console Table
1	Kimball 90-3066DW Desk
1	Kimball 92/B23/C20 Exec Chair Uph: 126/316
2	Kimball 97 Guest Chairs Uph: Wooltex 1128 Peach
1	Kimball 90-1978SW Credenza
1	Wildwood Lamp 2713
1	Pair Draperies Kravet Kelman-11 w/Kirsch 54145 Brass rods

019627

Quantity	Description
2	Hamilton 45J120/57J1 Drafting table w/two drawer auxiliary pedestals 37-1/2x48x37"lt Golden Oak
3	Hamilton Plan files Consisting of: 1-ea 1J1 Cap; 2-ea 1J15 24x36 5-drawer units; 1-ea 1J117 Flush base
1	Conover 12-17 Hi-Lo Table 40" Dia. w/leather grain laminate top
4	Conover 1066 Conference Chairs Uph: Pattern Diamond Color: Rust
2	Kimball 515 Drafting Stools Med. Oak finish, Uph: Wooltex 1104 bittersweet
1	Pr Draperies Dravet Kelman 11 w/Kirsch 54145 Brass rods
1	Kimball 90-6675RW Sec Desk
1	Kimball 80-B20-C20 Sec Chair Uph: Wooltex 1120 Wedgewood Finish: W12
2	Corry F58-2206-03 Two Drawer Lateral Files P77 Brown finish
2	Corry 146-1087 Tops Finish: Lw& Walnut
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea/Beige W12 finish
1	Pair Draperies Robert Allen Pattern: Charleston Cambric Color: Wedgewood w/Kirsch brass rods 54145
1	Kimball 90-3672DWM Desk W12 finish
1	Kimball 90-1978SWM Credenza W12 finish
1	Carolina Seating 6185-7 Exec Chair Uph: PF-345 Leather
2	Carolina Seating 6184 Side Chairs Uph: Grade 27 #582/775
1	Leathercraft 1031-17 Wing Chair Uph: PA Mahogany
1	Madison Square 307 Butlers tray table
1	Kay Lyn Sofa 1044-60 Uph: 5127/25
1	Wildwood 5053 Beldue Dragon Lamp
3	Pairs Draperies Payne 87214, Melshire Turkey red w/cornice board
1	Madison Square 414 Tilt top table
1	Madison Square 501 End table
1	Kimball 90-11 Bookcase
2	World Imports 7118 36" Diameter Brass Chandeliers

Room 118 Presentation-122 Reception

019628

Quantity	Description
1	Feldman T3330 Hanging Latern Room 123 Foyer
8	Nulco 1832-02 Wall Sconces, Polished brass finish Rooms: 122 Reception (6), Presentation (2)
6	Nulco 867-92 Ceiling Fixtures Finish: Polished Brass, Room 114 Alcove, 119 Hall, 120 Hall, 125 Hall, 126 Hall, 131 Alcove
2	20-1202 Exterior Wall Bracket Fixtures
1	40-1204 Exterior Hanging Fixture
16	Silk shades for wall scenes, bulbs for all decorative fixtures, decorative ceiling medalions for two chandeliers
	Glassware for Board Room
40	Pieces framed art, including two 18th Century Etchings, one commissioned watercolor, and four original watercolors by local artists.
	Miscellaneous accessory items including one 7" high 6-panel oriental screen (reception), one original oil (copy of original master-board room), Brass planters for offices, mirror for foyer, sixteen brass finish wastebaskets and eight brass finish double letter trays, (offices), ashtrays, five brass fireplace tool sets, bookends, candlesticks, and other decorative items for bookshelves, tables, etc.
1	Kimball 90-3066DW Desk
1	Kimball 82/B23/B20/C20 Exec Chair Uph: 126/316 W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame stripe 1400 Amber/navy
1	Kimball 90-1978SW Credenza
1	Wildwood 5019 Caddy Lamp
1	Scheduling File
8	#5202 Lyon Metal Lockers
12	#5202-3 Lyon Metal Lockers
1	Wellington Hall 6-405-5 Console Table Finish: Mahogany

018629

Quantity	Description
1	Wildwood #155 Lamp
1	Hickory Manufacturing 1760-84 Side Chair Uph: Westgate 3-3623
1	Kimball 90-6675RW Secretarial Desk Finish W12
1	Kimball 80-B20-C20 Secretarial Chair Uph: Wedgewood 1120 Wooltex Finish: W12
1	Corry Jamestown F58-2106-03 two-drawer file unit Finish: P77 Brown
1	Kimball 90-6019P Top Finish: Laminate
1	Corry Jameston F-58-2102-02 Two drawer high shelf storage unit Finish: P77 Brown

019630

EXHIBIT D

Schedule 1

Debtor: Major Media of the Southeast, Inc., a Delaware corporation doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising.

Major Media of the Southeast, Inc. has been using, and operating under, said name without change since , and has been using the name Naegele Outdoor Advertising in Spartanburg County, South Carolina since . The principal place of business of Major Media of the Southeast, Inc. in Spartanburg County, South Carolina is _____.

Secured Parties: NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina _____

Schedule 2

Debtor: Major Media of the Southeast, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344
[insert Spartanburg County Address]

Secured Parties: NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina _____

019631

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

DRAFT
KR&H
9/15/83
7500S

SPARTANBURG COUNTY

AND

NCNB NATIONAL BANK OF NORTH CAROLINA,

as trustee

INDENTURE OF TRUST

Dated as of September 1, 1983

019632

INDENTURE OF TRUST

TABLE OF CONTENTS

(This Table of Contents is not a part of the Indenture of Trust and is only for convenience of reference.)

		Page
PARTIES		1
RECITALS		1
GRANTING CLAUSES		2
	ARTICLE I	
DEFINITIONS		4
	ARTICLE II	
	THE BONDS	
SECTION 2.01.	Authorized Amount of Bonds	11
SECTION 2.02.	Issuance of Bonds	11
SECTION 2.03.	Execution of Certificated Bonds	12
SECTION 2.04.	Authentication	13
SECTION 2.05.	Form of Bonds	13
SECTION 2.06.	Delivery of Bonds	13
SECTION 2.07.	Mutilated, Lost, Stolen or Destroyed Bonds	14
SECTION 2.08.	Registration and Exchange of Bonds; Persons Treated as Owners	14
SECTION 2.09.	Destruction of Bonds	15
SECTION 2.10.	Additional Bonds	16
SECTION 2.11.	Temporary Bonds	17

019633

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 3.01.	Redemption Dates and Prices	18
SECTION 3.02.	Notice of Redemption	19
SECTION 3.03.	Redemption Payments	20
SECTION 3.04.	Cancellation	20
SECTION 3.05.	Partial Redemption of Bonds	20
SECTION 3.06.	Sinking Fund	21

ARTICLE IV

GENERAL COVENANTS

SECTION 4.01.	Payment of Principal, Premium, if Any, and Interest	23
SECTION 4.02.	Performance of Covenants; Issuer ..	24
SECTION 4.03.	Instruments of Further Assurance	24
SECTION 4.04.	Recording and Filing	24
SECTION 4.05.	Inspection of Project Books	25
SECTION 4.06.	Rights Under Agreement	25

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01.	Source of Payment of Bonds	26
SECTION 5.02.	Creation of Bond Fund	26
SECTION 5.03.	Payments Into Bond Fund	26
SECTION 5.04.	Use of Moneys in Bond Fund	26
SECTION 5.05.	Custody of Bond Fund	26
SECTION 5.06.	Construction Fund	27
SECTION 5.07.	Payments Into the Construction Fund; Disbursements	27

019634

SECTION 5.08. Completion of Project 27

SECTION 5.09. Nonpresentment of Bonds 27

SECTION 5.10. Moneys To Be Held in Trust 28

SECTION 5.11. Repayment to Company From Bond Fund or Construction Fund 28

SECTION 5.12. Custody of Separate Trust Fund 28

ARTICLE VI

INVESTMENT OF MONEYS 30

ARTICLE VII

SUBORDINATION TO RIGHTS OF COMPANY

SECTION 7.01. Subordination to Rights of Company 31

SECTION 7.02. Granting of Rights in and to Project 31

SECTION 7.03. Release of Equipment Forming a Part of Project 31

ARTICLE VIII

DISCHARGE OF LIEN 32

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default 35

SECTION 9.02. Acceleration 35

SECTION 9.03. Other Remedies; Rights of Bondholders 35

SECTION 9.04. Right of Bondholders to Direct Proceedings 36

SECTION 9.05. Appointment of Receivers 36

SECTION 9.06. Waiver 37

SECTION 9.07. Application of Moneys 37

019635

SECTION 9.08.	Remedies Vested in Trustee	39
SECTION 9.09.	Rights and Remedies of Bondholders	39
SECTION 9.10.	Termination of Proceedings	40
SECTION 9.11.	Waivers of Events of Default	40
SECTION 9.12.	Notice of Defaults Under Section 9.01(c); Opportunity of Issuer and Company To Cure Such Defaults	41

ARTICLE X

TRUSTEE

SECTION 10.01.	Acceptance of Trusts	42
SECTION 10.02.	Fees, Charges and Expenses of Trustee	45
SECTION 10.03.	Notice to Bondholders if Default Occurs	45
SECTION 10.04.	Intervention by Trustee	45
SECTION 10.05.	Successor Trustee	45
SECTION 10.06.	Resignation by Trustee	46
SECTION 10.07.	Removal of Trustee	46
SECTION 10.08.	Appointment of Successor Trustee by Bondholders	46
SECTION 10.09.	Acceptance by Any Successor Trustee	47
SECTION 10.10.	Right of Trustee To Pay Taxes and Other Charges	47
SECTION 10.11.	Appointment of Co-Trustee	48

ARTICLE XI

SUPPLEMENTAL INDENTURES

SECTION 11.01.	Supplemental Indentures Not Requiring Consent of Bondholders ..	49
SECTION 11.02.	Supplemental Indentures Requiring Consent of Bondholders	49

019636

ARTICLE XII

AMENDMENT OF AGREEMENT

SECTION 12.01.	Amendments to Agreement Not Requiring Consent of Bondholders ..	52
SECTION 12.02.	Amendments to Agreement Requiring Consent of Bondholders	52

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01.	Consents of Bondholders	53
SECTION 13.02.	Limitation of Rights	53
SECTION 13.03.	Severability	54
SECTION 13.04.	Notices	54
SECTION 13.05.	Payments Due on Saturdays, Sundays and Holidays	55
SECTION 13.06.	Counterparts	55
SECTION 13.07.	Applicable Provisions of Law	55
SECTION 13.08.	Rules of Interpretation	55
SECTION 13.09.	Captions	55
TESTIMONIUM		55
SIGNATURES AND SEALS		55
EXHIBIT A - Form of Bond		

019637

INDENTURE OF TRUST

THIS INDENTURE OF TRUST is dated as of September 1, 1983 between SPARTANBURG COUNTY ("Issuer"), a county of the State of South Carolina and a political subdivision thereof, and NCNB NATIONAL BANK OF NORTH CAROLINA ("Trustee"), a national banking association, with its principal corporate trust office located at Charlotte, North Carolina, as trustee.

W I T N E S S E T H :

WHEREAS, pursuant to and in accordance with the provisions of the Industrial Development Bond Act, being Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), by appropriate action duly taken by the Council of Issuer, and in furtherance of the purposes of the Act, Issuer proposes to finance the cost of acquisition, construction, improving and equipping of certain industrial development facilities to be located within the jurisdictional boundaries of Issuer (which facilities together with the land on which they are located, are hereinafter referred to as the "Project"), to be owned by Major Media of the Southeast, Inc., a Delaware corporation doing business in Spartanburg County, South Carolina, as Naegele Outdoor Advertising ("Company"), by the issuance of industrial development revenue bonds (the "Series 1983 Bonds") under this Indenture of Trust (this "Indenture"); and

WHEREAS, the Act provides that a county has the power to enter into agreements with any industry to construct and thereafter operate, maintain and improve a "project," as defined in the Act and to enter into a financing agreement with such industry representing the terms and conditions of the payments to be made by the industry to the county to meet the payments that shall become due on bonds issued pursuant to the Act;

WHEREAS, the Act authorizes a county to issue revenue bonds for the purpose of defraying the cost of constructon of land and buildings including office facilities and furnishings to be used for the manufacturing, processing or assembling of manufactured products; and

WHEREAS, Issuer has undertaken to finance the acquisition, construction, improving and equipping of the Project by loaning the proceeds from the sale of the Series 1983 Bonds to Company pursuant to the provisions of a Loan Agreement (the "Agreement") between Issuer and Company, dated as of even date herewith, with loan payments sufficient to pay when due the principal of and premium, if any, and interest on the Series 1983 Bonds and related expenses; and

013638

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the acquisition, construction, improving and equipping of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of the Series 1983 Bonds in the principal amount of $1,000,000, as hereinafter provided (the Series 1983 Bonds and any Additional Bonds issued hereunder are collectively referred to as the "Bonds"); and

WHEREAS, all things necessary to make the Series 1983 Bonds when authenticated by Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the amounts pledged to the payment of the principal of and premium, if any, and interest on the Series 1983 Bonds, and to constitute this Indenture a valid assignment of the rights of Issuer under the Agreement, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Series 1983 Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That Issuer in consideration of the premises and the acceptance by Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby assign and grant a security interest in the following to Trustee and its successors in trust and assigns forever, for the securing of the performance of the obligations of Issuer hereinafter set forth:

GRANTING CLAUSE FIRST

The Agreement, including all extensions and renewals of the term thereof, if any, together with all right, title and interest of Issuer in and to the Agreement, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums,

013639

amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Agreement (except for amounts payable to Issuer under Sections 4.2(b), 7.2 and 8.4 thereof), to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Issuer under the Agreement is or may become entitled to.

GRANTING CLAUSE SECOND

All moneys and securities from time to time held by Trustee under the terms of this Indenture, except for moneys deposited with or paid to Trustee for the redemption of Bonds, notice of the redemption of which has been duly given.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto Trustee and its respective successors in said trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds, from time to time, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of and premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner set forth in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with Trustee the entire amount due or to become due thereon (or Governmental Obligations sufficient for that purpose as provided in Article VIII hereof), and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the

019640

amounts payable under the Agreement and any other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and Issuer has agreed and covenanted, and does hereby agree and covenant with Trustee and with the respective owners of the Bonds as follows:

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings:

"Act" means the Industrial Development Bond Act, being Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended.

"Additional Bonds" means bonds issued by Issuer pursuant to this Indenture in addition to the Series 1983 Bonds.

"Agreement" means the Loan Agreement dated as of this date, between Issuer and Company, and any amendments and supplements thereto.

"Bond Fund" means the fund created in Section 5.02 hereof.

"Bondholder" or "holder" or "owner of the Bonds" means the Registered Owner of any fully registered Bond.

"Bonds" means the Series 1983 Bonds and any Additional Bonds.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed, in the city in which Trustee has its principal corporate trust office.

"Certificated Bond" means a Bond which is represented by an instrument.

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

"Company" means (i) Major Media of the Southeast, Inc., a Delaware corporation doing business in Spartanburg County, South Carolina, as Naegele Outdoor Advertising, and its successors and assigns, and (ii) any surviving, resulting or transferee entity as provided in Section 2.2(b) of the Agreement.

019641

"Company Representative" means the person or persons at the time designated to act on behalf of Company by written certificate furnished to Issuer and Trustee containing the specimen signatures of such person or persons and signed on behalf of Company by the President, any Vice President, the Secretary or any Assistant Secretary of Company.

"Completion Date" means the date of completion of acquisition, construction, improving and equipping of the Project, as that date shall be certified as provided in Section 3.5 of the Agreement.

"Construction Fund" means the fund created in Section 5.06 hereof.

"Cost of Construction" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Act, including but not limited to, the actual cost of the construction of any part of the Project which may be constructed, including architects' and engineers' fees; the purchase price of any part of the Project that may be acquired by purchase; all expenses in connection with the authorization, sale and issuance of the Bonds to finance such acquisition; and the interest on the Bonds for a reasonable time prior to construction, during construction, and for not exceeding one year after completion of construction.

"Default" and "Event of Default" mean, with respect to any Default or Event of Default under this Indenture, any occurrence or event specified in and defined by Section 9.01 hereof.

"Governmental Obligations" means any of the following which are noncallable and which at the time of investment are legal investments for the moneys proposed to be invested therein:

(a) direct general obligatons of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) bonds, debentures or notes issued by Government National Mortgage Association, Federal Financing Bank, Federal Farm Credit Banks, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association or any other comparable federal agency hereafter created; and

019642

(c) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States of America.

"Guarantor" means (i) Major Media, Inc., a Delaware corporation, and its successors and assigns, and (ii) any surviving, resulting or transferee entity as provided in the Guaranty.

"Guaranty" means the Guaranty Agreement dated as of this date, from Guarantor, as guarantor, to Trustee, wherein Guarantor guarantees the payment of principal of and premium, if any, and interest on the Series 1983 Bonds, and any amendments and supplements thereto.

"Indenture" means this Indenture of Trust, pursuant to which the Bonds are authorized to be issued, including any indenture supplemental hereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state or the District of Columbia and who is not a full-time employee, director or shareholder of Issuer, Company or Guarantor.

"Issuer" means Spartanburg County, a county of the State of South Carolina and a political subdivision thereof, and its successors.

"Issuer Representative" means the person or persons at the time designated to act on behalf of Issuer by written certificate furnished to Company and Trustee containing the specimen signatures of such person or persons and signed on behalf of Issuer by its duly authorized agent.

"Late Payment Rate" means a percentage per annum equal to one percentage point greater than the interest rate then payable on the Bonds.

"Mortgage" means the Mortgage and Security Agreement dated as of this date between Company and Trustee and any amendments and supplements thereto.

"Net Proceeds" means, when used with respect to any insurance proceeds from policies required by Section 4.6 of the Agreement or any condemnation award, the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Original Purchaser" means NCNB National Bank of North Carolina and its successors and assigns.

019643

"Outstanding" or "Bonds Outstanding" means all Bonds which have been authenticated and delivered by Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds paid or deemed to be paid pursuant to Article VIII of the Indenture; and

(c) Bonds in lieu of which others have been authenticated under Section 2.07 or Section 2.08 hereof.

"Paying Agent" or "Paying Agents" means such financial institutions and their successors and assigns as are appointed additional Paying Agents pursuant to Section 2.02(f) hereof.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which Company may, pursuant to the provisions of Section 4.5 of the Agreement, permit to remain unpaid, (ii) the Agreement, this Indenture, the Mortgage and any financing statements naming Issuer or Company as debtor and naming Trustee or Issuer as secured party filed to perfect the security interests granted by the Mortgage, this Indenture and the Agreement, (iii) utility access and other easements and rights of way, restrictions and exceptions that Company Representative certifies will not interfere with or impair the Project, and (iv) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Project and as do not, in the opinion of Independent Counsel, materially impair the property affected thereby for the purpose for which Issuer has loaned its funds.

"Prime Rate" means the rate of interest publicly announced by Original Purchaser from time to time as its prime rate.

"Project" means the Project Building and the Project Site.

"Project Building" means (i) the property which is described generally in Exhibit B to the Agreement and which is acquired, constructed, improved and equipped with the proceeds of the sale of the Bonds or the proceeds of any payment by Company pursuant to the provisions of Section 3.6 of the Agreement, and (ii) any item of machinery, equipment

019644

or other tangible property acquired in substitution for, or as a renewal or replacement of, or a modification or improvement to, any property described in (i) above, pursuant to the provisions of Sections 4.4 and 5.2(a) of the Agreement.

"Project Site" means the real estate described in Exhibit A to the Agreement on which the Project Building will be situated, which real estate is owned by Company, and any other interests in real property, leasehold interests, easements, licenses and rights in real property hereafter acquired by Company with proceeds of the Bonds for use in connection with the Project, less any interests in real property, easements, licenses, rights of way or similar rights and privileges as may be released from the lien of the Mortgage as provided therein, or taken by the exercise of the power of eminent domain.

"Record Date" means the 15th day of the preceding month.

"Registered Owner" means the person or persons in whose name or names a Bond shall be registered on the books of Issuer kept for that purpose in accordance with the provisions of the Indenture.

"Series 1983 Bonds" means the $1,000,000 aggregate principal amount of Issuer's Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 issued by Issuer pursuant to this Indenture.

"State" means the State of South Carolina.

"System of Registration" and "System" mean a plan that provides:

(i) with respect to a Certificated Bond, that (1) the Certificated Bond specify the person entitled to the Bond and the rights it represents, and (2) transfer of the Certificated Bond and the rights it represents be registered upon books maintained for that purpose by Trustee on behalf of Issuer; and

(ii) with respect to an Uncertificated Bond, that (1) books maintained by Trustee on behalf of Issuer for the purpose of registration of the transfer of a Bond specify the person entitled to the Bond and the rights evidenced thereby, and (2) transfer of the Uncertificated Bond and the rights evidenced thereby be registered upon such books.

"Term of Agreement" means the term of the Agreement as specified in Section 11.1 of the Agreement.

013645

"Trustee" means NCNB National Bank of North Carolina, Charlotte, North Carolina, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor trustee hereunder.

"Trust Estate" means the property conveyed to Trustee pursuant to the Granting Clauses hereof.

"Uncertificated Bond" means a Bond which is not represented by an instrument.

[End of Article I]

019646

ARTICLE II

THE BONDS

Section 2.01. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to $1,000,000, except as provided in Sections 2.07 and 2.10 hereof.

Section 2.02. Issuance of Bonds.

(a) The Series 1983 Bonds shall be designated "Spartanburg County Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983." The Series 1983 Bonds shall be issuable only as fully registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. Unless Issuer shall otherwise direct, the fully registered Bonds shall be numbered consecutively from 1 upward. The Series 1983 Bonds shall be initially issued as one fully registered Bond, numbered 1, in the principal amount of $1,000,000.

(b) The Series 1983 Bonds shall be dated as of their date of issuance and delivery, and shall bear interest from such date payable monthly on the first day of each month of each year with the first interest payment to be made on October 1, 1983. Series 1983 bonds issued in exchange for Bond Number 1 shall be dated as of the first day of the month in which such exchange occurred, or if issued on the first day of a month, as of such date, and shall bear interest payable monthly from their date. If interest on the Bonds shall be in Default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered.

(c) The Series 1983 Bonds shall bear interest monthly at the rate of 70% of the Prime Rate based on the actual number of days elapsed over a 365 day year. The "Prime Rate" is the rate of interest publicly announced by Trustee from time to time for its prime rate.

(d) The principal amount of the Series 1983 Bonds shall be due and payable on September 1, 1993.

013647

(e) The principal of and premium, if any, on the Series 1983 Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of Trustee in Charlotte, North Carolina, or of its successor in trust, or at the duly designated office of any Paying Agents. Payment of interest on any Bond shall be made to such person as is the Owner thereof on the Record Date and shall be paid by check or draft mailed to such person as is the Owner on the Record Date at his address as it appears on the registration books of Issuer or at such other address as is furnished to Trustee in writing by such Registered Owner.

Trustee agrees to notify Company at least two Business Days prior to the date on which Company is required to make a payment under the Agreement of the amount due for said payment. Should the Prime Rate change during such two Business Days, Trustee will calculate the actual amount of interest owed for such period and make the appropriate adjustment in the calculation of the amount to be paid by Company under the Agreement for the following payment.

(f) Trustee is hereby designated and agrees to act as Bond Registrar and Paying Agent for and in respect to the Bonds. Issuer hereby covenants and agrees to cause the necessary arrangements to be made through Trustee and to be thereafter continued for the designation of any additional Paying Agents as may be approved by Company and for the making available of funds hereunder for the payment of such of the Bonds as shall be presented when due at the principal office of said additional Paying Agents.

(g) Trustee shall establish and maintain a System of Registration with respect to the Bonds. The System of Registration shall be a system pursuant to which both Certificated Bonds and Uncertificated Bonds may be issued. The System shall permit the issuance of Bonds in any denomination (which is an integral multiple of $5,000) to represent several Bonds of smaller denominations (which are each integral multiples of $5,000). The System may also provide for the form of recordation of Uncertificated Bonds and of any writing relating to an Uncertificated Bond. Forms of Certificated Bonds shall be as described in this Indenture.

Nothing in the foregoing paragraph shall preclude a conversion from one of the forms of Bonds provided for

herein to a form of obligation not provided for herein if interest on the obligation so converted will continue to be exempt from the income tax provided for by the Code.

Section 2.03. Execution of Certificated Bonds. The Certificated Bonds shall be executed on behalf of Issuer with the manual signature of its Chairman and shall have impressed or imprinted thereon the official seal of Issuer and be attested with the manual signature of the Clerk of Council of Issuer. In case any officer whose signature shall appear on the Certificated Bonds shall cease to be such officer before the delivery of such Certificated Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

Section 2.04. Authentication. No Certificated Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Certificated Bond substantially in the form set forth on Exhibit A attached hereto shall have been duly executed on behalf of Trustee by the manual signature of its authorized officer, and such executed certificate of Trustee upon any such Certificated Bond shall be conclusive evidence that such Certificated Bond has been authenticated and delivered under this Indenture. Trustee's certificate of authentication on any Certificated Bond shall be deemed to have been executed by it if signed by an authorized officer of Trustee, but it shall not be necessary that the same officer execute the certificate of authentication on all of the Certificated Bonds.

Section 2.05. Form of Certificated Bonds. The Series 1983 Bonds issued as Certificated Bonds and Trustee's certificate of authentication to be endorsed on such Certificated Bonds are to be in substantially the form set forth on Exhibit A attached hereto, with appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.06. Delivery of Bonds. Upon the execution and delivery of this Indenture, Issuer shall execute and deliver to Trustee, and Trustee shall authenticate the Series 1983 Bonds which are to be issued as Certificated Bonds and deliver them to the Original Purchaser as directed by Issuer as hereinafter in this Section provided. Trustee shall make and keep appropriate records with respect to any Series 1983 Bonds to be issued as Uncertificated Bonds as directed by Issuer.

019649

Prior to the delivery by Trustee of the Series 1983 Bonds there shall be filed with Trustee:

(1) A copy, duly certified by the Clerk of Council of Issuer, of the ordinance adopted by Issuer authorizing the issuance of the Series 1983 Bonds and the execution and delivery of this Indenture and the Agreement.

(2) Original executed counterparts of the Agreement, this Indenture, the Mortgage and the Guaranty.

(3) A request and authorization to Trustee on behalf of Issuer and signed by its Chairman or County Administrator to authenticate and deliver the Certificated Series 1983 Bonds to the purchasers therein identified, and to make and keep appropriate records as to the purchasers of any Uncertificated Series 1983 Bonds, upon payment to Trustee, but for the account of Issuer, of a sum specified in such request and authorization. The proceeds of such payment shall be paid over to Trustee and deposited in the Bond Fund and the Construction Fund pursuant to Article V hereof.

(4) Evidence satisfactory to the Trustee that the issuance of the Series 1983 Bonds has been approved by the State Budget and Control Board of the State and by the "applicable elected representative," as defined in Section 103(k) of the Code.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Certificated Bond is mutilated, lost, stolen or destroyed, Issuer shall execute and Trustee shall authenticate a new Certificated Bond of like date, maturity and denomination to that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Certificated Bond, such mutilated Certificated Bond shall first be surrendered to Trustee, and in the case of any lost, stolen or destroyed Certificated Bond, there first shall be furnished to Issuer and Trustee evidence of such loss, theft or destruction satisfactory to Issuer and Trustee, together with an indemnity satisfactory to them. In the event any such Certificated Bond shall have matured, instead of issuing a duplicate Certificated Bond, Issuer may pay the same without surrender thereof making such requirements as it deems fit for its protection, including a lost instrument bond. Issuer and Trustee may charge the owner of such Certificated Bond with their reasonable fees and expenses for such service.

019650

Section 2.08. Registration and Exchange of Bonds; Persons Treated as Owners. Trustee is hereby constituted and appointed the Bond Registrar of Issuer and shall keep for and on behalf of Issuer books for the registration and for the transfer of the Bonds as provided in this Indenture. The principal of any Bond shall be payable only to or upon the order of the Registered Owner or his legal representative. Upon surrender for transfer of any Bond at the principal corporate trust office of Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, Issuer shall execute and Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount.

Bonds may be exchanged at the principal corporate trust office of Trustee for a like aggregate principal amount of Bonds, whether Certificated or Uncertificated, of other authorized denominations of the same series and the same maturity. In the case of Certificated Bonds, Issuer shall execute and Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The execution by Issuer of any Certificated Bond of any denomination shall constitute full and due authorization of such denomination, and Trustee shall thereby be authorized to authenticate and deliver such registered Certificated Bond.

In each case, Trustee shall require the payment by the Bondholder requesting exchange or transfer only of any tax or other governmental charge required to be paid with respect to such exchange or transfer. All other costs of such transfers and exchanges shall be borne by Company.

Trustee shall not be required to transfer or exchange any Bond during the period from the Record Date next preceding any interest payment date of such Bond to such interest payment date nor to transfer or exchange any Bond after the first mailing of notice calling such Bond or portion thereof for redemption has been given as herein provided, nor during the period of fifteen (15) days next preceding the giving of such notice of redemption.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove

provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.09. Destruction of Bonds. Whenever any Outstanding Bond shall be delivered to Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount or interest represented thereby, or for replacement pursuant to Section 2.07 hereof, such Bond shall be promptly canceled and cremated or otherwise destroyed by Trustee, and counterparts of a certificate of destruction evidencing such cremation or other destruction shall be furnished by Trustee to Issuer and Company.

Section 2.10. Additional Bonds. So long as the Agreement is in effect, one or more series of Additional Bonds may be issued, authenticated and delivered for the purposes provided in Section 3.9 of the Agreement. Such Additional Bonds shall be payable solely from the amounts payable under the Agreement (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Additional Bonds or to income from the temporary investment thereof and, under certain circumstances, to proceeds from insurance and condemnation awards). The Additional Bonds of each such series shall be authenticated by Trustee and, upon payment to Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by Trustee to or upon the order of the purchasers thereof, but only upon there being filed with Trustee:

(a) Original, executed counterparts of a supplemental indenture, an amendment of the Agreement and an amendment of the Mortgage expressly providing that, for all purposes of this Indenture, the Agreement and the Mortgage, the Project shall include any facilities being financed by the Additional Bonds. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, the time or times of payment of the interest thereon and the principal thereof, and the redemption provisions, if any, with respect thereto, all shall be as provided in the supplemental indenture, rather than as provided in this Indenture, and may differ from the provisions with respect to the Series 1983 Bonds set forth in this Indenture.

(b) A written opinion by an attorney or firm of attorneys of nationally recognized bond counsel to the effect that the issuance of the Additional Bonds and the execution thereof have been duly authorized, all conditions precedent to the delivery thereof have been

019652

fulfilled, and that the exemption from federal income tax of the interest on the Series 1983 Bonds and any Additional Bonds theretofore issued will not be affected by the issuance of the Additional Bonds being issued.

(c) A written order to Trustee by Issuer to authenticate and deliver the Additional Bonds to the purchaser or purchasers therein identified upon payment to Trustee of a specified sum.

(d) An original executed counterpart of an amendment to the Guaranty so that the Guaranty includes the Additional Bonds.

Each series of Additional Bonds issued pursuant to this Section shall be equally and ratably secured under this Indenture with the Series 1983 Bonds and all other series of Additional Bonds, if any, theretofore issued pursuant to this Section, without preference, priority or distinction of any Bonds over any other thereof.

Notwithstanding anything herein to the contrary, no Additional Bonds shall be issued unless (i) the Agreement is in effect and (ii) there is no Default at the time of issuance under the Agreement, the Mortgage, the Guaranty or this Indenture and (iii) the Guarantor shall have unconditionally guaranteed payment of principal of and premium, if any, and interest on the Additional Bonds.

Section 2.11. Temporary Bonds. Until Bonds in definitive form are ready for delivery, Issuer may execute, and upon the request of Issuer, Trustee shall authenticate and deliver, subject to the provisions, limitations and conditions set forth above, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Indenture. Upon the presentation and surrender of any Bond or Bonds in temporary form, Issuer shall, without unreasonable delay, prepare, execute and deliver to Trustee, and Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in Certificated or Uncertificated form, as designated by the Owner thereof. Such exchange shall be made by Trustee without making any charge therefor to the owner of such Bond in temporary form.

[End of Article II]

019653

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01. Redemption Dates and Prices. The Series 1983 Bonds are callable for redemption at any time at the option of Issuer upon written direction from Company. Company shall be obligated to prepay the amounts payable under the Agreement as provided in Article X of the Agreement. If called for redemption at any time other than pursuant to Article X of the Agreement, the Series 1983 Bonds shall be subject to redemption by Issuer prior to maturity on any interest payment date, in whole or (in the case of redemption pursuant to Section 5.2(b) of the Agreement) in part in the inverse order of their maturities, less than all of such Series 1983 Bonds of a single maturity to be selected by lot in such manner as Trustee may determine, at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. If called for redemption at any time pursuant to Article X of the Agreement, the Bonds shall be subject to redemption by Issuer prior to maturity within one hundred eighty (180) days after a "Determination of Taxability," as that term is defined in Article X of the Agreement, at (a) one hundred percent (100%) of the aggregate principal amount of Bonds outstanding at the time of a Determination of Taxability plus accrued interest to the redemption date, plus (b) a redemption premium in an amount equal to the interest borne by all Bonds outstanding on the Taxable Date (as defined in the Agreement) from the Taxable Date to the date of the payment or redemption of such Bonds, provided that if any such Bond is owned by more than one person between the Taxable Date and the date of payment or redemption, such redemption premium shall be allocated among such owners based on the length of time such owner owned the Bond subsequent to the Taxable Date.

In case a Series 1983 Bond is of a denomination larger than $5,000, a portion of such Bond ($5,000 or any integral multiple thereof) may be redeemed, but Series 1983 Bonds shall be redeemed only in the principal amount of $5,000 or any integral multiple thereof.

The Series 1983 Bonds shall be called for redemption by Trustee as herein provided upon receipt by Trustee at least forty-five (45) days prior to the redemption date of a certificate of Company signed by a Company Representative on behalf of Issuer directing such redemption. Such certificate shall specify the redemption date, the principal amount of the Series 1983 Bonds or portions thereof so to be called for redemption, the applicable redemption price or prices and the

019654

provision or provisions of this Indenture pursuant to which such Series 1983 Bonds are to be called for redemption.

3.02. Notice of Redemption. Notice of the call for any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by Trustee by mailing a copy of the redemption notice by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond with respect to which no such failure has occurred.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

Section 3.03. Redemption Payments. Prior to the date fixed for redemption, funds shall be deposited with Trustee to pay, and Trustee is hereby authorized and directed to apply such funds to the payment of, the Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. Upon the giving of notice for redemption in accordance with Section 3.02 hereof, the Bonds or portions thereof called for redemption shall become due and payable on the redemption date at the redemption price and (if the moneys necessary to effect such redemption are on deposit with the Trustee and available therefor) shall cease to bear interest from and after the redemption date; and such Bonds or portions thereof shall cease from and after the redemption date to be entitled to any benefit or security under this Indenture, and the owners thereof shall have no rights in respect of such Bonds or portions thereof except the right to receive payment of the redemption price thereof and interest accrued to the redemption date. If any Bond or portion thereof called for redemption shall not be paid at the redemption date or upon surrender thereof for redemption, whichever is the latter to occur, such Bond shall continue to bear interest until paid.

Section 3.04. Cancellation. All Bonds which have been redeemed shall not be reissued but shall be canceled and cremated or otherwise destroyed by Trustee in accordance with Section 2.09 hereof.

Section 3.05. Partial Redemption of Bonds. Upon surrender of any Bond for redemption in part only, Issuer shall execute and Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series and

019655

the same maturity, of authorized denominations, in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

[End of Article III]

019656

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal, Premium, if Any, and Interest; Limited Obligation. Issuer covenants that it will promptly pay the principal of and premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof, but solely from the amounts pledged therefor which are from time to time held by Trustee in the Bond Fund. The principal of and premium, if any, and interest on the Bonds are payable solely from the amounts to be paid under the Agreement and otherwise as provided herein and in the Agreement, the Mortgage and Guaranty, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of Issuer. Neither the State nor Issuer nor any political subdivision of the State shall in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by Issuer except to the extent that moneys pledged herein are sufficient therefor.

