

MINUTES OF
Budget and
Control Board
Meeting

March 15, 1978

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MARCH 15, 1978 3:30 P. M.

The Budget and Control Board met at 3:30 p. m. on March 15, 1978 in the Governor's Conference Room with the following members in attendance:

Governor James B. Edwards
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

State Treasurer Grady L. Patterson, Jr., en route to Washington, D. C. to testify before the U. S. House Ways and Means Committee on tax-exempt bonds, was absent. Board Secretary State Auditor William T. Putnam, working with the House Ways and Means Committee to put its version of the 1978-79 Appropriation Bill into final form, also was absent.

Also attending the meeting were Assistant State Auditor William A. McInnis, Governor's Executive Assistant Walter R. Pettiss and his Assistant A. E. Reiser.

Following a meeting of the State Education Assistance Authority, the Budget and Control Board convened and the following items of business were considered:

MINUTES OF PREVIOUS MEETINGS - Budget and Control Board members previously had been furnished with draft versions of the minutes of meetings held on March 1 and March 8, 1978.

Upon a motion by Mr. Morris, seconded by Senator Dennis, the Budget and Control Board approved these minutes as written.

POLL AGENDA - The four items included on the poll agenda for the present meeting were approved by the Budget and Control Board. These poll items are specifically identified as such in these minutes.

Governor Edwards called attention to poll item 4, relating to a printing equipment purchase request by the Department of Social Services,

and reiterated his concern that this subject be given more careful scrutiny. Division of General Services Director Furman McEachern expressed the view that the State cannot compete with private printing firms on typeset printing but that it can compete favorably on offset printing. Mr. McEachern also agreed with Governor Edwards that no overall study of this type of printing has been conducted.

Following this discussion, upon a motion by Senator Dennis, seconded by Representative Mangum, a task force subcommittee comprised of Messrs. Burr, McEachern, Pettiss, Putnam and two representatives from the private printing industry was named to conduct a review and submit a report on printing work done by the various State agencies.

INDUSTRIAL REVENUE BONDS - FAIRFIELD COUNTY (POLL ITEM 1) -

The Budget and Control Board was presented with a Petition from Fairfield County for the issuance of \$4,500,000 of Industrial Revenue Bonds on behalf of The Standard Products Company. The firm is engaged in the manufacture of automotive and industrial products and the project, when completed, will provide employment for about 250 persons.

After being assured that all legal documents pertaining to this issue had been reviewed by the Office of the Attorney General and that satisfactory financial information had been received and reviewed by the State Auditor's Office, the Budget and Control Board, upon a motion by Mr. Morris, seconded by Representative Mangum, adopted a Resolution approving the Fairfield County proposal to issue \$4,500,000 Industrial Revenue Bonds on behalf of The Standards Products Company, pursuant to 1976 Code Sections 4-29-10 et. seq.

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

CONSULTANT SERVICES CONTRACTS (POLL ITEM 2) - Upon a motion by

Mr. Morris, seconded by Representative Mangum, the Budget and Control Board

approved the following consultant services contracts:

(1) Department of Health and Environmental Control: (a) Consultant: Piedmont Engineers - Architects - Planners; Maximum Dollars: \$25,000, Federal; Time Period: 3/20/78 - 9/30/78; Purpose: To develop a strategy to manage an energy and materials recovery process system, to determine the economic feasibility of such a system, to define a legislative framework and an operating group. (b) Consultant: Environmental Dynamics, Inc.; Maximum Dollars: \$41,490, Federal; Time Period 3/20/78 - 9/30/78; Purpose: To develop technical information pertinent to the design of a treatment facility for industrial chemical wastes.

(2) Division of Research and Statistical Services: (a) Consultant: South Carolina Medical Care Foundation; Maximum Dollars: \$96,451, Federal; Time Period: 1/1/78 - 3/31/79; Purpose: To continue development and implementation of a Statewide Hospital Care Information System, including non-identifiable abstracts of all patient records for calendar year 1978.

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

DIVISION OF MOTOR VEHICLE MANAGEMENT - MOTOR VEHICLE PURCHASE REQUESTS (POLL ITEM 3) - Motor Vehicle Management Division Director Allan Spence recommended Board approval of the following vehicle purchases:

A. Department of Mental Health: (1) one Plymouth Volare, Class V, fleet addition; (2) one Ford LTD II, Class III, as a replacement for assignment to a Deputy Commissioner; and (3) one Chevrolet van truck, Class XVI; one Dodge maxi-van, Class XV; one Plymouth Volare, Class V; and one Plymouth Fury station wagon, Class VIII; all as fleet additions for assignment to the G. Werber Bryan Hospital.

B. Department of Corrections: two Plymouth Volares as fleet additions.

C. University of South Carolina: three Plymouth Fury station

wagons, Class VIII, and two Plymouth Volares, Class V, as fleet additions for assignment to the USC motor pool.

D. Division of General Services: (1) two Plymouth Fury station wagons, as fleet additions, for assignment to PRT and the Museum Commission; (2) five Plymouth Volares, Class V, as fleet additions for assignment to Juvenile Placement and Aftercare; and (3) six Plymouth Volares, Class V, for assignment to various agencies.

E. Department of Mental Retardation: two Dodge maxi-vans as fleet additions.

Upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board without objection approved the referenced motor vehicle purchase requests, as recommended by Division Director Spence.

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

DIVISION OF GENERAL SERVICES - PRINTING EQUIPMENT PURCHASE REQUESTS (POLL ITEM 4) - The Division of General Services reported that the State Printing Officer has reviewed and concurs with the justification presented for the following purchase request:

(1) Department of Social Services: To purchase, as a replacement, an offset duplicator at an approximate cost, less trade-in of a 15-year old model, of \$9,500.

Upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board without objection authorized the purchase of the referenced printing equipment, as recommended by the Division of General Services.

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

FINALIZATION OF SUPPLEMENTAL APPROPRIATION RECOMMENDATIONS - Assistant State Auditor McInnis advised the Budget and Control Board that

the following supplemental appropriation requests had been received subsequent to the Board's action at its March 8, 1978 meeting on this subject:

(1) Vocational Rehabilitation Department, \$30,000, for major repairs to the Holmesview Rehabilitation Center in Greenville. Commissioner Dusenbury noted in his request that, if approved, the \$30,000 would be added to \$55,000 his Department now has available to cover alterations and repairs to the roof, electrical distribution systems, mechanical systems in the boiler room, plumbing and fixtures in the bathrooms and the heating and airconditioning systems. Commissioner Dusenbury also pointed out that his agency has a 20-year lease on the Holmesview Center property with Greenville County and that, if the lease is terminated by the County prior to the end of the lease term, the County will pay to the Vocational Rehabilitation Department an amount equal to the undepreciated cost of any major improvements made. Following a brief discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the \$30,000 request by the Vocational Rehabilitation Department was approved by the Board.

(2) \$30,000 for the Miss U. S. A. Pageant in Charleston (Contributions Section).

Following a brief discussion, upon a motion by Senator Dennis, seconded by Representative Mangum, the \$30,000 request for the Miss U. S. A. Pageant was approved.

(3) State Personnel Division, \$70,000, for a study of the pay of approximately 200 unclassified, non-academic positions within higher education agencies. Dr. Mullins advised the Board that the Auditor's Office had reviewed the Commission on Higher Education's budget and had determined that it would not have the funds to finance this study and that the exact cost of the study would not be known until bids are received in the following week.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the State Personnel Division request for \$70,000 for the referenced study was approved by the Board.

(4) Department of Youth Services, \$36,000, for its share of the cost of City of Columbia sewer fees assessed against State agencies in the Broad River Road area. In the ensuing discussion, Mr. McEachern responded to Governor Edwards' questions by noting that the original agreement with the City of Columbia called for the payment of \$300,000 within a ten-year period but that an opportunity to settle for \$150,000 total had been agreed upon. Following this discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the \$36,000 request of the Department of Youth Services was approved.