The Bonds shall not be general obligations of Issuer but shall be limited obligations payable solely from the amounts payable under the Agreement (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to proceeds from insurance and condemnation awards), the Guaranty and the Mortgage, and shall be a valid claim of the respective owners thereof only against the Bond Fund and other moneys held by Trustee and the amounts payable under the Agreement (except for amounts payable to Issuer under Section 4.2(b), 7.2 and 8.4 of the Agreement), which amounts (except for amounts payable to Issuer under Sections 4.2(b), 7.2 and 8.4 of the Agreement) are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of and premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. Neither Issuer, the State nor any other political subdivision of the State shall be obligated to pay the principal of such Bonds or the interest thereon or other costs incident thereto except from the money pledged therefor. Neither the faith and credit nor the taxing power of Issuer, the State nor any political subdivision of the State is pledged to the payment of the

019657

principal of or premium, if any, or interest on the Bonds or other costs incident thereto.

The Bonds shall be limited obligations of Issuer, the principal of, premium, if any, and interest on which shall be payable solely from the sources described in the immediately preceding paragraph. The Bonds and interest thereon shall never constitute an indebtedness of Issuer within the meaning of any State constitutional provision or statutory limitation, and shall never constitute nor give rise to a pecuniary liability of Issuer or a charge against its general credit or taxing powers.

Section 4.02. Performance of Covenants; Issuer. Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in the Agreement, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to assign the Agreement and to pledge the amounts to be paid under the Agreement and other amounts hereby pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations of Issuer according to the terms thereof and hereof.

Section 4.03. Instruments of Further Assurance. Issuer will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto Trustee all and singular the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. Issuer, except as herein and in the Agreement provided, will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project, the amounts, revenues and receipts payable under the Agreement or its rights under the Agreement.

Section 4.04. Recording and Filing. The Company has agreed in the Agreement that it will cause all financing statements related to this Indenture and all supplements thereto and the Agreement and all supplements thereto, as well as such other security agreements, financing statements

019658

and all supplements thereto and other instruments as may be required from time to time to be kept, to be recorded and filed in such manner and in such places as may from time to time be required by law in order to preserve and protect fully the security of the owners of the Bonds and the rights of Trustee hereunder, and to take or cause to be taken any and all other action necessary to perfect the security interest created by this Indenture.

Section 4.05. Inspection of Project Books. All books and records in Issuer's possession relating to the Project and the amounts derived from the Project shall at all reasonable times be open to inspection by such accountants or other agencies as Trustee may from time to time designate.

Section 4.06. Rights Under Agreement. The Agreement, a duly executed counterpart of which has been filed with Trustee, sets forth the covenants and obligations of Issuer and Company, including provisions that subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof, in accordance with the provisions hereof the Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of Trustee, and reference is hereby made to the Agreement for a detailed statement of said covenants and obligations of Company thereunder, and Issuer agrees that Trustee in its name or in the name of Issuer may enforce all rights of Issuer and all obligations of Company under and pursuant to the Agreement for and on behalf of the Bondholders, whether or not Issuer is in Default hereunder.

[End of Article IV]

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Source of Payment of Bonds. The payments provided in Section 4.2(a) of the Agreement are to be remitted directly to Trustee for the account of Issuer and deposited in the Bond Fund. Such payments, sufficient in amount to insure the prompt payment of the principal of and premium, if any, and interest on the Bonds, are pledged to such payment.

Section 5.02. Creation of Bond Fund. There is hereby created by Issuer and ordered established with Trustee a trust fund to be designated "Spartanburg County Industrial Development Revenue Bond Fund, Major Media of the Southeast, Inc. Project," which shall be used to pay when due the principal of and premium, if any, and interest on the Bonds.

Section 5.03. Payments Into Bond Fund. There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of the issuance, sale and delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) any amount in the Construction Fund directed to be paid into the Bond Fund in accordance with the provisions of Section 3.5 of the Agreement; (b) all payments specified in Section 4.2(a) of the Agreement; (c) any payments received pursuant to the Mortgage and the Guaranty; and (d) all other moneys received by Trustee under and pursuant to any of the provisions of the Agreement which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it will deposit, or cause to be paid to Trustee for deposit in the Bond Fund for its account, sufficient sums from the amounts derived from the Agreement, whether or not under and pursuant to the Agreement, promptly to pay when due the principal of and premium, if any, and interest on the Bonds as the same become due and payable.

Section 5.04. Use of Moneys in Bond Fund. Except as provided in Section 5.11 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity.

Section 5.05. Custody of Bond Fund. The Bond Fund shall be in the custody of Trustee but in the name of Issuer, and Issuer hereby authorizes and directs Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of

019660

and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction Trustee hereby accepts.

Section 5.06. Construction Fund. There is hereby created and established with Trustee a trust fund in the name of Issuer to be designated "Spartanburg County Industrial Development Revenue Construction Fund, Major Media of the Southeast, Inc. Project," which shall be expended in accordance with the provisions of the Agreement.

Section 5.07. Payments Into the Construction Fund; Disbursements. The balance of the proceeds of the issuance and delivery of the Bonds remaining after the deposit provided by the first sentence of Section 5.03 hereof has been made shall be deposited in the Construction Fund. Issuer covenants and agrees to take all necessary and appropriate action promptly in approving and ordering disbursements from the Construction Fund in accordance with provisions of the Agreement. Trustee is hereby authorized and directed to make each disbursement required by the provisions of the Agreement and to issue its checks therefor. Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs is or has been filed as provided in Section 5.08 hereof, Trustee shall file an accounting thereof with Issuer and Company.

Section 5.08. Completion of Project. The completion of the Project and payment or provision made for payment of all Costs of Construction shall be evidenced by the filing with Trustee of the certificate required by Section 3.5 of the Agreement. As soon as practicable and in any event not more than sixty (60) days from the date of the certificate referred to in the preceding sentence, any balance remaining in the Construction Fund (except amounts Company shall have directed Trustee to retain for any Cost of Construction not then due and payable) shall without further authorization be used by Trustee in the manner provided in Section 3.5 of the Agreement.

Section 5.09. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay any such Bond shall have been made available to Trustee for the benefit of the Registered Owner thereof, all liability of Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it

019661

shall be the duty of Trustee to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond.

Section 5.10. Moneys To Be Held in Trust. All moneys required to be deposited with or paid to Trustee for the account of any fund referred to in any provision of this Indenture or the Agreement shall be held by Trustee in trust, and except for moneys deposited with or paid to Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

Section 5.11. Repayment to Company From Bond Fund or Construction Fund. Any amounts remaining in the Bond Fund or Construction Fund after payment in full of the principal of and premium, if any, and interest on the Bonds, the fees, charges and expenses of Trustee and all other amounts required to be paid hereunder shall be paid immediately to Company.

Section 5.12. Custody of Separate Trust Fund. Trustee is authorized and directed to hold all Net Proceeds from any insurance proceeds or condemnation awards and disburse such proceeds in accordance with Article V of the Agreement. If Company directs that any portion of such Net Proceeds be applied to redeem Bonds, Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem on the next succeeding redemption date the amount of Bonds so specified by Company.

[End of Article V]

019662

ARTICLE VI

INVESTMENT OF MONEYS

Any moneys held as part of the Bond Fund, the Construction Fund or any other fund shall be invested and reinvested by Trustee in accordance with the provisions of Section 3.7 of the Agreement. Any such investments shall be held by or under the control of Trustee. Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented or whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. Issuer covenants and certifies to and for the benefit of the purchasers and owners of the Bonds from time to time Outstanding that so long as any of the Bonds remain Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 103(c)(2) of the Code. Pursuant to such covenant, Issuer obligates itself to comply throughout the term of the issue of the Bonds with the requirements of Section 103(c) of the Code, and any regulations promulgated thereunder.

[End of Article VI]

019663

ARTICLE VII

SUBORDINATION TO RIGHTS OF COMPANY

Section 7.01. Subordination to Rights of Company. This Indenture and the rights and privileges hereunder of Trustee and the owners of the Bonds are specifically made subject and subordinate to the rights and privileges of Company set forth in the Agreement. Trustee agrees that it shall execute and deliver any instrument necessary or appropriate at any time to confirm, evidence or enable Company to enjoy such rights and privileges, including without limitation those referred to in Section 7.02 hereof.

Section 7.02. Granting of Rights in and to Project. Reference is made to the provisions of the Agreement, including without limitation Sections 6.7 and 6.8 thereof, whereby Issuer and Company have reserved the right to grant rights in and to certain portions of the Project and to release certain lands from the Project upon compliance with the terms and conditions of the Agreement, and Trustee hereby agrees to such terms and conditions.

Section 7.03. Release of Equipment Forming a Part of Project. Reference is made to the provisions of the Agreement whereby Company may withdraw certain items of equipment forming a part of the Project upon substitution of other property in conformity with the terms and conditions of the Agreement, and Trustee hereby agrees to such terms and conditions.

[End of Article VII]

019664

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE VIII

DISCHARGE OF LIEN

If Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the owners of the Bonds the principal of and premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if Issuer shall not then be in Default in any of the other covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, and if Issuer shall pay or cause to be paid to Trustee and any Paying Agents all sums of money due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon Trustee shall release and discharge this Indenture and shall cancel and discharge the lien of this Indenture, and execute and deliver to Issuer such instruments in writing as shall be requisite to release the lien hereof, and reconvey, release, assign and deliver unto Issuer any and all of the estate, right, title and interest in and to any and all rights or interests in property assigned or pledged to Trustee or otherwise subject to the lien of this Indenture, except amounts in the Bond Fund or Construction Fund required to be paid to Company under Section 5.11 hereof and except cash held by Trustee for the payment of the principal of and premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of this Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Governmental Obligations, maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

019665

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this Indenture, or in the event said Bonds are not to be redeemed within the next succeeding sixty (60) days, until Company shall have given Trustee on behalf of Issuer, in form satisfactory to Trustee, irrevocable instructions to notify, as soon as practicable, the owners of the Bonds, in accordance with Article III hereof, that the deposit required by (a)(ii) above has been made with Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

All moneys so deposited with Trustee as provided in this Article may at the direction of Company also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of Trustee pursuant to this Article which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

Issuer and Trustee hereby covenant that no deposit will be made or accepted hereunder and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of Section 103(c)(2) of the Code.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Governmental Obligations have been so set aside in trust.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not

have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the owner of each Bond affected thereby.

[End of Article VIII]

019667

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 9.01. Defaults; Events of Default. If any of the following events occur, it is hereby declared to constitute an "Event of Default":

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

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

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of Issuer in this Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to Section 9.12 hereof; or

(d) The occurrence of an "Event of Default" under Section 8.1 of the Agreement, or under the Mortgage or the Guaranty.

Section 9.02. Acceleration. During the continuation of an Event of Default, Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds shall, by notice in writing delivered to Issuer and Company, declare the principal of all Outstanding Bonds and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder, Issuer and Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable as liquidated damages under Section 8.2(a) of the Agreement.

Section 9.03. Other Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and premium, if any, and interest on the Outstanding Bonds.

If an Event of Default shall have occurred and be continuing and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal

019668

amount of Outstanding Bonds and if indemnified as provided in Section 10.01(1) hereof, Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 9.03 and by Section 9.02 hereof, as Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

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

Section 9.04. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 9.05. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of Trustee and of the Bondholders under this Indenture, Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.06. Waiver. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully

019669

be waived, neither Issuer, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, and Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

Section 9.07. Application of Moneys. All moneys received by Trustee pursuant to any right given or action taken under the provisions of this Article or pursuant to the Mortgage and the Guaranty shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

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

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest beginning with the earliest such maturity (with interest on overdue installments of such interest, to the extent permitted by law, at the Late Payment Rate) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured previously or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and beginning with the earliest due date (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the Late Payment Rate) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

019670

THIRD - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

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

(c) If the principal of all the Bonds shall have been declared due and payable and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of Section 9.07(b) hereof, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of Section 9.07(a) hereof.

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

019671

make payment to the owner of any Bond until such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal of and premium, if any, and interest on all Bonds have been paid under the provisions of this Section 9.07 and all expenses and charges of Trustee have been paid, any balance remaining in the Bond Fund shall be paid to Company as provided in Section 5.11 hereof.

Section 9.08. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of the Outstanding Bonds.

Section 9.09. Rights and Remedies of Bondholders. No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (i) a Default has occurred of which Trustee has been notified as provided in Section 10.01(h) hereof, or of which by said subsection it is deemed to have notice, (ii) the owners of not less than twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds shall have made written request to Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names and they have offered to Trustee indemnity as provided in Section 10.01(1), and (iii) Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every case at the option of Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his, her or their action or to enforce any right hereunder except in the manner herein provided, and that all

019672

proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Outstanding Bonds. However, nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of Issuer to pay the principal of and premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof at the time and place, from the source and in the manner in the Bonds expressed.

Section 9.10. Termination of Proceedings. In case Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, Issuer, Trustee and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of Trustee shall continue as if no such proceedings had been taken.

Section 9.11. Waivers of Events of Default. Trustee may at its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal, and shall do so upon the written request of the owners of (1) more than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of all Outstanding Bonds in respect of which Default in the payment of principal or interest, or both, exists or (2) more than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of all Outstanding Bonds in the case of any other Default; provided, however, that there shall not be waived any Default in the payment of the principal of or interest on any Outstanding Bonds unless prior to such waiver or rescission, all arrears of principal and interest (other than principal of or interest on the Bonds which became due and payable by declaration of acceleration), both, to the extent permitted by law, with interest at the Late Payment Rate on overdue installments, and all expenses of Trustee in connection with such Default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by Trustee on account of any such Default shall have been discontinued or abandoned or determined adversely, then and in every such case Issuer, Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

019673

Section 9.12. Notice of Defaults Under Section 9.01(c); Opportunity of Issuer and Company To Cure Such Defaults. Anything herein to the contrary notwithstanding, no Default under Section 9.01(c) hereof shall constitute an Event of Default until actual notice of such Default by registered or certified mail shall be given to Issuer and Company by Trustee or by the owners of not less than twenty-five percent (25%) in aggregate principal amount of all Outstanding Bonds and Issuer and Company shall have had thirty (30) days after receipt of such notice to correct said Default or cause said Default to be corrected, and shall not have corrected said Default or caused said Default to be corrected within the applicable period; provided, however, if said Default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by Issuer or Company within the applicable period and diligently pursued until the Default is corrected.

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

[End of Article IX]

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE X

TRUSTEE

Section 10.01. Acceptance of Trusts. Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise of such rights and powers as an ordinary, prudent trustee would exercise or use under a corporate mortgage.

(b) Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for Issuer or Company) approved by Trustee in the exercise of reasonable care. Trustee shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice.

(c) Trustee shall not be responsible for any recital herein or in the Bonds (except with respect to the certificate of Trustee endorsed on the Bonds), or for insuring the Project, or for collecting any insurance moneys, or for the validity of the execution by Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Project or any lien waivers with respect to the Project, and Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on

the part of Issuer or on the part of Company under the Agreement in connection with the matters referred to in Sections 4.4 through 4.10, except as hereinafter set forth; but Trustee may require of Issuer or Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed.

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

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

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, Trustee shall be entitled to rely upon a certificate signed by Issuer Representative or Company Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a Default of which Trustee has been notified as provided in Section 10.01(h) hereof, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. Trustee may accept a certificate of such officials of Issuer who executed the Bonds (or their successors in office) under the seal of Issuer to the effect that a resolution in the form therein set forth has been adopted by Issuer as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

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

019676

(h) Trustee shall not be required to take notice or be deemed to have notice of any Default hereunder except failure by Issuer to cause to be made any of the payments to Trustee required to be made by Article IV hereof or failure by Issuer or Company to file with Trustee any document required by this Indenture or the Agreement to be so filed subsequent to the issuance of the Bonds, unless Trustee shall be specifically notified in writing of such Default by Issuer or by the owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and all notices or other instruments required by this Indenture to be delivered to Trustee, must, in order to be effective, be delivered at the principal corporate trust office of Trustee, and in the absence of such notice so delivered Trustee may conclusively assume there is no Default except as aforesaid.

(i) At any and all reasonable times Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books and records of Issuer pertaining to the Project and the Bonds, and to make such copies and memoranda from and with regard thereto as may be desired.

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

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

(l) Before taking any action at the request or direction of Bondholders as provided herein, Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which is adjudicated to have resulted from its

019677

negligence or willful default in connection with any such action.

(m) All moneys received by Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

Section 10.02. Fees, Charges and Expenses of Trustee. Trustee and any Paying Agents shall be entitled to payment and reimbursement for reasonable fees for their services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by Trustee in connection with such services. Upon an Event of Default, but only upon an Event of Default, Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond upon the Trust Estate for the foregoing fees, charges and expenses incurred by Trustee.

Section 10.03. Notice to Bondholders if Default Occurs. If a Default occurs of which Trustee has been notified as provided in Section 10.01(h) hereof, or of which by said subsection it is deemed to have notice, then Trustee shall promptly give written notice thereof by registered or certified mail to the owner of each Bond.

Section 10.04. Intervention by Trustee. In any judicial proceeding which in the opinion of Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Bonds.

Section 10.05. Successor Trustee. Any corporation or association into which Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

019678

Section 10.06. Resignation by Trustee. Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty (30) days' written notice by registered or certified mail to Issuer, to Company and to the owner of each Bond, and such resignation shall not take effect until the appointment of a successor Trustee by the Bondholders or by Issuer.

Section 10.07. Removal of Trustee. Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to Trustee and to Issuer and signed by the owners of a majority in aggregate principal amount of Outstanding Bonds.

Section 10.08. Appointment of Successor Trustee by Bondholders. In case Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Outstanding Bonds by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by registered mail to Issuer. In case of any such vacancy, Issuer, by an instrument executed, attested and sealed by those of its officials who executed and attested the Bonds or their successors in office, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and such temporary trustee so appointed by Issuer shall immediately and without further act be superseded by Trustee appointed by the Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing having a reported capital and surplus of not less than $10,000,000 and shall not be unsatisfactory to Company if Company is not then in Default under the Agreement if there be such an institution willing, qualified and able to accept the trust upon customary terms.

Section 10.09. Acceptance by Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to Issuer and Company an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of

Issuer, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where the Indenture shall have been filed or recorded.

Section 10.10. Right of Trustee To Pay Taxes and Other Charges. In case any tax, assessment, governmental or other charge upon, or insurance premium with respect to, any part of the Project is not paid as required herein or in the Agreement, Trustee may pay such tax, assessment, governmental or other charge, or insurance premium, without prejudice, however, to any rights of Trustee or the Bondholders arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the Late Payment Rate, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues collected from the Project, if not otherwise caused to be paid; but Trustee shall not be under any obligation to make any such payment unless it shall have been requested to do so by the owners of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Bonds and shall have been provided with adequate funds for the purpose of such payment.

Section 10.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Agreement, and in particular in case of the enforcement of either on Default, or in case Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to Trustee or hold title to the properties, in trust, as herein granted, or take

019680

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

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

[End of Article X]

019081

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.01. Supplemental Indentures Not Requiring Consent of Bondholders. Issuer and Trustee may, without consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture;

(b) To grant to or confer upon Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or Trustee;

(c) To subject to this Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(e) To provide for the issuance of Additional Bonds pursuant to the provisions of Section 2.10 hereof; or

(f) To evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee hereunder; or

(g) In connection with any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the owners of the Bonds.

Section 11.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures permitted by Section 11.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by Issuer and Trustee of such other

019682

indenture or indentures supplemental hereto as shall be deemed necessary and desirable by Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section or in Section 11.01 hereof contained shall permit, or be construed as permitting, without the consent of the owners of all Bonds Outstanding, (a) an extension of the maturity of the principal of, or the interest on, any Bond issued hereunder, or (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures or any modifications or waiver of the provisions of the Agreement, or (e) the creation of any lien ranking prior to or on a parity with the lien of this Indenture on the Trust Estate or any part thereof, except as hereinbefore expressly permitted, or (f) the deprivation of the owner of any Outstanding Bond of the lien hereby created on the Trust Estate.

If at any time Issuer shall request Trustee to enter into any such supplemental indenture for any of the purposes of this Section, Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by Issuer following such notices, the owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain Trustee or Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until Company shall have consented to the execution and delivery of such supplemental indenture. In this regard, Trustee shall cause notice of the proposed execution of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to Company at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture. Company shall be deemed to have consented to the execution and delivery of any such supplemental indenture if Trustee does not receive a letter of protest or objection thereto signed by or on behalf of Company on or before the fifteenth (15th) day after the mailing of said notice.

[End of Article XI]

019684

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE XII

AMENDMENT OF AGREEMENT

Section 12.01. Amendments to Agreement Not Requiring Consent of Bondholders. Issuer and Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Agreement as may be required (i) by the provisions of the Agreement and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Agreement, (iii) so as to more precisely identify the Project or to substitute or add additional improvements or equipment to the Project or additional rights or interests in property acquired in accordance with the provisions of the Agreement, (iv) to enter into an indenture or indentures supplemental hereto as provided in Section 11.01 hereof, (v) to provide for the issuance of Additional Bonds for the purposes set forth in Section 3.9 of the Agreement and in accordance with the provisions of Section 2.10 hereof, or (vi) in connection with any other change therein which, in the judgment of Trustee, is not to the prejudice of Trustee or the Bondholders.

Section 12.02. Amendments to Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 12.01 hereof, neither Issuer nor Trustee shall consent to any other amendment, change or modification of the Agreement without mailing of notice and the written approval or consent of the owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds at the time Outstanding given as in Article XIII provided, provided that the consent of the owners of all Bonds Outstanding is required for any amendment, change or modification of the Agreement that would permit the termination or cancellation of the Agreement or a reduction in or postponement of the payments under the Agreement or any change in the provisions relating to the payment thereunder. If at any time Issuer and Company shall request the consent of Trustee to any such proposed amendment, change or modification of the Agreement, Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 11.02 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of Trustee for inspection by all Bondholders.

[End of Article XII]

019685

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Consents of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent documents and may be executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the written appointment of any such agent or of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of Trustee with regard to any action taken by it under such request or other instrument, namely:

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

(b) The fact of ownership of registered Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of Issuer maintained by Trustee pursuant to Section 2.08 hereof.

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

Section 13.02. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the owners of the Bonds, any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Bonds as herein provided.

019686

Section 13.03. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 13.04. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram addressed as follows:

If to Issuer:

Spartanburg County Council
County Administration Building
Spartanburg, South Carolina 29304
Attention: County Administrator;

If to Company:

Major Media of the Southeast, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344-3789
Attention: President;

If to Trustee:

NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina
Attention: Corporate Securities Services
Department;

If to Guarantor:

Major Media, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344-3789
Attention: President; and

If to Original Purchaser:

NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina
Attention:

A duplicate copy of each notice required to be given hereunder given hereunder by Trustee to either Issuer or Company shall also be given to the other and to Original

019687

Purchaser and Guarantor. Issuer, Company, Trustee, Guarantor and Original Purchaser may designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 13.05. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be in the city of Trustee's principal corporate trust office a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding day with the same force and effect as made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 13.06. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.07. Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 13.08. Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used.

Section 13.09. Captions. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

IN WITNESS WHEREOF, Issuer has caused these presents to be executed in its corporate name and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance of the trusts hereby created, Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officers, as of the date first above written.

[SEAL]

Attest:

By: _____
Clerk of Council

SPARTANBURG COUNTY

By: _____
County Administrator

[SEAL]

Attest:

By: _____
Authorized Officer

NCNB NATIONAL BANK OF NORTH CAROLINA

By: _____
Authorized Officer

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

019689

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

SPARTANBURG COUNTY

INDUSTRIAL DEVELOPMENT REVENUE BOND

(Major Media of the Southeast, Inc. Project)

SERIES 1983

No. $1,000,000

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County ("Issuer"), a county of the State of South Carolina and a political subdivision thereof, for value received, promises to pay from the source and as hereinafter provided, to the order of NCNB National Bank of North Carolina, or registered assigns, on September 1, 1993, upon surrender hereof, the principal sum of One Million Dollars ($1,000,000), and in like manner to pay interest on said sum and the unpaid balance thereof from the date hereof at the rate of 70% of the "Prime Rate" in effect from time to time, payable monthly on the first day of each month, commencing October 1, 1983, until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond prior to maturity may become applicable hereto. Both principal of and premium, if any, on this Bond are payable in lawful money of the United States of America at the principal corporate trust office of NCNB National Bank of North Carolina, in the City of Charlotte, North Carolina, as trustee, or its successor in trust ("Trustee") or at the duly designated office of any successor Trustee or paying agents appointed under the Indenture (as defined hereinafter). Payment of interest on this Bond shall be made to such person as is the registered owner thereof on the "Record Date" and shall be paid by check or draft mailed to such person as is the registered owner thereof on the "Record Date" at his address as it appears on the registration books of Issuer or at such other address as is furnished to Trustee in writing by such registered owner. The Record Date shall be the 15th day of the preceding month.

The "Prime Rate" is the rate of interest publicly announced by Trustee from time to time as its prime rate.

019690

Trustee shall notify Company two Business Days prior to each interest payment date of the amount of principal and interest on the Bonds due on such date. In the event of a change in the Prime Rate during such two Business Days, appropriate adjustment shall be made in the next interest payment period for actual fluctuations in the Prime Rate during said period. Interest on this Bond shall be calculated on the basis of a 365 day year based on the actual number of days elapsed.

This Bond is one of an authorized issue of Bonds limited, except as provided with respect to Additional Bonds, in aggregate principal amount to $1,000,000 (the "Bonds") issued for the purpose of providing funds to finance the acquisition, construction, improving and equipping of certain industrial development facilities (which facilities together with the land on which they are located are hereinafter referred to as the "Project"), and paying necessary expenses incidental thereto. The proceeds from the sale of the Bonds have been lent by Issuer to Major Media of the Southeast, Inc., a Delaware corporation ("Company"), under the terms of a Loan Agreement, dated as of September 1, 1983 (which agreement, as from time to time amended and supplemented, is hereinafter referred to as the "Agreement"), under which Company is obligated to pay amounts which are sufficient to pay (1) the principal of and premium, if any, and interest on the Bonds as the same shall become due in accordance with their terms and provisions and the terms and provisions of the Indenture (as hereinafter defined), and (2) the fees and expenses of Trustee and any paying agents properly payable under the Indenture (as defined hereinafter) and certain expenses of Issuer related to the Project. The Project will be acquired, constructed, improved, equipped and owned by Company with the proceeds of the Bonds.

The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of an Indenture of Trust, dated as of September 1, 1983, by and between Issuer and Trustee (which indenture of trust, as from time to time amended and supplemented, is hereinafter referred to as the "Indenture"), duly executed and delivered by Issuer to Trustee and pursuant to which all payments due from Company to Issuer under the Agreement (other than payments of certain expenses of Issuer related to the Project) are assigned to Trustee to secure the payment of the principal of and premium, if any, and interest on the Bonds. The Bonds are further secured by a Mortgage and Security Agreement dated as of September 1, 1983 (the "Mortgage"), between Company and Trustee, wherein Company grants to Trustee a mortgage and security interest in the Project. The payment of principal of and premium, if any, and interest on

019691

the Bonds has been unconditionally guaranteed by Major Media, Inc., a Delaware Corporation, as Guarantor, pursuant to a Guaranty Agreement dated as of September 1, 1983, between Guarantor and Trustee. The Indenture provides that Issuer may hereafter issue Additional Bonds from time to time under certain terms and conditions contained in the Indenture and, if issued, such Additional Bonds will rank pari passu with this issue of Bonds and be equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of Issuer, Trustee and the owners of the Bonds, the issuance of Additional Bonds and the terms upon which the Bonds are issued and secured.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of Trustee in Charlotte, North Carolina, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same series and the same maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. Issuer and Trustee and any paying agents may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither Issuer nor Trustee shall be affected by any notice to the contrary.

Bonds are issuable pursuant to a system of registration in both certificated (represented by an instrument) and uncertificated (not represented by an instrument) form. If issued in certificated form, (i) the certificate shall specify the person entitled to the Bond and the rights it represents, (ii) the transfer of the Bond and the rights it represents shall be registered upon books maintained for that purpose by Trustee on behalf of Issuer. If issued in uncertificated form, books maintained by Trustee on behalf of Issuer for the purpose of registration of the transfer of a Bond shall specify the person entitled to the Bond and the rights evidenced thereby, and (iii) the transfer of the uncertificated Bond and the rights evidenced thereby shall be registered upon such books.

019692

The Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 and any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds, in either Certificated or Uncertificated form, of other authorized denominations of the same series and the same maturity.

The Bonds are callable for redemption at any time at the option of the Issuer upon written direction from the Company. Company shall be obligated to prepay the amounts payable under the Agreement as provided in Article X of the Agreement. If called for redemption at any time other than pursuant to Article X of the Agreement, the Bonds shall be subject to redemption by Issuer on any interest payment date, in whole or (in the case of redemption pursuant to Section 5.2(b) of the Agreement) in part in the inverse order of their maturities, less than all of such Bonds of a single maturity to be selected by lot in such manner as Trustee may determine, at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date. If called for redemption at any time pursuant to Article X of the Agreement, the Bonds shall be subject to redemption by Issuer prior to maturity within one hundred eighty (180) days after a "Determination of Taxability," as that term is defined in Article X of the Agreement, at (a) one hundred percent (100%) of the aggregate principal amount of Bonds outstanding at the time of a Determination of Taxability plus accrued interest to the redemption date, plus (b) a redemption premium in an amount equal to the interest borne by all Bonds outstanding on the Taxable Date (as defined in the Agreement) from the Taxable Date to the date of the payment or redemption of such Bonds, provided that if any such Bond is held by more than one person between the Taxable Date and the date of payment or redemption, such redemption premium shall be allocated among such owners based on the length of time such owner held the Bond subsequent to the Taxable Date. Reference is hereby made to Section 5.2 of the Agreement for a description of the circumstances under which such Net Proceeds of insurance may be paid into the Bond Fund for full or partial redemption of the Bonds and to Section 9.2 and Article X of the Agreement for a description of the circumstances under which Company may prepay or be required to prepay the amounts payable under the Agreement.

In the event any of the Bonds or portions thereof (which shall be $5,000 or any integral multiple thereof) are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by Trustee by mailing a copy of the redemption notice by

019693

registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure has occurred.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly the Industrial Development Bond Act, being Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), and by appropriate action duly taken by the Council of Issuer which authorizes the execution and delivery of the Agreement and the Indenture. Payments sufficient for the prompt payment, when due, of the principal of and premium, if any, and interest on the Bonds are to be paid to Trustee for the account of Issuer and deposited in a special account created by Issuer and designated "Spartanburg County Industrial Development Revenue Bond Fund, Major Media of the Southeast, Inc. Project," and such payments have been duly pledged and assigned for that purpose, and in addition, the rights of Issuer (other than certain indemnification rights and the payment of certain expenses of Issuer related to the Project) under the Agreement have been assigned to Trustee to secure payment of such principal and premium, if any, and interest under the Indenture.

The Bonds shall be limited obligations of the Issuer, the principal of, premium, if any, and interest on which shall be payable solely from the sources described in the immediately preceding paragraph, as well as from the Mortgage and the Guaranty. The Bonds and interest thereon shall never constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of South Carolina, or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incidental thereto.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, unless an event of default as defined in the Indenture shall have occurred. In certain events, on

019694

the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of Issuer and the rights of the owners of the Bonds at any time by Issuer with the consent of the owners of two-thirds (2/3) in aggregate principal amount of the Bonds at the time outstanding, as defined in the Indenture. Any such consent or waiver by the owners of two-thirds (2/3) in aggregate principal amount of the Bonds outstanding shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting Trustee to waive certain past defaults under the Indenture and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of Issuer, does not exceed or violate any constitutional or statutory limitation; and that the amounts payable under the Agreement and pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, will be sufficient in amount for that purpose.

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

IN WITNESS WHEREOF, Spartanburg County has caused this Bond to be executed in its name by the facsimile signature of its Chairman and its corporate seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its Clerk of Council, all as of the day of , 1983.

019695

EXHIBIT

APR 12 1983 NO. 2

SPARTANBURG COUNTY

STATE BUDGET & CONTROL BOARD

Attest:

By _____
Chairman

By _____
Clerk of Council

[SEAL]

(Form of Trustee's Certificate of Authentication)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

NCNB NATIONAL BANK OF NORTH CAROLINA, as trustee

By _____
Authorized Officer

(Form for Transfer)

FOR VALUE RECEIVED, , the undersigned, hereby sells, assigns and transfers unto (Tax Identification or Social Security No.) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

019696

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

KR&H
Draft
7/18/83

GUARANTY AGREEMENT

between

MAJOR MEDIA, INC.

and

NCNB NATIONAL BANK OF NORTH CAROLINA,
as Trustee

Dated as of September 1, 1983

019697

THIS GUARANTY AGREEMENT is made and entered into as of September 1, 1983 (the "Guaranty"), by and among MAJOR MEDIA, INC., a corporation duly organized and existing under the laws of the State of Delaware ("Guarantor"), and NCNB National Bank of North Carolina, a national banking association, as trustee ("Trustee"), together with any successor Trustee at the time serving as such under the Indenture of Trust dated as of September 1, 1983 (the "Indenture") between the Trustee and Spartanburg County ("Issuer"), a county of the State of South Carolina and a political subdivision thereof.

WITNESSETH:

WHEREAS, Issuer intends to issue its Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983, in an aggregate principal amount of $1,000,000 (the "Bonds"); and

WHEREAS, the Bonds are to be issued under and pursuant to the Indenture and the proceeds of which are to be loaned to Major Media of the Southeast, Inc. (the "Company") pursuant to a Loan Agreement (the "Agreement") dated as of September 1, 1983; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied to the acquisition, construction, installation and equipping of certain facilities consisting of land and a building and related equipment and improvements (which facilities together with the land on which they are located are referred to herein as the "Project") which Project will be owned by the Company; and

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

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

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Guarantor hereby represents and warrants that:

(a) it is a corporation duly incorporated and in good standing under the laws of the State of Delaware, and is qualified to do business and is in good standing under the laws of the State of South Carolina (the "State");

(b) it is not in violation of any provision of its Certificate of Incorporation or its Bylaws;

(c) it is not in violation of any law in any manner affecting the validity or enforceability of this Guaranty or its financial ability to perform hereunder;

(d) it has power to enter into this Guaranty and has duly authorized the execution and delivery of this Guaranty by proper corporate action, and neither this Guaranty nor the agreements herein contained contravene or constitute a default under any agreement, instrument or indenture or any provision of its Articles of Incorporation, its Bylaws or any other agreement or requirement of law;

(e) the assumption of its obligations hereunder will result in a direct financial benefit to Guarantor; and

(f) it owns 100% of the stock of the Company.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.1. Guarantor hereby unconditionally guarantees to Trustee for the benefit of the owners from time to time of the Bonds the full and prompt payment of (a) the principal of and premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, and (b) any interest on any Bond when and as the same shall become due. In each and every case, Guarantor agrees, in the event of the failure of Issuer to make such payments of principal of and premium, if any, or interest, to make such payments to Trustee. All payments by Guarantor shall be paid

in lawful money of the United States of America, and all payments under this Section 2.1 shall be paid into the Bond Fund created pursuant to Section 5.02 of the Indenture. Each and every default in payment of the principal of and premium, if any, or interest on any Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 2.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and premium, if any, and interest on the Bonds shall have been paid or provided for as set forth in the Indenture, and until all of the Bonds are paid in accordance with their terms, Guarantor shall observe the covenants in the Agreement with regard to maintaining the tax-exempt status of the Bonds, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, Guarantor:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of Issuer or Trustee under the Indenture;

(b) the failure to give notice to Guarantor of the occurrence of an event of default under the terms and provisions of this Guaranty, the Indenture, the Mortgage or the Agreement;

(c) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of Issuer or Trustee in the Project or any failure of title with respect to Issuer's or Trustee's interest in the Project;

(d) the waiver of the payment, performance or observance by Issuer, Trustee or Guarantor of any of the obligations, covenants or agreements of any of them contained in the Indenture, this Guaranty, the Mortgage or the Agreement;

(e) the extension of the time for payment of any principal of or premium, if any, or interest on any Bond or under this Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising from the Indenture, this Guaranty, the Mortgage, the Agreement or the extension or the renewal of any of them;

019700

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

(g) the taking or the omission of any of the actions referred to in the Indenture, the Mortgage or the Agreement and any actions under this Guaranty;

(h) any failure, omission, delay or lack on the part of Issuer or Trustee to enforce, assert or exercise any right, power or remedy conferred on Issuer or Trustee in this Guaranty, the Indenture, the Mortgage or the Agreement, or any other act or acts on the part of Issuer, Trustee or any of the owners from time to time of the Bonds;

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

(j) to the extent permitted by law, the release or discharge of Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty by operation of law;

(k) the issuance of any Additional Bonds pursuant to the Indenture; or

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

provided that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this paragraph that the obligations of Guarantor shall be absolute and unconditional to the extent herein specified and shall not be discharged, impaired or varied except by the payment of the principal of and premium, if any, and interest on the Bonds in accordance with the terms of the Indenture in

case of prepayment, and then only to the extent of such payments. Without limiting any of the other terms or provisions hereof, it is understood and agreed that, in order to hold Guarantor liable hereunder, there shall be no obligation on the part of Trustee or any owner of any Bond to resort in any manner or form for payment to Issuer or to any other person, firm or corporation, their properties or estates.