Following the consideration of the request by Mr. McEachern relating to the use of insurance reserve funds, the Budget and Control Board, upon a motion by Mr. Morris, seconded by Representative Mangum, finalized its Supplemental Appropriation recommendations which, with the four items in the amount of \$166,000 approved at the present meeting added to the list approved at the March 3, 1978 meeting, total \$1,750,157.

Information relating to these items has been retained in these files and is identified as Exhibit V.

DIVISION OF GENERAL SERVICES - USE OF INSURANCE RESERVE FUNDS
FOR ACTUARY AND ACTUARIAL STUDY - Mr. Furman E. McEachern, Director of the Division of General Services, appeared before the Budget and Control Board to request authorization to use \$6,000 of Insurance Reserve funds to finance an actuarial study of medical malpractice insurance rates.

Following a brief discussion, upon a motion by Representative Mangum, seconded by Mr. Morris, the Budget and Control Board authorized the use of \$6,000 of Insurance Reserve funds to finance the referenced

study, as requested by Mr. McEachern.

Mr. McEachern also pointed out that the Budget and Control Board over the years has expanded its insurance programs which now include fire, flood, earthquake, tort, auto liability, school bus, and medical liability and that half of the time of an actuary could be utilized in monitoring these several insurance programs. Mr. McEachern requested Board authorization for the use of Insurance Reserve funds to pay for up to half of the costs of an actuary to be employed by the Budget and Control Board and housed in the Division of Research and Statistical Services. Mr. McEachern indicated that a salary of about \$40,000 plus related costs would be involved. Governor Edwards observed that an actuary housed in the Division of Research and Statistical Services would be available for use throughout the Budget and Control Board. Senator Dennis suggested that sufficient justification exists for paying all of the costs of a full-time actuary from Insurance Reserve funds. In the ensuing discussion, Dr. Mullins observed that, if the actuary position being considered is to be unclassified, the actuary would have to report directly to the Governor.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board authorized the use of Insurance Reserve funds to pay the salary and related costs of an unclassified full-time actuary who would report directly to the Budget and Control Board.

CAPITAL IMPROVEMENT BOND AUTHORIZATION RECOMMENDATIONS - At its meeting on 3/18/78, the Board approved a list of bond recommendations to be finalized at the present meeting. Mr. McInnis reported that Sen. Frank Roddey had again expressed no objection to the items included on that list.

Mr. Morris noted that no recommendations had been included in the list approved at the March 8 meeting for the three and four year branches of the University of South Carolina. He called attention to the

study, as requested by Mr. McEachern.

Mr. McEachern also pointed out that the Budget and Control Board over the years has expanded its insurance programs which now include fire, flood, earthquake, tort, auto liability, school bus, and medical liability and that half of the time of an actuary could be utilized in monitoring these several insurance programs. Mr. McEachern requested Board authorization for the use of Insurance Reserve funds to pay for up to half of the costs of an actuary to be employed by the Budget and Control Board and housed in the Division of Research and Statistical Services. Mr. McEachern indicated that a salary of about \$40,000 plus related costs would be involved. Governor Edwards observed that an actuary housed in the Division of Research and Statistical Services would be available for use throughout the Budget and Control Board. Senator Dennis suggested that sufficient justification exists for paying all of the costs of a full-time actuary from Insurance Reserve funds. In the ensuing discussion, Dr. Mullins observed that, if the actuary position being considered is to be unclassified, the actuary would have to report directly to the Governor.

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Mr. Morris noted that no recommendations had been included in the list approved at the March 8 meeting for the three and four year branches of the University of South Carolina. He called attention to the

situation with USC-Spartanburg which he noted is larger than some of the other four-year colleges. Mr. Morris recommended no changes in the list of recommended bond authorizations but he expressed the view that the Board should not be in the position of being insensitive to the special cases these USC branches represent. Senator Dennis expressed the view that the branches have gotten away from USC and that a protocol problem now exists in that connection.

Following this discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the Budget and Control Board ratified the Capital Improvement Bond authorization recommendations totaling \$121.6 million approved at the meeting held on March 8, 1978.

A copy of the referenced recommended bond authorizations has been retained in these files and is identified as Exhibit VI.

FINANCE DIVISION - GRANTS AND CONTRACTS REVIEW UNIT - GRANT AND CONTRACT REQUESTS - Assistant State Auditor McInnis, accompanied by Grants Services Administrator George Oliver, presented a list of 88 grant and contract requests involving a total of \$45,611,671, including 9 sub-contracts involving a total of \$656,984 of Federal funds, for consideration by the Board. Mr. McInnis advised the Board that request #87 (State Identifier #8-P24-042), relating to a Wildlife and Marine Resources proposal totaling \$950,000, had been withdrawn from consideration at the present meeting.

Mr. McInnis also recommended that request #62 (State Identifier #8-H67-019), relating to an Educational Television Commission proposal to purchase equipment to establish microwave channels, be carried over pending a clarification of the source of State matching funds.

Governor Edwards raised questions on requests #16, #17 and #18 of the University of South Carolina and appointed a sub-committee comprised of Ms. Elizabeth McPherson and Messrs. Pettiss, Putnam and Oliver to review these three proposals. Governor Edwards also called attention to

several other projects, including request #62, relating to the Educational Television proposal to purchase equipment which the staff recommended be carried over, request #66 by the Arts Commission, request #75 by the Department of Health and Environmental Control and request #61 by the Department of Education. In response to Governor Edwards' query, Grants Services Administrator Oliver indicated that about 25 or 30 proposals had been returned to the agencies for additional work but that none had actually been turned down by the staff. Mr. Oliver also advised Senator Dennis that request #87 had been withdrawn because of the indirect cost problem and organizational considerations.

Following this discussion, upon a motion by Representative Mangum, seconded by Mr. Morris, the Budget and Control Board approved the recommendations of the Grants and Contracts Review Unit relating to the 86 requests presented.

Following this action, Governor Edwards questioned whether the Board should waive the indirect cost requirements on requests 23 and 25 of the Medical University. Mr. Oliver indicated that these are career development awards and recommended approval of the waiver in view of the prospect that disapproval would result in a cost to the State of about \$60,000 for the individuals involved in these two programs.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Representative Mangum, the Budget and Control Board approved the Grants and Contracts Review Unit recommendation to waive the indirect costs requirements on requests 23 and 25 of the Medical University.

Following a general discussion of the grant and contract review procedure employed by the staff, upon a motion by Senator Dennis, seconded by Representative Mangum, a sub-committee of the Board, comprised of the Governor or his designee, the State Treasurer and the Comptroller General, was named to review grant and contract requests prior to their presentation to the Board.

Governor Edwards reported that 2,353 new positions representing over \$2 billion in future obligations had been approved to date.

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

EDUCATIONAL TELEVISION COMMISSION - GRADE REALLOCATION IMPLEMENTATION -

Governor's Executive Assistant Walter Pettiss reported that the Board sub-committee charged at the February 15, 1978 meeting with reviewing the Educational Television Commission request for authorization to implement immediately the approved grade reallocations by using funds reserved for the purpose of paying increased closed circuit charges had recommended that those funds lapse to the General Fund and that the Educational Television Commission seek a supplemental appropriation from the General Assembly to finance these added salary costs in the current fiscal year.

Dr. Jack Mullins reported that the House Ways and Means Committee had taken action to shift funds to cover this item in 1978-79 but that the Committee did not deal with the question of implementing the grade reallocations in the current fiscal year.

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

GOVERNOR EDWARDS' REPORT ON TELECOMMUNICATIONS COST AVOIDANCE

RESULTS - Governor Edwards reported that efforts by the Division of General Services, his office and a private consultant secured at no cost to the State have resulted in the avoidance of some \$2.8 million of telephone and telecommunication costs. Included in this cost avoidance total are about \$800,000 related to telephone service, \$1.8 million related to the DAIN system, about \$171,000 related to private data transmission services and about \$99,000 related to the reconfiguration of the USC system.