Section 2.3. No setoff, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature which Guarantor has or may come to have against Issuer or Trustee shall be available hereunder to Guarantor against Trustee and Issuer.

Section 2.4. In the event of a default in the payment of principal of or premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on any Bond when and as the same shall become due, Trustee may, and if requested so to do by the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding, and upon indemnification as hereinafter provided, shall be obligated to proceed hereunder, and Trustee, in its sole discretion, shall have the right to proceed first and directly against Guarantor under this Guaranty without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by Issuer or Trustee.

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

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

019702

Section 2.5. Guarantor hereby expressly waives notice from Trustee or the owners from time to time of any of the Bonds of their acceptance and reliance on this Guaranty. Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Trustee in enforcing or attempting to enforce this Guaranty following any default on the part of Guarantor hereunder, whether the same shall be enforced by suit or otherwise. Trustee shall be entitled to the benefits of Article X of the Indenture in the exercise of its rights and duties hereunder.

Section 2.6. Guarantor agrees that during the Term of Agreement, as that term is defined in the Agreement, it will maintain its corporate existence, will continue to be a corporation in good standing and qualified to do business under the laws of its then state of incorporation, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that Guarantor may, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more such legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve, provided (i) that the surviving, resulting or transferee legal entity, as the case may be, shall be a legal entity organized and existing under the laws of one of the states of the United States of America, shall be qualified to do business in the same states as Guarantor, shall have a net worth immediately subsequent to such acquisition, consolidation or merger at least equal to that of Guarantor immediately prior to such acquisition, consolidation, merger or transfer, and shall assume in writing all of the obligations of Guarantor under this Guaranty, in which event Trustee shall, in writing, concurrently with and contingent upon such assumption, release Guarantor from all liability hereunder; (ii) that such acquisition, consolidation, merger or transfer will not affect the tax-exempt status of the interest on the Bonds; and (iii) that prior to such acquisition, consolidation, merger or transfer Trustee shall be furnished a certificate from the chief financial officer of Guarantor or his deputy stating that in the opinion of such officer none of the covenants contained in this Guaranty will be violated as a result of such acquisition, consolidation, merger or transfer.

019703

Section 2.7. This Guaranty is entered into by Guarantor for the benefit of the Trustee and the owners from time to time of the Bonds and any successor Trustee or Trustees under the Indenture. Anything in this Guaranty to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Guaranty, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Guaranty.

Section 2.8. Guarantor covenants that it will not take any action which would cause the provisions of Section 6.11 of the Agreement to be violated.

ARTICLE III

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Guarantor covenants that it is and will remain subject to service of process in the State so long as any of the Bonds are outstanding. If for any reason Guarantor should not remain so qualified, Guarantor hereby designates and appoints, without power of revocation, the Secretary of State of the State as the agent of Guarantor upon whom may be served all process, pleadings, notices or other papers which may be served upon Guarantor as a result of any of its obligations under this Guaranty.

ARTICLE IV

MISCELLANEOUS

Section 4.1. The obligations of Guarantor hereunder shall arise absolutely and unconditionally when the Bonds shall have been issued, sold and delivered by Issuer and the proceeds thereof paid to Trustee.

Section 4.2. No remedy herein conferred upon or reserved to Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle

019704

Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Guaranty should be breached by Guarantor and thereafter duly waived by Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by Trustee. Trustee shall not consent to any waiver, amendment, release or modification of this Guaranty without giving notice as herein provided and with the written approval or consent of the owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds at the time outstanding. If at any time Guarantor shall request the consent of Trustee to any such proposed waiver, amendment, release or modification of this Guaranty, Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed waiver, amendment, release or modification to be given in the same manner as provided by Section 11.02 of the Indenture with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed waiver, amendment, release or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of Trustee for inspection by all owners of the Bonds.

Nothing contained herein shall permit or be construed as permitting any waiver, amendment, release or modification of this Guaranty which would (a) reduce the amount payable by Guarantor hereunder, (b) change the time for payment of the amounts payable by Guarantor hereunder or (c) change the unconditional nature of the Guaranty herein contained.

Section 4.3. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 4.4. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty or any part thereof.

019705

Section 4.5. This Guaranty shall be governed by and construed in accordance with the laws of the State.

Section 4.6. Any capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

[SEAL] MAJOR MEDIA, INC.

Attest:

By: _____
Title:

By: _____
Title:

Accepted as of September 1, 1983,
by:

NCNB NATIONAL BANK OF NORTH CAROLINA,
as Trustee:

By: _____

[SEAL]

EXHIBIT
APR 12 1983 NO. 2
STATE BUDGET & CONTROL BOARD

019706

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

DRAFT
KR&H
7/18/83
7498S

SPARTANBURG COUNTY

AND

MAJOR MEDIA OF THE SOUTHEAST, INC.

LOAN AGREEMENT

Dated as of September 1, 1983

The interest of Spartanburg County in this Loan Agreement has been assigned (except for the rights of, and amounts payable to Spartanburg County under Sections 4.2(b), 7.2 and 8.4 hereof) pursuant to the Indenture of Trust dated as of the date hereof from Spartanburg County to NCNB National Bank of North Carolina, as trustee, and is subject to the security interest of NCNB National Bank of North Carolina, as trustee.

019707

LOAN AGREEMENT

TABLE OF CONTENTS

(This Table of Contents is not a part of the Loan Agreement and is only for convenience of reference.)

		Page
PARTIES		1
PREAMBLES		1
	ARTICLE I	
DEFINITIONS		1
	ARTICLE II	
	REPRESENTATIONS, COVENANTS AND WARRANTIES	
SECTION 2.1.	Representations, Covenants and Warranties of Issuer	8
SECTION 2.2.	Representations, Covenants and Warranties of Company	8
	ARTICLE III	
	ACQUISITION, CONSTRUCTION, IMPROVING AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE BONDS	
SECTION 3.1.	Agreement To Acquire, Construct, Improve and Equip the Project	12
SECTION 3.2.	Agreement To Issue Series 1983 Bonds; Application of Series 1983 Bond Proceeds	13
SECTION 3.3.	Disbursements From the Construction Fund	13
SECTION 3.4.	Furnishing Documents to Trustee	14
SECTION 3.5.	Establishment of Completion Date	14

019708

SECTION 3.6.	Company Required To Pay in Event Construction Fund Insufficient	16
SECTION 3.7.	Investment of Bond Fund and Construction Fund Moneys	16
SECTION 3.8.	Special Arbitrage Certifications ..	17
SECTION 3.9.	Issuance of Additional Bonds	18

ARTICLE IV

LOAN OF PROCEEDS TO COMPANY; LOAN PROVISIONS

SECTION 4.1.	Loan of Proceeds	19
SECTION 4.2.	Amounts Payable	19
SECTION 4.3.	Obligations of Company Hereunder Unconditional; Payments Assigned ..	20
SECTION 4.4.	Maintenance and Modification of Project by Company	21
SECTION 4.5.	Taxes and Governmental and Utility Charges	22
SECTION 4.6.	Casualty and Other Insurance	23
SECTION 4.7.	Public Liability Insurance	23
SECTION 4.8.	Business Interruption Insurance ...	24
SECTION 4.9.	Workmen's Compensation Coverage ...	24
SECTION 4.10.	Advances	24

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

SECTION 5.1.	Damage, Destruction and Condemnation	25
SECTION 5.2.	Application of Net Proceeds	25

019709

SECTION 5.3.	Insufficiency of Net Proceeds	26
SECTION 5.4.	Cooperation of Issuer	26
SECTION 5.5.	Condemnation of Property Owned by Company	26

ARTICLE VI

SPECIAL COVENANTS

SECTION 6.1.	No Warranty of Condition or Suitability by Issuer	28
SECTION 6.2.	Access to the Project	28
SECTION 6.3.	Further Assurances and Corrective Instruments	28
SECTION 6.4.	Issuer and Company Representatives	28
SECTION 6.5.	Financial Report	28
SECTION 6.6.	First Mortgage Lien and Security Interest in the Project	29
SECTION 6.7.	Granting of Easements	30
SECTION 6.8.	Release of Certain Land	30
SECTION 6.9.	Covenants With Respect to Section 103(b)(6)(D) of the Code	31
SECTION 6.10.	Investment Tax Credit	33
SECTION 6.11.	Covenant Re Revenue Ruling 81-216	33

ARTICLE VII

ASSIGNMENT, SELLING, LEASING, INDEMNIFICATION AND REDEMPTION

SECTION 7.1.	Assignment, Selling and Leasing ...	35
SECTION 7.2.	Release and Indemnification Covenants	35
SECTION 7.3.	Assignment of Interest in This Agreement by Issuer	36

019710

SECTION 7.4.	Redemption of Bonds	36
SECTION 7.5.	Installation of Company's Own Machinery	36
SECTION 7.6.	References to Bonds Ineffective After Bonds Paid	37
SECTION 7.7.	Issuer To Grant Security Interest to Trustee	37
SECTION 7.8.	Financing Statements	37

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1.	Events of Default Defined	38
SECTION 8.2.	Remedies on Default	39
SECTION 8.3.	No Remedy Exclusive	40
SECTION 8.4.	Agreement To Pay Attorneys' Fees and Expenses	40
SECTION 8.5.	No Additional Waiver Implied by One Waiver	40

ARTICLE IX

OPTIONS; PREPAYMENT OF LOAN

SECTION 9.1.	Option To Terminate at Any Time ...	41
SECTION 9.2.	Relative Position of Options and Indenture	43

ARTICLE X

OBLIGATION TO PREPAY LOAN IN EVENT OF A DETERMINATION OF TAXABILITY	44

019711

ARTICLE XI

MISCELLANEOUS

SECTION 11.1.	Term of Agreement	47
SECTION 11.2.	Notices	47
SECTION 11.3.	Binding Effect	48
SECTION 11.4.	Severability	48
SECTION 11.5.	Amounts Remaining in Bond Fund or Construction Fund	48
SECTION 11.6.	Amendments, Changes and Modifications	49
SECTION 11.7.	Execution in Counterparts	49
SECTION 11.8.	Applicable Law	49
SECTION 11.9.	Captions	49
SECTION 11.10.	Payments Due on Saturdays, Sundays and Holidays	49
TESTIMONIUM		49
SIGNATURES AND SEALS		49

EXHIBIT A - Project Site

EXHIBIT B - Project Building

019712

THIS LOAN AGREEMENT is dated as of September 1, 1983 between SPARTANBURG COUNTY ("Issuer"), a county of the State of South Carolina and a political subdivision thereof, and MAJOR MEDIA OF THE SOUTHEAST, INC. ("Company"), a corporation incorporated under the laws of the State of Delaware and doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising.

W I T N E S S E T H :

WHEREAS, pursuant to and in accordance with the provisions of Industrial Development Bond Act, being Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), by appropriate action duly taken by the Council of Issuer, and in furtherance of the purposes of the Act, Issuer proposes to finance the cost of acquisition, construction, improving and equipping of certain industrial development facilities to be located within the jurisdictional boundaries of Issuer (which facilities, together with the land on which they are located, are hereinafter referred to as the "Project"), and to be owned by Company, by the issuance of industrial development revenue bonds under an indenture of trust; and

WHEREAS, Issuer proposes to loan the proceeds of such bonds to Company and Company desires to borrow the proceeds of such bonds from Issuer upon the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings:

"Act" means the Industrial Development Bond Act, being Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended.

"Additional Bonds" means bonds issued by Issuer pursuant to the Indenture in addition to the Series 1983 Bonds.

"Agreement" means this Loan Agreement and any amendments and supplements hereto.

"Bond Fund" means the fund created in Section 5.02 of the Indenture.

"Bondholder" or "holder" or "owner of the Bonds" means the Registered Owner of any fully registered Bond.

"Bonds" means the Series 1983 Bonds and any Additional Bonds.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed, in the city in which Trustee has its principal corporate trust office.

"Certificated Bond" means a Bond which is represented by an instrument.

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

"Company" means (i) Major Media of the Southeast, Inc., a Delaware corporation doing business in Spartanburg County, South Carolina as Naegele Outdoor Advertising, and its successors and assigns, and (ii) any surviving, resulting or transferee entity as provided in Section 2.2(b) herein.

"Company Representative" means the person or persons at the time designated to act on behalf of Company by written certificate furnished to Issuer and Trustee containing the specimen signatures of such person or persons and signed on behalf of Company by the President, any Vice President, the Secretary or any Assistant Secretary of Company.

"Completion Date" means the date of completion of acquisition, construction, improving and equipping of the Project, as that date shall be certified as provided in Section 3.5 hereof.

"Construction Fund" means the fund created in Section 5.06 of the Indenture.

"Cost of Construction" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Act, including but not limited to, the actual cost of the construction of any part of the Project which may be constructed, including architects' and engineers' fees; the purchase price of any part of the Project that may be acquired by purchase; all expenses in connection with the authorization, sale and issuance of the Bonds to finance such acquisition; and the interest on the Bonds for a reasonable time prior to construction, during construction, and for not exceeding one year after completion of construction.

019714

"Default" and "Event of Default" mean with respect to any Default or Event of Default under this Agreement any occurrence or event specified and defined by Section 8.1 hereof.

"Governmental Obligations" means any of the following which are noncallable and which at the time of investment are legal investments for the moneys proposed to be invested therein:

(a) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) bonds, debentures or notes issued by Government National Mortgage Association, Federal Financing Bank, Federal Farm Credit Banks, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association or any other comparable federal agency hereafter created; or

(c) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States of America.

"Guarantor" means (i) Major Media, Inc., a Delaware corporation, and its successors and assigns, and (ii) any surviving, resulting or transferee entity as provided in the Guaranty.

"Guaranty" means the Guaranty Agreement dated as of this date from Guarantor, as guarantor, to Trustee wherein Guarantor guarantees the payment of principal of and premium, if any, and interest on the Series 1983 Bonds, and any amendments and supplements thereto.

"Indenture" means the Indenture of Trust dated as of this date between Issuer and Trustee, pursuant to which the Bonds are authorized to be issued, including any indenture supplemental thereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state or the District of Columbia and who is not a full-time employee, director or shareholder of Issuer, Company or Guarantor.

"Issuer" means Spartanburg County, a county of the State of South Carolina and a political subdivision thereof, and its successors.

019715

"Issuer Representative" means the person or persons at the time designated to act on behalf of Issuer by written certificate furnished to Company and Trustee containing the specimen signatures of such person or persons and signed on behalf of Issuer by its duly authorized agent.

"Late Payment Rate" means a percentage per annum equal to one percentage point greater than the interest rate then payable on the Bonds.

"Mortgage" means the Mortgage and Security Agreement dated as of this date between Company and Trustee and any amendments and supplements thereto.

"Net Proceeds," when used with respect to any insurance proceeds from policies required by Section 4.6 of this Agreement or any condemnation award, means the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Original Purchaser" means NCNB National Bank of North Carolina, a national banking association.

"Outstanding" or "Bonds Outstanding" mean all Bonds which have been authenticated and delivered by Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds paid or deemed to be paid pursuant to Article VIII of the Indenture; and

(c) Bonds in lieu of which others have been authenticated under Section 2.07 or Section 2.08 of the Indenture.

"Paying Agent" or "Paying Agents" means such financial institutions and their successors and assigns as are appointed additional Paying Agents pursuant to Section 2.02(f) of the Indenture.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which Company may, pursuant to the provisions of Section 4.5 hereof, permit to remain unpaid, (ii) this Agreement, the Indenture, the Mortgage and any financing statements naming Issuer or Company as debtor and naming Trustee or Issuer as secured party filed to perfect the

013716

security interests granted by the Mortgage, the Indenture and this Agreement, (iii) utility access and other easements and rights of way, restrictions and exceptions that Company Representative certifies will not interfere with or impair the Project, and (iv) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the Project and as do not, in the opinion of Independent Counsel, materially impair the property affected thereby for the purpose for which Issuer has loaned its funds.

"Project" means the Project Building and the Project Site.

"Project Building" means (i) the property which is described generally in Exhibit B hereto and which is acquired, constructed, improved and equipped with the proceeds of the sale of the Bonds or the proceeds of any payment by Company pursuant to the provisions of Section 3.6 hereof, and (ii) any item of machinery, equipment or other tangible property acquired in substitution for, or as a renewal or replacement of, or a modification or improvement to, any property described in (i) above, pursuant to the provisions of Sections 4.4 and 5.2(a) hereof.

"Project Site" means the real estate described in Exhibit A hereto on which the Project Building will be situated, which real estate is owned by Company, and any other interests in real property, leasehold interests, easements, licenses and rights in real property hereafter acquired by Company with proceeds of the Bonds for use in connection with the Project, less any interests in real property, easements, licenses, rights of way or similar rights and privileges as may be released from the lien of the Mortgage as provided therein, or taken by the exercise of the power of eminent domain.

"Record Date" means the 15th day of the preceding month.

"Registered Owner" means the person or persons in whose name or names a Bond shall be registered on the books of Issuer kept for that purpose in accordance with provisions of the Indenture.

"Series 1983 Bonds" means the $1,000,000 aggregate principal amount of Issuer's Industrial Development Revenue Bonds (Major Media of the Southeast, Inc. Project) Series 1983 issued by Issuer pursuant to the Indenture.

"State" means the State of South Carolina.

019717

"System of Registration" and "System" mean a plan that provides:

(i) with respect to a Certificated Bond, that (1) the Certificated Bond specify the person entitled to the Bond and the rights it represents, and (2) transfer of the Certificated Bond and the rights it represents be registered upon books maintained for that purpose by Trustee on behalf of Issuer; and

(ii) with respect to an Uncertificated Bond, that (1) books maintained by Trustee on behalf of Issuer for the purpose of registration of the transfer of a Bond specify the person entitled to the Bond and the rights evidenced thereby, and (2) transfer of the Uncertificated Bond and the rights evidenced thereby be registered upon such books.

"Term of Agreement" means the term of this Agreement as specified in Section 11.1 hereof.

"Trustee" means NCNB National Bank of North Carolina, of Charlotte, North Carolina, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor trustee under the Indenture.

"Trust Estate" means the property conveyed to Trustee pursuant to the Granting Clauses of the Indenture.

"Uncertificated Bond" means a Bond which is not represented by an instrument.

[End of Article I]

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Issuer. Issuer represents that:

(a) Issuer is a county of the State of South Carolina and a political subdivision thereof. Under the provisions of the Act, Issuer is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. Issuer has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) Heretofore, Issuer and Company did agree that Issuer would finance the cost of acquiring, constructing, improving and equipping the Project. Company has estimated that the Cost of Construction of the Project will be not less than $1,000,000. On that basis, Issuer agrees to provide such financing by the issuance of the Series 1983 Bonds as set forth in the Indenture, and by the issuance of such Additional Bonds as are authorized pursuant to Section 2.10 of the Indenture.

(c) Issuer has not and will not pledge the amounts derived from this Agreement other than to secure the Bonds pursuant to the Indenture.

(d) Issuer has caused a public hearing to be held with respect to the issuance of the Series 1983 Bonds, and the Series 1983 Bonds have been approved by the "applicable elected representative" of the Issuer, both as required by Section 103(k) of the Code.

(e) Issuer has filed an information report with the Internal Revenue Service as required by Section 103(l) of the Code.

Section 2.2. Representations, Covenants and Warranties of Company. Company represents, covenants and warrants as follows:

(a) Company is a corporation duly incorporated and in good standing in the State of Delaware and is duly qualified to transact business and in good standing in the State, is not in violation of any provision of its Articles of Incorporation or its Bylaws, has power to enter into this Agreement and has duly authorized the

019719

execution and delivery of this Agreement by proper corporate action.

(b) Company agrees that during the Term of Agreement it will maintain its corporate existence, will continue to be a corporation in good standing in the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that Company may, without violating the agreement contained in this Section, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve, provided (i) that the surviving, resulting or transferee legal entity as the case may be, shall be a legal entity organized and existing under the laws of one of the states of the United States of America, shall be qualified to do business in the State, shall have a net worth immediately subsequent to such acquisition, consolidation, merger or transfer at least equal to that of Company immediately prior to such acquisition, consolidation, merger or transfer, and shall assume in writing all of the obligations of Company under this Agreement, in which event Issuer shall release Company in writing, concurrently with and contingent upon such assumption, from all liability hereunder; (ii) that such acquisition, consolidation, merger or transfer will not affect the tax-exempt status of the interest on the Bonds; and (iii) that prior to such acquisition, consolidation, merger or transfer Trustee shall be furnished a certificate from the chief financial officer of Company or his deputy stating that in the opinion of such officer none of the covenants contained in this Agreement will be violated as a result of such acquisition, consolidation, merger or transfer.

(c) Neither the execution and delivery of this Agreement and the Mortgage, the consummation of the transactions contemplated hereby and thereby nor the fulfillment of or compliance with the terms and conditions of this Agreement and the Mortgage conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Company is now a party or by which Company is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition

019720

of any lien, charge or encumbrance whatsoever upon any of the property or assets of Company under the terms of any instrument or agreement, other than a Permitted Encumbrance.

(d) There is no litigation or proceeding pending, or to the knowledge of Company threatened, against Company or any other person affecting in any manner whatsoever the right of Company to execute this Agreement or the Mortgage or the ability of Company to make the payments required hereunder or to otherwise comply with Company's obligations contained herein or therein.

(e) The Project is of the type authorized and permitted by the Act, and its estimated Cost of Construction is not less than $1,000,000.

(f) Substantially all of the proceeds of the Bonds will be used to provide, or reimburse the Company for the cost of, either land or property of a character subject to the allowance for depreciation under Section 167 of the Code and substantially all amounts to be paid or incurred from the proceeds of the Bonds are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by Company (for example, under Section 266 of the Code) or but for a proper election by Company to deduct such amounts.

(g) The proceeds from the sale of the Bonds will be used only for payment of Costs of Construction.

(h) Company intends to operate the Project, or cause the Project to be operated, as a "project," within the meaning of the Act, until the date on which all of the Bonds have been fully paid and are no longer Outstanding.

(i) No changes shall be made in the Project and no actions will be taken by Company which shall in any way impair the exemption of interest on any of the Bonds from federal income taxation.

(j) No costs of acquisition, construction, improving and equipping of the Project were paid or incurred prior to March 24, 1982, the date upon which the Council of Issuer adopted a resolution of intention to issue the Bonds for the purpose of financing the Cost of Construction; and prior to March 24, 1982, neither Company nor any related person had entered into any

019721

binding agreement in connection with the acquisition, construction, improving or equipping of the Project, no on-site work had been commenced in connection with the construction of the Project, and no off-site fabrication of any portion of the Project had been commenced. The Project was completed and was placed in service on _____, 1983.

(k) Company has good and marketable fee simple title to the Project Site free from any encumbrance other than Permitted Encumbrances. The Project Building will be located on the Project Site.

(l) The Project, as designed, complies with all presently applicable building and zoning ordinances.

(m) A significant portion of the proceeds of the Bonds will not be used directly or indirectly to provide residential real property for family units.

(n) Pursuant to Section 103(b)(14) of the Code, the average maturity of the Series 1983 Bonds is not more than 120% of the average reasonably expected economic life of the facilities being financed with the proceeds of the Series 1983 Bonds.

(o) The Company will comply with the requirements of Section 103(b)(6)(O) of the Code with respect to the use of proceeds from the sale of the Series 1983 Bonds.

(p) The Project when completed will be located entirely within the jurisdiction and territorial boundaries of the Issuer.

(q) The Company's estimates of the Cost of Construction, the Completion Date and the period of usefulness of the Project supplied to the Issuer were made in good faith and are fair, reasonable and realistic.

[End of Article II]

019722

ARTICLE III

ACQUISITION, CONSTRUCTION, IMPROVING AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1. Agreement To Acquire, Construct, Improve and Equip the Project.

(a) Company has made contracts and done all things necessary for the acquisition, construction, improving and equipping of the Project, with or without advertising for bids, and Company agrees that:

(i) It has caused the Project Building to be acquired, constructed, improved and equipped on the Project Site ~~together with~~ and will add any additional building or equipment which in the reasonable judgment of Company may be necessary for operation of the Project, and as shall from time to time prior to the Completion Date be specified in writing by Company to Issuer and Trustee, all of which acquisition, construction, improving and equipping shall be made in accordance with the specifications and directions of Company. Any such additional building and equipment acquired, constructed, improved or equipped with Bond proceeds shall be a part of the Project, shall belong to and be the property of Company and shall be subject to this Agreement and the Mortgage.

(ii) It has acquired, constructed, improved and equipped the Project ~~with all reasonable dispatch~~ and has used its best efforts to cause acquisition, construction, improving, equipping and occupancy of the Project to be completed by , 1983.

(b) So long as Company is not in Default under any of the provisions of this Agreement, Company shall have full power to carry out the acts and agreements provided in this Section 3.1, and such power is granted and conferred irrevocably by Issuer to Company and is accepted by Company, and shall not be terminated by any act of Issuer or of Company.

Section 3.2. Agreement To Issue Series 1983 Bonds; Application of Series 1983 Bond Proceeds. In order to provide funds for payment of the Cost of Construction, Issuer, concurrently with the execution and delivery of this

019723

Agreement, will issue, sell and deliver to Original Purchaser thereof the Series 1983 Bonds and deposit the proceeds thereof with Trustee as follows:

(1) in the Bond Fund, a sum equal to the accrued interest, if any, paid for the Series 1983 Bonds, and

(2) in the Construction Fund, the balance of the proceeds to be received from such sale.

Section 3.3. Disbursements From the Construction Fund. Issuer has, in the Indenture, authorized and directed Trustee to make disbursements from the Construction Fund to pay the Cost of Construction, or to reimburse Company for any Cost of Construction paid by Company. Trustee shall make each such disbursement upon receipt of a requisition signed by Company Representative (a) stating with respect to each disbursement to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due, (3) the amount to be disbursed, (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous disbursement and (5) that the expenditure of such disbursement, when added to all disbursements under previous requisitions, will result in at least ninety-five percent (95%) of the total of such disbursements, other than disbursements for reasonable issuance expenses, having been used (i) for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or (ii) for payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by Company (for example, under Section 266 of the Code) or but for a proper election by Company to deduct such amounts, (b) specifying in reasonable detail the nature of the obligation, and (c) accompanied by a bill or statement of account for such obligation.

Section 3.4. Furnishing Documents to Trustee. Company agrees to cause such requisitions to be directed to Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.3 hereof. Trustee shall retain a record of all such requisitions.

Section 3.5. Establishment of Completion Date.

(a) The Completion Date shall be evidenced to Issuer and Trustee by a certificate signed by Company Representative stating that, except for amounts retained

019724

by Trustee at Company's direction for any Cost of Construction not then due and payable, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed to his satisfaction, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, improving and equipping of the Project, Company agrees to cause such certificate to be furnished to Issuer and Trustee. Upon receipt of such certificate, Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of the Cost of Construction not then due and payable. Except in the circumstances described in subparagraph (b) below, any amount not to be retained in the Construction Fund for payment of the Cost of Construction, and all amounts so retained but not subsequently used and the notice of such failure of use of which shall be given by Company to Trustee, shall be transferred by Trustee into the Bond Fund.

(b) Notwithstanding the last sentence of the foregoing subparagraph (a), no amount shall be transferred into the Bond Fund unless at least ninety-five percent (95%) of (a) the actual amount of the proceeds (excluding accrued interest) received by Issuer from the sale of the Series 1983 Bonds less amounts expended for issuance expenses and (b) any investment earnings on moneys in the Construction Fund have been used (i) for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or (ii) for payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by Company (for example under Section 266 of the Code) or but for a proper election by Company to deduct such amounts.

or to reimburse the Company for the cost of,

019725

(c) In the case where no amount shall be transferred into the Bond Fund as provided in subparagraphs (a) and (b) above, any amount (exclusive of amounts retained by Trustee in the Construction Fund for payment of Costs of Construction not then due and payable) remaining in the Construction Fund shall be segregated by Trustee and used by Trustee:

(i) to redeem Series 1983 Bonds on or prior to the earliest redemption date permitted by the Indenture without a premium,

(ii) to purchase Bonds on the open market prior to such redemption date at prices not in excess of one hundred percent (100%) of the principal amount of the Bonds,

(iii) at the option of Company, to pay a portion of the annual principal due on the Bonds:

(A) in years before the Bonds are subject to redemption,

(B) in years the Bonds are subject to redemption, but only in an amount in excess of the amount retained in the Construction Fund, or

(C) in years when the Bonds are subject to redemption but a premium is required for early redemption, or

(iv) for any other purpose, provided that Trustee is furnished with an opinion of nationally recognized bond counsel to the effect that such use is lawful under the Act and will not adversely affect the exclusion from federal income taxes of interest on any of the Bonds.

The portion of annual principal due on the Bonds that may be paid as provided in (c)(iii) above will be limited to an amount that bears the same ratio to the annual principal amount that the total amount retained in the Construction Fund bears to the face amount of the Bonds. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by this Agreement and the Indenture provided that prior to any such investment Trustee is provided with an opinion of nationally recognized bond counsel to the effect that such investment will not adversely

019726

affect the exclusion from federal income taxes of interest on any of the Bonds by producing a yield on such amount (computed from the Completion Date and taking into account any investment of such amount from the Completion Date) greater than the yield on the Series 1983 Bonds, computed in accordance with Section 103(c) of the Code and the regulations promulgated thereunder. Company and Issuer agree to cooperate with Trustee and take all required action necessary to redeem the Series 1983 Bonds or to accomplish any other purpose contemplated by this Section.

Section 3.6. Company Required To Pay in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the Cost of Construction should not be sufficient to pay the Cost of Construction in full, Company agrees to complete the construction of the Project and to pay that portion of the Cost of Construction in excess of the moneys available therefor in the Construction Fund. Issuer does not make any warranty, either express or implied, that the moneys paid into the Construction Fund and available for payment of the Cost of Construction will be sufficient to pay all of the Cost of Construction. Company agrees that if, after exhaustion of the moneys in the Construction Fund, Company should pay any portion of the Cost of Construction pursuant to the provisions of this Section, Company shall not be entitled to any reimbursement therefor from Issuer, Trustee or the owners of any of the Bonds, nor shall Company be entitled to any diminution of the amounts payable under Section 4.2 hereof.

Section 3.7. Investment of Bond Fund and Construction Fund Moneys. Any moneys held as a part of the Bond Fund, the Construction Fund or any other fund shall be invested or reinvested by Trustee, to the extent permitted by law, at the request of and as directed in writing by Company Representative, in any of the following qualified investments (referred to herein as "Permitted Investments"):

(i) Governmental Obligations;

(ii) Certificates of Deposit or time deposits with any bank or savings institution, including Trustee, which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, provided that such Certificates of Deposit or time deposits, to the extent they exceed the amounts covered by such insurance, are fully secured by obligations described in clause (a) of the definition of Governmental Obligations, as set forth in Article I;

019727

(iii) Certificates of Deposit or time deposits with any banking institution, whether foreign or domestic, including Trustee, having a capital and surplus in excess of $50,000,000;

(iv) Prime commercial paper approved by Trustee and bearing a rating by a nationally recognized rating agency of "A-1," "P-1," "F-1" or any similar rating or better;

(v) Repurchase agreements issued by commercial banks, including Trustee, fully secured by Governmental Obligations; or

(vi) Mutual Funds which invest solely in any of the Permitted Investments set forth in (i) through (v) above.

Trustee may make any and all such Permitted Investments through its own bond department or the bond department of any bank or trust company under common control with Trustee. All such Permitted Investments shall at all times be a part of the fund (the Construction Fund, the Bond Fund or such other fund, as the case may be) from which the moneys used to acquire such Permitted Investments shall have come, and all income and profits on such Permitted Investments shall be credited to, and losses thereon shall be charged against, such funds. Such Permitted Investments shall be made so as to mature or be subject to redemption at the option of the holder thereof on or prior to the date or dates that Company anticipates that moneys therefrom will be required. Such Permitted Investments shall be registered in the name of Trustee.

Section 3.8. Special Arbitrage Certifications. Issuer and Company jointly and severally certify and covenant to each other and to and for the benefit of the purchasers and owners of the Outstanding Bonds that so long as any of the Bonds remain Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 103(c) of the Code.

Section 3.9. Issuance of Additional Bonds. Issuer may, at the request of Company Representative, authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in Section 2.10 of the Indenture. Additional Bonds may be issued to provide funds to pay any one or more of the following: (i) the costs of completing the

019728

acquisition, construction, improving and equipping of the Project (including payment of costs referred to in Section 3.6 hereof), (ii) the costs of making at any time or from time to time such substitutions, additions, modifications and improvements in, on or to the Project as authorized by the Act and as Company may deem necessary or desirable, (iii) the costs of refunding, to the extent permitted by law, any Outstanding Bonds, and (iv) the costs of the issuance and sale of the Additional Bonds and capitalized interest and other costs reasonably related to the financing as shall be agreed upon by Company and Issuer; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by Company; and provided further that Issuer is not in Default under the Indenture, Company is not in Default under this Agreement or the Mortgage or any provision hereof or thereof, and the Guarantor is not in default under the Guaranty, and the issuance of Additional Bonds will not constitute a Default under this Agreement or cause any violation of the covenants or representations of Company in this Agreement or the Mortgage or of the Guarantor under the Guaranty; and provided further that Company and Issuer shall have entered into an amendment to this Agreement to provide that, for all purposes of this Agreement, the Project shall include any facilities being financed by the Additional Bonds, to provide for such increase in the loan payments to be paid by Company to Issuer pursuant to this Agreement as shall be necessary to pay the principal of and premium, if any, and interest on the Additional Bonds, and to extend the Term of Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the Term of Agreement; and provided further that Issuer shall have otherwise complied with the provisions of Section 2.10 of the Indenture with respect to the issuance of such Additional Bonds.

[End of Article III]

ARTICLE IV

LOAN OF PROCEEDS TO COMPANY;
LOAN PROVISIONS

Section 4.1. Loan of Proceeds. Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to Company the proceeds received by Issuer from the sale of the Bonds. Except as provided in Section 3.2 hereof, such proceeds shall be disbursed to or on behalf of Company as provided in Section 3.3 hereof.

Section 4.2. Amounts Payable.

(a) Company hereby covenants and agrees to repay the loan in installments, as follows: on or before the fifth (5th) Business Day prior to any interest payment date for the Series 1983 Bonds, such being the first day of each month of each year, commencing October 1, 1983, or any other date fixed for redemption of any or all of the Series 1983 Bonds pursuant to the Indenture, until the principal of and premium, if any, and interest on the Series 1983 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which, together with other moneys available therefor in the Bond Fund, will enable Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Series 1983 Bonds as provided in the Indenture.

It is understood and agreed that all payments payable under this Section 4.2(a) by Company are assigned by Issuer to Trustee for the benefit of the owners of the Bonds. Company assents to such assignment. Issuer hereby directs Company and Company hereby agrees to pay to Trustee at Trustee's principal corporate trust office all payments payable by Company pursuant to this Section 4.2(a).

(b) Company will also pay the fees and reasonable expenses of Issuer related to the issuance of the Bonds.

(c) Company will also pay the reasonable fees and expenses of Trustee and any Paying Agents under the Indenture, such reasonable fees and expenses to be paid directly to Trustee or any Paying Agents for Trustee's

019730

or any such Paying Agent's own account as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the Bonds.

(d) In the event Company should fail to make any of the payments required in this Section 4.2, the item or installment so in Default shall continue as an obligation of Company until the amount in Default shall have been fully paid, and Company agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the Late Payment Rate.

Section 4.3. Obligations of Company Hereunder Unconditional; Payments Assigned. The obligations of Company to make the payments required in Section 4.2(a) and (d) and other sections hereof and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by Issuer or Trustee of any obligation to Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to Company by Issuer or Trustee and until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, Company (i) will not suspend or discontinue any payments provided for in Section 4.2(a) and (d) hereof, and (ii) except as provided in Article IX hereof, will not terminate the Term of Agreement for any cause, including, without limiting the generality of the foregoing, failure of Company to complete the acquisition, construction, improving and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of Issuer or Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release Issuer or Trustee from the performance of any of the agreements on its part herein contained, and in the event Issuer or Trustee should fail to perform any such agreement on its part, Company may institute such action against Issuer or Trustee as Company may deem necessary to compel

019731

performance so long as such action does not abrogate the obligations of Company contained in the first sentence of this Section. Company may, however, at Company's own cost and expense and in Company's own name or in the name of Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which Company deems reasonably necessary in order to secure or protect Company's right of possession, occupancy and use hereunder, and in such event Issuer hereby agrees to cooperate fully with Company and to take all action necessary to effect the substitution of Company for Issuer in any such action or proceeding if Company shall so request.

Section 4.4. Maintenance and Modification of Project by Company. Company agrees that at all times during the Term of Agreement, Company will, at Company's own expense, maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that Company will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals deemed proper and necessary by it.

In addition, Company shall have the privilege of remodeling the Project or making substitutions, additions, modifications and improvements to the Project from time to time as Company, in its discretion, may deem to be desirable for Company's use for such purposes as shall be permitted by the Act, the costs of which remodeling, substitutions, additions, modifications and improvements shall be paid by Company, and the same shall be the property of Company and be included under the terms of this Agreement and the lien of the Indenture as part of the Project; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not interfere with the construction of the Project or in any way damage the Project, and provided that the Project, as remodeled, improved or altered, upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to this Article IV shall be of a value not less than the value of the Project immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements. Any property for which a substitution or replacement is made pursuant to this Section 4.4 may be disposed of by Company in any manner and in the sole discretion of Company. Company will not permit any mechanic's or other lien to be established or remain against the Project for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements,

repairs, renewals or replacements so made by Company, provided that if Company shall first notify Trustee of Company's intention so to do, Company may in good faith contest any mechanic's or other lien filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment of any such items the liens of the Mortgage as to the Project and the Indenture as to the payments will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event Company shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Section 4.5. Taxes and Governmental and Utility Charges. Company will pay or cause to be paid, during the Term of Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any part thereof, including, without limiting the generality of the foregoing, any taxes levied upon the Project which, if not paid, will become a charge on the receipts from the Project prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, or a lien against the Project or any interest therein or the revenues derived therefrom or hereunder on a parity with the lien of the Mortgage; all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Company shall be obligated to pay only such installments as are required to be paid during the Term of Agreement.

Company may, at Company's expense and in Company's name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Indenture or the Mortgage will be materially endangered or the Project or any essential part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith. In the event that Company shall fail to pay any of the foregoing items required by this Section to be

019733

paid by Company, Issuer or Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by Issuer or Trustee shall become an additional obligation of Company to the party making the advancement, which amounts, together with interest thereon at the Late Payment Rate, Company agrees to pay.

Section 4.6. Casualty and Other Insurance. Company agrees to insure or cause to be insured the Project against loss or damage of the kinds usually insured against by companies similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than the full insurable value of the Project, and with such deductible provisions as are customarily included by companies similarly situated. The term "full insurable value," as used herein, shall mean the actual replacement value, or at the option of Company any lesser amount which is equal to or greater than the amount of all of the Outstanding Bonds. Alternatively, Company may insure or cause to be insured such property under a blanket insurance policy or policies which cover not only such property but other properties.

Any insurance policy issued pursuant to the preceding paragraph of this Section 4.6 shall be so written or endorsed as to make losses, if any, payable to Trustee and Company as their respective interests may appear. The Net Proceeds of the insurance required in this Section 4.6 shall be applied as provided in Section 5.2 hereof. Each insurance policy provided for in Sections 4.6 and 4.7 hereof shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of Trustee without first giving written notice thereof to Trustee at least ten (10) days in advance of such cancellation. All insurance policies issued pursuant to Section 4.6, Section 4.7 or Section 4.8 hereof, or certificates evidencing such policies, shall be deposited with Trustee.

Section 4.7. Public Liability Insurance. Company agrees to carry public liability insurance with respect to the Project with one or more reputable insurance companies in minimum amounts of $500,000 for the death of or personal injury to one person and $1,000,000 for personal injury or death for each occurrence in connection with the Project and $500,000 for property damage for any occurrence in connection

with the Project. Trustee shall be made an additional insured under such policy or policies. The insurance provided by this Section may be by blanket insurance policy or policies.

Section 4.8. Business Interruption Insurance. Company will maintain at all times during the Term of Agreement a policy or policies of business interruption insurance covering the expense of operating the Project during such period or periods as the Project may be damaged by one of the risks insured against under the insurance provided by Section 4.6 and shall be under construction, rebuilding or repair, provided that such insurance may limit its coverage to twelve (12) months for any one occurrence.

Section 4.9. Workmen's Compensation Coverage. At all times from the date hereof until the end of the Term of Agreement, Company shall maintain workmen's compensation coverage or cause the same to be maintained to the extent required by law.

Section 4.10. Advances. In the event Company shall fail to maintain the insurance coverage required by this Agreement or shall fail to keep the Project in good repair and operating condition, Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Trustee shall become an additional obligation of Company to Trustee, which amounts, together with interest thereon at the Late Payment Rate, Company agrees to pay.

[End of Article IV]

019735

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION;
USE OF NET PROCEEDS

Section 5.1. Damage, Destruction and Condemnation. Unless Company shall have exercised its option to prepay the amounts payable under this Agreement pursuant to the provisions of Section 9.2(a) or Section 9.2(b) hereof, if prior to full payment of the Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Indenture) (i) the Project or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (ii) title to or any interest in, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Company shall be obligated to continue to pay the amounts specified in Section 4.2 hereof.

Section 5.2. Application of Net Proceeds. Prior to the Completion Date, Issuer, Trustee and Company will cause the Net Proceeds of any insurance proceeds or condemnation award resulting from any events described in Section 5.1 hereof to be deposited in the Construction Fund and to be disbursed therefrom as provided in this Agreement and the Indenture. Subsequent to the Completion Date, Issuer, Trustee and Company will cause the Net Proceeds of any insurance proceeds or condemnation award resulting from any event described in Section 5.1 hereof to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied in one or more of the following ways as shall be elected by Company in a written notice to Issuer and Trustee:

(a) To the prompt repair, restoration, modification or improvement of the Project by Company, and Issuer has, in the Indenture, authorized and directed Trustee to make payments from such separate fund for such purposes or to reimburse Company for costs paid by it in connection therewith upon receipt of a requisition acceptable to Trustee signed by Company Representative stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is due, (3) the amount to be paid and (4) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous

019736

withdrawal. Any balance of the Net Proceeds remaining after such work has been completed shall be transferred to the Bond Fund to be applied to the payment of principal of and premium, if any, and interest on the Bonds, or if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such separate trust fund shall be paid to Company.

(b) To redemption of the Bonds on the next succeeding redemption date as specified in a written notice by Company to Trustee, provided that no part of the Net Proceeds may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with the Indenture upon prepayment of the amounts payable hereunder pursuant to Section 9.2(a) or Section 9.2(b) hereof or (2) in the event that less than all of the Bonds are to be redeemed, Company shall furnish to Issuer and Trustee a certificate of Company Representative acceptable to Issuer and Trustee stating that (i) the property forming the part of the Project that was damaged or destroyed by such casualty or was taken by such condemnation proceedings is not essential to the use or possession of the Project by Company or (ii) the Project has been repaired, restored, modified or improved to operate as designed.

Section 5.3. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 5.2(a) hereof, Company will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by Trustee. Company agrees that if by reason of any such insufficiency of the Net Proceeds, Company shall make any payments pursuant to the provisions of this Section, Company shall not be entitled to any reimbursement therefor from Issuer, Trustee or the holders of any of the Bonds, nor shall Company be entitled to any diminution of the amounts payable under Section 4.2 hereof.

Section 5.4. Cooperation of Issuer. Issuer shall cooperate fully with Company at the expense of Company in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 5.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Project or any part thereof or any property of Company in connection with which the Project is used and will, to the extent it may

019737

lawfully do so, permit Company to litigate in any proceeding resulting therefrom in the name and behalf of Issuer. In no event will Issuer voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of Company Representative.

Section 5.5. Condemnation of Property Owned by Company. Company shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Project.

[End of Article V]

019738

ARTICLE VI

SPECIAL COVENANTS

Section 6.1. No Warranty of Condition or Suitability by Issuer. Issuer makes no warranty, either express or implied, as to the Project or the condition thereof, or that the Project will be suitable for the purposes or needs of Company.

Section 6.2. Access to the Project. Company agrees that Issuer, Trustee and their duly authorized agents shall have such rights of access to the Project and the Project Site as may be reasonably necessary to cause to be completed the acquisition, construction, improving and equipping provided for in Section 3.1 hereof, and thereafter for the proper maintenance of the Project in the event of failure by Company to perform its obligations under Section 4.4 hereof. Issuer, Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of Company with respect to the Project.

Section 6.3. Further Assurances and Corrective Instruments. Issuer and Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the expressed intention of this Agreement.

Whenever the Issuer 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 Issuer, through the County Attorney, 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 (2) an opinion of nationally recognized bond counsel addressed to the Issuer that the report or other document is not in violation of any provisions of law or of the Indenture, this Agreement, the Mortgage or the Guaranty, 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 Issuer for producing and filing such report or documents, such statement to be paid within 30 days after presentation by the Issuer.

019739

Section 6.4. Issuer and Company Representatives. Whenever under the provisions of this Agreement the approval of Issuer or Company is required or Issuer or Company is required to take some action at the request of the other, such approval or such request shall be given for Issuer by Issuer Representative and for Company by Company Representative; Trustee and any party hereto shall be authorized to act on any such approval or request.

Section 6.5. Financial Report. So long as any of the Bonds are Outstanding, Company shall furnish or cause to be furnished to Trustee, Original Purchaser and to any owner of Bonds who shall have requested in writing the following information:

(a) Within one hundred twenty (120) days after the end of the preceding fiscal year, an audit report covering the consolidated operations of Guarantor, which includes the consolidated balance sheet of Guarantor and the related consolidated statements of income, shareholders' equity and changes in financial position for the year ended that date, together with the signed opinion of recognized independent certified public accountants that such financial statements present fairly the consolidated financial position of Guarantor, the results of its operations and the changes in its financial position as of the end of the preceding fiscal year, and were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

(b) Upon request, copies of all such regular or periodic financial statements or financial reports as Guarantor shall send to its shareholders.

(c) Upon request, copies of all such regular or periodic reports, which are available for public inspection which Company or Guarantor may be required to file with any federal or state department, bureau, commission or agency.

(d) Within thirty (30) days after the end of each fiscal quarter, a financial report covering Guarantor's accounts payable and their respective lengths of time outstanding, and setting forth which of Guarantor's accounts payable are not being paid on a current basis and the reasons for such payments not being made.

019740

(e) Within one hundred twenty (120) days after the end of the preceding fiscal year, a certification of Company Representative that Company is in compliance with all covenants and agreements made by Company and contained in this Agreement.

Section 6.6. First Mortgage Lien and Security Interest in the Project. Company hereby agrees, as a condition precedent to Issuer's execution and delivery of the Series 1983 Bonds, to execute the Mortgage, causing a first mortgage lien and security interest to be granted to Trustee in all real and personal property included in the Project, in order to secure payment of principal of and premium, if any, and interest on the Bonds, and furthermore, to execute any and all financing statements necessary to perfect the security interests granted in the Mortgage. Company hereby further agrees that in the event of a Default under this Agreement and acceleration of payment of the Bonds by Trustee pursuant to Section 9.02 of the Indenture, Trustee may foreclose its first mortgage lien and security interest on real and personal property subject to the Mortgage and use any proceeds therefrom for payment of principal of and premium, if any, and interest on the Bonds irrespective of any other remedies exercised by Issuer or Trustee. Upon payment of all principal of and premium, if any, and interest on the Bonds, such first mortgage lien will be released in accordance with provisions of the Mortgage and Trustee shall execute such documents as may be necessary to evidence such release.

Section 6.7. Granting of Easements. If no Event of Default shall have happened and be continuing, Company may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in the Project, free from the security interest afforded by the Mortgage, or Company may release existing easements, licenses, rights of way and other rights and privileges with or without consideration, and Issuer agrees that Trustee shall and is hereby directed to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other grant or privilege upon delivery to Trustee and Issuer of: (1) a copy of the instrument of grant or release, and (2) a written statement signed by Company Representative stating (i) that such grant or release is not detrimental to the proper conduct of the business of Company, and (ii) that such grant or release will not impair the effective use or interfere with the operation of the Project, and (3) an opinion of Independent Counsel

019741

that such grant or release will not materially weaken, diminish or impair the security afforded by or under the Mortgage.

Section 6.8. Release of Certain Land. Notwithstanding any other provisions of this Agreement, the parties hereto reserve the right, at any time and from time to time, to amend this Agreement and the Mortgage for the purpose of effecting the release of or removal from this Agreement and the lien of the Mortgage of (i) any unimproved part of the Project Site (on which no Project Building or other building or equipment owned by Company and essential to the continued operation of the Project is situated) or (ii) any part of the Project Site with respect to which the owner of the Project Site proposes to convey fee title to a railroad, public utility or public body in order that railroad service, utility services or roads may be provided for the Project, provided that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid such amendment shall not be effective until and unless there are deposited with Trustee the following:

(a) Copies of the said amendments to this Agreement and the Mortgage.

(b) A resolution of Issuer (i) stating that Issuer is not in Default under any of the provisions of the Indenture and that Issuer and Company are not, to the knowledge of Issuer, in Default under any of the provisions of this Agreement or the Mortgage, (ii) giving an adequate legal description of that portion of the Project Site to be released, (iii) stating the purpose for which the release is desired, (iv) requesting such release and (v) approving such amendments to this Agreement and the Mortgage.

(c) Evidence of the authority of the officers of Company who execute such amendments to this Agreement and the Mortgage.

(d) An opinion of Independent Counsel stating that, to the best of its knowledge, Company is not in Default under this Agreement or the Mortgage.

(e) If applicable, a copy of the instrument granting the easement or conveying the portion of the Project Site to be released.

019742

(f) Any instrument or instruments required by the terms of such release or removal from Issuer of the Project Site.

(g) A certificate of an independent engineer acceptable to Trustee dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of such engineer (i) the portion of the Project Site so proposed to be released is necessary or desirable in order to obtain railroad service, utility services or roads to benefit the Project, or is not otherwise needed for the operation of the Project for the purpose hereinabove stated and (ii) the release so proposed to be made will not impair the usefulness of the Project as a facility for the purposes for which it was designed and for such purposes as shall be permitted by the Act and will not destroy the means of ingress thereinto and egress therefrom.

Section 6.9. Covenants With Respect to Section 103(b)(6)(D) of the Code. Company covenants that the proceeds of the Bonds are to be used only with respect to facilities to be located within the corporate boundaries of Spartanburg County, South Carolina; and that Company will be the principal user of the Project within the meaning of Section 103(b)(6) of the Code, and that there are no outstanding obligations issued subsequent to April 30, 1968, of any state, territory or possession of the United States of America, or any political subdivision of the foregoing or of the District of Columbia, the interest on which is exempt under Section 103(b)(6) of the Code, and the proceeds of which have been or are to be used primarily with respect to facilities located within the corporate boundaries of Spartanburg County, South Carolina, and the principal user of which is Company (including any person related to Company within the meaning of Section 103(b)(6)(C) of the Code).

Section 6.10. Investment Tax Credit. Issuer agrees that any investment tax credit with respect to the Project or any part thereof shall be made available to Company, and Issuer will fully cooperate with Company in any effort by Company to avail itself of any such investment tax credit. Issuer agrees to cause Trustee to cooperate in making any investment tax credit available to Company.

Section 6.11. Covenant Re Revenue Ruling 81-216. Company represents and warrants that neither it, Guarantor nor any "related person" thereof as defined in Section 103(b) of the Code is a principal user of any facilities financed with the proceeds of "industrial development revenue bonds" within

019743

the meaning of Section 103(b) of the Code issued within the 31 days immediately preceding the issuance of the Series 1983 Bonds; and Company covenants and agrees that neither it, Guarantor or any "related person" thereof as defined in Section 103(b) of the Code will be a principal user of any facilities financed with the proceeds of "industrial development revenue bonds" within the meaning of Section 103(b) of the Code issued within the 31 days immediately succeeding the issuance of the Series 1983 Bonds; provided, however, that Company, Guarantor or any related person thereof may become the principal user of any facilities financed with the proceeds of "industrial development revenue bonds" within the meaning of Section 103(b) of the Code issued within the 31 days immediately succeeding the issuance of the Series 1983 Bonds, if it first obtains an opinion of nationally recognized bond counsel, satisfactory to the holder of the Series 1983 Bonds, to the effect that the taking of such action will not cause the interest on the Series 1983 Bonds to become subject to federal income taxation.

[End of Article VI]

019744

ARTICLE VII

ASSIGNMENT, SELLING, LEASING,
INDEMNIFICATION AND REDEMPTION

Section 7.1. Assignment, Selling and Leasing. This Agreement may be assigned and the Project leased or sold, as a whole or in part, by Company without the necessity of obtaining the consent of either Issuer or Trustee, subject, however, to each of the following conditions:

(a) No assignment, sale or lease shall relieve Company from primary liability for any obligations hereunder, and in the event of any such assignment, sale or lease Company shall continue to remain primarily liable for payment of the amounts specified in Section 4.2 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by Company to the same extent as though no assignment, sale or lease had been made.

(b) The assignee, purchaser or lessee shall assume the obligations of Company hereunder to the extent of the interest assigned or leased.

(c) Company shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to Issuer and Trustee a true and complete copy of each assignment, assumption of obligation, contract of sale or lease, as the case may be.

Section 7.2. Release and Indemnification Covenants.

(a) The Company shall and hereby agrees to indemnify and save the Issuer and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work of thing done on, the Project during the Term of the Agreement and against and from all claims arising during the Term of the Agreement from:

(1) any condition of the Project;

(2) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement;

(3) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees with respect to the Project;

019745

(4) any act of negligence of any assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Company with respect to the Project; or

(5) any claim otherwise arising in connection with this Agreement and the transactions contemplated hereby.

The Company shall indemnify the Issuer and the Trustee and save the Issuer and the Trustee harmless from any and all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Issuer or the Trustee, the Company shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the Issuer shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the Issuer hereunder, by reason of the issuance and delivery of the Series 1983 Bonds, by reason of the performance of any act required of it by this Agreement, or by reason of the performance of any act requested of it by the Company, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Issuer should incur any such pecuniary liability, then the Company shall indemnify and hold harmless the Issuer against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Issuer in any such action or proceeding.

Section 7.3. Assignment of Interest in This Agreement by Issuer. Any assignment or pledge by Issuer to Trustee pursuant to the Indenture of any interest in this Agreement or any moneys receivable under this Agreement shall be subject and subordinate to this Agreement.

Section 7.4. Redemption of Bonds. Company shall have and is hereby granted the option to prepay from time to time the amounts payable under this Agreement in sums sufficient to redeem or to pay or cause to be paid all or part of the

Bonds in accordance with the provisions of the Indenture. Upon the agreement of Company to deposit moneys in the Bond Fund in an amount sufficient to redeem Bonds subject to redemption, Issuer, at the request of Company, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds, as may be specified by Company, on the date established for such redemption.

Section 7.5. Installation of Company's Own Machinery. Company may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in the Project or on the Project Site. All such machinery, equipment and other tangible property shall remain separate and apart from the Project and constitute property of Company in which Issuer and Trustee shall have no interest.

Section 7.6. References to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of Trustee, all references in this Agreement to the Bonds and Trustee shall be ineffective, and neither Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested or would affect the tax-exempt status of the Bonds.

Section 7.7. Issuer To Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, Issuer shall assign to Trustee in order to secure payment of the Bonds all of Issuer's right, title and interest in this Agreement except Issuer's rights under Sections 4.2(b), 7.2 and 8.4 hereof.

Section 7.8. Financing Statements. To the extent required by law of the State, Company shall cause a financing statement relating to the security interest of the Indenture in this Agreement to be filed in such manner and at such places as may be required by law fully to protect the rights of Trustee in this Agreement. Company and Issuer shall execute or cause to be executed any and all further instruments as may be required by law or as shall reasonably be requested by Trustee for such protection of the rights of Trustee and Issuer and shall furnish satisfactory evidence to Trustee of filing and refiling of such instrument and of

019747

every additional instrument which shall be necessary to preserve the rights of Trustee and Issuer in this Agreement during the term of this Agreement.

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the terms "Event of Default" and "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by Company to pay the amounts required to be paid under Section 4.2(a) hereof at the times specified therein and the continuation of said failure for the lesser of (i) a period of forty-eight (48) hours after telephonic or telegraphic notice given by Trustee that the payment referred to in such notice has not been received, such telephonic or telegraphic notice to be subsequently confirmed in writing, or (ii) a period of five (5) Business Days.

(b) Failure by Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 8.1(a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to Company by Issuer or Trustee, unless Issuer and Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Issuer and Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by Company within the applicable period and is being diligently pursued until the Default is corrected.

(c) The dissolution or liquidation of Company or the voluntary initiation by Company of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against Company of any such proceeding which shall remain undismissed for sixty (60) days, or failure by Company to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of Company to carry on its operations at the Project, or assignment by Company for the benefit of creditors, or the entry by Company into an agreement of composition with creditors or the failure generally by Company to pay its debts as they become due.

019749

(d) The occurrence of an Event of Default under the Indenture, the Mortgage or the Guaranty.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure Company is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), Company shall not be deemed in Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or event not reasonably within the control of Company. Company agrees, however, to remedy with all reasonable dispatch the cause or causes preventing Company from carrying out its agreement, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Company and Company shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of Company unfavorable to Company.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 hereof shall have happened and be continuing, Trustee or Issuer with the written consent of Trustee may take one or any combination of the following remedial steps:

(a) By written notice to Company, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of Company during regular business hours of Company, if reasonably necessary in the opinion of Trustee; or

019750

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Company under this Agreement.

Any amounts collected pursuant to action taken under this Section 8.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. 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 or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given Issuer hereunder shall also extend to Trustee, and Trustee and the holders of the Bonds, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 8.4. Agreement To Pay Attorneys' Fees and Expenses. In the event Company should Default under any of the provisions of this Agreement and Issuer or Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of Company herein contained, Company agrees that it will on demand therefor pay to Issuer or Trustee the reasonable fee of such attorneys and such other expenses so incurred by Issuer or Trustee.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

[End of Article VIII]

019751

ARTICLE IX

OPTIONS; PREPAYMENT OF LOAN

Section 9.1. Option To Terminate at Any Time. Company shall have, and is hereby granted, the option to terminate the Term of Agreement at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) (i) by paying to Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal of and interest to maturity or applicable redemption date, as the case may be, and premium, if any, expenses of redemption and Trustee's and Paying Agents' fees and expenses), and, in case of redemption, by making arrangements satisfactory to Trustee for the giving of the required notice of redemption and (ii) by giving Issuer notice in writing of such termination, and such termination shall forthwith become effective.

Section 9.2. Relative Position of Options and Indenture. The options respectively granted to Company in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not Company is in Default hereunder.

[End of Article IX]

019752

ARTICLE X

OBLIGATION TO PREPAY LOAN IN EVENT
OF A DETERMINATION OF TAXABILITY

Company shall be obligated to prepay the amounts payable hereunder, and accordingly prepay the Series 1983 Bonds, within one hundred eighty (180) days after a Determination of Taxability (as defined below) shall have occurred by paying an amount equal to, when added to other funds on deposit in the Bond Fund, (a) one hundred percent (100%) of the aggregate principal amount of Series 1983 Bonds Outstanding at the time of a Determination of Taxability plus accrued interest to the redemption date, plus (b) a redemption premium in an amount equal to the interest borne by all Series 1983 Bonds outstanding on the Taxable Date from the Taxable Date to the date of the payment or redemption of such Series 1983 Bonds, so that each person who was a holder of a Series 1983 Bond on or after the Taxable Date shall be provided with the relief prescribed in Section 3.01 of the Indenture, plus (c) an amount of money equal to Trustee's and Paying Agents' fees and expenses under the Indenture accrued and to accrue until such purchase and redemption of the Series 1983 Bonds, plus (d) an amount of money equal to all sums due to Issuer under this Agreement.

A "Determination of Taxability" shall have been deemed to occur if, as a result of an Event of Taxability (as defined below), a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Series 1983 Bond is or was includable in the gross income of a holder of the Series 1983 Bonds for federal income tax purposes under the Code (other than a holder who is a substantial user or related person within the meaning of Section 103(b)(13) of the Code). However, no such decree or action will be considered final for this purpose unless Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any holder of a Series 1983 Bond, and until conclusion of any appellate review, if sought. If Trustee receives written notice from any Bondholder stating that (i) the Bondholder has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such Bondholder for the reasons described herein or any other proceeding has been instituted against such Bondholder which may lead to a final decree or action as described herein, and (ii) such Bondholder will afford

019753

Company the opportunity to contest the same, either directly or in the name of the Bondholder, and until a conclusion of any appellate review, if sought, and Trustee is satisfied that such information is accurate, then Trustee shall promptly give notice thereof to Company and Issuer and owner of each registered Series 1983 Bond then Outstanding and to each Bondholder who has filed his name with Trustee. Trustee shall thereafter coordinate any similar requests or notices it may have received from other Bondholders and shall keep then informed of the progress of any administrative proceedings or litigation. If a final decree or action as described above thereafter occurs, Trustee shall make the required demand for prepayment of the amounts payable hereunder and prepayment of the Series 1983 Bonds and give notice of the redemption of the Series 1983 Bonds at the earliest practical date, but not later than the date specified in this Article, and in the manner provided by Section 3.02 of the Indenture.

An "Event of Taxability" shall be deemed to mean the failure of Company to observe any covenant, agreement or representation herein, which failure results in a Determination of Taxability.

The term "Taxable Date" shall mean the date as of which occurred an Event of Taxability which resulted in a Determination of Taxability.

At the closing of any such prepayment of the amounts payable hereunder pursuant to this Section, the prepayment amount shall be applied, together with other available moneys in the Bond Fund, to the redemption of the Series 1983 Bonds on the earliest possible date after notice as provided in the Indenture, whether or not such date is an interest payment date, to the payment of any redemption premium required in clause (b) of the first paragraph of this Article X, to Trustee's and Paying Agents' fees and expenses under the Indenture accrued to such purchase and redemption of the Series 1983 Bonds, and to all sums due to Issuer under this Agreement.

Whenever Company shall have been given any notice of prepayment of the Bonds pursuant to this Article X which includes a notice for redemption of the Series 1983 Bonds pursuant to Section 3.01 of the Indenture, all amounts payable under the first paragraph of this Article X shall become due and payable on the date fixed for the redemption of such Series 1983 Bonds.

019754

The parties recognize that the Series 1983 Bonds are being issued as tax-free obligations under Section 103(b)(6) of the Code, and that circumstances (not now contemplated or anticipated) may hereafter result in a Determination of Taxability as provided above. It is the intention of the parties hereto that Company shall, under the circumstances set forth in the preceding sentence, provide each person who presents proof satisfactory to Trustee that he is or was a holder of a Series 1983 Bond on or after the Taxable Date with the relief prescribed in Section 3.01 of the Indenture, even though it might be thereafter determined by court order, ruling or otherwise that interest on the Series 1983 Bonds was, in fact, not subject to federal income taxes.

[End of Article X]

019755

ARTICLE XI

MISCELLANEOUS

Section 11.1. Term of Agreement. This Agreement shall remain in full force and effect from the date hereof to and including September 1, 1993, or until such time as all of the Bonds and the fees and expenses of Issuer, Trustee and any Paying Agents shall have been fully paid or provision made for such payments, whichever is later; provided that this Agreement may be terminated prior to such date if Company shall exercise its option to prepay the amounts payable hereunder pursuant to this Agreement.

Notwithstanding the foregoing, the covenants of Company set forth in subsections (f), (g) and (i) of Section 2.2, Section 6.9, Section 6.11 and Article X shall survive the Term of Agreement.

Section 11.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

If to Issuer:

Spartanburg County Council
County Administration Building
Spartanburg, South Carolina 29304

Attention: County Administrator

If to Company:

Major Media of the Southeast, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344-3789

Attention: President

If to Trustee:

NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina

Attention: Corporate Securities Services Department;

019756

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

If to Guarantor:

Major Media, Inc.
7751 Flying Cloud Drive
Eden Prairie, Minnesota 55344-3789

Attention: President

If to Original Purchaser:

NCNB National Bank of North Carolina
One NCNB Plaza
Charlotte, North Carolina

Attention:

A duplicate copy of each notice, certificate or other communication given hereunder by Issuer or Company shall also be given to Trustee, Guarantor and Original Purchaser. Issuer, Company, Trustee, Guarantor and Original Purchaser may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.3. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Issuer, Company, Trustee, the Bondholders and their respective successors and assigns, subject, however, to the limitations contained in Sections 2.2(b), 7.1 and 7.3 hereof.

Section 11.4. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.5. Amounts Remaining in Bond Fund or Construction Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund or the Construction Fund upon expiration or earlier termination of the Term of Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of Trustee and any Paying Agents in accordance with the Indenture, shall belong to and be paid to Company by Trustee as the return of an overpayment of the amounts payable hereunder.

019757

Section 11.6. Amendments, Changes and Modifications. Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of Trustee, in accordance with the provisions of the Indenture.

Section 11.7. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.9. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 11.10. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of any payment due hereunder shall be in the city of Trustee's principal corporate trust office a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized by law to close, then such payment need not be made on such date but may be made on the next succeeding day with the same force and effect as if made on the date fixed for such payment, and no interest shall accrue for the period after such date.

IN WITNESS WHEREOF, Issuer has caused this Agreement to be executed in its corporate name and with its official seal hereunto affixed and attested by its duly authorized officials. Company has caused this Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

[SEAL] SPARTANBURG COUNTY

Attest:

By: _____
County Administrator

By: _____
Clerk of Council

019758

[SEAL]

Attest:

By: _____
Title:

MAJOR MEDIA OF THE SOUTHEAST, INC.

By: _____
Title:

019759

EXHIBIT A

PROJECT SITE

All those certain pieces, parcels or lots of land in Spartanburg County, State of South Carolina, shown and designated as 7.82 acres and 1.766 acres on a plat prepared for A. Darrell Merchant by Archie S. Deaton, R.L.S., dated February 16, 1982, revised March 12, 1983, and recorded in Plat Book 87, page 942, RMC Office for Spartanburg County, and as set forth more fully below:

BEGINNING at a point in the center of South Carolina Highway 62 and running with center of said highway thence S 11-12 E 60 feet to point in center of said highway; thence S 75-55 W 54.63 feet to a concrete monument; thence turning and running S 49-22 W 333.61 feet to concrete monument; thence S 68-59-30 W 200.56 feet to an iron pin; thence S 66-46 W 195.29 feet to an iron pin; thence S 64-44 W 198.39 feet to an iron pin; thence S 63-07-30 W 201.83 feet to an iron pin; thence S 61-03-20 W 202.79 feet to an iron pin; thence S 58-53-40 W 235.23 feet to an iron pin; thence S 56-23 W 236.23 feet to an iron pin; thence N 10-54-20 E 530.02 feet to an iron pin; thence N 73-28 E 1560.60 feet to the beginning point in center of South Carolina Highway 62.

019760

EXHIBIT B

PROJECT BUILDING

The Project Building will have approximately 20,000 square feet with 6,000 being first floor offices, 5,000 being second floor space for future offices, and 9,000 in the shop area. The building will house the management and sales offices and the art department of the Company. The shop area will manufacture poster faces (structures) and bulletin faces will be repainted there. Posters also will be prepasted in preparation of posting them on the location.