CLEMSON UNIVERSITY - SELECTION OF A&E FIRMS - Clemson University

Vice President Melvin E. Barnette advised the Budget and Control Board that the following firms, listed in preference order, have been selected to provide the architectural services required for the Tillman Hall renovation project:

- (1) Westmoreland-McGarity-Pitts, Spartanburg;
- (2) Freeman, Wells and Major, Greenville; and
- (3) Clark Associates, Anderson.

Vice President Barnette also advised the Board that the following firms, listed in preference order, had been selected to provide the architectural services required for the new student housing facility project:

- (1) Craig, Gaulden and Davis, Greenville;
- (2) Neal Associates, Greenville; and
- (3) Prather-Thomas-Campbell-Pigeon, Inc.

After being advised that the required selection procedure had been followed in these instances, the Budget and Control Board, upon a motion by Mr. Morris, seconded by Senator Dennis, approved the selection of Westmoreland-McGarity-Pitts for the Tillman Hall renovation project and Craig, Gaulden and Davis for the new student housing facilities project, as requested by Clemson University Vice President Barnette, pursuant to 1976 Code Section 10-5-10 et. seq.

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

MEDICAL UNIVERSITY - EMPLOYER CONTRIBUTION FOR NON-MEMBER SERVICE

ESTABLISHMENT - Medical University Director of Accounting Kenneth L. Leach has requested that the employer contributions necessary to establish non-member service of the following employees be paid from funds appropriated to the Budget and Control Board:

(1) Richard W. Hanckel	\$7,048
(2) Mary L. Bradley	169
(3) Amelia C. Lipchak	104
(4) Dorothy B. Thelning	265
(5) Marianne S. Moseley	<u>1,798</u>
Total	<u>\$9,384</u>

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board authorized the payment of the \$9,384 for the employer contributions required to establish the non-member service of the referenced MUSC employees from funds appropriated to the Budget and Control Board. The motion adopted also provided that the Retirement System and the State Auditor could, in future similar cases, approve such payments from funds appropriated to the Board.

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

STATE PERSONNEL DIVISION - LEGAL SETTLEMENT APPROVAL POLICY -

Dr. Jack Mullins, Director of the State Personnel Division, reviewed a draft policy on the approval of legal settlements developed after consultation with the Attorney General's Office and with the State Auditor's Office and recommended its approval by the Budget and Control Board.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board approved the referenced policy on approval of legal settlements.

A copy of the referenced policy has been retained in these files and is identified as Exhibit XI.

FINANCE DIVISION - PROCEDURE ON POSITIONS ABOVE NUMBER AUTHORIZED -

Assistant State Auditor McInnis advised the Board that the Auditor's Office is now receiving requests for approval of positions above the number authorized (as required by Section 147 of the Appropriation Act) and requested guidance from the Board on how it wishes to handle these requests.

Governor Edwards expressed the view that all such requests should come to the Board in view of the fact that personnel and related costs represent such a significant proportion of State Government costs.

Governor Edwards also called the Board's attention to a chart showing the growth in State Government employment over the last several

administrations and reiterated his great concern over this situation.

Dr. Mullins reported that he and State Auditor Putnam are developing a procedure for terminating positions which remain unfilled for more than twelve months also as required by Section 147 in the Appropriation Act.

Mr. Morris reported briefly on the status of the Payroll/Personnel System and Senator Dennis expressed the view that efforts to control State Government employment must come after State Government reorganization. Senator Dennis also expressed interest in defining an appropriate balance between animate versus inanimate costs of State Government operations.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board agreed that all requests for positions above the number authorized in the Appropriation Act should be presented to the Board for its consideration until an appropriate procedure is established. In this connection, Governor Edwards appointed a sub-committee comprised of Messrs. Morris, Patterson and Pettiss to recommend an appropriate procedure designed to meet the requirements of Appropriation Act Section 147 and control employment growth.

FINANCE DIVISION - COMPLIANCE WITH LOCAL ZONING ORDINANCES -

Assistant State Auditor McInnis advised the Board that after the passage of Act 653 in June of 1976 the Attorney General's Office rendered an opinion which held that the referenced Act does require State agencies to affirmatively comply with local zoning ordinances but that it does not require State agencies to obtain permits or to submit to locally adopted means of enforcing zoning ordinances.

Mr. McInnis also pointed out that the City of Charleston, on February 24, 1978, published a notice to all public agencies located in the City of Charleston that all public agencies are required to obtain

permits and submit fully to all provisions of the City Code. Mr. McInnis also noted that the Medical University has estimated that compliance with City of Charleston permit requirements may cost up to \$150,000 annually.

Assistant State Auditor McInnis then asked for Board guidance for the staff on the question of advising all other State agencies of the Attorney General's Office opinion.

In the ensuing discussion, Senator Dennis expressed the view that it was the intention of the General Assembly that State agencies comply fully with local zoning procedures and Governor Edwards questioned why government agencies should not comply with such regulations if private interests are expected to do so. State Engineer McPherson indicated that compliance will cause problems although, at present, only the City of Charleston is raising the issue.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board directed State Engineer John McPherson and appropriate representatives of the Attorney General's Office to confer with the City of Charleston officials in an effort to work out a satisfactory resolution to the problem and report their findings to the Board at a future meeting.

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

FINANCE DIVISION - STATE ENGINEER - BASIC EQUIPMENT DEFINITION -

Assistant State Auditor McInnis advised the Board that it appears that the State Engineer increasingly is being asked to approve questionable items as basic equipment to be financed by bond funds. Mr. McInnis cited as an illustration a request to purchase two trucks, one four-drawer legal file cabinet, one chair, one desk, one calculator and one typewriter, using bond funds, by an agency which had been appropriated more than \$450,000 for equipment in the current Appropriation Act and which, at the time of

the request, had a balance of about \$122,000 of funds appropriated for equipment in the current fiscal year. Mr. McInnis indicated that the past practice has been to use a rather broad definition of basic equipment but that the staff now feels that clear rules are needed to insure that basic equipment is confined to that which has a definite relationship to a particular building and its functions and which will have a prolonged life.

In the ensuing discussion, Senator Dennis and Governor Edwards expressed the view that new buildings represent one case in which a broad definition may be appropriate and Mr. Reiser called attention to particular problems faced by the universities in this area.

Following this discussion, Governor Edwards appointed a sub-committee comprised of Messrs. McPherson, Pettiss and Putnam to develop an approach to this problem for future consideration by the Board.

FINANCE DIVISION, STATE ENGINEER - PORTS AUTHORITY PERMANENT IMPROVEMENTS MONITORING - Assistant State Auditor McInnis and State Engineer McPherson advised the Board that State agency permanent improvement project information is now being automated and that certain additional information will have to be provided by the State Ports Authority if uniform computer reports are to be produced.

State Engineer John McPherson stressed that his office does not desire to assume additional responsibilities but that complete reporting on State agency construction projects will require certain additional input from the State Ports Authority.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Budget and Control Board authorized the State Engineer's office to include the State Ports Authority in its permanent improvement reporting procedures and to treat the Ports Authority the same as all other agencies in this regard.

FUTURE MEETING - The Budget and Control Board agreed to hold a special meeting at 12:00 noon, Thursday, March 23, 1978 and to hold its next regular meeting on Wednesday, April 5, 1978 at 3:30 p. m. in the Governor's Conference Room.

EXECUTIVE SESSION - Assistant State Auditor McInnis announced that three personnel matters and one grievance item had been proposed for consideration in Executive Session. The Budget and Control Board without objection agreed to consider these matters whereupon Governor Edwards 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 the following actions taken by the Board in Executive Session were ratified without objection:

(1) Approved special salary adjustments for two employees of the Governor's Office, Division of Administration;

(2) Heard a briefing on the status of Dr. James A. Morris as Chairman of the Board of Economic Advisors and directed the staff to gather additional information for consideration at a future meeting;

(3) Carried over for consideration at a future meeting a proposal by the Reorganization Commission to transfer certain personnel and functions to the Budget and Control Board; and

(4) After a review of the record, received as information the findings and recommendations of the State Employee Grievance Committee in a case involving the Commission on Alcohol and Drug Abuse.

The meeting was adjourned at 5:45 p. m.

(SECRETARY'S NOTE: Representative Mangum had to leave the meeting after the Grants and Contracts item (Page 10) to join other members of the House Ways and Means Committee at work on the 1978-79 Appropriation Bill.)

The State of South Carolina

EXHIBIT I
3/15/78



Office of the Attorney General

KAREN LeCRAFT HENDERSON
ASSISTANT ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-3970

DANIEL R. McLEOD
ATTORNEY GENERAL

March 13, 1978

Hon. William T. Putnam
State Auditor
Wade Hampton State Office Building
Columbia, South Carolina

Re: \$4,500,000 Fairfield County, South Carolina,
Industrial Revenue Bonds, Series 1978 (Standard
Products Company - Lessee)

Dear Mr. Putnam:

Regarding the above referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-291-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, and the same appear, in our opinion, to be in order.

With kind regards,

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

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH:jvh

GUÉRARD AND APPELEGATE, P.A.

ATTORNEYS AND COUNSELLORS AT LAW

125 CHURCH STREET

CHARLESTON, SOUTH CAROLINA 29401

TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

March 8, 1978

P. O. Box 1119
Zip Code 29402

Mr. William A. McInnis
Assistant to State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Bill:

In Re: \$4,500,000 Fairfield County, South
Carolina, Industrial Revenue Bonds,
Series 1978 (The Standard Products
Company - Lessee)

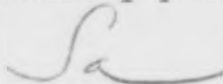
Please find enclosed the original and ten (10) copies of the Resolution approving the above issue for consideration by the State Budget and Control Board at its meeting on Wednesday, March 15, 1978. If the Resolution is adopted, I would appreciate your returning ten (10) certified copies to me in the envelope provided for your convenience.

I will forward drafts of the Lease Agreement, Trust Indenture, and Guaranty Agreement to Karen Henderson, in the Attorney General's Office, for her review.

If you need any additional financial information from The Standard Products Company, or if you would like a representative from the underwriters, the company, or our firm present at the State Budget and Control Board meeting, please let me know.

I certainly appreciate your assistance in this matter and, with kind regards, I am,

Sincerely yours,



W. E. Applegate, III

WEA:ppf

Enclosures

cc: J. Richard Hamilton, Esquire

MSI

DOUGLAS & DOUGLAS
ATTORNEYS AT LAW
WINNSBORO, SOUTH CAROLINA
TELEPHONE 635-4922

W. D. DOUGLAS (1866-1951)
MOULTRIE D. DOUGLAS

March 1, 1978

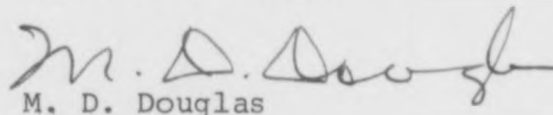
Mr. William T. Putnam
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

IN RE: \$4,500,000 Fairfield County, South Carolina
Industrial Revenue Bonds, Series 1978
(The Standard Products Company-Lessee)

Dear Mr. Putnam:

I am enclosing herewith Petition of the County Council of Fairfield County for the approval of the issuance of the above mentioned industrial bonds pursuant to the provisions of Section 4-29-140 of the Code of Laws of South Carolina, 1976. This petition is made pursuant to a resolution duly adopted at a regular meeting of the Council held on February 28th.

Yours very truly,


M. D. Douglas

MDD:stb

Enc.

CC: Mr. Donald P. Reed
County Administration, Fairfield County
Winnsboro, S. C. 29180

Guerard and Applegate, P.S.
Attorneys and Counsellors at Law
P. O. Box 1119
Charleston, S. C. 29401

PETITION
TO
THE STATE BUDGET AND CONTROL BOARD
OF
SOUTH CAROLINA

PURSUANT TO SECTION 4-29-140 OF THE
CODE OF LAWS OF SOUTH CAROLINA 1976

RE: \$4,500,000 FAIRFIELD COUNTY, SOUTH CAROLINA,
INDUSTRIAL REVENUE BONDS, SERIES 1978
(THE STANDARD PRODUCTS COMPANY - LESSEE)

EX PARTE:

COUNTY COUNCIL OF FAIRFIELD COUNTY,
SOUTH CAROLINA

TO: The Honorable James B. Edwards, Governor
The Honorable Grady L. Patterson, Jr., State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom G. Mangum, Chairman
House Ways and Means Committee

Constituting the State Budget and Control Board
of the State of South Carolina

Your Petitioner, the County Council of Fairfield County,
South Carolina, respectfully shows:

1. Fairfield County proposes to issue \$4,500,000 Fairfield County Industrial Revenue Bonds, pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976 (the Enabling Statute) to finance (i) the acquisition of an improved tract of land, containing approximately twenty-six (26) acres, located near the Town of Winnsboro, in Fairfield County, South Carolina, and (ii) the improving thereof, and (iii) the acquisition and installation of equipment and machinery; and to lease the property, as so improved and equipped, to The Standard Products Company, a corporation organized and existing under the Laws of the State of Ohio, or a subsidiary thereof, as a Project under the Enabling Statute for the manufacture of automotive and industrial products, and such other products as the lessee may deem appropriate.

2. The Standard Products Company has advised County Council that the acquisition, improvement, and equipping of the Project, and the issuance of the bonds, will cost approximately \$4,500,000, and, should all costs exceed the amount of the bond proceeds, The Standard Products

Company will pay from its own funds the amount of such excess.

3. The Standard Products Company has further advised County Council that the Project, when completed, will provide employment for approximately two hundred fifty (250) persons. As a result of the increased employment following completion of the Project, the economy of the County will be benefited by the increased payroll and, as a result of the proposed improvement and acquisition of equipment and machinery, the tax base of the County will be increased. Thus, the proposed Project is anticipated to have a beneficial effect upon the economy of Fairfield County and of the areas adjacent thereto.

4. The Standard Products Company has advised Council that the bonds will mature on April 1, 2003, with interest not to exceed seven and one-half (7-1/2) per centum per annum, and, beginning in the year 1994, will annually be subject to mandatory redemption, by operation of a sinking fund substantially in the following amounts:

<u>April 1 of</u> <u>the Year</u>	<u>Principal</u> <u>Amount</u>	<u>April 1 of</u> <u>the Year</u>	<u>Principal</u> <u>Amount</u>
1994	\$175,000	1999	\$475,000
1995	365,000	2000	505,000
1996	390,000	2001	540,000
1997	415,000	2002	575,000
1998	445,000		

The remaining \$615,000 of Bonds will mature April 1, 2003.

5. The proposed lease between the County, as lessor, and The Standard Products Company, or a subsidiary thereof, as lessee, will provide, among other things, the following:

(a) Upon the delivery of the bonds, the County will acquire a fee simple title to the said 26 acres of land; to finance the cost of acquiring, improving, and equipping the Project, the County will issue \$4,500,000 Industrial Revenue Bonds, pursuant to the Enabling Statute; the bonds will be secured by a pledge of the rents to be paid under the lease, by the mortgage lien of a trust indenture to a bank yet to be named as trustee, and by the unconditional guarantee of The Standard Products Company, under a bond guaranty agreement with the trustee or under a lease guaranty agreement.

(b) The lease will impose upon the lessee the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the bonds, all other costs and expenses resulting from the execution and delivery of the lease and of the trust indenture and the issuance of the bonds pursuant thereto.

(c) The proceeds derived from the sale of the bonds will be deposited with the trustee and will be withdrawn on requisition of the lessee and the County and applied solely to the payment of costs incident to the aforesaid acquisition, improvement, and equipping of the Project (including reimbursement to the lessee of funds advanced or

loans incurred for that purpose), and the issuance of the bonds.