The Project Building includes the following equipment and personal property:

Quantity	Description
20	place settings sterling silver
18	place settings fine china
	Omega III ET-2460 Electronic Telecommunication system (phones)
1	Amana SDI-22 refrigerator
1	Amana ADM-1B drop in range
1	Amana CC-1 range cartridge
1	Kitchenaid dishwasher
1	MVH-9T Microwave oven
1	CS1982 MGA Color TV
1	H5310 MGA VCR Machine
1	specially made cabinet for VCR and TV
1	5600 Pitney Bowes Mailing machine
1	EM5-15 Electronic postage scale
1	Dictaphone system with Thought Tank and two subscribe stations
1	overhead crane
1	welder, bench grinder, table saw and band saw
	Building paint racks and steel work tables

019761

Quantity	Description
1	Kimball 90-3672DW Desk
1	Kimball 90-1978SW Credenza
1	Leathercraft 732-38 Exec Chair Uph: PA Antique Blue, #5 Base
2	Kimball 84 Guest Conference Chairs Uph: 1310 Scarlett Wedgewood
1	Wildwood 5019 Domed Caddie Lamp (Red)
1	Pair Draperies Kravet, Tiking-16 54" side, 27" Repeat w/Kirsch 54143 vintage brass rod
2	Kimball 90-3066DW Desk Finish:W12
2	Kimball 82/B23/C20 Exec Chairs Uph: 316/126 Brown, Finish: W12
4	Paoli 431-1 Side Arm Chairs Uph: Maharam M451402 Wool Teed #78, Finish: Brown tone
2	Pairs Draperies Fairmont 2690 Teal with Schumacher 27-5020 off white lining, Kirsch 54143 Vintage brass rods
1	Kimball 90-3672DWM Desk, W12 Finish
1	Kimball 90-1978SWM Crendza Base #5, Uph: Royce Venetian Red
1	Leathercraft 732-38 Exec Chair
2	Kimball #84 Conference Chairs Finish: W12 Uph: Wooltex 1113
1	Wildwood #121 Lamp
1	Leathercraft 1031-17 Wing Chair Uph: Royce Venetian Red
1	Madison Square 414 tilt top table
1	Madison Square 501 End table
1	Madison Square 307 Butlers Tray
1	Ashley Manor 1337-64 Sofa Uph: 8415/14 Grade 11
1	Wildwood 3167 Crane tree Lamp
1	Pair Draperies Kravet Rokby-1 Natural Ground 36" Repeat w/cornice board
1	Leathercraft 1031-17 Wing Chair Uph: Kravet Rokby-1 54", 36" Repeat 61/2 yds
1	Ashley Manor 1337-64" Sofa Uph: 1634/14 Grade 14

019762

Quantity	Description
1	Madison Square 501 End Table
1	Madison Square 504 Coffee Table
1	Wildwood 418 Brass Lamp
2	Leathercraft 208-27 Occasional Chairs Uph: PA Antique Blue Leather
1	Madison Square 414 Tilt top table
4	Pairs of Draperies Kravet Formosa 16 with cornice boards
1	Kittinger T414-72-02-0B 72x36 Exec Desk Finish:W12
1	Kittinger Credenza unit consisting of: 1-T715-1F File Unit 1-T715-3R Hinged desk unit with uniform top and base Burl fronts to match T-414-72-02-OB
1	Wildwood 104 Large Cluster Lamp
1	Leathercraft 7153 Exec Chair Uph: PA Antique Blue
1	Hickory Mfg. 2760-86 Console Table
2	Kimball 90-3066 Desk Finish: W12
2	Kimball 82-B23-C20 Exec Chair Uph: 316/126 Brown, W12 finish
4	Paoli 431-1 Side Arm Chairs, Uph: Maharam M451402 Wool Tweed, Brown tone finish
1	Wellington Hall 6-405-5 Console Table
1	Wildwood 155 Candlestick Lamp
1	Hickory Manufacturing 1760-84 Chippendale Side Chair Uph; West Gate 3-3623
1	Kimball 80-B20-C-20 Sec Chair Uph: Wedgewood 1120 Wooltex Finish: W12
1	Kimball 90-6675LWM Sec Desk
1	Kimball 90-B119W Top P, laminate
1	Corry F582106-3 Two drawer lateral file finish: P 77 Brown
1	Kittinger CW66, CW65 Dining Conference table with 2-24" leaves, extends to 147"
10	Hickory Mfg. 1760-85 Chippendale Arm Chairs Uph: Westgate 3-3623
1	Hickory Manufacturing 1760-02 Huntboard
1	Wellington Hall 6-300 Pembroke Tables Mahogany finish

019763

Quantity	Description
1	Ashley Manor 1337-80" Sofa Uph: Westgate 3-3651
2	Hickory Mfg 861 Arm Chair Uph: West gate 4-4704
2	Wildwood Lamps 3065
1	Kimball 90-3672DW Double Pedestal Desk
1	Kimball 90-11 Bookcase
1	Carolina Seating 6185-7 Exec Chair Uph: 204 Pattern 975
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea Beige, W12 finish
2	Corry 166-0524 19/22 Cabinets w/2 ea. 005-1894 EDP Hanging Drawers and 1 ea. 005-1833 6" drawers, P77 Brown finish
1	Corry F58-3207-03 Three drawer lateral file with locks and hanging drawers frames, P77 Brown finish
1	Pair of Draperies Schumacher 72874-54 Color: Mauire Slate with Kirsch 54143 Brass Rods
2	Hickory 2760-03 Bachlor Chest Mahogany finish
2	Wildwood Lamps 2483 Brass
2	Kay Lyn T7113-65 Loveseat Uph: Westgate 3-3679, American Masterpice finish
1	Wellington Hall 6-100-5 Cocktail table Mahogany finish
1	Madison Square 278 English Magazine Rack
2	Kay Lyn M865 Chairs Uph: Robert Allen Pace Delft
1	Kimball 80-B20-C20 Sec Chair Uph: Wolltex 1120 Wedgewood, W12 finish
1	Kimball 90-6675RWM Sec Des, W12 Finish
1	Wellington Hall 6-405-5 Console Mahogany finish
1	Wildwood Lamp 169
1	Wildwood Umbrella Stand
1	Kimball 90-3066 DW Desk
1	Kimball 83/B23/C20 Exec Chair Uph: 126/316, W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea Beige, W12 finish
2	Corry F58-2204-03 Two Drawer Files, P77 Brown finish

019764

Quantity	Description
2	Nucraft 240-OBC Bookcases Special match Kimball 900 Series
2	Panels Stationary Draperies Schumacher 74193-54 Beige, Palace Robe w/Kirsch 54147 Brass Rods
2	Levolor Blinds
1	Kimball 90-3066DW Desk
1	Kimball 82/B23/C20 Exec Chair Uph: 126/316, W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame Strip 1400 Amber/Navy
1	Kimball 90-1978SW Credenza
1	Wildwood 5018 Lamp
1	Pair Draperies Schumacher All Spice 75M 465-5411 W/ Kirsch 54145 Brass Rod
4	Thonet 8669 Side Chairs Uph: 343 English Oak
1	Thonet 242-718 36" Dia. Table Finish: 343 English Oak
1	Kay Lyn M356 Bench, Uph: 30-25B
1	Mt. Airy 5066C Desk, Orient Oak Finish
2	Mt. Airy Arm Chairs, Orient Oak Finish, Uph:
1	Mt. Airy 30295 Exec Chair, Orient Oak Finish, uph:
2	Corry F58-2206-03 Two Drawer Files P77 Brown Finish
2	Corry 146-1087 Top, LW7 Walnut Finish
1	Mt. Airy 5083-5087-5888 Credenza Orient Oak finish
1	Wildwood 2741 Lamp
2	Pair draperies Robert Allen King Street Stripe Taupe
1	Hickory Manufacturing 2760-86 Console Table
1	Kimball 90-3066DW Desk
1	Kimball 92/B23/C20 Exec Chair Uph: 126/316
2	Kimball 97 Guest Chairs Uph: Wooltex 1128 Peach
1	Kimball 900-1978SW Credenza
1	Wildwood Lamp 2713
1	Pair Draperies Kravet Kelman-11 w/Kirsch 54145 Brass rods

019765

Quantity	Description
2	Hamilton 45J120/57J1 Drafting table w/two drawer auxiliary pedestals 37-1/2x48x37"lt Golden Oak
3	Hamilton Plan files Consisting of: 1-ea 1J1 Cap 2-ea 1J15 24x36 5-drawer units 1-ea 1J117 Flush base
1	Conover 12-17 Hi-Lo Table 40" Dia. w/leather grain laminate top
4	Conover 1066 Conference Chairs Uph: Pattern Diamond Color: Rust
2	Kimball 515 Drafting Stools Med. Oak finish, Uph: Wooltex 1104 bittersweet
1	Pr Draperies Dravet Kelman 11 w/Kirsch 54145 Brass rods
1	Kimball 90-6675RW Sec Desk
1	Kimball 80-B20-C20 Sec Chair Uph: Wooltex 1120 Wedgewood Finish: W12
2	Corry F58-2206-03 Two Drawer Lateral Files P77 Brown finish
2	Corry 146-1087 Tops Finish: Lw& Walnut
2	Kimball 97 Guest Chairs Uph: Flame Stripe 1420 Tea/Beige W12 finish
1	Pair Draperies Robert Allen Pattern: Charleston Cambric Color: Wedgewood w/Kirsch brass rods 54145
1	Kimball 90-3672DWM Desk W12 finish
1	Kimball 90-1978SWM Credenza W12 finish
1	Carolina Seating 6185-7 Exec Chair Uph: PF-345 Leather
2	Carolina Seating 6184 Side Chairs Uph: Grade 27 #582/775
1	Leathercraft 1031-17 Wing Chair Uph: PA Mahogany
1	Madison Square 307 Butlers tray table
1	Kay Lyn Sofa 1044-60 Uph: 5127/25
1	Wildwood 5053 Beldue Dragon Lamp
3	Pairs Draperies Payne 87214, Melshire Turkey red w/cornice board
1	Madison 414 Tilt top table
1	Madison Square 501 End table
1	Kimball 90-11 Bookcase
2	World Imports 7118 36" Diameter Brass Chandeliers Room 118 Presentation-122 Reception

019766

Quantity	Description
1	Feldman T3330 Hanging Latern Room 123 Foyer
8	Nulco 1832-02 Wall Sconces, Polished brass finish Rooms: 122 Reception (6), Presentation (2)
6	Nulco 867-92 Ceiling Fixtures Finish: Polished Brass, Room 114 Alcove, 119 Hall, 120 Hall, 125 Hall, 126 Hall, 131 Alcove
2	20-1202 Exterior Wall Bracket Fixtures
1	40-1204 Exterior Hanging Fixture
16	Silk shades for wall scenes, bulbs for all decorative fixtures, decorative ceiling medalions for two chandeliers
	Glassware for Board Room
40	Pieces framed art, including two 18th Century Etchings, one commissioned watercolor, and four original watercolors by local artists.
	Miscellaneous accessory items including one 7" high 6-panel oriental screen (reception), one original oil (copy of original master-board room), Brass planters for offices, mirror for foyer, sixteen brass finish wastebaskets and eight brass finish double letter trays, (offices), ashtrays, five brass fireplace tool sets, bookends, candlesticks, and other decorative items for bookshelves, tables, etc.
1	Kimball 90-3066DW Desk
1	Kimball 82/B23/B20/C20 Exec Chair Uph: 126/316 W12 Finish
2	Kimball 97 Guest Chairs Uph: Flame stripe 1400 Amber/navy
1	Kimball 90-1978SW Credenza
1	Wildwood 5019 Caddy Lamp
1	Scheduling File
8	#5202 Lyon Metal Lockers
12	#5202-3 Lyon Metal Lockers
1	Wellington Hall 6-405-5 Console Table Finish: Mahogany

019767

Quantity	Description
1	Wildwood #155 Lamp
1	Hickory Manufacturing 1760-84 Side Chair Uph: Westgate 3-3623
1	Kimball 90-6675RW Secretarial Desk Finish W12
1	Kimball 80-B20-C20 Secretarial Chair Uph: Wedgewood 1120 Wooltex Finish: W12
1	Corry Jamestown F58-2106-03 two-drawer file unit Finish: P77 Brown
1	Kimball 90-6019P Top Finish: Laminate

EXHIBIT

APR 12 1983 NO. 2

STATE BUDGET & CONTROL BOARD

019768

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 8 BLUE AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 3

STATE BUDGET & CONTROL BOARD

Agency: Finance Division

Subject: Full-Time Equivalent Position Report for March, 1983

The full-time equivalent position operational report for March, 1983, shows a shift of 0.50 FTE positions from state to federal. Total authorized FTE positions at March 31, 1983 were 58,209.38 positions of which 33,991.15 are state, 8,731.25 are federal, and 15,486.98 are other. At March 31, 53,171.01 total positions were filled of which 31,379.10 are state, 7,466.61 are federal, and 14,325.30 are other.

A total of 5,038.37 FTE positions were vacant at March 31.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced report

019769

EXHIBIT

APR 12 1983 NO. 3

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE
1982-83 FTE POSITION OPERATIONAL REPORT
FOR THE MONTH OF MARCH, 1983

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
	Total Authorized FTE Position Base 2/28/83	58,209.38	33,991.65	8,730.75	15,486.98
	March Authorized Changes				
36	Arts Commission	0	⟨0.50⟩	0.50	0
	Total Authorized FTE Position Base 3/31/83	58,209.38	33,991.15	8,731.25	15,486.98
	Total Filled FTE Position Base 3/31/83	53,171.01	31,379.10	7,466.61	14,325.30
	Total Vacant FTE Position Base 3.31/83	5,038.37	2,612.05	1,264.64	1,161.68

Prepared by:
The Office of Budget Development
April 6, 1983

019770

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 4 BLUE AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 4

STATE BUDGET & CONTROL BOARD

Agency: General Services (State Engineer)

Subject: Permanent Improvement Project Action by Staff

The State Engineer advises that a Wildlife and Marine Resources Baughman's boat ramp project involving $2,056.40 had been approved by staff for establishment and that Joint Bond Review Committee action on this item is not required.

Board Action Requested:

Receive as information.

Staff Comment:

019771

Attachments:

E-1 form and attachments

Mailed: 3-21-83 To Engineering

PROJ. NO. 8122-F24-C101

TRES. I.D. NO.

CODED BY:

Form E-1 (Revised 7-1-81) 5 Copies Duplicate

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE March 16, 1983

Institution or Agency: Wildlife and Marine Resources Department

Name of Project: Baughman's Boat Ramp (8-50)

Total Estimated Cost - $ 2,056.40

EXHIBIT

APR 12 1983 NO. 4

STATE BUDGET & CONTROL BOARD

To—State Budget and Control Board

Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects," your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

Boat Ramp

B. Intended Use: Public

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.
   (b) Outline specifications.
   (c) Small scale locality map.
   (d) Analysis of Architect's Preliminary Construction Estimate.
2. No. Square Feet:
3. Principal Facilities (No. of stories, rooms, offices, etc.)

N/A

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

019772

III. ESTIMATED COST

Site	$
Grading	
Construction	2,056.40
Fees	
Renovation	
Basic Equipment and Supplies	
Landscaping	
Builder's Risk Insurance	
Other (Specify)	
Contingencies	
TOTAL ESTIMATED COST	$ 2,056.40

It is further estimated that this project will add $ -0- per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds already in Hand	$ 2,056.40
Source: Orangeburg Water Recreation Resource Fund	
B. Proposed Bond Issue	
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).	
C. Other (describe)	
TOTAL	$ 2,056.40

Has your governing board taken formal action authorizing the submission of this application?

(Signed) [signature]

Title Director of Administrative Services

BOARD'S ACTION

APPROVED: John McPherson
State Auditor

DATE: 3-21-83

019773

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 5 BLUE AGENDA
MEETING OF April 12, 1983 ITEM NUMBER 5

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject: Easements

(a) Easement to the Commissioners of Public Works, Charleston County, for the purpose of constructing, installing and maintaining a 16-inch ductile iron water main class 52 in the west right-of-way of Folly Road involving tidelands below the mean high water mark of Folly Creek and Oak Island Creek.

(b) Easement to the North Charleston Sewer District for the purpose of constructing and maintaining subaqueous pipelines below the mean high water mark of Noisette Creek near Park Circle, North Charleston.

(c) Easement to South Carolina Electric and Gas Company for the purpose of constructing and maintaining a 10 3/4 inch subaqueous pipeline in Horse Creek, Aiken County. A check in the amount of $39.30 in payment for this easement has been received.

(d) Easement between the Wildlife and Marine Resources Department and the Palmetto Electric Cooperative to provide power needed for the James M. Waddell, Jr., Mariculture Research and Development Facility.

All of these easements have been reviewed and approved by the Attorney General's Office and recommended by the Division of General Services.

Board Action Requested:

Approve.

Staff Comment:

019774

Attachments:

Referenced easements

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:
April 12, 1983

X Blue Agenda
___Regular Session Agenda
___Executive Session Agenda

1. Submitted By: Division of General Services

2. Subject: Right-of-Way Easement, Commissioners of Public Works

3. Summary Background Information:

Proposed is an easement to the Commissioners of Public Works for the purpose of constructing, installing, and maintaining a 16" ductile iron water main Class 52 in the west right-of-way of Folly Road (S. C. Highway 171) involving tidelands below the mean high water of Folly Creek and Oak Island Creek, Charleston County, South Carolina. This easement has been approved by the Attorney General's Office and executed on behalf of the Commissioners of Public Works by its manager and engineer, John R. Bettis.

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

4. What is Board Asked To Do?

Approve

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
Easement	

A

019775

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

RIGHT-OF-Way EASEMENT

THIS EASEMENT, made and entered into this 15th day of March, 1983, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and the Commissioners of Public Works, as Grantee (hereinafter "PUBLIC WORKS").

WITNESSETH

WHEREAS, PUBLIC WORKS is a statutory corporation organized and existing under and by virtue of the laws of the State of South Carolina to supply potable water for public and private use in Charleston, Dorchester and Berkeley Counties. Their main office is located at 14 George Street, Charleston, South Carolina; and

WHEREAS, PUBLIC WORKS proposes to construct, install, and maintain a 16" ductile iron water main (Class 52) in the west right-of-way of Folly Road (S.C. Hwy. 171) involving tidelands below the mean high water of Folly Creek and Oak Island Creek, Charleston County, South Carolina. Said 16" ductile iron water main is more particularly shown and delineated on Plan and Profile of Folly Creek Bridge dated July 2, 1982, marked Exhibit A; and Plan and Profile of Oak Island Creek Bridge dated July 2, 1982, marked Exhibit B; both of which are attached hereto and incorporated herein by reference; and

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and

WHEREAS, pursuant to Section 1-11-90 of the Code of Laws of the State of South Carolina, 1976, as amended, the STATE is empowered to grant certain right-of-ways or easements through

019776

and over riverbeds and marshlands for construction, operation, and maintenance of water mains over, on, or under such land or marshland as are owned by the STATE; and

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

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One ($1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto PUBLIC WORKS, its successors and assigns, a Right-of-Way Easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Charleston County and lying below the mean high water line.

Said Easement of right-of-way shall be used solely for the purposes incidental with the construction, installation, operation, and maintenance of a 16" ductile iron water main in the west right-of-way of Folly Road (S.C. Hwy 171) involving tidelands below the mean high water of Folly Creek and Oak Island Creek, Charleston County, South Carolina. Said easement being more particularly described as follows:

Said 16" ductile iron water main runs below the mean high water line of Folly Creek on a bearing of N 79°57'05" E for a distance of 740 feet, more or less, and is bounded on the north by property of Alex Mattson, and on the south by property also of Alex Mattson, as shown on the Plan and Profile of Folly Creek Bridge for the Commissioners of Public Works of Charleston, Charleston County, dated July 2, 1982, by William C. Boineau, Jr., which is attached hereto and incorporated herein as Exhibit A.

Said 16" ductile iron water main also runs below the mean high water line of Oak Island Creek on a bearing of N 79°56'52" W for a distance of 115 feet, more or less, and is bounded on the north by property of A. V. Collum, Sr., and on the south by property of Andre and Barbara Threvenot as shown on the Plan and Profile of Oak Island Creek Bridge

019777

for the Commissioners of Public Works of Charleston, Charleston County, dated July 2, 1982, by William C. Boineau, Jr., which is attached hereto and incorporated herein as Exhibit B.

This Easement of right-of-way is subject to all easements and right-of-ways of record or which may be revealed by inspection of the property.

PUBLIC WORKS hereby agrees and covenants with the STATE that PUBLIC WORKS, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. PUBLIC WORKS shall use the easement area solely for the purposes incidental with the construction, operation, or maintenance of said 16" ductile iron water main and shall maintain such easement area and water main in good condition.

PUBLIC WORKS further agrees and covenants that PUBLIC WORKS shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the Easement granted herein.

In the event of major maintenance, after construction, effecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

This Easement may be terminated by the STATE, in its discretion, and such interests as the STATE may have shall revert to the STATE, if PUBLIC WORKS, its successors and assigns: (1) quits and abandons all use of such 16" ductile iron water main, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach, provided further,

019778

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

it is understood and agreed that this Easement is not to be construed as an Easement granted to the exclusion of the STATE, or to others later granted a similar right.

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 12 day of April, 1983.

WITNESSES:

Katherine M Clarke

William A. McInnis

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD

BY: Richard W. Riley
Governor Richard W. Riley

WITNESSES:

Mary F. Ayers

Flora R Palmer

COMMISSIONERS OF PUBLIC WORKS

BY: John R Bettis
John R. Bettis
Manager and Engineer

ATTORNEY GENERAL's OFFICE

APPROVED: Kenneth B. Woodington

019779

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis and made oath that he/~~she~~ saw the within-named State of South Carolina, Budget and Control Board, by Governor Richard W. Riley, sign, seal, and as its act and deed deliver the within-written Easement and that he/~~she~~, along with Katherine M. Clarke, witnessed the execution thereof.

William A. McInnis

SWORN to before me this 12th
day of April, 1983.
Donna K. Williams (L.S.)
Notary Public for South Carolina
My Commission Expires: May 3, 1989

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Mary T. Clyde and made oath that ~~he~~/she saw the with-innamed Commissioners of Public Works, by its Manager and Engineer, John R. Bettis, sign, seal, and as its act and deed deliver the within-written Easement and that ~~he~~/she, along with Gloria R. Lewis, witnessed the execution thereof.

Mary T. Clyde

SWORN to before me this 15th
day of March, 1983.
Gloria R. Lewis (L.S.)
Notary Public for South Carolina
My Commission Expires: Oct 14 1987

019780

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:

April 12, 1983

X Blue Agenda
___Regular Session Agenda
___Executive Session Agenda

1. Submitted By: Division of General Services

2. Subject: Right-of-Way Easement, North Charleston Sewer District

3. Summary Background Information:

Proposed is a right-of-way easement to the North Charleston Sewer District for the purpose of constructing and maintaining subaqueous pipelines below the mean high water of Noisette Creek near the community of Park Circle, North Charleston, South Carolina. This easement has been approved by the Attorney General's Office and executed on behalf of the Sewer District by its manager, Allen T. Ramsey.

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

4. What is Board Asked To Do?

approve

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
easement	

019781

B

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

EASEMENT

THIS EASEMENT made and entered into this 3rd day of March, 1983, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and North Charleston Sewer District, as Grantee (hereinafter "NORTH CHARLESTON").

WITNESSETH

WHEREAS, NORTH CHARLESTON, is organized for the purpose of providing sewer and water service to the North Charleston area, Charleston County, South Carolina. Said NORTH CHARLESTON's mailing address is 1000 Elgin Street, Charleston Heights, South Carolina 29405; and

WHEREAS, NORTH CHARLESTON proposes to construct and maintain subaqueous pipelines below mean high water of Noisette Creek near the community of Park Circle, North Charleston, South Carolina. Said subaqueous pipelines are more particularly shown and delineated on a Plat showing Easement for Sanitary Sewer Line, Job No. 4197.03, Book 1134, dated December 1, 1982, by Davis & Floyd, Inc., which is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and

WHEREAS, pursuant to §1-11-90 of the Code of Laws of the State of South Carolina, 1976, as amended, the STATE is empowered to grant certain right-of-ways or easements through and over riverbeds and marshlands for construction and maintenance of pipelines over, on, or under such land or marshland as are owned by the State; and

WHEREAS, NORTH CHARLESTON is desirous of obtaining the hereinafter described easement through and over riverbeds and

019782

marshlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One ($1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto NORTH CHARLESTON, 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 to the construction, operation, and maintenance of said subaqueous pipelines which are more particularly described as follows:
>
> A 20' wide permanent easement (10' on each side of the centerline) measuring 60' long on a bearing of N 38°44'48" W to the North side of Noisette Creek to a point (E.4) lying to the East of Barnwell Street and to the West of South Rhett Avenue and to the North of Orangeburg Street in the city of North Charleston near the community of Park Circle.
>
> Said easement is more particularly shown and delineated on a Plat prepared by Davis & Floyd, Inc., marked Exhibit A showing Easement for Sanitary Sewer Line to be acquired by the North Charleston Sewer District from the State of South Carolina, dated December 1, 1982, which is attached hereto and made a part hereof.

Said Subaqueous Pipeline Easement is subject to all easements and right-of-ways of record or which may be revealed by inspection of the property.

NORTH CHARLESTON hereby agrees and covenants with the STATE that NORTH CHARLESTON, 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. NORTH CHARLESTON shall use the easement area solely for the purposes incidental with the construction, operation, or maintenance of said subaqueous pipelines and shall maintain such easement area and subaqueous pipelines in good condition.

NORTH CHARLESTON further agrees and covenants that NORTH CHARLESTON shall indemnify and hold harmless the STATE from and against any liabilities, claims, causes of action and expenses

019783

including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, effecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

This Easement may be terminated by the STATE, in its discretion, and such interests as the STATE may have shall revert to the STATE, if NORTH CHARLESTON, its successors and assigns: (1) quits and abandons all use of such subaqueous pipelines, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach, provided further, it is understood and agreed that this Easement is not to be construed as an Easement granted to the exclusion of the STATE, or to others later granted a similar right.

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 the 12 day of April, 1983.

WITNESSES:

Kathleen M Clark

William A. McInnis

Judith McMillan

Denise J. Blount

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD

BY: Richard W Riley
Governor Richard W. Riley

NORTH CHARLESTON SEWER DISTRICT

BY: Allen T Ramsay
Allen T. Ramsay, Manager

ATTORNEY GENERAL OF SOUTH CAROLINA

APPROVED: Kenneth L Woodington

EXHIBIT

019784 APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis and made oath that he/~~she~~ saw the within named State of South Carolina, Budget and Control Board, by Governor Richard W. Riley, sign, seal, and as its act and deed deliver the within written Easement and that he/~~she~~, along with Katherine M. Clarke witnessed the execution thereof.

William A. McInnis

SWORN to before me this 12th
day of April, 1983.
Joann K. Williams (L.S.)
Notary Public for South Carolina
My Commission Expires: May 3, 1989

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me JUDITH M. MILLER and made oath that he/she saw the within named North Charleston Sewer District by Allen T. Ramsay, Manager, sign, seal, and as its act and deliver the within written Easement and that he/she, along with DEBBE J. BLACK, witnessed the execution thereof.

Judith M. Miller

SWORN to before me this 3rd
day of March, 1983.
Bernice E. Miller (L.S.)
Notary Public for South Carolina
My Commission Expires: Nov. 19, 1989

019785

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:
April 12, 1983

X Blue Agenda
__ Regular Session Agenda
__ Executive Session Agenda

1. Submitted By: Division of General Services

2. Subject: Right-of-Way Easement, S. C. Electric and Gas Company

3. Summary Background Information:

Proposed is an easement to S. C. Electric and Gas Company for the purpose of constructing and maintaining a 10 3/4" O.D. Subaqueous pipeline in Horse Creek, Aiken County. This easement has been approved by the Attorney General's Office and executed on behalf of SCE&G by its Vice President, C. L. Rye. A check has been forwarded to Internal Operations, Budget and Control Board as true consideration to be handled accordingly.

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

4. What is Board Asked To Do?

Approve

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
Copy of easement	

019786

C

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF AIKEN)

EASEMENT

THIS EASEMENT, made and entered into this 8th day of March, 1983, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and South Carolina Electric and Gas Company, as Grantee (hereinafter "SCE&G").

WITNESSETH

WHEREAS, SCE&G is a South Carolina corporation organized for the purpose of providing electric power within the State of South Carolina, and whose principal place of business is 328 Main Street, Columbia, South Carolina; and

WHEREAS, SCE&G proposes to construct and maintain a 10 3/4" O.D. subaqueous pipeline in Horse Creek, Aiken County, South Carolina, which is shown and delineated on a drawing showing proposed creek crossing in Horse Creek dated October 29, 1982, and which is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, the STATE is the prima facie owner, in trust, of the best of navigable streams in the State as well as marshlands lying below the mean high water line; and

WHEREAS, pursuant to §1-11-80 of the Code of Laws of the State of South Carolina, 1976, as amended, the STATE is empowered to grant certain right-of-ways or easements through and over riverbeds and marshlands for construction and maintenance of pipelines over, on, or under such land or marshland as are owned by the State; and

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

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of Thirty-nine and 30/100 ($39.30) Dollars, receipt of which is hereby acknowledge, does hereby grant, remise, and release unto SCE&G, its successors and assigns, a Right-of-Way

019787

Easement in, to, upon, and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Aiken 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 construction, installation, and maintenance of said 10 3/4" O.D. subaqueous pipeline in Horse Creek, Aiken County, South Carolina.
>
> Said 10 3/4" O.D. subaqueous pipeline easement is 214' in length from Station 15 + 00 to Station 17 + 14 and measures 40' in width (20' on each side of the centerline). Said easement is 3/8 of a mile west of Highway 125 in Aiken County and 1 mile southwest of Clearwater, South Carolina.
>
> Said pipeline easement is more particularly shown and delineated on a drawing showing proposed creek crossing in Horse Creek dated October 29, 1982, which is attached hereto and incorporated herein as Exhibit A.

Said Easement is subject to all easements and right-of-ways of record or which may be revealed by inspection of the property.

SCE&G hereby agrees and covenants with the STATE that SCE&G, 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. SCE&G shall use the easement area solely for the purposes incidental with the construction, operation, or maintenance of said O.D. subaqueous pipeline and shall maintain such easement area and pipeline in good condition.

SCE&G further agrees and covenants that SCE&G shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the Easement granted herein.

In the event of major maintenance, after construction, effecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert

to the STATE, if SCE&G, its successors and assigns: (1) quits and abandons all use of such subaqueous pipeline, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach, provided further, it is understood and agreed that this Easement is not to be construed as an Easement granted to the exclusion of the STATE, or to others later granted a similar right.

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 12 day of April, 1983.

WITNESSES:

Kathleen M Clark

William A. McInnis

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD

BY: Richard W. Riley
Governor Richard W. Riley

Peggy N. Ballentine

SOUTH CAROLINA ELECTRIC AND GAS COMPANY

BY: C. L. Ryc
C. L. Ryc
Vice President

ATTORNEY GENERAL OF SOUTH CAROLINA

APPROVED: Kenneth P. Woodington

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

019789

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis and made oath that he/~~she~~ saw the within-named State of South Carolina, Budget and Control Board, by Governor Richard W. Riley, sign, seal, and as its act and deed deliver the within-written Easement and that he/~~she~~, along with Katherine M. Clarke, witnessed the execution thereof.

William A. McInnis

SWORN to before me this
12th day of April, 1983.
Donna K. Williams (L.S.)
Notary Public for South Carolina
My Commission Expires: May 3, 1989

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me PEGGY N. BALLENTINE and made oath that he/she saw the within-named South Carolina Electric and Gas Company by its Vice President, C. L. Rye, sign, seal, and as its act and deed deliver the within-written Easement and that he/she, along with A. H. GIBBES, witnessed the execution thereof.

Peggy N. Ballentine

SWORN to before me this 8th
day of March, 1983.
Notary Public for South Carolina (L.S.)
My Commission Expires: 1-23-84

019790

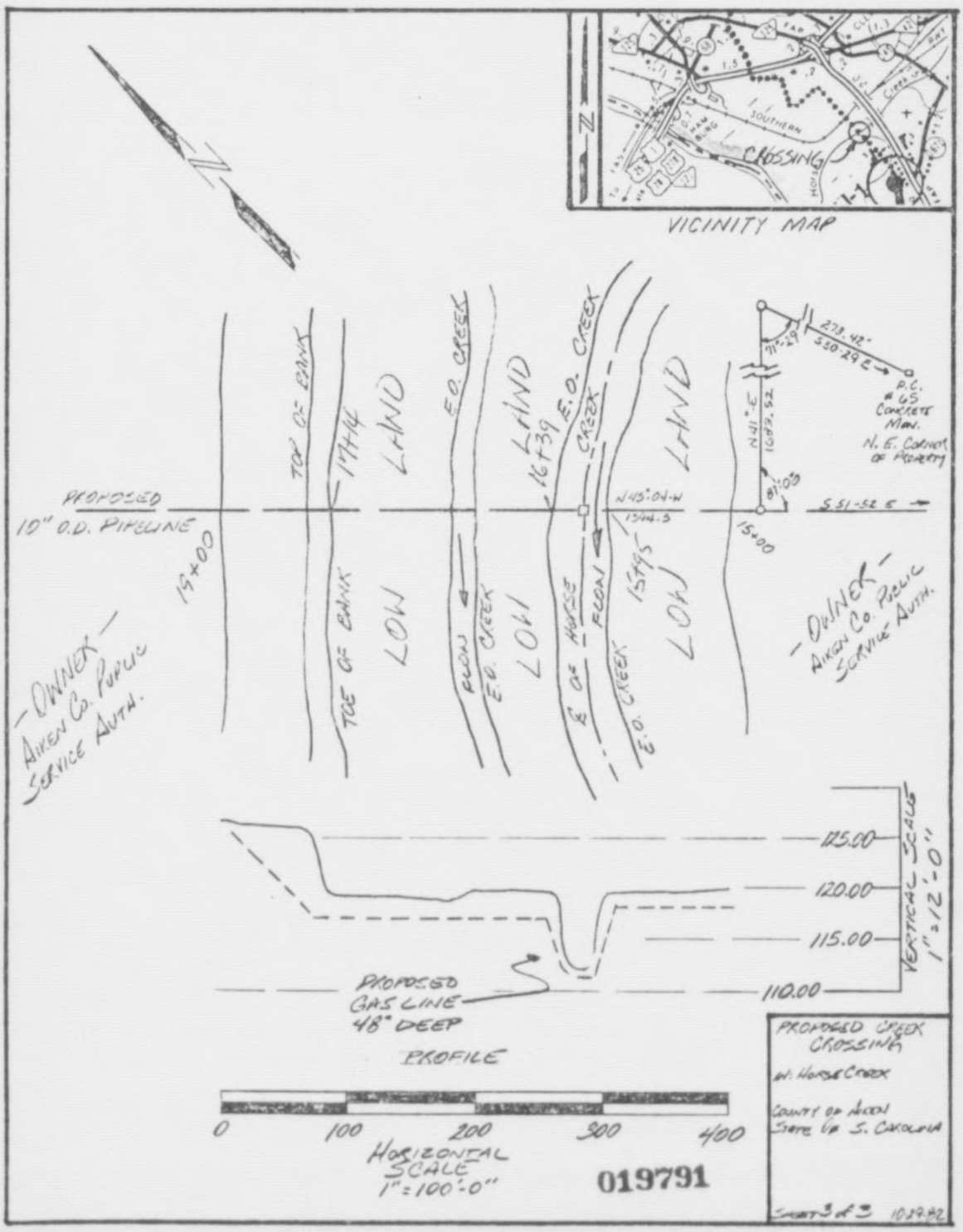
VICINITY MAP
SOUTHERN
CROSSING
N
TOP OF BANK
TOE OF BANK
117+46
LAND
LOW
E.O. CREEK
FLOW
E.O. CREEK
LAND
LOW
16+39
E.O. CREEK
CREEK
E. OF HORSE
FLOW
E.O. CREEK
15+95
LAND
LOW
N41°-E
1089.52
81°-09
N 45°-04-W
1344.3
15+00
71°-29
273.42'
S 50-29 E
P.C.
#US
CONCRETE
MON.
N.E. CORNER
OF PROPERTY
S 51-52 E
PROPOSED
19" O.D. PIPELINE
19+00
-OWNER-
AIKEN CO. PUBLIC
SERVICE AUTH.
-OWNER-
AIKEN CO. PUBLIC
SERVICE AUTH.
125.00
120.00
115.00
110.00
VERTICAL SCALE
1"=12'-0"
PROPOSED
GAS LINE
48" DEEP
PROFILE
0
100
200
300
400
HORIZONTAL
SCALE
1"=100'-0"
019791
PROPOSED CREEK
CROSSING
W. HORSE CREEK
COUNTY OF AIKEN
STATE OF S. CAROLINA
SHEET 3 OF 3
10.29.82

Exhibit A

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:

April 12, 1983

X Blue Agenda
___Regular Session Agenda
___Executive Session Agenda

1. Submitted By: Division of General Services

2. Subject: Easement for Power Line into Mariculture Center

3. Summary Background Information:

Proposed is an easement between the South Carolina Wildlife Department and Palmetto Electric Cooperative which is necessary to provide power needed for James M. Waddell Jr. Mariculture Research and Development Facility being constructed in Beaufort. This easement has been reviewed and approved by the Attorney General's Office.

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

4. What is Board Asked To Do?

Approve

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
Easement w/plat	

019792

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

EASEMENT

KNOW ALL MEN BY THESE PRESENTS, that the undersigned South Carolina Wildlife and Marine Resources Department, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the covenants and conditions expressed herein, do hereby grant unto Palmetto Electric Cooperative, Inc., (hereinafter "Grantee") the non-exclusive right to enter upon the following described lands of South Carolina Wildlife and Marine Resources Dept. to wit: Along and parallel to the northern side of the paved road to Sawmill Creek boat landing to the entrance of the Mariculture project, then into the project as shown on the attached sketch.

As an inducement to the S. C. Wildlife & Marine Resources Department for this Easement, Grantee expressly covenants and agrees as follows:

1. That Grantee's right to enter the above-described property shall be non-exclusive and solely for the purpose of, and is hereby limited to, such activities as are reasonably necessary for constructing, reconstructing, operating and maintaining electric distribution line or system.

2. That S.C.Wildlife & Marine Resource Department hereby reserves the right to use or convey the property which is the subject of this Easement in any manner whosoever which does not interfere with the use and enjoyment of the Easement.

3. That Grantee shall exercise the rights granted herein in such a manner and with such care as is necessary to avoid disturbing the natural state of the property. Any damage to the property resulting from the use of this Easement will be repaired by Grantee at Grantee's expense and the land shall be promptly restored to its original condition.

4. That no live trees measuring six inches or more in diameter at a height of four and one-half (4½) feet above ground level, may be removed without the express written consent of Dr. Paul Sandifer.

019793

5. That should the Easement granted herein cease to be used for a period of two consecutive years, it shall become null and void without further act of S.C. Wildlife and Marine Resources Dept., its successors or assigns.

6. That the S.C.Wildlife and Marine Resources Dept. hereby reserves the right to change the location of the within Easement from time to time, but solely at the expense of the S.C. Wildlife and Marine Resources Department

WITNESS:

_____ By: _____

_____ Attest: _____

_____ Palmetto Electric Cooperative, Inc.

By: _____

_____

Attest: _____

OFFICE OF THE ATTORNEY GENERAL
Approved: Kenneth P. Woodington
PROBATE

STATE OF SOUTH CAROLINA)

COUNTY OF SOUTH CAROLINA

PERSONALLY appeared before me _____, who on oath, says that s/he saw the within named _____ by _____, sign the within Easement, and _____, its _____ attest the same, and that s/he with _____ witnessed the execution thereof.

SWORN to before me this

____

____ day of _____, 19___

APPROVED APRIL 12, 1983 BY
STATE BUDGET AND CONTROL BOARD

W. T. Putnam
W. T. Putnam, Executive Director

_____

Notary Public for South Carolina
My Commission Expires:

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT

PROBATE

PERSONALLY appeared before me _____ who, on oath, says that s/he saw the within name Palmetto Electric Cooperative, Inc. by _____ its _____ sign the within Easement, and _____, its

019794

attest the same, and that s/he with _____ witnessed the execution thereof.