(d) The lease shall contain an agreement obligating the lessee to pay from its own funds all costs in connection with the acquisition, improvement, and equipping of the Project in excess of the proceeds of the bonds, and obligating the lessee to pay a rental which, upon the basis of the determinations heretofore made by County Council, will be sufficient to pay the principal of, premium, if any, and interest on the bonds. Inasmuch as County Council has not deemed it advisable to build up and maintain any reserve in connection with the Project or the bonds, no rental payments are required for that purpose.

(e) The lease shall contain the agreement of the lessee to pay for the maintenance and insurance of the Project and to pay the cost of maintaining the Project in good repair and keeping it properly insured.

(f) The lease will include a provision that the lessee shall purchase the Project for the sum of One Dollar (\$1.00) upon the payment in full of the principal of, premium, if any, and interest on the bonds, and such other sums as the lessee may owe the trustee and the County under the lease.

(g) The lease will contain a specific provision by which the lessee will unconditionally agree to make payments to Fairfield County, to any school district in Fairfield County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Fairfield County, by any such school district, and by said political units if the Project were owned by the lessee, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the lessee were it the owner of the Project.

(h) The lease will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon the County's general credit or taxing power.

6. The proposed trust indenture will be in conventional form and constitute a forecloseable mortgage upon the Project, subject to rights of the lessee under the lease. Included in the granting clause of the trust indenture will be:

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

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

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

The trust indenture will make provision for the issuance of Four Million Five Hundred Thousand (\$4,500,000) Dollars of bonds, will provide for the payment and redemption of the bonds, the establishment of a bond fund into which the proceeds of the rents payable by the lessee are placed, and the use of said fund for the payment of the bonds.

7. The payment of the bonds, both principal and interest, will be unconditionally guaranteed by The Standard Products Company under a Bond Guaranty Agreement.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the lease, the trust indenture, and the bond guaranty agreement, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Enabling Statute, and that it is reasonably anticipated to effect such result, and, on the basis of such finding, that it does approve the

Project, including changes in details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Code Section 4-29-140.

February 28, 1978.

Respectfully submitted,

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By: Ralph B. Cooper
Ralph B. Cooper, Chairman
County Council of
Fairfield County, South Carolina

ATTEST:

Diane G. Beason
Diane G. Beason, Clerk
County Council of
Fairfield County, South Carolina

APPROVED as to Form and Content:

Moultrie D. Douglas
Moultrie D. Douglas
County Attorney
Fairfield County, South Carolina

3/15/78

A RESOLUTION

O APPROVING AN UNDERTAKING BY THE COUNTY COUNCIL OF FAIRFIELD
COUNTY PURSUANT TO CHAPTER 29, TITLE 4, VOLUME 1, CODE OF
LAWS OF SOUTH CAROLINA 1976, TO ACQUIRE, IMPROVE, AND EQUIP
AN INDUSTRIAL PROJECT THROUGH THE ISSUANCE OF \$4,500,000
FAIRFIELD COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS,
SERIES 1978 (THE STANDARD PRODUCTS COMPANY - LESSEE).

R WHEREAS, heretofore the County Council of Fairfield
County (County Council) did, pursuant to Chapter 29, Title
I 4, Volume 1, Code of Laws of South Carolina 1976 (the
Enabling Statute), petition the State Budget and Control
G Board of South Carolina (the State Board) seeking approval
of the State Board to an undertaking by the County Council
pursuant to the Enabling Statute; and

I WHEREAS, the undertaking provides for the issuance of
\$4,500,000 Fairfield County, South Carolina, Industrial Revenue
N Bonds pursuant to the Enabling Statute (the Bonds) to finance
(i) the acquisition of an improved tract of land containing
approximately twenty-six (26) acres of land near the Town of
A Winnsboro, Fairfield County, South Carolina, and (ii) the
improvement and equipping thereof, for the manufacture of
L automotive and industrial products (said 26 acres of land,
together with the building, machinery, and equipment constituting
the facilities being hereinafter referred to as the Project);
and

WHEREAS, the Project is to be acquired by the County and leased to The Standard Products Company, an Ohio corporation, at a rental sufficient to provide for the payment of the Bonds of Fairfield County heretofore referred to and costs and expenses resulting from the issuance thereof; and

WHEREAS, the Bonds will be secured by a pledge of the rents to be paid under the Lease Agreement, by the mortgage lien and security interest of a Trust Indenture between Fairfield County and a bank yet to be named as Trustee, and by the unconditional guarantee of The Standard Products Company under a Guaranty Agreement with the Trustee; and

WHEREAS, the form of the Lease Agreement between Fairfield County and the Lessee, of the Trust Indenture, and of the Guaranty Agreement 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 deems advisable,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, 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;

b. County Council has filed a proper Petition to the State Board, establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease Agreement and the Trust Indenture to be made by County Council, and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 4-29-60 of the Enabling Statute;

c. The Project will provide employment for approximately 250 persons and will be of benefit to Fairfield County and adjoining areas; and

d. The Project is intended to promote the purposes of the Enabling Statute and is reasonably anticipated to effect such results.

5. That, on the basis of the foregoing findings, the proposed undertaking of the County Council to finance (i) the acquisition of a tract of land containing approximately 26 acres of land with the building and improvements thereon, and (ii) the improvement and equipping thereof through the issuance of \$4,500,000 Fairfield County, South Carolina, Industrial Revenue Bonds, payable from the revenues to be derived from the leasing of the Project and additionally, to be secured by the said Trust Indenture, the pledge of rents to be paid under the Lease Agreement and by the unconditional guarantee of The Standard Products Company

under a Guaranty Agreement with the Trustee, all pursuant to the Enabling Statute (including changes in any details of the said financing, as finally consummated, which do not materially affect the said undertaking), be, and the same is, hereby approved.

3. Notice of the action taken by the State Board in giving approval to the undertaking of Fairfield County above described in Paragraph 2, supra, shall be published one time in either THE NEWS AND HERALD, a weekly newspaper published in the Town of Winnsboro, South Carolina, or THE STATE, a daily newspaper published in the City of Columbia, South Carolina, both of which have general circulation in Fairfield County.

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

NOTICE PURSUANT TO
CHAPTER 29, TITLE 4, VOLUME 1,
CODE OF LAWS OF SOUTH CAROLINA 1976

Notice is hereby given that, following the filing of a Petition by the County Council of Fairfield County (the County Council) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including any changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz:

The financing by County Council of (i) the acquisition of an improved tract of land containing approximately twenty-six (26) acres of land near the Town of Winnsboro, Fairfield County, South Carolina, and (ii) the improvement and equipping thereof, for the manufacture of automotive and industrial products (said 26 acres of land, together with the building, machinery, and equipment constituting the facilities being hereinafter referred to as the Project). To finance the acquisition, improvement, and equipping of the Project, the County Council will issue \$4,500,000 of Fairfield County, South Carolina, Industrial Revenue Bonds (the Bonds), pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976. The County Council

will lease the Project to The Standard Products Company, an Ohio corporation (the Lessee), under a Lease Agreement, and the Bonds of Fairfield County will be payable by the County solely from the rentals to be paid to the County by the Lessee, which has irrevocably covenanted and agreed to pay, when due, all sums required for the principal and interest thereon, and the Bonds will be secured by a pledge of rents to be paid under the Lease Agreement, by the mortgage lien and security interest of a Trust Indenture, which will constitute a forecloseable lien upon the Project, and by the unconditional guarantee of The Standard Products Company, under a Guaranty Agreement with the Trustee.

In addition, the Lessee has agreed to pay as additional rentals to Fairfield County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Fairfield County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project.

The Lease Agreement by which Fairfield County will lease the Project to the Lessee will provide that the Lessee shall purchase the Project for One Dollar (\$1.00) upon the payment

in full of the Bonds.