SWORN to before me this

____ day of _____, 19__

_____

Notary Public for South Carolina
My Commission Expires:

_____

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

019795

The State of South Carolina

Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201
TELEPHONE 803-758-3688

March 31, 1983

RECEIVED
APR 01 1983
REAL PROPERTY

EXHIBIT

APR 12 1983 NO. 5

STATE BUDGET & CONTROL BOARD

Mr. Kenneth P. Woodington
Assistant Attorney General
Attorney General's Office
Rembert C. Dennis Building
Columbia, South Carolina 29201

RE: Easement

Dear Mr. Woodington:

Attached hereto please find a proposed Easement between the South Carolina Wildlife Department and Palmetto Electric Cooperative which is necessary to provide power needed for the James M. Waddell, Jr., Mariculture Research and Development Facility which is being constructed in Beaufort. Please review this Easement and sign where indicated if it meets with your approval.

We have been advised that this Easement should be placed on the agenda for the April 12 Budget and Control Board meeting, if at all possible.

Very truly yours,

Malcolm E. Rentz
Assistant Attorney General

MER/db

Attachment

cc: Ms. Desree Lightle
Mr. Benny Reeves

019796

EXHIBIT

STATE BUDGET AND CONTROL BOARD
MEETING OF April 12, 1983 APR 12 1983 NO. 6 BLUE AGENDA ITEM NUMBER 6

STATE BUDGET & CONTROL BOARD

Agency: Department of Corrections

Subject: March 1983 Report on Permanent Improvement Program

Please refer to attached report for details.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced report

019797

EXHIBIT

APR 12 1983 NO. 6

STATE BUDGET & CONTROL BOARD

DIVISION OF CONSTRUCTION, ENGINEERING & MAINTENANCE

NELSON W. MEEK, P. E., DIRECTOR

RECEIVED

MARCH, 1983

MAR 31 1983

STATE ENGINEER'S OFFICE

I. CONSTRUCTION MISSION: To provide necessary coordination and supervision required for the implementation and execution of the Comprehensive Ten-Year Growth and Capital Improvement Plan.

II. PROJECTS:

A. Perry Correctional Institution (N04-002)

General Contractor - Robert H. Pinnix Associates

(1) On March 17, 1983, Aneco reviewed our files under the Freedom of Information Act.

(2) On March 22, 1983, we reviewed Aneco's files at their office.

(3) Demand for corrective work notice for the Security System, Fire Alarm System, Communication System, and Roofing System has been transmitted to Robert H. Pinnix.

B. Cross Anchor Industries Building - Inmate Labor Project (N04-027)

(1) Gas lines for gas dryers one hundred percent (100%) complete.

(2) Reinstallation of Institutional perimeter fence one hundred percent (100%) complete.

(3) Installation of wall lockers "P" Building twenty percent (20%) complete.

(4) Count Board built in Operations one hundred percent (100%) complete.

(5) Cabinets in Canteen one hundred percent (100%) complete.

(6) Relocating perimeter lights for new fence line one hundred percent (100%) complete.

019798

EXHIBIT

APR 12 1983 NO. 6

STATE BUDGET & CONTROL BOARD

(7) Raising storm drains to new grade seventy-five percent (75%) complete.

(8) Building Supervisor's Office seventy-five percent (75%) complete.

(9) Pouring perimeter fence concrete ten percent (10%) complete.

(10) Installing wall lockers twenty percent (20%) complete.

(11) Pouring Industry Building Floor twenty-five percent (25%) complete.

(12) Installation of recreation in Canteen area one hundred percent (100%) complete.

(13) Installation of water line in Canteen area one hundred percent (100%) complete.

(14) Water proofed all concrete surfaces "P" Building one hundred percent (100%) complete.

(15) Trenching Industry Building for underground plumbing one hundred percent (100%) complete.

(16) Cleared in-car visitation area one hundred percent (100%) complete.

(17) Raised level electrical and communication manholes one hundred percent (100%) complete.

(18) Fence Protection System - All equipment and materials on emergency order. Installation to begin March 28, 1983.

C. Perry Infirmary (N04-033)

(1) Project on hold pending release of funds.

019799

EXHIBIT

APR 12 1983 NO. 6

STATE BUDGET & CONTROL BOARD

D. Coastal Medium Security Facility (Francis Lieber) (N04-066)

(1) Engineer conducted inspection March 28, 1983, project one hundred percent (100%) complete.

E. Industries and Food Service Warehouse (N04-058 and N04-063)

(1) Project on hold pending release of funds.

F. Women's Correctional Center (N04-062) (96-Bed Medium Security Addition)

(1) Project on hold pending release of funds.

G. Wateree Sewer Upgrade and MacDougall Sewer Upgrade (EPA Project)

(1) Continuing operation and maintenance testing procedures. Report to be submitted to DHEC in near future.

H. Perry Multipurpose Building (N04-006)

(1) Project on hold pending release of funds.

I. Dutchman Multipurpose Building (N04-006)

(1) Project on hold pending release of funds.

J. Wateree Water Treatment Plant (Inmate Labor Project) (N04-011 and surplus funds out of N04-009 and N04-031)

(1) Water Processing Building one hundred percent (100%) complete.

(2) Chemical Equipment twenty-five percent (25%) complete.

(3) Electric pump and fittings one hundred percent (100%) complete.

(4) Clubhouse disassembly thirty-five percent (35%) complete.

(5) Old Brick for Columbia job one hundred percent (100%) complete.

K. KCI Psychiatric Facility (N04-073)

(1) Site work is ten percent (10%) complete.

(2) Relocated fence one hundred percent (100%) complete.

(3) Installation of temporary drive into Prison Industries and cafeteria one hundred percent (100%) complete.

(4) Removed portion of concrete parking area at the Infirmary one hundred percent (100%) complete.

(5) Removal of existing storm drain one hundred percent (100%) complete.

(6) Storage trailers in construction area moved one hundred percent (100%) complete.

(7) Removal of outside lights that were in building area one hundred percent (100%) complete.

(8) Poured extention to dumpster pad one hundred percent (100%) complete.

(9) Staked out buildings one hundred percent (100%) complete.

(10) Plans have been sent back to A.I.A. to relocate sanitary sewer and storm drain. NOTE: There is very little we can do until relocation is received from A.I.A.

L. Perry Correctional Institution Upgrade Waste Treatment Facility (N04-069)

(1) Sludge Drying Beds one hundred percent (100%) complete.

(2) McCall Brothers one hundred percent (100%) complete.

M. Broad River Road Area Guard House seventy percent (70%) complete.

N. Food Service Warehouse Renovations

(1) Building additional offices and outside stairway one hundred percent (100%) complete.

(2) Loading ramp ninety-eight percent (98%) complete.

O. Kirkland Correctional Institution Armory (N04-067)

(1) Materials being requisitioned.

P. Catawba Sewer (N04-070)

(1) Catawba Treatment Plant started on March 8, 1983, five percent (5%) complete.

(2) Catawba Institution Renovations started on March 14, 1983, five percent (5%) complete.

Q. Headquarters Parking Lot Lights

(1) Pedestals one hundred percent (100%) complete.

Nelson W. Meek, P.E., Director
Division of Construction,
Engineering & Maintenance

NWM:dbs

019802

ENGINEERING AND MAINTENANCE BRANCH

HARRY OBERLIES, CHIEF

MARCH, 1983

RECEIVED
MAR 31 1983
STATE ENGINEER'S OFFICE

I. MISSION: The mission of the Engineering and Maintenance Branch is to properly maintain and operate physical plant facilities of the South Carolina Department of Corrections, to perform assigned renovation projects at existing facilities; and to provide technical assistance to institutional maintenance personnel, state, county and city officials. This mission is accomplished using a small supervisory staff and a large number of inmate tradesworkers.

II. MAINTENANCE - ROUTINE AND EMERGENCIES

A. As of March 28, 1983, 191 work orders were received from SCDC intitutions and facilities. 148 of these work orders were declared emergencies by institutional personnel calling them in. A total of 194 work orders were completed during the month of March, 301 purchase orders were processing during the month.

III. RENOVATIONS:

A. Kirkland Correctional Institution Perimeter Lights (N04-067)

(1) Floodlighting of area around entire institution seventy-five percent (75%) complete.

B. Central Correctional Institution Renovations (N04-060)

(1) CB-2 CCTV installation sixty percent (60%) complete.

(2) CB-2 and CB-3 stairs (Fire and Life Safety) - Stairs being fabricated for second and third tiers of CB-2 and CB-3 fire escapes.

019803

EXHIBIT

APR 12 1983 NO. 6

STATE BUDGET & CONTROL BOARD

(3) CB-2 Radio/TV Listening Systems - Some materials on hand; some equipment is being bid by State Purchasing. Installation is awaiting manpower.

IV. SPECIAL PROJECTS:

A. Abattoir Blood Drying System

(1) Blood Drying System being fabricated.

Harry W. Oberlies, Chief
Engineering & Maintenance Branch

HWO:dbv

019804

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 7 BLUE AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 7

STATE BUDGET & CONTROL BOARD

Agency: Executive Director's Office

Subject: Interviewee Travel Expense Payments

Attached are reports on agency payments of interviewee travel expenses pursuant to authority granted by the Board. Board policy requires that any exercise of that authority be reported within 30 days.

Included here are reports covering three payments by the College of Charleston, twelve by Clemson University, two by the Department of Mental Health, and 104 by the University of South Carolina covering travel dating back to June of 1982 involving a total of $37,853.48.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced payment forms

019805

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

RECEIVED
APR 1 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Dr James Deaton

CITY ADDRESS: Columbia SC

POSITION TO BE FILLED: Chem Dept Faculty

TRAVEL DATES: FROM 3-4-83 TO

TOTAL TRAVEL REIMBURSEMENT: 46.00

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M. Collins, Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

EXHIBIT

APR 12 1983 NO. 7

STATE BUDGET & CONTROL BOARD

019806

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

RECEIVED
APR 1 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: James Deaver

CITY ADDRESS: Columbia SC

POSITION TO BE FILLED: Faculty Chem Dept.

TRAVEL DATES: FROM 3-4-83 TO

TOTAL TRAVEL REIMBURSEMENT: 700

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M Collins Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

019807

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

RECEIVED
MAR 29 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Kin C. Ng

CITY ADDRESS: Cincinnati, Ohio

POSITION TO BE FILLED: Faculty - Chemistry Dept

TRAVEL DATES: FROM 3-17- TO 3-18-83

TOTAL TRAVEL REIMBURSEMENT: $56.73 paid to Francis Marion Hotel

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M. Collins, Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

EXHIBIT
APR 12 1983 NO. 7
STATE BUDGET & CONTROL BOARD

019808

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

RECEIVED
APR 1 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Kim Ng

CITY ADDRESS: Cinn Ohio

POSITION TO BE FILLED: Faculty Chem Dept

TRAVEL DATES: FROM 3-17-83 TO 3-18-83

TOTAL TRAVEL REIMBURSEMENT: 14.00

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M Collins Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

019809

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

RECEIVED
APR 8 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Kin C Ng

CITY ADDRESS: Cincinnati Ohio

POSITION TO BE FILLED: Faculty - Chemistry Dept

TRAVEL DATES: FROM March 17 TO March 19 1983

TOTAL TRAVEL REIMBURSEMENT: $184.00

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M. Collins, Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

019810

FOUNDED 1770

CLEMSON
UNIVERSITY

RECEIVED
MAR 3 1 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE February 22, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: William H. Beasley

CITY OF ADDRESS: 3235 NW 57th Place, Gainesville, Florida 32606

POSITION TO BE FILLED: Asst. Prof., Department of Physics and Astronomy

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: Philip B Burt
Department Head

W E Vogel
Dean or Director

W Donald Metcalf
Vice President

Approved by: Bill L. Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019811

CLEMSON
UNIVERSITY

RECEIVED
MAR 3 1 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE February 22, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Costas M. Soukoulis

CITY OF ADDRESS: EXXON Research & Engineering Company, Linden, New Jersey 07036

POSITION TO BE FILLED: Asst. Prof., Department of Physics and Astronomy

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: Philip B. Burt
Department Head

A E Vogel
Dean or Director

W David Trammell
Vice President

Approved by: Bill L. Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019812

CLEMSON
UNIVERSITY

RECEIVED
MAR 31 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE February 28, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Thomas H. Ellis

CITY OF ADDRESS: 408-80 Mooregate Cres., Kitchener, Ontario CANADA N2M 5G1

POSITION TO BE FILLED: Asst. Prof., Department of Physics and Astronomy

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: Philip B. Burt
Department Head

W S Vogl
Dean or Director

W. David Maxwell
Vice President

Approved by: Bill Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019813

RECEIVED
MAR 24 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

CLEMSON
UNIVERSITY

PRESIDENT

DATE 15 March 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Susan J. Hilligoss

CITY OF ADDRESS: Charlotte

POSITION TO BE FILLED: Asst. Prof. of English (Business Writing)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

EXHIBIT

APR 12 1983 NO. 7
STATE BUDGET & CONTROL BOARD

Recommended by: H. W. Koon
Department Head

R. A. Wallace
Dean or Director

W. David Treadwell
Vice President

Approved by: Bill L. Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019814

RECEIVED
MAR 28 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

CLEMSON
UNIVERSITY

PRESIDENT

DATE March 16, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Robert Geist

CITY OF ADDRESS: Durham, NC

POSITION TO BE FILLED: Associate Professor of Computer Science

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: _____
Department Head

_____
Dean or Director

_____
Vice President

Approved by: _____
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019815

CLEMSON
UNIVERSITY

RECEIVED
MAR 28 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE March 16, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: David H. Hutchens

CITY OF ADDRESS: College Park, MD

POSITION TO BE FILLED: Assistant Professor of Computer Science

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.

2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.

3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: _____
Department Head

_____
Dean or Director

_____
Vice President

Approved by: _____
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019816

CLEMSON
UNIVERSITY

RECEIVED
MAR 2 9 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE March 16, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Ralph W. Wilkerson

CITY OF ADDRESS: Gainesville, FL 32611

POSITION TO BE FILLED: Assistant Professor of Computer Science

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: _____
Department Head

_____
Dean or Director

_____
Vice President

Approved by: _____
Bill W. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019817

RECEIVED
MAR 24 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

CLEMSON
UNIVERSITY

PRESIDENT

DATE March 21, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Robert J. McCaffrey

CITY OF ADDRESS: Jackson, Mississippi

POSITION TO BE FILLED: 1511 U013

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.

2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.

3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: Eugene H Jackson
Department Head

Robert A Waller
Dean or Director

W. David Brothwell
Vice President

Approved by: Bill Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019818

RECEIVED
MAR 24 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

CLEMSON
UNIVERSITY

PRESIDENT

DATE 03/21/83

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: John W. Ryan

CITY OF ADDRESS: Nashville, Tennessee

POSITION TO BE FILLED: Assistant Professor of Sociology - 1513-U011

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: Richard F Larson
Department Head

Robert A. Walker
Dean or Director

W David Mathwell
Vice President

Approved by: Bill Atchley
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019819

CLEMSON
UNIVERSITY

RECEIVED
MAR 3 1 1983
BUDG.: AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE March 23, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Janice Majewski

CITY OF ADDRESS: San Francisco, California

POSITION TO BE FILLED: Federally funded faculty position; Graduate Program, College of Nursing. Area: Maternal/Infant Nursing.

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.

2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.

3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: [signature]
Department Head

[signature]
Dean or Director

[signature]
Vice President

Approved by: [signature]
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019820

CLEMSON
UNIVERSITY

RECEIVED
MAR 2 8 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE March 24, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Mohammad K. Khodadoost

CITY OF ADDRESS: Springfield, Missouri

POSITION TO BE FILLED: Assistant Professor

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: _____
Department Head

_____
Dean or Director

_____
Vice President

Approved by: _____
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019821

CLEMSON
UNIVERSITY

RECEIVED
MAR 2 8 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

PRESIDENT

DATE March 24, 1983

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Thomas White

CITY OF ADDRESS: Blacksburg, Virginia

POSITION TO BE FILLED: Assistant Professor

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: _____
Department Head

_____
Dean or Director

_____
Vice President

Approved by: _____
Bill L. Atchley, President

Distribution:
Original: President's Office
Approved Copy: Executive Director, Budget and Control Board
Attached to all related Direct Purchase Vouchers

019822

William S. Hall Psychiatric Institute
The Teaching and Research Facility of the South Carolina Department of Mental Health

P. O. Box 202 / Columbia, South Carolina / 29202

Alexander G. Donald, M.D.
Director

EXHIBIT

APR 12 1983 NO. 7

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: State Commissioner of Mental Health

FROM: Director, William S. Hall Psychiatric Institute

SUBJECT: Request to Expend Travel Funds for a Residency Applicant

I request approval of travel reimbursement in the amount of approximately $133.78 for Michael A. Manley, M.D. for an interview at the Institute for the position of first year psychiatric resident (PGY I).

Because the Institute is a teaching facility, it is necessary that residents be actively recruited for the training program in general psychiatry; and the cost is warranted. The cost of this interview will be less than to pay the cost of five staff members to travel to Atlanta, Georgia for the interview. In addition, it is imperative that the applicant see the Institute to make an informed decision.

There are six residency positions to be filled, and we have not had six qualified applicants who are residents of South Carolina.

Alexander G. Donald, M.D.

nd

CC: William A. McInnis
Deputy Executive Director
State Budget and Control Board

019823

UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

PRESIDENT

March 18, 1983

Mr. William T. Putnam
Executive Director
S.C. Budget and Control
Board
618 Wade Hampton Office
Columbia, SC 29201

RE: Interview Travel Certifications

Dear Mr. Putnam:

Attached are the University of South Carolina's expenditures to date for fiscal year 1982-83 as required by the Budget and Control Board at its November 3, 1982 meeting.

I certify that the interview travel expenses paid were positions that warranted such costs, that such costs did not exceed the expense of conducting the interview at the interviewers home area or elsewhere, and that qualified candidates residing within South Carolina were considered before candidates from other states.

Sincerely,

James B. Holderman

JBH/kb
Attachments

cc: Dr. Francis T. Borkowski
Dr. John J. Duffy
Dr. R. W. Denton
Mr. William C. Casper
Dr. Olin B. Sansbury
Dr. Edward M. Singleton

M E M O R A N D U M

TO: State Commissioner of Mental Health

FROM: Director, William S. Hall Psychiatric Institute

SUBJECT: Reimbursement for Interview Travel for Nursing Education Director

I request approval for reimbursement to the following applicants for interview travel for the position as Nursing Education Director at the William S. Hall Psychiatric Institute:

Beatrice R.Brooks - Shreveport, Louisiana - $450.00 (approximately)
Diane M. Young Smith - Denton, Texas - $550.00 (approximately)

This position is vital to the teaching and research mission of the Institute. The one candidate from South Carolina was reviewed by the Search Committee but accepted another position.

It is imperative that these prospective applicants see the Institute in order that they may make an informed decision. In addition, it is more cost effective for them to come to the Institute than to fly members of the Search Committee to travel to interview them.

This request is submitted in accordance with instructions in the attached memorandum from Mr. Putnam for your approval.

Alexander G. Donald, M. D.

AGD/ede

March 23, 1983

Attachment

CF: Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board

MAR 24 1983

Racine D. Brown, Ph.D

019825

UNIVERSITY OF SOUTH CAROLINA
COLUMBIA, S.C. 29208

PRESIDENT

RECEIVED
MAR 25 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

March 18, 1983

EXHIBIT
APR 12 1983 NO. 7
STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam
Executive Director
S.C. Budget and Control
Board
618 Wade Hampton Office
Columbia, SC 29201

RE: Interview Travel Certifications

Dear Mr. Putnam:

Attached are the University of South Carolina's expenditures to date for fiscal year 1982-83 as required by the Budget and Control Board at its November 3, 1982 meeting.

I certify that the interview travel expenses paid were positions that warranted such costs, that such costs did not exceed the expense of conducting the interview at the interviewers home area or elsewhere, and that qualified candidates residing within South Carolina were considered before candidates from other states.

Sincerely,

James B. Holderman

JBH/kb
Attachments

cc: Dr. Francis T. Borkowski
Dr. John J. Duffy
Dr. R. W. Denton
Mr. William C. Casper
Dr. Olin B. Sansbury
Dr. Edward M. Singleton

019826

DATE	NAME	DEPARTMENT	POSITION	DESTINATION *	AMOUNT
June 15-16, 1982	Judith Evans	10000 A000 52023	Instructor-Early Childhood	Detroit, Michigan	358.48
June 16-18, 1982	John Grimes	10000 A000 52023	Asst. Prof.-Voc. Rehab.	Athens , Ga.	185.04
June 9-10, 1982	Mark Davis	10000 A000 52023	Assoc. Prof.-Physical Education	New York, N. Y.	422.24
June 10-11, 1982	Allan Goldfarb	10000 A000 52023	Assoc. Prof.-Physical Education	Washington, D. C.	349.72
June 14-16, 1982	Steven S. Ostby	10000 A000 52023	Asst. Prof.-Voc. Rehab.	Madison, WIS.	641.96
June 7-8, 1982	Richard Wheelwright	10000 A000 52023	Asst. Prof.-Media Arts	Iowa City, Iowa	623.20
June 20-21, 1982	Mary Trujillo	10000 A000 52023	Asst. Prof.-Media Arts	Princeton, N.J.	421.10
July 1-2, 1982	L. Bruce Holman	10000 A000 52023	Asst. Prof.-Media Arts	Tully, N. Y.	472.14
June 24-25, 1982	Robert S. Wall	10000 A000 52023	Asst. Prof.-Media Arts	Tallahassee, FLA.	338.00
June 29-30, 1982	Gene Crediford	10000 A000 52023	Asst. Prof.-Media Arts	Waynesburg, PA.	416.94
July 6-8, 1982	Alice Parsons	10000 A000 52023	Asst. Prof.-Special Education	Spokane, WASH.	827.78
June 23-24, 1982	Sharon Bolster	10000 A000 52023	Asst. Prof.-Education	DeSota, WIS.	612.28
August 8-9, 1982	Frances Thomas	10000 A000 52023	Research Associate	Rock Hill, S.C.	58.50
August 10-11, 1982	Richard Self	10000 A000 52023	Research Associate	Raleigh, N.C.	221.09
August 29-30, 1982	Mary Jo Fields	10000 A000 52023	Research Associate	Charlottesville, VA.	376.82
September 1-3, 1982	Gary Geer	10000 A000 52023	Librarian-Thomas Cooper	Milwaukee, WIS.	521.46
August 29-31, 1982	David Albert	10000 A000 52023	Asst. Prof.-Physics	New York, N. Y.	463.46
Aug. 31-Sept. 1, 1982	Constance Ley	10000 A000 52023	Research Associate	Midland, MICH.	636.81
July 8-9, 1982	Woodrow W. Pitt	10000 A000 52023	Asst. Prof.-Chemical Engineering	Oak Ridge, TENN.	51.14
October 8-13, 1982	Patsy Ross	10000 A000 52023	Head of Serials Dept.-Thomas Cooper	Honolulu, HI	999.24
October 10-19, 1982	Virginia Rasbold	10000 A000 52023	Asst. Serials Librarian-Thomas Cooper	King of Prussia, PA.	401.12
July 11-12, 1982	Steven S. Ostby	10000 A000 52023	Asst. Prof.-Voc. Rehab.	Madison, WIS.	615.28
June 16-19, 1982	Elaine Reimels	11000 A000 52023	Asst. Prof.-Nursing	Wakefield, RI	106.34
June 16-19	Fred Reimels	11000 A000 52023	Asst. Prof.-Nursing	Wakefield, RI	106.34

019827

2

DATE	NAME	DEPARTMENT	POSITION	DESTINATION *	AMOUNT
July 14-16, 1982	Sharon Chillag	11040 F214 52023	Asst. Prof.-Family Medicine	Logan, W. VA.	293.25
August 22-23, 1982	William Newberry	11040 A016 52023	Serials-Librarian-Medicine	Gainesville, FLA.	200.00
June 30, 1982	Christine Faust	17140 A101 52023	Women's Coach	Newberry-Aiken	48.40
July 16, 1982	Linda Randolph	17140 A101 52023	Asst. Prof.-Early Childhood	Columbia-Aiken	29.90
July 14, 1982	Ruth Rawl	17140 A101 52023	Asst. Prof.-Early Childhood	Columbia-Aiken	29.90
July 27, 1982	Ed Clark	17140 A101 52023	Asst. Prof.-Health & Physical Education	Newberry-Aiken	33.60
July 30, 1982	John Lisk	17140 A101 52023	Asst. Prof.-Health & Physical Education	Misenheimer, NC-Aiken	80.60
August 2-3, 1982	Jack Rhodes	17140 A101 52023	Asst. Prof.-Health & Physcial Education	Montgomery-Aiken	199.40
August 4-6, 1982	Ingrid Kuppart	17140 A101 52023	Asst. Prof.-Health & Physical Education	Essexville, MI.-Aiken	491.90
July 5-6, 1982	William Smith	17810 A010 52023	Teaching Associate-Education	Demorest, GA.-Sptg.	39.42
July 7, 1982	Karen Leatherman	17850 A010 52023	Women's Basketball Coach	Columbia-Spartanburg	46.00
July 6, 1982	Christine Earnhardt	17850 A010 52023	Women's Basketball Coach	Cullowhee-Spartanburg	64.40
July 7-9, 1982	Velma P. Harrison	17810 A010 52023	Asst. Prof.-English	Dekalb, ILL.-Sptg.	435.18
July 11-12, 1982	Barbara Wright	17810 A010 52023	Asst. Prof.-Fine Arts	Decatur, GA.-Sptg.	129.40
July 14-15, 1982	Doris Hunt	17810 A010 52023	Asst. Prof.-English	Norfolk, VA.-Sptg.	208.45
July 7-10, 1982	Colleen Herington	17340 A101 52023	Nursing-Instructor	Mobile, ALA.-Conway	357.97
August 21-24, 1982	Abby Murray	17340 A101 52023	Assoc. Prof.-Nursing	Huntington, N.Y.-Conway	346.61
July 9, 1982	Gregory Labyak	17660 A000 52023	Asst. Prof.-Geography	Carlton, GA.-Allendale	111.60
August 2-3, 1982	Stephen Robbins	17660 A000 52023	Asst. Prof.-Psychology	Eau Claire, WIS.-Allen.	611.69
July 28-30, 1982	Carl Harris	46000 A000 52023	Assoc. Director-Student Development	Tampa, FLA.	456.92
July 28-29, 1982	Gretchen Van DerVeer	46000 A000 52023	Program Coordinator-Student Orgination	Toledo , Ohio	377.08
August 4, 1982	Dave Bergen	46000 A000 52023	Assoc. Director-Student Activities	Houston , TX	585.94
August 3-4, 1982	Ron Elmer	46000 A000 52023	Student Coordinator Asst. Director-Student Activities Coordinator Student Media	Cleveland , Ohio	431.00
August 8-9, 1982	Linda Howell	46000 A000 52023	Coordinator Student Organization	Newark, N. J.	405.13
August 11-12, 1982	Nancy Moore	46000 A000 52023	Coordinator Student Organization	Chicago , Ill.	418.48

019828

25

DATE	NAME	DEPARTMENT	POSITION	DESTINATION *	AMOUNT
August 22-24, 1982	Joan Schimanski	46000 D102 52023 46300 A000 52023	Coordinator Student Organization	Chicago , Ill.	180.00 200.00
July 8-9, 1982	Larry Zuella	46000 A000 52023	Asst. Director for Business	Los Angeles , CA	529.00
July 12-13, 1982	Lou Plasencia	46000 A000 52023	Asst. Director for Business	Phila. PA	310.00

* Round Trip Columbia Unless Otherwise Indicated.

3

019829

INTERVIEW TRAVEL NOVEMBER 1982

DATE	NAME	DEPARTMENT	POSITION	*DESTINATION	AMOUNT
October 27-29, 1982	Douglas Henry	10000 A000 52023	Asst. Prof.-Pharmacy	Univ. Park, PA	462.44
September 29, - October 1, 1982	Kennerly Patrick	10000 A000 52023	Asst. Prof.-Pharmacy	Chapel Hill, N. C.	200.75
August 15-17, 1982	Barbara Judkins	11000 A000 52023	Asst. Dean Nursing Practice	New York City	490.40
August 18-24, 1982	Jane C. Evans	11000 F417 52023	Clinical Director for Parent-Child Health Nursing	El Paso, Texas	1042.67
July 11-12, 1982	Janet F. Quinn	11000 A000 52023	Clinical Director Medical-Surgical Nursing	New York City	430.36
November 9, 1982	Constance Myers	34000 A000 52023	Curator of Exhibitions and Asst. Archivist	Aiken, S. C.	26.80
July 7-10, 1982	Coleen Herrington	17340 A101 52023	Asst. Prof.-Nursing	Mobile AL -Conway, S. C.	508.19
October 7-10, 1982	Susan Heyward	46000 A000 52023	Coordinator Student Development	Potstown, N. Y.	585.02
October 10-12, 1982	Bruce Janasiewcz	46000 A000 52023	Coordinator Freshman Orientation	Indianapolis, IN	332.00
October 7-9, 1982	Charlene Backman	46000 E103 52023	Coordinator Freshman Orientation	Waterloo , Iowa	589.47
October 7-8, 1982	Janice Wencel	46000 A000 52023	Asst. Director-Student Development	Tallahasse, FL	312.00
October 13-15, 1982	Jacqueline Currie	46000 A000 52023	Coordinator Student Development	Lexington, KY	338.80

*Round Trip Columbia Unless Otherwise Indicated

019830

12

INTERVIEW TRAVEL DECEMBER 1982

DATE	NAME	DEPARTMENT	POSITION	*DESTINATION	AMOUNT
December 1-2, 1982	M. C. Wang	10000 A000 52023	Full Professor College of Engineering	Univ. Park PA	413.50
November 22-23, 1982	Elizabeth Brown	10000 A000 52023	Asst. Professor Clinical Community Psychology	Baltimore MD	316.00
November 29 - December 1, 1982	Jean Ann Linney	10000 A000 5203	Asst. Professor Clinical Community Psychology	Richmond VA	417.88
November 4-6, 1982	Charles Brice	10000 A000 52023	Associate Professor College of Engineering	Auburn, AL	418.26
November 18-19, 1982	Harry E. Stewart	10000 A000 52023	Assistant Professor College of Engineering	Granby MA	523.70
December 1-4, 1982	Marion Wijnberg	10000 A000 52023	Full Professor College of Social Work	Kzoo, MI	553.20
December 2, 1982	Randy Steele	17770 A000 52023	Director of Student Services - USC Union	Sumter, S. C.- Union S. C.	22.20
December 3, 1982	Daren Hutchinson	17770 A000 52023	Director of Student Services - USC Union	Inman, S. C. - Union S. C.	14.00

* Round Trip Columbia Unless Otherwise Indicated

019831

INTERVIEW TRAVEL JANUARY 1983

DATE	NAME	DEPARTMENT	POSITION	*DESTINATION	AMOUNT
December 5-6, 1982	Lucille M. Schultz	10000 A000 52023	Asst. Professor Business and Technical Writing - English Dept.	Washington, D. C.	326.80
December 2-4, 1982	William E. Rivers	10000 A000 52023	Asst. Professor Business and Techinal Writing - English Dept.	Auburn, Alabama	313.29
January 19-21, 1983	Joan Gero	10000 A000 52023	Asst. Professor Anthropology Dept.	Hartford, Conn.	487.39
January 24-25, 1983	Muzong Kodi	10000 A000 52023	Professor of African History	Washington, D. C.	212.10
December 15-16, 1982	Robert Alexander	17140 A101 52023	Chancellor Position Aiken Campus	Columbia-Aiken	93.74
December 19-20, 1982	Clauston Jenkins	17140 A101 52023	Chancellor Position Aiken Campus	Raliegh, N. C. - Aiken, S. C.	249.75

*Round Trip Columbia Unless Otherwise Indicated

019832

6

INTERVIEW TRAVEL FEBRUARY 1983

DATE	NAME	DEPARTMENT	POSITION	* DESTINATION	AMOUNT
January 26-28, 1983	James Bezdak	10000 A000 52023	Chairman Computer Science	Seattle Washington	689.74
February 1-3, 1983	Cindy D. Stern	10000 A000 52023	British Empiricism Position Philosophy Department	South Bend, Indiana	518.72
January 26-27, 1983	Michael J. Costa	10000 A000 52023	British Empiricism Position Philosophy Department	Oberlin, Ohio	377.22
January 30-31, 1983	Ted E. Dielman	10000 A000 52023	Associate Professor Health Education	Detroit, Michigan	410.50
January 31, February 1, 1983	James H. Price	10000 A000 52023	Associate Professor Health Education	Toledo, Ohio	373.61
February 7-9, 1983	John R. Ureda	10000 A000 52023	Associate Professor Health Education	Winston-Salem, N. C.	82.00
February 9-11, 1983	Kenny Whitby	10000 A000 52023	Professor American Politics-American Public Policy - Government and International Studies	Iowa City, Iowa	634.32
January 18-19, 1983	Richard Ray	10000 A000 52023	Assistant Professor College of Engineering	Ann Arbor, MI	453.16
February 2-4, 1983	Richard Wilk	10000 A000 52023	Assistant Professor Anthropology	San Francisco, CA	616.38
February 17-19, 1983	Claude Le Goff	10000 A000 52023	Professor MIBS Foreign Language and Literature	Lincoln, Nebraska	528.00
February 2-4, 1983	Colette Michael	10000 A000 52023	Professor-Foreign Languages	Chicago, Illinois	233.00
January 23-25, 1983	Joseph Donahue	10000 A000 52023	Assistant Professor-College of Library and Information Science	Washington, D. C.	304.00
February 13-15, 1983	Steven A. Baughman	10000 A000 52023	Assistant Professor-College of Library and Information Science	Cochran, GA	86.83
February 20-21, 1983	Lee Smolin	10000 A000 52023	Professor-Physics Department	Princeton, N. J.	232.00
January 24-26, 1983	Katherine Spielmann	10000 A000 52023	Assistant Professor Anthropology Department	Washington, D. C.	320.22

019833

DATE	NAME	DEPARTMENT	POSITION	* DESTINATION	AMOUNT
January 26-28, 1983	Huey Perry	10000 A000 52023	Professor-American Politics-American Public Policy-Government and International Studies	Houston, TX	418.34
January 20-27, 1983	Ann Dobyns	10000 A000 52023	Assistant Professor English Department	Eugene, OR	554.16
January 25-30, 1983	Joel M. Babbit	13020 A000 52023	Manager Glass Blowing Shop-Chemistry Department	Dexter, MI	448.80
January 16-18, 1983	Frank Butler	17140 A101 52023	Chancellor Position USC Aiken	Dayton, Ohio-Aiken, S. C.	837.43
January 12-14, 1983	Raymond Wilkes	17140 A101 52023	Chancellor Position USC Aiken	Columbus, Ohio-Aiken, S. C.	460.57
January 19-21, 1983	Christian Sizemore	17140 A101 52023	Chancellor Position USC Aiken	Douglas, GA - Aiken, S. C.	188.40
January 12-14, 1983	Jairy Hunter	17360 A020 52023	Chancellor Position Coastal Carolina	Wilmington, N. C. - Conway, S. C.	299.76
January 9-11, 1983	Craven Williams	17360 A020 52023	Chancellor Position Coastal Carolina	Shelby, N. C. - Conway, S. C.	169.81
January 6-8, 1983	Janet Murphy	17360 A020 52023	Chancellor Position Coastal Carolina	Miami FL-Conway, S. C.	573.94
January 2-5, 1983	Thomas Kerr	17360 A020 52023	Chancellor Position Coastal Carolina	Columbus, Ohio-Conway, S. C.	373.16
December 15, 1982	James Otten	17660 A000 52023	Assistant Dean USC Salkehatchie	Union, S. C. - Allendale, S.	62.00

* ROUND TRIP COLUMBIA UNLESS OTHERWISE INDICATED

//

019834

EXHIBIT
APR 12 1983 NO. 7
STATE BUDGET & CONTROL BOARD

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 8 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 2

STATE BUDGET & CONTROL BOARD

Agency: Finance Division

Subject: 1982-83 Budget

State Auditor Edgar A. Vaughn has provided a report on actions taken to balance the 1982-83 budget.

The attached materials show that the estimated 3% shortfall amounts to $59,500,000 and that legislative action is expected to provide $43,995,379: that $4,759,000 of specfic appropriation reductions apply and that $8,860,878 of other funds are available administratively.

Details on these several sources are shown in the schedules attached.

The total amount identified in the legislative actions, specific appropriation reductions, and the other funds which are available administratively is $57,615,257. This leaves an unsatisfied shortfall of $1,884,743 which Mr. Vaughn indicates will be covered through the personal service reconciliation effort which is to be completed by April 15.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced schedules from Finance Division

019835

State Auditor's Office
Budget Development Section
March 25, 1983
Revised April 6, 1983

EXHIBIT

APR 12 1983 NO. 8

STATE BUDGET & CONTROL BOARD

SUMMARY
REVISED STATUS
ESTIMATED 3% SHORTFALL

		$
1.	Estimated Shortfall Reduced By The Following:	59,500,000
2.	SCHEDULE I. - LEGISLATIVE Action	43,995,379
3.	SCHEDULE II. - Specific Appropriation Reductions	4,759,000
4.	SCHEDULE III - OTHER FUNDS ITEMS	8,860,878
	SubTotal SCHEDULE I, II, and III	57,615,257
	REVISED UNSATISFIED SHORTFALL	1,884,743 *

* It is anticipated that the Personal Service Reconciliation to be completed by April 15, 1983, will produce funds sufficient to satisfy the shortfall.

019836

State Auditor's Office
Budget Development Section
Revised
March 25, 1983
Revised April 6, 1983

SCHEDULE I

EXHIBIT

APR 12 1983 NO. 8

STATE BUDGET & CONTROL BOARD

LEGISLATIVE ITEMS
SIGNED INTO LAW ON
MARCH 24, 1983

	$
Alcoholic Liquor, Beer & Wine	8,720,000
Accelerated Corporate Income Tax	1,700,000
Accelerated Income Tax Withholding	25,000,000
Patriot's Point Development Authority	2,075,379
Coin Operated Device Licenses	3,500,000
Paying Patients Account-Mental Health	3,000,000
TOTAL SCHEDULE I	$43,995,379

019837

State Auditor's Office
Budget Development Section
March 9, 1983
Updated March 11, 1983

SCHEDULE II

EXHIBIT

APR 12 1983 NO. 8

STATE BUDGET & CONTROL BOARD

REVISED SPECIFIC APPROPRIATION REDUCTIONS

1.	D.H.E.C. - Specific Case Services & Other Operating	$350,000
2.	Vocational Rehabilitation - Case Services	250,000
3.	Election Commission - Election Expense	150,000
4.	State Library - Books	
5.	Budget and Control Board Employee Benefits Retiree Supplement	630,000
6.	Department of Education	
	School Bus Transportation	1,200,000
7.	Wildlife & Marine Resources - Hatchery	170,000
8.	Debt Service	2,000,000
9.	Budget and Control Board Executive Director Lead Poisoning	9,000
Total		4,759,000

019838

State Auditor's Office
Budget Development Section
March 9, 1983
Updated March 11, 1983

SCHEDULE III

EXHIBIT

APR 12 1983 NO. 8

STATE BUDGET & CONTROL BOARD

REVISED OTHER FUNDS
AVAILABLE ADMINISTRATIVELY

D.H.E.C. - "Other" funds from Carry Over	$300,000
State Tax Commission - Warrant Revolving Fund	150,000
Aeronautics Commission - Operating Revenue	80,000
State Election Commission - Sale of Election Lists	40,000
State Personnel Division	
Reduction of Health Insurance Reserve	4,000,000
Insurance Continuing Account	800,000
General Services Division	
School Bus Medical Benefits	12,000
Ordinary Sinking Fund	1,100,000
Funded Debt Sinking Fund	327,765
Research & Statistics - Operating Revenue	30,000
Mental Retardation - Medicaid Adjustment	1,066,113
DEPARTMENT OF EDUCATION	
School Employee Benefits Earnings	955,000
TOTAL	8,860,878

019879

EXHIBIT

STATE BUDGET AND CONTROL BOARD
MEETING OF April 12, 1983 APR 12 1983 NO. 9

REGULAR SESSION AGENDA
ITEM NUMBER 3

Agency: Finance Division STATE BUDGET & CONTROL BOARD

Subject: Mental Retardation Transfer Request

The Department of Mental Retardation asks for Board approval of the transfer of $477,232 of personal service and related funds to other operating categories.

This request has been carried over for an extended period of time in deference to the examination of the Whitten Center reduction-in-force.

This request was first initiated by Mental Retardation in November as a part of the agency's 4.6% reduction plan. Although the request involves other funds, the agency indicates that it is related to the 4.6% budget reduction in that it helps make up lost state-appropriated operating monies.

Board Action Requested:

Consider.

Staff Comment:

019840

Attachments:

Dorn January 28 memorandum to Vaughn plus attachments

EXHIBIT

APR 12 1983 NO. 9

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Mr. Vaughn

THRU: Mr. Cantrell
Dr. Coles

FROM: George N. Dorn, Jr.

DATE: Janaury 28, 1983

RE: Department of Mental Retardation Transfer Request #AT 23.

Attached please find a Department of Mental Retardation transfer request to move $477,232 personal service and related funds to other operating categories. The transfer request affects all programs.

This request was first initiated by Mental Retardation in November as part of the 4.6% reduction plan. Although this request deals with "other" funds, Mental Retardation indicates it is related to the "4.6%" to help make up lost State appropriated "operating" funds.

When the Whitten Center situation arose, I asked the Department of Mental Retardation to review the request and resubmit, only if still applicable. They indicate that the request is still applicable as part of the 4.6% reduction plan. Further, they indicate that no reduction-in-force (see letter attached) would be caused by this action. I interpret this to mean no additional RIF, and that this action does not lend itself to RIF.

The request is related to increased utility costs and food costs.

Since this request is part of the 4.6% plan, which was Budget and Control Board mandated, and appears to have no adverse personal service effects, I RECOMMEND APPROVAL.

/dmc

attachments

019841

CHARLES D. BARNETT, Ph.D.
Commissioner
WALTER B. TODD
Deputy Commissioner,
Administration
WADE C. WIETERS, Ed.D.
Deputy Commissioner,
Professional Services

MENTAL RETARDATION COMMISSION
The Rev. J. E. Hunter, D.Min., Chairman
Herbert Rudnick, Vice-Chairman
Mrs. Elizabeth P. Stall, Secretary
Robert H. Lovvorn, Sr.
Mrs. Mary C. Ramsay
R. B. Robinson
The Rev. George W. Watson

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION
2712 MIDDLEBURG DRIVE
P. O. BOX 4706
COLUMBIA, SOUTH CAROLINA 29240

December 2, 1982

Mr. George N. Dorn, Jr.
Budget Analyst
State Auditor's Office
207 Wade Hampton Office Building
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Dorn:

Funds requested to be transferred in AT-23 ($477,232) were related to the 4.6% reduction in state appropriations as mandated by the Budget and Control Board. Funding for DMR Medicaid positions was reduced to 96%, i.e. 4% vacancy allowance, as a part of the agency's plan to absorb the total reduction. The amount produced by this action ($477,232) was requested to be moved into other operating expenses so that this amount could be withdrawn as State dollars toward the mandated cut. No reduction in force will be caused by this transfer.

Please contact Steve Mattison, Budget Supervisor, if any additional information is needed.

Sincerely,

Walter B. Todd

Walter B. Todd
Deputy Commissioner,
Administration

WBT/jvb

cc: Steve Mattison
Harold Steele
Lonnie Bowman

RECEIVED
DEC 06 1982
STATE AUDITOR'S OFFICE
BUDGET DIVISION

019842

AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
J16						3

AGENCY VOUCHER NUMBER: AT-23

CG WARRANT NUMBER:

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD · FINANCE DIVISION

EXHIBIT

APPROPRIATION TRANSFER

TO REQUESTING AGENCY APR 12 1983 NO. 9

This form must be supported with documentation indicating the reason for the transfer. No committment should be made in anticipation of the approval of a transfer. STATE BUDGET & CONTROL BOARD

AGENCY TRANSFERRED TO (CR)

NAME S. C. Dept. of Mental Retardation
ADDRESS P. O. Box 4706
Columbia, SC 29240

AGENCY TRANSFERRED FROM (DR)

NAME S. C. Dept. of Mental Retardation
ADDRESS P. O. Box 4706
Columbia, SC 29240

REASON FOR TRANSFER: Promulgated by 4.6% Reduction in Appropriation per Attached Letter from Walter B. Todd, 12/2/82

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
06	350	J16	0600	3000						0158	2,517.00	Admin.	
06	350	J16	0601	3000						0158	133,137.00	Sup. Ser.	
06	350	J16	0602	3000						0158	28,653.00	Devel.	
06	350	J16	0603	3000						0158	94,233.00	Health	
06	350	J16	0604	3000						0158	8,604.00	Comm.	
06	350	J16	0605	3000						0158	130,255.00	Resid.	
06	350	J16	0606	3000						0158	294.00	Prev/Res.	
										TOTAL	(Continued)		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
06	300	J16	0601	3000						0200	192,042.00	Sup. Ser.	
06	300	J16	0601	3000						0300	285,190.00	Sup. Ser.	
										TOTAL	0500	477,232.00	

REQUESTED BY H. C. Tuley DATE 12/2/82 STATE BUDGET ANALYST Recommend Approval DATE 12 Jan 83

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

019843

STATE AUDITOR _____ DATE _____

D

SCDMR 229

Submit original and 3 copies

AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
J16						3

AGENCY VOUCHER NUMBER: AT-23 (Continued)

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD · FINANCE DIVISION

APPROPRIATION TRANSFER

C.G. WARRANT NUMBER:

AGENCY TRANSFERRED TO (CR):
NAME: S. C. Dept. of Mental Retardation
ADDRESS: P. O. Box 4706
Columbia, SC 29240

TO REQUESTING AGENCY:
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

AGENCY TRANSFERRED FROM (DR):
NAME: S. C. Dept. of Mental Retardation
ADDRESS: P. O. Box 4706
Columbia, SC 29240

REASON FOR TRANSFER: Promulgated by 4.6% Reduction in Appropriation per Attached Letter from Walter B. Todd, 12/2/82

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	PROJECT STATE	AGENCY REFERENCE NUMBER	OBJECT CODE	OBJECT STATE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
06	350	J16	0606	3000							1300		79,539.00	Fringe	
										TOTAL	2406		477,232.00		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	PROJECT STATE	AGENCY REFERENCE NUMBER	OBJECT CODE	OBJECT STATE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
										TOTAL					

REQUESTED BY H. C. Finley DATE 12/2/82 STATE BUDGET ANALYST Rebecca Hyatt DATE 12/2/82

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

STATE AUDITOR 019844 DATE

SCDMR 229

Submit original and 3 copies

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 10 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 5

STATE BUDGET & CONTROL BOARD

Agency: Executive Director's Office

Subject: Regulations of State Fire Marshal

The attached regulations primarily reflect the work of the Ad Hoc Committee on Fire and Life Safety. At the February 8, 1983 meeting, the Board considered a previous and somewhat different version of these regulations and, at that time, authorized staff to proceed with the required public review and hearing process on the regulations presented. Had that process been followed correctly, the revised regulations would have been presented at this meeting to the Board for approval for submission to the General Assembly to start the 120-day review period which, if it were to be completed this year, would presume that the General Assembly would be in session through July 12.

As a result of a staff mix-up, the regulations reviewed by the Board at the February 8 meeting were not published in the State Register. As a result of that error, the hearing on these regulations held by the Fire Commission on March 28 was not proper legally since required notice had not been given.

Board Action Requested:

Authorize staff to proceed with the required public review and hearing process on the attached regulations which were forwarded by Chairman MacLellan in his March 29 letter to Mr. Putnam.

Staff Comment:

019845

Attachments:

MacLellan March 29 letter to Putnam plus referenced regulations

State of South Carolina

STATE FIRE COMMISSION

1109 Belleview Street
Columbia 29201

RECEIVED
MAR 30 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT
APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

David A. MacLellan, Chairman
Chief, Sea Pines-Forest Beach
Hilton Head Island

S.K. Brockington, Jr.
Vice Chairman - Asst. Chief
Lower Florence County
Lake City

Captain Lewis B. Lee, Secretary
Newberry

Captain Robert M. Baker
Sumter

Bn Chief James A. Bartley
Columbia Fire Dept.
Cayce

Chief John R. Buckner, Jr.
Hardeeville

Chief Glenn T. Cogdill
New Prospect

Brunson L. Cromer
Aiken

Chief C.E. Denny
Hartsville

Carl R. Dickert
Piedmont

Asst. Chief Robert Ellison
Blythewood

Joseph R. Floyd
Director of Codes
Sumter

Alex Gundry
Starr

Chief Wilmot E. Guthke
Charleston

Mrs. Priscilla Mayes
Columbia

Chief Eddie Rivers
Pageland

Donald J. Simons
Eastover

H. Harold Tarleton, Jr.
FAIA
Greenville

Chief Robert L. White, Jr.
Piedmont Park Fire District
Greenville

March 29, 1983

cc: McInnis
Robson

Mr. William T. Putnam
Executive Director
Budget & Control Board
Post Office Box 12444
Columbia, S.C. 29211

Dear Mr. Putnam:

Enclosed you have our submission of the amended Rules and Regulations of Article 3, State Fire Marshal, which has been approved by the South Carolina Fire Commission.

Sincerely,

David A. MacLellan

David A. MacLellan
Chairman
South Carolina State Fire Commission

DAM:js

019846

Recd March 30, 1983 NL

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

SUMMARY

ARTICLE 3

FIRE MARSHAL

Authority: 23-8-30G

SUBARTICLE I

Regulations

19-300. Purpose and Definitions:
The definitions of "Fire Control" and "Fire Prevention" were added.

19-306. Plans, Specifications and Reports to be Submitted:
The title and section was changed to include a paragraph on the required submission of reports for the collection of fire data.

19-308. Fire Prevention and Safety Standards for Construction, Occupancy and Use, Standard Building Code -- Adoption:
The section was amended to update the adoption of the Standard Building Code to the 1982 Edition.

19-309. Installation of Electrical Equipment and Systems:
The section was amended to adopt the 1981 Edition of the National Electrical Code.

19-310. Special Code Provisions:
The Section was rewritten to include the original and special provisions resulting from the Ad Hoc Committee on Fire and Life Safety Rules and Regulations report. These special provisions pertain to:

1. Infant Care Facilities
2. Special Regulations for Hospitals, Nursing Homes, and Intermediate Care Facilities
3. Residential Care Facilities
4. Day Care Centers

019847

EXHIBIT
APR 12 1983 NO. 10
STATE BUDGET & CONTROL BOARD

ARTICLE 3

STATE FIRE MARSHAL

Statutory Authority: 23-8-30 G of Laws of 1976, as amended.

Subarticle 1. Fire Prevention and Life Safety - Buildings
Subarticle 2. Use of Hazardous Substances
Subarticle 3. Explosives
Subarticle 4. Service Stations
Subarticle 5. Liquified Petroleum Gas Board
(Statutory Authority: 39-43-30
Enforcement Authority: 23-9-20 Code
of Laws, S. C. 1976, as amended)
Subarticle 6. Transportation and Use of Pyrotechnics
Subarticle 7. Tents, Grandstands and Air-Supported
Structures.

SUBARTICLE I

FIRE PREVENTION AND LIFE SAFETY - BUILDINGS

19-300. Purpose and Definitions
19-306. Plans, Specifications and Reports to be Submitted
19-308. Fire Prevention and Safety Standards for Construction,
Occupancy and Use, Standard Building Code -- Adoption.
19-309. Installation of Electrical Equipment and Systems.
19-310. Special Code Provisions

019848

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

REGULATION

19-300. Purpose and Definitions.

A. These Rules and Regulations are for the purpose of safeguarding, to a reasonable degree, life and property from fire and other hazards incident to the construction, alterations, repair, use and occupancy of buildings, structures, or premises. These Rules and Regulations shall be the minimum standards required by the State Fire Marshal for fire prevention and life safety in all buildings and structures to which they apply, except when they conflict with any existing State Statutes.

B. "Fire Control" means all activities to control hostile fires.

C. "Fire Prevention" means any activity to prevent fire before fire occurs.

19-306. Plans, Specifications and Reports to be Submitted.

A. Plans and Specifications

Where work contemplated is regulated by these Rules and Regulations and enforced by the State Fire Marshal, plans and specifications shall be submitted to the State Fire Marshal for his approval prior to the starting of such work. Where required by state licensing and regulatory provisions, such plans and specifications shall be prepared by a duly registered architect and/or engineer.

Plans for all buildings shall indicate how required structural and fire-resistive integrity will be maintained where penetrations of a required fire-resistive wall, floor or partition will be made for electrical, mechanical, plumbing and communication conduits, pipes and systems and also indicate in sufficient detail how the fire integrity will be maintained where required fire-resistive floors intersect the exterior walls.

The State Fire Marshal or other approving authority may revoke any approval issued under the provisions of these Rules and Regulations in case there shall have been any false statement or misrepresentation as to a material fact in the application or plans, specifications or data on which the approval was based.

019849

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

B. Reporting System

The local Fire Chief or his designee shall within a period of one calendar month of any fire furnish the State Fire Marshal with a written statement subscribed to by him of all the facts relating to its cause, its origin, the kind, the estimated value and ownership of the property damaged or destroyed, and such other information as is called for by the blank forms furnished by the State Fire Marshal.

19-308. Fire Prevention and Safety Standards for Construction, Occupancy, and Use, Standard Building Code -- Adoption.

Minimum standards for fire prevention and safety protection in construction, occupancy and use of all buildings and structures regulated by these Rules and Regulations shall be the following chapters of the 1982 Edition of the Standard Building Code.

CHAPTER II - DEFINITIONS

CHAPTER IV - CLASSIFICATION OF BUILDING BY OCCUPANCY

CHAPTER V - SPECIAL OCCUPANCY REQUIREMENTS

Amend: Section 508 - Accessibility for the Physically Disabled and/or Handicapped is hereby deleted and does not constitute a part of the code which is adopted by reference herein.

CHAPTER VI - CLASSIFICATION OF BUILDING BY CONSTRUCTION

CHAPTER VII - FIRE PROTECTION REQUIREMENTS

CHAPTER VIII - APPURTENANCE REQUIREMENTS

CHAPTER IX - SPRINKLERS AND STANDPIPES

CHAPTER X - FIRE RESISTANCE STANDARDS FOR MATERIALS AND CONSTRUCTION Including Appendix B

CHAPTER XI - MEANS OF EGRESS REQUIREMENTS (Exits and Exits Access)

19-309. Installation of Electrical Equipment and Systems.

The provisions of the 1981 Edition of the National Electrical Code shall constitute the minimum general standards covering fire prevention and life protection of persons and property from hazards from the use of electricity.

019850

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

19-310. Special Code Provisions.

A. Alarm Systems

When a fire alarm system is required by Regulations adopted in Paragraph 19-308 above, such alarm systems shall conform with the appropriate standards of the National Fire Protection Association, and, where possible and reasonable, shall be connected to the Public Fire Department or such other outside assistance as may be available in case of fire or other emergency.

B. Infant Care Facilities

All facilities in South Carolina which provide care for four or more children too young to be termed ambulatory and are unattended by a parent or guardian shall provide the following safeguards:

1. Room for infants shall have one hour fire separation with a direct exit to the outside. NOTE: A one hour protected corridor no longer than twenty (20) feet to an exit shall be considered a direct exit.

2. Room for infants shall have wall covering with a flame spread protection no less than Class B.

3. Room for infants shall not have any type of open flame appliances. Any forced air ducts entering room shall be protected by smoke dampers operated by a smoke sensor. Actuation of smoke sensor shall actuate an audible alarm.

4. Rooms for infants shall be limited to ten (10) infants per direct exit. Exit doors shall swing in the direction of egress and be a minimum of thirty-six (36) inches wide.

5. Rooms for infants shall have single station smoke alarms placed inside the room and in the adjacent area of the facility near the protected room's entrance.

6. Doors in the required one hour separation partitions shall have door closures or be held open with a smoke actuated device.

019851

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

7. A fire plan describing what actions are to be taken by the staff in event of a fire must be developed, posted, and copies made available to all employees, and local fire authorities.

8. A fire drill shall be conducted at least every three months. Records of drills shall be maintained to report the date, time, and a description and evaluation of each drill.

9. All existing infant care facilities shall comply with this section on or before July 1, 1984.

10. This section shall waive additional institutional requirements ruled for infants. All additional requirements of these rules and regulations are mandated.

C. Special Requirements for Hospitals, Nursing Homes, and Intermediate Care.

1. All new construction regardless of type construction, must be fully sprinklered.

2. Enclosures for stairways, elevator shafts chutes and other vertical shafts shall be of not less than two (2) hour fire resistive construction.

3. Service openings to chutes, dumbwaiters, conveyors, and other material handling systems shall not be located in corridors or passageways but shall be located in a room enclosed by construction having at least a one hour fire resistive rating. Doors to such rooms shall not be less that "C" labeled, 3/4 hour fire rated. Service entrance doors to chutes and to vertical shafts containing dumbwaiters, conveyors and material handling systems shall be not less than "B" labeled, 1½ hour fire rated and shall be self-closing.

4. Gases (flammable and nonflammable) shall be handled and stored in accordance with the provisions of applicable NFPA No. 56A and 56F.

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

5. The storage of flammable liquids shall be in accordance with NFPA No. 30, "Flammable and Combustible Liquids Code".

6. Fire extinguishers intended for use in patient areas shall be of the 2-A, 2½ gallon stored-pressure water type. A 4-A: 10 BC fire extinguisher shall be installed in the following hazardous areas: Kitchen, laundry room, and any other area having an unusual fire hazard. At least one 2-A: 10 BC type fire extinguisher shall be located at each nurses' station.

7. An electrically supervised manual fire alarm system in accordance with provisions of "Local Protective Signaling Systems", NFPA 72-A shall be provided.

8. Each facility having more than ten (10) beds must be equipped with direct fire alarm boxes in accordance with Section 5-25-40 of the South Carolina Code of Laws of 1976.

9. An approved automatic smoke detection system shall be installed in all corridors. Such system shall be installed in accordance with applicable NFPA Standards, but in no case shall smoke detectors be spaced farther apart than thirty (30) feet on centers or more than fifteen (15) feet from any wall. The system shall be electrically interconnected to the fire alarm system as well as to all hold-open devices on smoke doors and fire doors within a fire zone.
   EXCEPTION: Where each patient sleeping room is protected by such an approved detection system and a local detection device is provided at each smoke door, such corridor system shall not be required on the patient sleeping room floors. This requirement does not apply to facilities constructed prior to April 23, 1979.

10. All smoke doors within a fire zone shall automatically close upon actuation of the manual fire alarm system; any head of the automatic sprinkler system or any smoke detector in that fire zone.

11. A fire protection plan describing what actions are to be taken by the staff in event of a fire must be developed and copies made available to all employees and local fire authority.

019853

12. Each employee shall receive initial fire protection training on the following:

EXHIBIT
APR 12 1983 NO. 10
STATE BUDGET & CONTROL BOARD

a. The fire plan
b. How to report a fire
c. How to use the fire alarm system
d. The location and use of fire fighting equipment
e. Methods of fire containment
f. Specific responsibilities of the individual as well as other individuals

13. A fire drill shall be conducted for each shift at least once every three months. Records of drills shall be maintained to report the date, time, shift and a description and evaluation of drill.

14. All additional requirements for hospitals and nursing homes of these Rules and Regulations are mandated.

D. Specific Requirements for Residential Care Facilities.

1. Buildings or structures, or any portion thereof, used for providing boarding and lodging facilities for twenty-four (24) or more consecutive hours to persons who are aged, mentally ill, handicapped, or developmentally disabled persons who may need a degree of personal care or supervision but who are mentally and physically capable of exiting a building under emergency conditions. Doctor's certificate of Patient's capability to function under emergency conditions is required.

2. All residential care facilities licensed for five (5) or less residents shall meet requirements for Residential Occupancy in addition to:

a. Smoke alarms shall be installed in each sleeping area. When more than one smoke alarm is required, they shall all be tied together so as when one smoke detector is activated, all smoke detectors will activate to alert all persons in building. All smoke detectors shall be 110 volt type with battery or auxiliary power back-up smoke alarms shall be installed and placed as per local fire authority.

b. Emergency lights or power pacs be installed to light exit egress.

c. All resident bedrooms shall have an outside window which can be opened from the inside. Required windows must be at least five (5) sq. ft. in area. Required window sills must be no more than forty-nine (49) inches from the floor.

019854

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

d. No portable electric or open flame heaters shall be allowed. Unvented heaters are prohibited. Vents for heaters must be installed in compliance with applicable codes.

e. Fire extinguishers of size and type recommended by the local fire authority shall be provided.

f. All drapes or curtains shall be treated annually for flame resistance.

g. In rural areas, a contract with the nearest fire department if possible, be secured.

h. No extension cords shall be permitted except for floor lamps, table lamps, and radios.

i. Landings shall be provided beyond exterior doors as specified by applicable codes.

j. No mobile homes or campers shall be licensed.

k. Stove hoods shall be vented to the outside.

l. Telephone is required, coin operated telephone will not meet this requirement.

m. Smoking will be allowed only in designated areas. No smoking is permitted in the bedrooms.

n. All porches, walkways, and recreational areas which are elevated more than thirty (30) inches above grade shall have guardrails forty-two (42) inches high.

o. One safety ramp shall be installed for the handicapped.

p. A fire drill shall be conducted at least every three months. Records of drills shall be maintained to report the date, time, and a description and evaluation of each drill.

q. A fire plan describing what actions are to be taken by the staff in the event of a fire or other emergency must be developed. This plan shall note the location of all non-ambulatory patients. The plan shall be posted and copies made available to all employees and the local fire authority. It is also recommended that a (DAP - Disabled Person) sticker be placed on doors or at entrances for rescue purposes during an emergency.

r. All existing facilities shall comply with this section on or before July 1, 1984.

0198

3. All Residential Care Facilities licensed for six (6) through twelve (12) residents shall meet requirements for Residential Dormitory Occupancy in addition to requirements in 19-310 D (2) above.

1. All Residential Care Facilities licensed for thirteen (13) or more residents shall meet all requirements in 19-310 D (2) & (3) in addition to:

   a. All bedroom door assemblies shall have automatic door closures.

   b. Facilities feeding more than twenty-five (25) residents shall have an approved under hood automatic extinguisher system in kitchen.

      ALTERNATE: Adoption of a controlled cooking plan as established by the State Fire Marshal.

   c. No resident bedroom shall be approved if access is through kitchen.

   d. All existing facilities shall comply with this section on or before July 1, 1985. Any exception shall be transmitted in writing and approved by the State Fire Marshal prior to September 1, 1984.

4. Day Care Facilities

   a. All Day Care Centers with less than thirteen (13) children receiving care, maintenance, and supervision for less than twenty-four (24) hours or more than four (4) hours per day, shall be considered Residential Occupancy.

   b. All Day Care Centers with more than twelve (12) children receiving care, maintenance, and supervision for less than twenty-four (24) hours or more than four (4) hours per day shall be considered Educational Occupancy.

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

019856

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

SUBARTICLE 2

USE OF HAZARDOUS SUBSTANCES

19-317. Standard Fire Prevention Code.

The provisions of the 1982 Edition of the Standard Fire Prevention Code shall constitute the minimum general standard covering the protection of life and property from the hazards of fire and explosion due to storage, use or handling of hazardous materials, substances and devices, and to provide for minimum hazards to life and property due to panic, exclusive of those hazards considered in building code regulations; provided that the following chapters are hereby deleted and do not constitute a part of the Code which is adopted by referenced herein:

CHAPTER 1	GENERAL PROVISIONS
CHAPTER 11	BOARD OF APPEALS AND ADJUSTMENTS
CHAPTER IV	PERMITS AND CERTIFICATES
CHAPTER XVII	FIREWORKS
CHAPTER XXV	LIQUIFIED PETROLEUM GAS

SUBARTICLE 7

TENTS, GRANDSTANDS AND AIR-SUPPORTED STRUCTURES

REGULATION

19-370. Standards.

19-371. Scope, Purpose, Definitions.

19-370. Standards.

A. The provisions of the National Fire Protection Association Standard No. 102-1982 shall constitute the minimum fire prevention and protection standards for the prevention of fire and for the protection of life in tents, folding and telescopic seating, and air-supported structures.

B. The provisions of the Standard Building Code, 1982 Edition, Section 502, thereto shall constitute the minimum fire prevention and protection standards for the prevention of fire and for the protection of life in grandstands.

019857

19-371. Scope, Purpose and Definitions.

A. National Fire Protection Association Standard No. 102-1982 is concerned with the hazards of fire, storm, collapse, and panic, and covers the construction, location, protection and maintenance of tents and air-supported structures used for assembly; interior folding or telescopic seating normally used in gymnasiums, multi-use rooms, and similar indoor mass seating as differentiated from grandstands and bleachers intended primarily to support persons for purposes of assembly for outdoor use. For the purpose of this standard, certain terms, words, and phrases shall be construed as set forth in Chapter 2 "Definitions" of the standard.

B. The Standard Building Code, 1982 Edition, Section 503, thereto is concerned with the hazards of fire, storm, collapse, and panic, and covers the construction, location, protection and maintenance of reviewing stands, grandstands, and bleachers intended primarily to support persons for purposes of assembly for outdoor use. For the purpose of this section, certain terms, words, and phrases shall be construed as set forth in Section 503.2

EXHIBIT

APR 12 1983 NO. 10

STATE BUDGET & CONTROL BOARD

019858

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 11 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 6

STATE BUDGET & CONTROL BOARD

Agency: Executive Director's Office

Subject: Internal Audit Unit Charter

As a result of the reorganization of the Board's administrative functions in the Fall of 1982, internal audit functions have been centralized in the Executive Director's Office.

To provide a policy framework within which the activities of the internal audit unit of the Board can perform its responsibilities, a charter for that unit is proposed for consideration by the Board. The proposed charter includes provision for the establishment of an audit committee to be comprised of two members of the Board and the Executive Director.

Board Action Requested:

Adopt charter for Board internal audit unit, establish audit committee and appoint members to that committee.

Staff Comment:

019859

Attachments:

Referenced charter

EXHIBIT

APR 12 1983 NO. 11

STATE BUDGET & CONTROL BOARD

DRAFT

SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD

Subject: Charter for the Internal Audit Unit

It is the intent of the South Carolina State Budget and Control Board to provide and support an internal audit unit as an independent appraisal function to examine and evaluate agency activities as a service to management and the Board. The internal audit unit reports administratively to the Executive Director and functionally to the Audit Committee whose membership consists of two members of the Budget and Control Board and the Executive Director. In carrying out their responsibilities, staff of the internal audit unit will have full, free, and unrestricted access to all agency activities, records, property and personnel; provided however, that they will not have access to the minutes of any executive session meetings of the Board without the specific approval of the Audit Committee.

The primary objective of the internal audit unit is to assist the management staff and members of the Board in the effective discharge of their responsibilities. To this end, internal audit will furnish analyses, recommendations, counsel and information concerning activities reviewed.

Internal audit is a staff function and as such has no responsibility for or authority over the activities audited; therefore, any review or recommendation by internal audit will in no way relieve a supervisor of an assigned responsibility inherent to his or her position.

The mission of the internal audit unit is as follows:

1. Review divisions or sub-units within the agency at appropriate intervals to determine whether they are efficiently and effectively carrying out their functions of planning, organizing, directing and controlling in accordance with Board and Audit Committee policy, and with management instruction, policies, and procedures, and in a manner consonant with both agency objectives and high standards of administrative practice.

2. Determine the adequacy and effectiveness of the agency's systems of internal accounting and operating controls.

3. Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information.

4. Review the established systems to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and determine whether the agency is in compliance. Suggest policy where required.

5. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.

6. Appraise the economy and efficiency with which resources are employed, identify opportunities to improve operating performance, and recommend solutions to problems where appropriate.

EXHIBIT

APR 12 1983 NO. 11

STATE BUDGET & CONTROL BOARD

7. Review operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

8. Coordinate audit efforts with those of the State Auditor's office and other external auditors and monitor the progress being made to resolve audit exceptions.

9. Participate in the planning, design, development, implementation, and operation of computer-based systems to determine whether (a) adequate controls are incorporated in the systems, (b) thorough system testing is performed at appropriate stages, (c) system documentation is complete and accurate, and (d) the needs of user organizations are met. Conduct periodic audits of computer service areas to determine whether these systems meet their intended purposes and objectives.

10. Submit annual audit plans to the Audit Committee for review and approval, beginning with a plan for fiscal year 1983-84.

11. Report to the Audit Committee on whether:

    a. Appropriate action has been taken on significant audit findings.

    b. Audit activities have been directed toward highest exposures to risk and toward increasing efficiency, economy, and effectiveness of operations.

    c. Internal and external audits are coordinated so as to avoid duplications.

    d. Internal audit plans are adequate.

    e. There is any unwarranted restriction on the staffing and authority of the internal audit unit or access by internal auditors to all agency activities, records, property, and personnel.

12. Report the result of audit examinations, the audit opinions formed, and the recommendations made to the appropriate management staff.

13. Evaluate any plans or actions taken to correct reported conditions for satisfactory disposition of audit findings. If the corrective action is considered unsatisfactory, hold further discussions to achieve acceptable disposition.

14. Provide adequate follow up to make sure that adequate corrective action is taken and that it is effective.

4/6/83

DRAFT

EXHIBIT

APR 12 1983 NO. 11

019861 STATE BUDGET & CONTROL BOARD

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 12 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 STATE BUDGET & CONTROL BOARD ITEM NUMBER 7

Agency: Executive Director's Office

Subject: Bond Funds for Corrections Laundry Equipment

The Joint Bond Review Committee has agreed to the release of $365,000 of capital improvement bond funds for the replacement of washers at the Department of Corrections laundry although the funds are not to be available until July 1, 1983. The Committee took that action to give the Department of Corrections assurance that the funds will be available July 1 so that the new equipment can be secured as a means of helping to retain the laundry business of the Department of Mental Health.

Board Action Requested:

Concur in Bond Committee action giving assurance to the Department of Corrections that the referenced $365,000 of capital improvement bond funds will be available July 1, 1983.

Staff Comment:

019862

Attachments:

Copeland March 22 letter to Senator Smith plus attachments

RECEIVED MAR 24 1983

ATTACHMENT #2

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

1205 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 758-2256

JOE HARDEN W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

EXHIBIT

APR 12 1983 NO. 12

STATE BUDGET & CONTROL BOARD

March 22, 1983

Senator Horace C. Smith, Chairman
Joint Bond Review Committee
Post Office Box 142
Room 410, Gressette Building
Columbia, South Carolina 29202

Dear Senator Smith:

Enclosed are a series of letters from Mental Health and the Department of Corrections. Some months ago Mental Health agreed to continue using the Corrections laundry services assuming certain upgrades in equipment and quality were achieved. As you can see from these letters, Mental Health's willingness to continue this arrangement depends upon Corrections' ability to upgrade their present laundry equipment. There is presently $365,000 of bond funds scheduled to be released in the July, 1983 allotment. I hope you will look favorably upon the release of these funds.

The laundry activities at the Corrections is a labor intensive operation. People at the Department of Corrections feel that they must continue to provide these jobs for the inmate population.

Please let me know if I can be of any further service to you on this or any other matter.

Sincerely,

Mike Copeland
Acting Deputy Executive Director

MC:hc

Enclosure

cc: Mr. Frank Caggiano
Mr. Mike Ey
Mr. Scott R. Inkley, Jr.

019863

south carolina
department of corrections

P.O. BOX 21787, 4444 BROAD RIVER ROAD, COLUMBIA, SOUTH CAROLINA 29221-1787
TELEPHONE (803) 758-8333
JAMES D. LEATH, Commissioner

March 16, 1983

EXHIBIT

APR 12 1983 NO. 12

STATE BUDGET & CONTROL BOARD

Mr. T. M. Copeland, Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Mike:

Enclosed is a letter sent to us concerning the laundry service provided by our agency to the S. C. Department of Mental Health. In our discussions with Mr. W. B. Floyd, he has been very supportive of our efforts to meet his agency's needs. However, unless we can obtain a commitment to allow us to upgrade our equipment in the laundry to an acceptable level, they will be left with no choice but to resubmit their request for proposals for laundry services.

As I am sure you remember, we were given a period of time to upgrade our quality and quantity of service after a request for proposals was submitted through General Services. We have alleviated, for the most part, the problems associated with quantity. However, with the antiquated equipment, our quality has not improved sufficiently to satisfy their needs. Without a commitment, we will not be able to continue our laundry operation which can save the state money as indicated in the study, with proper controls and equipment.