When completed, it is estimated that the Project will provide employment for approximately 250 persons.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Fairfield County.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: _____
William T. Putnam, Secretary

Publication Date:

A RESOLUTION

APPROVING AN UNDERTAKING BY THE COUNTY COUNCIL OF FAIRFIELD COUNTY PURSUANT TO CHAPTER 29, TITLE 4, VOLUME 1, CODE OF LAWS OF SOUTH CAROLINA 1976, TO ACQUIRE, IMPROVE, AND EQUIP AN INDUSTRIAL PROJECT THROUGH THE ISSUANCE OF \$4,500,000 FAIRFIELD COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES 1978 (THE STANDARD PRODUCTS COMPANY - LESSEE).

WHEREAS, heretofore the County Council of Fairfield County (County Council) did, pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976 (the Enabling Statute), petition the State Budget and Control Board of South Carolina (the State Board) seeking approval of the State Board to an undertaking by the County Council pursuant to the Enabling Statute; and

WHEREAS, the undertaking provides for the issuance of \$4,500,000 Fairfield County, South Carolina, Industrial Revenue Bonds pursuant to the Enabling Statute (the Bonds) to finance (i) the acquisition of an improved tract of land containing approximately twenty-six (26) acres of land near the Town of Winnsboro, Fairfield County, South Carolina, and (ii) the improvement and equipping thereof, for the manufacture of automotive and industrial products (said 26 acres of land, together with the building, machinery, and equipment constituting the facilities being hereinafter referred to as the Project); and

WHEREAS, the Project is to be acquired by the County and leased to The Standard Products Company, an Ohio corporation, at a rental sufficient to provide for the payment of the Bonds of Fairfield County heretofore referred to and costs and expenses resulting from the issuance thereof; and

WHEREAS, the Bonds will be secured by a pledge of the rents to be paid under the Lease Agreement, by the mortgage lien and security interest of a Trust Indenture between Fairfield County and a bank yet to be named as Trustee, and by the unconditional guarantee of The Standard Products Company under a Guaranty Agreement with the Trustee; and

WHEREAS, the form of the Lease Agreement between Fairfield County and the Lessee, of the Trust Indenture, and of the Guaranty Agreement 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 deems advisable,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, 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;

b. County Council has filed a proper Petition to the State Board, establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease Agreement and the Trust Indenture to be made by County Council, and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 4-29-60 of the Enabling Statute;

c. The Project will provide employment for approximately 250 persons and will be of benefit to Fairfield County and adjoining areas; and

d. The Project is intended to promote the purposes of the Enabling Statute and is reasonably anticipated to effect such results.

5. That, on the basis of the foregoing findings, the proposed undertaking of the County Council to finance (i) the acquisition of a tract of land containing approximately 26 acres of land with the building and improvements thereon, and (ii) the improvement and equipping thereof through the issuance of \$4,500,000 Fairfield County, South Carolina, Industrial Revenue Bonds, payable from the revenues to be derived from the leasing of the Project and additionally, to be secured by the said Trust Indenture, the pledge of rents to be paid under the Lease Agreement and by the unconditional guarantee of The Standard Products Company

under a Guaranty Agreement with the Trustee, all pursuant to the Enabling Statute (including changes in any details of the said financing, as finally consummated, which do not materially affect the said undertaking), be, and the same is, hereby approved.

3. Notice of the action taken by the State Board in giving approval to the undertaking of Fairfield County above described in Paragraph 2, supra, shall be published one time in either THE NEWS AND HERALD, a weekly newspaper published in the Town of Winnsboro, South Carolina, or THE STATE, a daily newspaper published in the City of Columbia, South Carolina, both of which have general circulation in Fairfield County.

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

NOTICE PURSUANT TO
CHAPTER 29, TITLE 4, VOLUME 1,
CODE OF LAWS OF SOUTH CAROLINA 1976

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will lease the Project to The Standard Products Company, an Ohio corporation (the Lessee), under a Lease Agreement, and the Bonds of Fairfield County will be payable by the County solely from the rentals to be paid to the County by the Lessee, which has irrevocably covenanted and agreed to pay, when due, all sums required for the principal and interest thereon, and the Bonds will be secured by a pledge of rents to be paid under the Lease Agreement, by the mortgage lien and security interest of a Trust Indenture, which will constitute a forecloseable lien upon the Project, and by the unconditional guarantee of The Standard Products Company, under a Guaranty Agreement with the Trustee.

In addition, the Lessee has agreed to pay as additional rentals to Fairfield County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Fairfield County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project.

The Lease Agreement by which Fairfield County will lease the Project to the Lessee will provide that the Lessee shall purchase the Project for One Dollar (\$1.00) upon the payment

in full of the Bonds.

When completed, it is estimated that the Project will provide employment for approximately 250 persons.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Fairfield County.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: _____
William T. Putnam, Secretary

Publication Date:

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

I, WILLIAM T. PUTNAM, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, James B. Edwards, Governor of South Carolina and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General of South Carolina;

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

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

That due notice of the meeting of said Board, called to be held at the Office of the State Auditor, in the Hampton Office Building, at Columbia, South Carolina, at _____ .M., on _____, 1978, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

That at said meeting, a Resolution, of which the attached is a true, correct, and verbatim copy, was introduced by _____, who moved its adoption; said

motion was seconded by _____, and, upon
vote being taken and recorded, it appeared that the following
votes were cast:

FOR MOTION

AGAINST MOTION

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

William T. Putnam, Secretary

_____, 1978

Draft of 3/10/78

LEASE AGREEMENT

between

FAIRFIELD COUNTY, SOUTH CAROLINA

and

THE STANDARD PRODUCTS COMPANY

DATED AS OF APRIL 1, 1978

I N D E X

ARTICLE I	<u>DEFINITIONS</u>
ARTICLE II	<u>REPRESENTATIONS AND UNDERTAKINGS</u>
Section 2.1	Representations by the County
Section 2.2	Representations by the Lessee
ARTICLE III	<u>DEMISING CLAUSE; NO WARRANTY OF TITLE; TITLE INSURANCE</u>
Section 3.1	Demise of the Leased Land, Building, and the Leased Equipment
Section 3.2	Warranty of Title
Section 3.3	Title Insurance
ARTICLE IV	<u>ACQUISITION AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE FIRST SERIES BONDS; CONSTRUCTION FUND</u>
Section 4.1	Agreement to Improve and Equip the Building on the Leased Land
Section 4.2	Agreement to Issue First Series Bonds; Application of Bond Proceeds
Section 4.3	Disbursements from Construction Fund
Section 4.4	Trustee May Rely on Orders and Certifications
Section 4.5	Establishment of Completion Date
Section 4.6	Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient
Section 4.7	Authorized Lessee and County Representatives and Successors
Section 4.8	Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties
Section 4.9	Investment of Construction Fund Moneys Permitted - Limitation on Investments
ARTICLE V	<u>EFFECTIVE DATE OF THE LEASE AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS; PAYMENTS IN LIEU OF TAXES AND UNCONDITIONAL OBLIGATIONS OF LESSEE</u>
Section 5.1	Effective Date of this Agreement; Duration of Lease Term
Section 5.2	Delivery and Acceptance of Possession

Section 5.3	Rents and Other Amounts Payable
Section 5.4	Payment of Trustee's Fees and Expenses
Section 5.5	Payments in Lieu of Taxes
Section 5.6	Obligation of Lessee Hereunder Unconditional
Section 5.7	Place of Rental Payments
Section 5.8	Payments Not to Abate Rent

ARTICLE VI	<u>MAINTENANCE, TAXES AND INSURANCE</u>
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Section 6.1	Maintenance and Modifications of Project by Lessee
Section 6.2	Removal of Leased Equipment
Section 6.3	Taxes, Other Governmental Charges and Utility Charges
Section 6.4	Insurance Required
Section 6.5	Application of Net Proceeds of Insurance
Section 6.6	Additional Provisions Respecting the Insurance
Section 6.7	Advances by Trustee

ARTICLE VII	<u>DAMAGE, DESTRUCTION AND CONDEMNATION</u>
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Section 7.1	Damage and Destruction
Section 7.2	Condemnation
Section 7.3	Condemnation of Lessee-Owned Property

ARTICLE VIII	<u>SPECIAL COVENANTS AND IMPROVEMENT BONDS</u>
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Section 8.1	No Warranty of Condition or Suitability by the County
Section 8.2	County's and Trustee's Right of Access to the Project
Section 8.3	Lessee to Maintain its Corporate Existence, Conditions under Which Exceptions Permitted
Section 8.4	Qualification in South Carolina
Section 8.5	Release of Certain Land
Section 8.6	Granting of Easements
Section 8.7	Indemnification Covenants
Section 8.8	Financial Statements of Lessee
Section 8.9	Covenants of Lessee with Respect to Capital Expenditures
Section 8.10	Improvement Bonds
Section 8.11	Notice of Litigation and Defaults

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND
SELLING; REDEMPTION; RENT PREPAYMENT
AND ABATEMENT; INSTALLATION OF LESSEE'S
OWN MACHINERY AND EQUIPMENT

- Section 9.1 Assignment and Subleasing
- Section 9.2 Mortgage of Project by County
- Section 9.3 Restrictions on Sale or Other Disposition
of Project
- Section 9.4 Redemption of Bonds
- Section 9.5 Prepayment of Bonds
- Section 9.6 Lessee Entitled to Certain Rent Abatements
If Bonds Paid Prior to Maturity
- Section 9.7 Installation of Lessee's Own Machinery
and Equipment
- Section 9.8 Reference to Bonds Ineffective After
Bonds Paid

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

- Section 10.1 Events of Default Defined
- Section 10.2 Remedies on Default
- Section 10.3 No Remedy Exclusive
- Section 10.4 Agreement to Pay Attorneys' Fees
and Expenses
- Section 10.5 No Additional Waiver Implied by
One Waiver

ARTICLE XI

OPTIONS IN FAVOR OF THE LESSEE

- Section 11.1 Options to Terminate
- Section 11.2 Option to Purchase County's Interest
in Project Prior to Payment of the Bonds
- Section 11.3 Option to Purchase Unimproved Land
- Section 11.4 Conveyance on Exercise of Option
to Purchase
- Section 11.5 Relative Position of Options and
Indenture

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE
AND COUNTY

- Section 12.1 Obligation to Purchase Project
- Section 12.2 Lessee's Obligation to Purchase County's
Interest in the Project under Certain
Circumstances
- Section 12.3 Computation of Additional Redemption
Premium

ARTICLE XIII

MISCELLANEOUS

Section 13.1	Quiet Enjoyment
Section 13.2	Surrender of Project
Section 13.3	Notices
Section 13.4	Recording and Filing
Section 13.5	Other Instruments
Section 13.6	Binding Effect
Section 13.7	Severability
Section 13.8	Amounts Remaining in the Bond Fund
Section 13.9	Amendments, Changes, and Modifications
Section 13.10	Net Lease
Section 13.11	Execution of Counterparts
Section 13.12	Law Governing Construction of Lease Agreement

THIS LEASE AGREEMENT, dated as of April 1, 1978, between FAIRFIELD COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Fairfield County, which is the governing body of said County, party of the first part, and THE STANDARD PRODUCTS COMPANY, a corporation organized and existing under the laws of the State of Ohio, duly qualified to conduct business in the State of South Carolina, party of the second part,

W I T N E S S E T H

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

ARTICLE I

DEFINITIONS

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

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

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

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

"AUTHORIZED COUNTY REPRESENTATIVE" means the person at the time designated to act in behalf of the County by written certificate furnished to the Lessee and the Trustee, containing the specimen signature of such person and signed on behalf of the County by the Chairman of the County Board. Such certificate may designate an alternate or alternates.

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

"BONDS" means all bonds of the County from time to time issued and outstanding under the Indenture.

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

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

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

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

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

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

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

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

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

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

"ENABLING STATUTE" means Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended and continued by Act No. 125 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1977.

"FIRST SERIES BONDS" means the \$4,500,000, Fairfield County, South Carolina, Industrial Revenue Bonds, Series 1978 (The Standard Products Company - Lessee) of the County to be issued pursuant to the Indenture.

"GUARANTY AGREEMENT" means the Guaranty Agreement between the Lessee and the Trustee of even date herewith whereby the Lessee unconditionally guarantees the payment of the principal of, premium, if any, and interest on the First Series Bonds.

"INDENTURE" means the Trust Indenture between the County and as Trustee, of even date herewith, providing for the terms, conditions, and provisions under which the Bonds will be issued, pursuant to which the County's interest in this Agreement and the Lease Rentals, revenues, and receipts received by the County from the Project are pledged, and pursuant to which the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

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

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

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

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

"LEASED EQUIPMENT" means those items of machinery, equipment, and related property described in Exhibit B, incorporated herein, required herein to be acquired and installed in the Building or elsewhere on the Leased Land with proceeds from the sale of the First Series Bonds, or the proceeds of any payment by Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment, and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2, 6.2(a), 7.1, and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but does not include Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof.

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

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

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

"PENALTY RATE" means interest at the rate of 10% per annum or such lesser rate as may be the maximum permitted by applicable usury laws.

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

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

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

(b) The County will acquire, upon the occasion of the delivery of the Bonds, the Leased Land, together with the building thereon, and has authorized, and does hereby authorize, the Lessee to improve the Building thereon, to acquire and install the Leased Equipment in the Building or on the Leased Land, and to acquire, install, and construct all other things deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting and employing the manpower and natural resources of South Carolina.

(c) Heretofore, the County and the Lessee did agree as of January 41, 1978, that the County would finance the cost of acquiring, improving, and equipping the Project. The Lessee has estimated that such cost will be \$4,500,000 (of which approximately \$2,650,000 will be allocated to Leased Equipment and the remainder to acquisition of the Leased Land and improvement of the Building). On that basis, the County now proposes to issue the First Series Bonds in the aggregate principal amount of \$4,500,000, which will be dated, mature, and bear interest as set forth in Article II of the Indenture and which will be subject to redemption on the occasions and at the redemption prices set forth in Article III of the Indenture, in order to finance the cost of acquiring, improving, and equipping the Project.

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

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

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

(c) Relying upon the agreement of the County to finance the cost of acquiring, improving, and equipping the Project as aforesaid, the Lessee has heretofore entered into a contract to purchase the Leased Land and has commenced improvement and equipping of the Project.

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

(e) The intention of the County to acquire the Project through the issuance of the First Series Bonds and the leasing of the Project to the Lessee has induced the Lessee to establish this industrial enterprise in the County.

(f) This Lease Agreement, under which the County acquires the Project, leases and hereafter conveys the Project to the Lessee, is the method employed by the Lessee in financing the acquisition, improvement, and equipping of the Project and in effecting the payment of the First Series Bonds.

(g) In order to provide a further inducement to the purchase of the First Series Bonds, the Lessee has entered into the Guaranty Agreement with the Trustee.

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

ARTICLE III

DEMISING CLAUSE, NO WARRANTY OF TITLE,
TITLE INSURANCE

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

SECTION 3.2 Warranty of Title. The County makes no warranty with respect to its title to the Leased Land and Building. The County will, however, furnish, at the time of the delivery of the First Series Bonds, a written opinion of Independent Counsel as to the status of title on such date.

SECTION 3.3 Title Insurance. At the time of the delivery of Bonds, the County will provide a Mortgagee Title Insurance Policy (or appropriate Binder) upon the Leased Land and Building, issued by a Company approved by the Trustee, insuring the lien of the Indenture upon the Leased Land and Building, subject to no encumbrances other than Permitted Encumbrances, in the amount of \$1,650,000.

ARTICLE IV

IMPROVEMENT AND EQUIPPING OF THE PROJECT;
ISSUANCE OF THE FIRST SERIES BONDS;
CONSTRUCTION FUND

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

(a) It will complete the improvements to the Building on the Leased Land wholly within the boundary lines thereof (the Building containing 175,000 square feet and to be used for the purposes set forth in Article II hereof); all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

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

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

SECTION 4.2 Agreement to Issue First Series Bonds; Application of Bond Proceeds. In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the 30th day of April, 1978, sell and cause to be delivered to the initial purchaser the First Series Bonds in the aggregate principal amount of \$4,500,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the First Series Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

SECTION 4.3 Disbursements from Construction Fund.