I explained to Mr. Floyd that bond funds ($365,000) to upgrade the laundry equipment is scheduled for release in July 1983. He said that Mental Health could not afford to enter a long-term contract for laundry service unless he had written assurance from someone other than a Department of Corrections' official that the funds would be released in July.

Can you help me get written assurances acceptable to Mental Health? We need the Mental Health laundry contract. We have the staff capability and commitment to provide satisfactory service, but we cannot guarantee the release of bond funds.

Thanks for your continued interest and assistance.

Sincerely,

Hugh

Hubert M. Clements, Ed.D.
Deputy Commissioner for Administration

HMC:hcd

Enclosure

019864

cc: Mr. John Carullo, Director, Division of Industries
Mr. William Floyd, Deputy Commissioner, Department of Mental Health

BOARD OF CORRECTIONS
BETTY M. CONDON, Chairman, Mt. Pleasant, S.C.
CLARENCE E. WATKINS, Vice-Chairman, Camden, S.C.
EUGENE N. ZEIGLER, Secretary, Florence, S.C.
GOETZ B. EATON, Member, Anderson, S.C.
NORMAN KIRKLAND, Member, Bamberg, S.C.
CHARLES C. MOORE, Member, Spartanburg, S.C.
GOV. RICHARD W. RILEY, Member, Ex-Officio, Columbia, S.C.

South Carolina Department of Mental Health
An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

EXHIBIT

APR 12 1983 NO. 12

STATE BUDGET & CONTROL BOARD

March 14, 1983

RECEIVED
MAR 16 1983
DIV. OF [illegible]

Mr. John A. Carullo
Director of Correctional Industries
South Carolina Department of Corrections
P. O. Box 21787
Columbia, South Carolina 29221

Dear John:

We appreciated the opportunity to meet with you and Mr. Sanders of your staff on Friday, March 11, 1983, to discuss further needed improvements in the laundry service now being provided to the Department of Mental Health by Prison Industries.

As we discussed, the problems in the past involved both quantity and quality. After considerable effort on the part of you and your staff and as a result of numerous consultations between members of both our staffs and us, the quantity problem has been, for the most part, alleviated. However, as we demonstrated and discussed, quality continues to be a serious problem in many respects:

1) The washers often do not remove routine stains--whites are often spotted and are nearly always dingy.

2) Despite not being able to remove the stains adequately, the washers often shrink items of clothing because of the high water temperatures.

3) The dryers frequently get too hot and scorch the contents, sometimes completely ruining the whole load.

4) The dryers create, by being too hot, serious wrinkling problems, making many garments unsightly.

We recognize that you have made extraordinary efforts to correct problems noted. However, despite these efforts, we have been seriously disappointed in the quality of what we are getting for our money. Therefore, unless immediate action is forthcoming, we will be left with no choice but to resubmit our request for proposals for laundry services to General Services for rebidding. Because of the limited time involved, we recognize all the problems cannot be resolved immediately but we feel that, at the very least, we must see some immediate progress in your effort to upgrade the equipment in the laundry to an acceptable level.

EXHIBIT

APR 12 1983 NO. 12

STATE BUDGET & CONTROL BOARD

Our staff will be available for whatever assistance we may be able to offer during this period. For the benefit of everyone concerned, we wish you success in your efforts.

Very truly yours,

Bill

W. B. Floyd, CPA, Deputy Commissioner
Division of Financial Services

758-~~532~~ ~~3121~~
3800

WBF:cmb

cc: Racine D. Brown, Ph.D., Assistant State Commissioner
Colbert Campbell, Director of Purchasing

019866

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 13 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 8

STATE BUDGET & CONTROL BOARD

Agency: Mental Retardation

Subject: Funding of Whitten Center Renovation Project

Act 518 of 1980 authorizes $2,887,500 of state capital improvement bonds to finance the renovation of various buildings at Whitten Center. Most of these funds ($2,765,301) are not presently available to be drawn in that they appear in Priority Groups 5 through 8 of the schedule developed by the Joint Bond Review Committee.

However, in Summary 26-83, item 2A, the Department of Mental Retardation requested Bond Committee approval of the use of $840,000 of excess paying patient fee debt service funds in order to proceed with the renovation of building Med B which houses some bedfast patients but which does not have a protective fire alarm and life safety system. The Joint Bond Review Committee, at its meeting on January 27, 1983, approved the request by Mental Retardation to add $840,000 of excess debt service funds to the budget of the project but the Committee at the same time voted to deauthorize a like amount of capital improvement bond funds previously authorized for the project.

The effect of the Committee's action is to hold the budget of the project at the $2,887,500 level but to change the source of funds to finance it so that $840,000 is provided from excess paying patient fee debt service funds and the remaining $2,047,500 would be provided from state capital improvement bonds.

The use of the $840,000 of excess paying patient fee debt service funds has been held in abeyance pending the working out of the balancing of the 1982-83 budget. Now that that appears to be in hand, the use of this $840,000 on the referenced project is brought back for consideration by the Board.

Board Action Requested:

Concur in Joint Bond Review Committee action to substitute $840,000 of paying patient fee debt service funds for a like amount of capital improvement bond funds in the project to renovate Med B at Whitten Center.

Staff Comment:

019867

Attachments:

Barnett January 24 letter to Putnam plus attachments

CHARLES D. BARNETT, Ph.D.
Commissioner
WALTER B. TODD
Deputy Commissioner,
Administration
WADE C. WIETERS, Ed.D.
Deputy Commissioner,
Professional Services

MENTAL RETARDATION COMMISSION
The Rev. J. E. Hunter, D.Min., Chairman
Herbert Rudnick, Vice Chairman
Mrs. Mary C. Ramsay, Secretary
Robert H. Lovvorn, Sr.
William deB. Mebane
R. B. Robinson
The Rev. George W. Watson

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION
2712 MIDDLEBURG DRIVE
P. O. BOX 4706
COLUMBIA, SOUTH CAROLINA 29240

RECEIVED
JAN 26 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

January 24, 1983

EXHIBIT
APR 12 1983 NO. 13
STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam
Executive Director
South Carolina Budget and
Control Board
212 Wade Hampton Office Building
Columbia, South Carolina 29211

Dear Mr. Putnam:

RE: Project No. 7854-J16-055/Renovation
of Buildings at Whitten Center

I am enclosing an E-11 dated January 13, 1983. This E-11 replaces an E-11 dated November 15, 1982 for this project and reconciles the State Bonds frozen with the records of the State Treasurer per the telephone request of Mr. William A. McInnis.

The current working drawings include Building 31 and Building 9 along with Med B. We propose to renovate Med B with available Debt Service Surplus Funds. Renovation of Building 9 is estimated at $400,000 including equipment and contingency. Since the renovation of Building 9 is needed, we request that the Joint Bond Review Committee and the Budget and Control Board consider releasing State Bonds out of this project to cover that building. Doing the two buildings simultaneously should result in a reduced cost; however, the Department has insufficient Debt Service Surplus to finance both buildings at this time. If this proposal is approved, the Department will not need the remaining $2,365,301 for this project thereby reducing State bond commitment by that amount.

Your cooperation and assistance in obtaining approval of this E-11 as well as our proposal is requested and will be appreciated.

Best regards,

Cordially,

Charles D. Barnett, Ph.D.
Commissioner

019868

CDB/dls
Enc. - a/s
cc: Mr. John A. McPherson, Jr., State Engineer-W/Enc.

RECEIVED

DEC 9 1982

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Form E-11
(Rev. 7-72)
Submit in Duplicate

REVISION OF PROJECT COST ESTIMATE

Date November 15 19 82

Institution or Agency South Carolina Department of Mental Retardation

Name of Project Renovation of Buildings at Whitten Center No. 7854-J16-055

To: State Budget and Control Board
Columbia, South Carolina

State Treas. I.D. No. 21-065 + 21-064

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

EXHIBIT
APR 12 1983 NO. 13
STATE BUDGET & CONTROL BOARD

Item	7-22-80 Last Estimate	Revised Estimate	Change
~~XXXX~~ State Bonds Frozen	$ -0-	$ 2,584,253.00	$ +2,584,253.00
Grading			
Construction			
Fees	155,232.00	155,232.00	-0-
Renovation	2,310,000.00	800,740.00	-1,509,260.00
Basic Equipment and Supplies	142,000.00	142,000.00	-0-
Landscaping			
Builder's Risk Insurance	2,310.00	1,000.00	- 1,310.00
Other Testing	500.00	500.00	-0-
$2/$1,000 Bond Cost	-0-	5,775.00	+ 5,775.00
Contingencies	277,458.00	38,000.00	- 239,458.00
Total Estimated Cost	$ 2,887,500.00	$ 3,727,500.00	$ + 840,000.00*

*Debt Service Surplus Funds -
(Test attached)

(Signed) Charles D. Barnett, Ph.D.
Title Commissioner

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED: ..... DATE: 019869
State Auditor

E-11a 21-065

State Treas. I.D. No.

SOUTH CAROLINA DEPARTMENT OF MENTAL RETARDATION

CUMULATIVE TABULATION OF PROJECT FUNDS
RENOVATION OF BUILDINGS AT WHITTEN CENTER
(7, 8, 9, 31, & MED B) -- J16-055

DATE	DEPARTMENT BONDING Act	DEPARTMENT BONDING Amount	STATE BONDING Act	STATE BONDING Amount	OTHER FUNDING Source	OTHER FUNDING Amount	PROJECT TOTAL
7-22-80		$	518 of 1980	$ 2,887,500.00		$	$ 2,887,500.00
1-13-83				–	DS SURPLUS	840,000.00	840,000.00
				2,887,500.00		840,000.00	3,727,500.00

019820

EXHIBIT
APR 12 1983
NO. 13
STATE BUDGET & CONTROL BOARD

SCDMR 170-78

JAN 31 1983

Capital Improvements
Joint Bond Review Committee

S-26-83

Horace C. Smith
Senate
Chairman

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

Tom G. Mangum
House of Representatives
Vice Chairman

Lib Croft
Administrative Assistant

P. O. BOX 142 TELEPHONE (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29202

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

House Members:
Tom G. Mangum
Marion P. Carnell
Jennings G. McAbee
Bill Campbell
T. W. Edwards, Jr.

January 31, 1983

EXHIBIT

APR 12 1983 NO. 13

STATE BUDGET & CONTROL BOARD

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

In Re: S26-83: Educational Television Commission
Mental Retardation Department

Dear Mr. McInnis:

Transmitted herewith is Summary #26-83 indicating Joint Bond Review Committee Approval, at the meeting held January 27, 1983, of one Educational Television Commission project (1) and two projects proposed by the Department of Mental Retardation (2A and 2B).

In approving (2A), the request by the Department of Mental Retardation to add $840,000 of Excess Debt Service Paying Patient funds to the budget of the Whitten Center Buildings Renovation project, the Committee voted to deauthorize a like amount of CIB funds scheduled for release on this project starting in Priority Group No. 5.

With kind regards,

Sincerely,

Horace C. Smith

Senator Horace C. Smith
Chairman, Joint Bond Review Committee

HCS:lc
Enc. S26-83
cc: Mr. John A. McPherson

019871

248872

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 26-83

Source of Funds

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Debt Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 12/16/82.
Page 1 of 1.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
1. EDUCATIONAL TELEVISION COMMISSION Supporting document pages 1-3	Increase budget to $14,025	Add $14,025 [8] Corporation for Public Broadcasting	H67-8049	Satellite Electronics Building: To fund additional engineering services and installation work which originally was to have been provided by ETV staff but which now will be provided by others.	APPROVED 1/27/83	
2A. MENTAL RETARDATION	Increase budget to $3,727,500	Add $840,000 [4] Excess Debt Service, Paying Patients	J16-7854	Whitten Center - Renovation of Buildings: The State Capital Improvement Bonds authorized in Act 518 of 1980 for these purposes are scheduled for release starting in Priority Group 5, January-June 1985. His request is to add $840,000 of excess debt service funds to project budget in order to	APPROVED 1/27/83	
				proceed with the renovation Building Med B. It houses some bedfast patients. It does not have a protective fire alarm and life safety system. Plans and specifications have been received by the State Engineer's Office and are ready to be advertised for bids. Action on this request should only		
Supporting document pages 4-10				address the use of $840,000 to finance the renovation of the Med B Building and should carry no implication for releasing the bond funds except if the Committee chooses to follow its usual procedure of deauthorizing bonds as other funding is approved.		
2B. MENTAL RETARDATION Supporting document page 11	Decrease budget to $295,741.79	Deduct $298 [1] Departmental Capital Improvement Bonds (deauthorize)	J16-7100	Community Residence - Greenville: To close project.	APPROVED 1/27/83	
3. PARKS, RECREATION AND TOURISM Supporting document pages 12-14	Increase budget to 2,287,735	Add $50,000 [7] Federal	P28-7151	Hickory Knob Golf Course: To provide funds for overrun on sewage treatment facilities and fill dirt for parking area.	APPROVED 12/29/82	

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 14 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 STATE BUDGET & CONTROL BOARD ITEM NUMBER 9

Agency: General Services

Subject: Equipment Acquisition Financing

The Division of General Services advises that the Department of Corrections wishes to purchase on a lease/purchase basis a diesel truck with a 14-foot refrigerated van body at a cost of $10,000 for a used vehicle plus interest of $1,944.82. The interest rate involved is 9% and it has been approved by the State Treasurer's Office.

In addition, the Division advises that an interest rate of 8.24% on the information technology equipment to be acquired by the University of South Carolina to upgrade its system has been approved by Mr. Patterson.

Board Action Requested:

Approved referenced interest rates.

Staff Comment:

019873

Attachments:

EXHIBIT

APR 12 1983 NO. 14

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

___Blue Agenda
_X_Regular Session Agenda
___Executive Session Agenda

1. Submitted By: Don MacMillan

2. Subject: Lease/purchase of a diesel truck with a 14' refrigerated van body Department of Corrections

3. Summary Background Information:

Department of Corrections requested to purchase a used truck with van body. Bids were received and Imperial Packing Company was the low bidder ($10,000). The agency doesn't have sufficient funds to purchase new vehicle (approx. $30,000). Agency representatives have inspected the vehicle and it is in good condition. Imperial Packing will sign our Standard Equipment Agreement.

Truck with van body	- $10,000.00
Interest	- 1,944.82
Total	- $11,944.82

48 month lease/purchase - 248.85/month
Interest rate - 9%

3.21.83
Interest ok per Mr Peterson

4. What is Board Asked To Do?

Approve lease/purchase

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
	Bid Folder Letters re. finding

019874

EXHIBIT

APR 12 1983 NO. 14

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

___ Blue Agenda
_X_ Regular Session Agenda
___ Executive Session Agenda

1. Submitted By: Don MacMillan

2. Subject: Lease/purchase of a diesel truck with a 14' refrigerated van body Department of Corrections

3. Summary Background Information:

Department of Corrections requested to purchase a used truck with van body. Bids were received and Imperial Packing Company was the low bidder ($10,000). The agency doesn't have sufficient funds to purchase new vehicle (approx. $30,000). Agency representatives have inspected the vehicle and it is in good condition. Imperial Packing will sign our Standard Equipment Agreement.

Truck with van body	-	$10,000.00
Interest	-	1,944.82
Total	-	$11,944.82

48 month lease/purchase - 248.85/month
Interest rate - 9%

3-21-83
Interest ok per Mr Patterson
Bradham

4. What is Board Asked To Do?

Approve lease/purchase

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
	Bid Folder Letters re. finding

019874

EXHIBIT

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

APR 12 1983 NO. 14

STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

April 12, 1983

___ Blue Agenda
_✓_ Regular Session Agenda
___ Executive Session Agenda

1. **Submitted By:** Division of General Services

2. **Subject:** Financing of Information Technology Equipment - USC

3. **Summary Background Information:**

In December 1982, the IBM 3033 Computer at Clemson was moved to USC.

USC must increase the size and peripherals of the 3033 to meet pressing IT support requirements.

A solicitation for eighteen (18) items to upgrade the system resulted in awards to 4 vendors.

Total cost of the upgrade will be $739,789.44 tax included. USC wishes to finance this amount for 60 months.

A solicitation for financing resulted in a low bid by Citizen & Southern National Bank of Columbia, South Carolina. Interest rate bid is 8.24%.

4. **What is Board Asked To Do?**

Approve interest rate of 8.24% for USC IT Equipment.

approved by Mr Patterson 4/4/83

5. **Supporting Documents:**

List Those Attached	List Those Not Attached But Available from Submitter
	Approval For Procurement; Competitive Bid

Tony R. Illes

019875

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 15 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: Department of Agriculture

Subject: Foreign Travel

The Board is asked to ratify approval given by staff to the travel of Agriculture Department employee Roy W. Copelan, Jr., to San Juan, Puerto, Curacao, and Antigua during the April 7 - 15, 1983 period. The purpose of the travel is to participate in and assist in the Caribbean Food Exposition and the total estimated cost is $2,669 to be paid from state-appropriated funds.

Board Action Requested:

Ratify.

Staff Comment:

019876

Attachments:

Tindal March 21 letter to Putnam

S.C.
DEPARTMENT OF
Agriculture

D. Leslie Tindal - Commissioner

Wade Hampton Office Building
P. O. Box 11280
Columbia, S. C. 29211

Telephone: (803) 758-2426

March 21, 1983

EXHIBIT

APR 12 1983 NO. 15

STATE BUDGET & CONTROL BOARD

RECEIVED
MAR 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Mr. William T. Putnam
Executive Director
Budget and Control Board
Room 205, Wade Hampton Office Bldg.
Columbia, SC 29211

Dear Mr. Putnam:

Request is hereby filed that Roy W. Copelan, Jr. be permitted to travel to San Juan, Puerto Rico, Curacao and Antiqua April 7, 1983 through April 15, 1983.

His main objective will be to participate and assist in Caribbean Food Exposition, promote the sale of S.C. Food and Agriculture products, assist Caribbean buyers, develop trade inquiries at show and direct visits in other stops.

Total travel cost is estimated at $2,669.00, which will include airfare, hotels and other expenses. His expenses will be paid from Foreign Trade Mission Appropriations.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

D. Leslie Tindal

D. Leslie Tindal
Commissioner of Agriculture

DLT:dkr

019877

EXHIBIT

STATE BUDGET AND CONTROL BOARD APR 12 1983 NO. 16 REGULAR SESSION AGENDA

MEETING OF April 12, 1983 ITEM NUMBER 11

STATE BUDGET & CONTROL BOARD

Agency: Personnel Division

Subject: Incentive Pay for Medical Transcriptionists

The Personnel Division advises that the Medical University at Charleston has requested authorization to implement an incentive pay program for medical transcriptionists based on their productivity. It is estimated that some $19,000 in savings could be realized by the Medical University annually if such a plan were to be implemented.

Please refer to attachments for details on this proposal.

Board Action Requested:

Authorize the Personnel Division to implement a pilot incentive pay program for medical transcriptionists at the Medical University and to set and adjust incentive pay rates (the proposed pay rate is $25¢ per minute of dictation over 90 minutes in a normal workday based on quality and production standards).

Staff Comment:

019878

Attachments:

Personnel Division agenda worksheet plus attachments

EXHIBIT

APR 12 1983 NO. 16

STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:

April 12, 1983

___Blue Agenda
_X_Regular Session Agenda
___Executive Session Agenda

1. **Submitted By:** State Personnel Division

2. **Subject:** Incentive Pay for Medical Transcriptionists

3. **Summary Background Information:**

The Medical University at Charleston has requested authorization to implement an incentive pay program for medical transcriptionists. This pay plan would allow the Medical University of South Carolina to pay medical transcriptionists based on their productivity.

A conservative estimate of yearly savings to the State if this plan is implemented is $19,048.

4. **What is Board Asked To Do?**

Authorize the State Personnel Division to implement a pilot incentive pay program for medical transcriptionists at the Medical University of South Carolina and to set and adjust incentive pay rates. Proposed pay rate is $.25 per minute of dictation over 90 minutes in a normal workday based on quality and production standards.

5. **Supporting Documents:**

List Those Attached	List Those Not Attached But Available from Submitter
1. State Personnel Division's incentive pay study package.	
2. Letter of August 12, 1982, C. A. Taylor to Phyllis M. Mayes	

019879

EXHIBIT

APR 12 1983 NO. 16

STATE BUDGET & CONTROL BOARD

State of South Carolina
PERSONNEL DIVISION
1205 Pendleton Street
Columbia, South Carolina 29201

Jack S. Mullins, Ph.D.
Director

803-758-3334

MEMORANDUM

TO: George Hendry

FROM: Betts Ellis

DATE: February 16, 1983

SUBJECT: Incentive Pay Study

Attached is the report John Wilkinson prepared on incentive pay. We are ready to proceed with this but I need to give a few supplementary comments.

We have previously discussed the cost-benefit of this proposed plan. It was noted that MUSC would need to reduce their FTE to substantiate any reduction in personal service costs. Stuart Smith stated on January 18 that they have already eliminated in the neighborhood of 45 FTE's. This reduction is not indicated on our FTE report. Apparently the positions are maintained in a vacancy pool. The Budget and Control Board would probably be more receptive to an incentive pay plan if MUSC would make a commitment to eliminate FTE's according to any production increases resulting from the incentive pay plan. Stuart gave me the impression that he felt the elimination of 2 positions/ FTE's was insignificant when compared to the big picture.

It is anticipated that employees will be awarded incentive pay through "one time pay" transactions... similiar to overtime payments. Since only seven employees will initially be involved I see no need to report incentive pay on the PAIS's at this time. We will, of course, ask MUSC to keep figures on all incentive pay awarded.

John stated in his report that an incentive pay rules manual would be needed. He has already asked MUSC to prepare a manual. We plan to review and endorse the manual.

We would like to meet with you, discuss this, and proceed toward implementation.

Thank you.

019880

State of South Carolina
BUDGET AND CONTROL BOARD
PERSONNEL DIVISION
1205 Pendleton Street
P. O. Box 12547
Columbia, South Carolina 29211

Jack S. Mullins, Ph.D
Director

803-758-3334

MEMORANDUM

TO: George Hendry, Manager
Classification and Compensation

FROM: John Wilkinson, Analyst
Classification and Compensation

DATE: February 16, 1983

SUBJECT: Progress Report - Pay for Production

This is a progress report for Phase II of the Pay for Production/Incentive Pay Study requested by Medical University for their Medical Transcriptionists (M.T.'s).

The Incentive/Pay Production plans examined ranged from keypunch operators to rehabilitation counselors. Of all the plans examined, two were most like the plan Medical University wants to put in place. These two include: The University of Alabama Hospital, and the Lexington County Hospital. Each plan will be examined in detail.

I. Lexington County Hospital

Lexington County Hospital began an incentive pay system for Medical Transcriptionists in December, 1979. The hospital was experiencing problems around this time with work backing up, high turnover of trained M.T.'s and low morale. According to Tom Hecker, a personnel director at the hospital, the number of M.T.'s has decreased from 7 full time to 4 full time and 1 part time since the incentive system began. He also says that there are occasionally periods of time when there is no work for these M.T.'s to do, despite the fact that the amount of dictation coming in has increased.

Specifics of Lexington Hospital Plan

The M.T.'s are currently using BiDec word processing machines. Each typist has equipment identical to all others. There are currently three reports typed at the Hospital: Post Operatives, Discharge Summaries, and Pre-surgery reports. Each typist chooses what she will type from the "tank" that holds all the dictation. Each girl has equal access to all dictation, and according to the supervisor, work is approximately equal in difficulty.

019881

EXHIBIT
APR 12 1983 NO. 16
STATE BUDGET & CONTROL BOARD

The M.T.'s at Lexington are paid incentive pay based on the number of lines typed per 8 hour workday. A "DCL" is 6.155 lines of type. The minimum rate of production in order to remain a full time M.T. at Lexington is 125 DCL's per day.

The incentive pay is based on $.15 per DCL typed in excess of 145 DCL's per day. The maximum amount of money an employee may earn through the incentive system is $150.00 per month over base salary. Employees are hired at $5.40 per hour base pay, and are considered trainees until they reach the minimum of 125 DCL's per day or attain six months on the job at which time base pay then rises to $5.89 per hour and they qualify for the incentive program. A supervisor has responsibility to insure that all counts are accurate and that the system applies fairly to all.

In addition to incentive pay, typists also receive a cost of living adjustment (as do all Lexington Hospital staff members) and they also qualify for a merit increase annually of 0-9% based on the quality of their work. It must be stressed that in order to qualify for the incentive program, work produced must meet minimum quality standards. According to Tom Hecker speed is rewarded by incentive pay. Quality (though minimum standards apply) is rewarded by the merit program.

II. The Medical University of Alabama

According to documents sent and conversations with Wayne Anderson, personnel administrator for the University of Alabama Hospital, M.T.'s were unable to keep up with dictation, overtime was a frequent problem, turnover was high, and the hospital was experiencing difficulty attracting trained M.T.'s.

An exhaustive study was undertaken to examine the possibility of establishing an incentive pay system for M.T.'s in the University Hospital. The plan recommended the establishment of such a system, and in September 1969, the incentive program was put in place on a trial basis.

Specifics of Univeristy of Alabama Plan

The M.T.'s employed by the University of Alabama are currently using identical electric typewriters. Ninety (90) minutes of dictation per M.T. per 8 hour day is considered standard. Work in excess of 90 minutes is paid $.20 per minute as incentive. All work must meet quality standards. The supervisor of the section is responsible for insuring accurate compilation of time used to determine incentive pay. Incentive pay is calculated based on regular pay intervals, and incentive pay is pay in addition to regular base pay. The three types of dictation performed by M.T.'s in Alabama include Operation Reports, Discharge Summaries and Emergency Department Reports. Each typist has equal access to each type of dictation. In Alabama the supervisor is also eligible for incentive pay.

019882

Discussion

According to Mark Mitchell, a representative of the Lanier Corporation, a manufacturer of M.T. Equipment (and a man whose experience with M.T.'s appears to be extensive), industry figures show that an average minute of M.T. dictation equals 10 lines of type. He says that the average M.T. types 800-850 lines per day (which becomes 80-85 minutes or 800 lines ÷ 10 minutes/line), and incentives are usually paid when these figures are exceeded.

In order to compare Lexington Hospital's incentive rate and minimum production rate with Alabama's, we can convert DCL's to minutes, and the amount paid per DCL to amount paid per minute. 145 DCL's (the number of DCL's an M.T. has to exceed to be eligible for incentive pay at Lexington), equals 89 minutes of dictation (145 DCL's x 6.155 lines of type/DCL ÷ 10 lines/minutes average = 89.2 minutes of dictation). The $.15 per DCL rate paid as incentive equals $.24 per minute of dictation ($.15 per minute ÷ 6.155 lines = $.024 per line x 10 lines/minutes = $.24). Alabama pays $.20 per minute over 90 minutes of dictation typed. Medical University has proposed $.25 per minute over 90 minutes as their incentive pay.

In addition to comparable minimum rates of production and rates of incentive pay, these two plans had other points in common:

1. All machines must be identical.
2. All M.T.'s must have equal access to the material to be typed.
3. All M.T.'s must only do transcriptionist work or have the time spent doing other work removed from the incentive calculation.
4. Rules for M.T.'s must be clear and understood by all M.T.'s.
5. All employees must be treated alike.
6. Each plan had a base pay for minimum production, and incentive pay in addition to it.
7. The counts made by supervisors to determine incentive pay are made by the machines in the use at the various facilities.
8. Minimum quality standards must be adhered to, and incentive pay is rewarded for work done only once.
9. Normal attrition reduced the staffs. No one was fired.

EXHIBIT

APR 12 1983 NO. 16

STATE BUDGET & CONTROL BOARD

MEMO
TO: George Hendry
PAGE 5

Four full time M.T.'s will average 113.25 minutes each of dictation typed if they all work at the same speed. The incentive payout would equal $5,813 per year total, or $1,453 per year per employee (3813 ÷ 4 = 1453). If 3 of 4 full time M.T.'s work at the 80 min./day minimum standard and the remaining M.T. types all the rest of the average days dictation for a year, the incentive payout would total $7,688 annually. It is probable that one M.T. could not work at a rate necessary to attain a $7,688 incentive bonus per year. For an M.T. to attain this figure, she would have to type 213 minutes of dictation a day for 250 workdays. With the other M.T.'s typing in excess of the 80 min./day minimum standard, the workload per M.T. would be closer to 113.25 min./day and the incentive payout per employee approximately $1,500 per year or less, (or approx. $7,000 per year total).

These figures show that the maximum incentive payout based on the total number of minutes of dictation/per year should not exceed $7,688 per year. The calculations are meant to be taken as averages only. Sick and annual leave have not been taken into account. It should also be noted that these figures are for "average" days. In reality there are no "average" days. Some days there will be too much work for the staff (whatever the size), and some days not enough. Either way the total incentive payout for 5 full time M.T.'s should not exceed $7,688 per year.

These calculations also show that as more M.T.'s strive to gain incentive pay the total payout for incentive pay would be less (because of the difference between minimum production figure of 80 min./day average and the 90 min./day necessary to qualify for incentive pay).

As previously cited, currently there are 7 full time M.T.'s on staff at Medical University. The yearly average salary is $10,694. A conservative estimate of fringe benefits for a state employee is 25% of salary. Assume that each M.T. currently costs the state $13,368 per year for salary and fringes (10,694 x 1.25 = $13,368) and seven of them cost $93,573 per year ($13,368 x 7 = $93,573). If you assume that the yearly figure of 113,194 minutes of dictation is accurate, and will not increase appreciably in the near future, and that one M.T. will be out on sick or annual leave on any given day (a liberal estimate), the state can eliminate two full time M.T.'s for a $26,736 salary and fringe savings ($13,368 x 2 = $26,736), pay out no more than $7,688 total incentive pay to the remaining M.T.'s (one will be out sick, or on leave) and consequently save approximately $19,048 per year to the state ($26,736 - $7,688 = $19,048). This estimate, in my opinion is conservative.

In both cases, the incentive plans were considered unqualified successes. Though no precise dollar figures were provided by Lexington Hospital, the success factors cited were: elimination of overtime, and reduction of two full time M.T.'s and improved morale. Figures for the University of Alabama Hospital were provided. The first year of operation of the incentive plan for M.T.'s resulted in $27,896 savings in personnel and equipment. The predicted savings were $18,000 when the program was conceived. This savings was largely due to the elimination of permanent positions assigned to the M.T. area, and the consequent decreased need for equipment, supervision, and floor space.

Currently, the Medical University of South Carolina has seven full time M.T.'s. According to information provided by Mrs. Aileen Black, head of the M.T. Department at the Medical University, the total number of M.T. dictation equalled 111,194 minutes last year. Using 250 work days per year, (52 weeks x 5 days/week - 10 holidays) this would equal 453 total minutes of M.T. dictation a day. Using the 80 minutes of dictation/day minimum production standard already in place at Medical University, only 5.66 FTE employees are currently needed to perform the average daily work. Currently there are 7 full time M.T.'s on staff at Medical University. Ms. Black has indicated that some M.T.'s routinely type over the 80 minutes/day minimum standard and that occasionally there is no work to do. Medical University has asked that incentive pay begin after 90 minutes of dictation per day per employee at the rate of $.25 per minute. The question to be addressed at this point is: What dollar effect would an incentive plan have at Medical University?

Seven full time M.T.'s will have an average workload of 64.7 minutes of dictation per day (453 minutes ÷ 7 = 64.7 minutes). This figure does not equal the 80 minutes/day minimum standard.

Six full time M.T.'s will average 75.5 minutes/day.

Five full time M.T.'s, if they work at the same rate, will type 90.6 minutes/day and all five will qualify for .6 minutes of incentive pay per day, which equals 750 minutes per year total (.6 minutes x 5 M.T.'s x 250 work days - 750 minutes/year) or $188.00 per year total incentive payout (750 minutes x $.25 per min. = $188.00). If 4 of the 5 M.T.'s on staff work at the minimum standard of 80 minutes/day for a year and one ambitious M.T. types all the remaining dictation per average day for a year, $2,688 would be paid out as incentive pay that year (453 avg. minutes/day workload - 320 minutes/day (4 M.T.'s at minimum standard rate of 80 minutes/day) = 133 minutes/day - 90 minutes incentive minimum = 43 minutes x $.25 per minute x 250 work days = $2,688 per year). If 3 of the 5 M.T.'s on staff work at minimum standard, the incentive payout would be $2,063 per year using the same formula.

019885

EXHIBIT

APR 12 1983 NO. 16

STATE BUDGET & CONTROL BOARD

MEMO
TO: George Hendry
PAGE 7

The purpose of an incentive pay plan is to induce the worker to work harder, smarter, and more efficiently, get paid more on a basis he/she can easily see, and in turn save the employer money by reducing the actual number of employees, the equipment they use, the space they occupy and the amount of supervision they receive. It is important that the rate of incentive pay be set so that an employee will consider his/her effort worth it. Failure to set the rate high enough will insure the plan's failure. Setting the rate too high will diminish cost savings to the employer.

This is an opportunity for State Personnel to implement a possible money saving plan. We should act to promote plans like this. A meeting should be called with State Personnel officials in order to develop a guideline for the Medical University pilot project.

Summary

1. Incentive programs for Medical Transcriptionists are working throughout the United States.

2. The Medical University's proposal of paying $.25 per minute of dictation over 90 minutes typed per day is very close to the rates paid at other hospitals using incentive plans.

3. The incentive program will be a pilot project, so State Personnel Rules will not have to be changed to accommodate it.

4. A conservative estimate of yearly savings to the state if this plan is put in place is $19,048 per year.

019886

Recommendation

It in my recommendation that a pilot incentive pay program be approved for the Medical University. The posture that the State Personnel Division should take should be similar to the shift differential policy currently in effect. State Personnel should act to approve incentive plans as long as they conform to certain specific requirements. State Personnel should encourage the development of incentive plans and approve them on a pilot basis until they are proven to work. Some examples of requirements by State Personnel should be:

1. Employees on an incentive plan must spend at least 90% of their time on the task being paid the incentive.

2. All employees in the plan must use identical equipment.

3. Accurate counts of work or articles produced must be maintained by supervisory authority, perferably with machines.

4. A "rule manual" must be submitted with an incentive plan proposal and State Personnel and the agency proposing the plan must agree on it.

5. All employees must be aware that standards, rates of pay, etc., could change based on the agency's analysis of the success of the program.

6. All employees must be aware that a "trial period" will be in effect until the plan is approved permanently or scrapped.

7. Supervision of employees on an incentive plan must be careful and fair. Fairness to each employee is an utmost consideration.

8. Rates of incentive pay should conform to other plans whose work is similar.

9. The plans should be designed to save the state money, and reward employees for their extra effort.

10. A training period should be established for new employees before production at standard is required.

Specific points like overtime, rates of pay (two pay rates instead of a range), applications to handicapped workers, leave time consideration, part time incentive workers, rate changes, etc., will have to be addressed as the rules are developed.

019887

EXHIBIT
APR 12 1983 NO. 16
STATE BUDGET & CONTROL BOARD

Sources Consulted

Dr. Vincent G. Reuter "Wage Incentives: A Valuable Productivity Tool" Journal of Systems Management, October, 1980.

Samuel R. Collins, "Incentive Programs: Pros and Cons" Personnel Journal, July, 1981.

Philip Yelton, "The Efficiency of a Piecework Incentive System", The Journal of Management Studies, October, 1979.

Lynn H. Bentley, "Conversion from Piece Rate to Time Rate Pay for Production Workers" Compensation Review, fourth quarter, 1979.

Clair F. Vough and Bernard Asbell, Productivity: A Practical Program for Improving Efficiency, AMACOM, New York, 1979.

Robert Chatham, Department of Administrative Services, State of Georgia, conversation and material relating to incentive program in place for rehabilitation counselors, State of Georgia, November, 1982.

Wayne Anderson, University of Alabama Hospital, conversation and material relating to incentive program in place for medical transcriptionists, University of Alabama Hospital, January, 1983.

Tom Hecker, Lexington County Hospital, West Columbia, S.C., conversation, on-site visit and material relating to incentive program in place for medical transcriptionists, Lexington County Hospital, November, 1982.

Mr. James Lillard, Mississippi Tax Commission, Jackson, Mississippi conversation and material relating to incentive program in place for keypunch operators, Mississippi Tax Commission, November, 1982.

Mr. Mark Mitchell, Lanier Business Products, conversation relating to incentive pay plan in place for medical transcriptionists, February, 1983.