The County shall in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund and to pay out the same to the persons entitled thereto for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

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

(b) Payment of such amounts, if any, as shall be necessary to make reimbursement in full for all advances and payments made prior to or after the delivery of the First Series Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), (ii) clearing the Leased Land, the improvement of the Building, the acquisition and installation of the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering, and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project.

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

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

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

(f) Payment to the Trustee, as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar, and paying agent), including reasonable fees and expenses of Trustee's counsel, and of any paying agent properly incurred under the Indenture that may become due during the Construction Period.

(g) To such extent as they shall not have been paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Agreement.

(h) Payment of the taxes, assessments, and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period or reimbursement thereof if paid by Lessee.

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

(j) Payment of any other costs and expenses relating to the Project authorized by the Enabling Statute.

(k) All moneys remaining in the Construction Fund after completion of the improvement of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section shall be paid into the

Bond Fund, except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for payment of Project costs not then due and payable.

Provided, that:

(1) Each of the payments made pursuant to the preceding subsections (a), (b), (c), (d), (e), (f), (g), (i), and (j) of this Section shall be made only upon receipt by the Trustee of a written certificate of the Authorized Lessee Representative, a copy of which shall be mailed to the Authorized County Representative, which shall contain the following: (a) a statement of the amount and nature and the name and address of the payee of each item of cost certified to have been paid by and requested to be reimbursed to the Lessee, (b) a statement of the amount and nature of each item of cost certified to be due and payable and requested to be paid to a person other than the Lessee, and (c) a statement that each item for which payment or reimbursement is requested is or was necessary in connection with the Project and none of such items has formed the basis for any previous payment from the Construction Fund.

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

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

SECTION 4.5 Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3(k), (i) construction of the Building has been completed

in accordance with the specifications therefor and all labor, services, materials, and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired, and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof, and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid and a certificate of occupancy, if required, and any other approvals or permits required by any governmental authority for the occupancy and use of the Project for its intended purposes have been obtained. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

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

SECTION 4.7 Authorized Lessee and County Representatives and Successors. The Lessee and the County Board, respectively, shall designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized County Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

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

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

(i) obligations issued or guaranteed by the United States of America, or to the payment of which the full faith and credit of the United States of America is pledged;

(ii) general obligations of the State of South Carolina;

(iii) Interest bearing deposits in Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; or

(iv) certificates of deposit issued by a bank or trust company (including the Trustee) where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

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

The Trustee need not so invest any moneys held as a part of the Construction Fund or Bond Fund which are estimated to be required on a date earlier than two (2) days from the date on which such moneys are held unless the amount of such moneys exceeds \$100,000.

The Lessee further covenants and agrees:

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

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

ARTICLE V

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

SECTION 5.1 Effective Date of this Agreement;
Duration of Lease Term. This Agreement shall become effective upon its delivery and the leasehold estate created by this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Section 8.10, Articles X, XI and Sections 12.1 and 12.2), shall expire April 1, 2003, or if all the Bonds have not been paid in full and retired (or provision therefor made as provided in the Indenture) then such date as such payment shall have been made or provided for.

SECTION 5.2 Delivery and Acceptance of Possession.
The County agrees to deliver to the Lessee sole and exclusive possession of the Leased Land upon the execution and delivery of this Agreement and Lessee thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the County and Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3 Rents and Other Amounts Payable. On October 1, 1978, and on each April 1 and October 1 thereafter until the principal of, premium, if any, and interest on the First Series Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee (such payment to be made not later than :00 .M. Trustee's local time, on the date such payment is due, in Federal or other funds immediately available at the time and place of such payments) as rent for the Project (i) if such date is April 1, a sum equal to the amount payable on such date as principal and premium, if any, (whether at maturity or by sinking fund redemption as provided in the Indenture) and interest upon the First Series Bonds and (ii) if such date is October 1, a sum equal to the amount payable on such date as interest upon the First Series Bonds, as provided in the Indenture.

In the event Additional Bonds shall be issued pursuant to Article II of the Indenture, thereafter not later than the date on which the principal and premium, if any, or interest on any

such Bonds shall be due, until the principal of, premium, if any, and interest on all such Bonds shall have been fully paid or provisions for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee a sum equal to the amount payable on such date as principal (whether at maturity or by such sinking fund redemption as may be provided in the Indenture), premium, if any, and/or interest upon such Bonds, as provided in the Indenture.

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

The Lessee recognizes that the County's interest under this Agreement, including the right to receive the Lease Rentals has been assigned simultaneously with the execution of this Agreement to the Trustee pursuant to the terms of the Indenture; and, in order to additionally secure the payment of the principal of, premium, if any, and interest on the Bonds on the occasions when the same are expressed to become due and payable, and in consideration of the County having made available to the Lessee this method of acquiring and financing the Project, Lessee unconditionally guarantees to the County for the benefit of the persons who shall from time to time be the holders of the Bonds and the coupons appertaining thereto, its successors and assigns, the payment in full of an amount equal to the amount of the principal of, premium, if any, and interest on the Bonds as and when the same are expressed to become due and payable, either upon maturity, or by redemption or acceleration or declaration as provided in the Indenture.

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

SECTION 5.4 Payment of Trustee's Fees and Expenses.
In addition to other payments herein prescribed, the Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same become due, (ii) reasonable fees and charges of the Trustee as Bond Registrar and paying agent, and any other paying agents on the Bonds, for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and reasonableness of any such fees, charges or expenses.

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

SECTION 5.5 Payments in Lieu of Taxes. It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the project. For the sole

purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed that the County in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the County, school district and other political units having taxing powers would receive if the Project were so privately owned; and Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts), if any, therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made, and to contest the same in the manner and to the extent provided in Section 6.3 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at the Penalty Rate until paid.

SECTION 5.6 Obligations of Lessee Hereunder
Unconditional. Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3, 5.4, and 5.5 hereof and to perform and observe the other agreements on its part

contained herein shall be absolute and unconditional and until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provisions for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Sections 5.3 and 5.4 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or South Carolina or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The Lessee may, however, at its own costs and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

SECTION 5.7 Place of Rental Payments. The payments provided for in Section 5.3 hereof shall be paid directly to the Trustee for the account of the County and shall be deposited in the Bond Fund. The payments to be made to the Trustee under Section 5.4 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

SECTION 5.8 Payments Not to Abate Rent. The payments required by Sections 5.4 and 5.5 hereof are in addition to all other payments required under this Agreement and no payment made pursuant to Sections 5.4 and 5.5 shall abate any other payment required under this Agreement to be made, including, without limitation, any rental payment required under Section 5.3 hereof.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1 Maintenance and Modifications of Project by Lessee. The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Project in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the structural integrity of the Building, or the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified). Subject to the provisions of Section 9.7 hereof, such Additions and Alterations so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any Additions or Alterations so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom if the Lessee shall furnish the Trustee an opinion of Independent Counsel that the lien of the Indenture as to any part of the Project will not be materially endangered and no part of the Project will be subject to loss or forfeiture by nonpayment of any such items; otherwise the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2 Removal of Leased Equipment. The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary,

the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

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

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof the Lessee shall pay into the Bond Fund the proceeds of such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land the Lessee shall pay into the Bond Fund in cash the amount of credit received on such trade-in, and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practices.

If such removal causes damage to existing property not being removed, restoration and repair of such damage shall be made at the cost and expense of the Lessee.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof or the amounts payable under Section 5.4 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale, trade-in, exchange and other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$100,000. The Lessee shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3 Taxes, Other Governmental Charges and Utility Charges. The County and the Lessee acknowledge (i) that pursuant to Section 5-49-130 of the Enabling Statute, no part of the Project owned by the County will be subject to taxation in South Carolina, that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation and that under present law there is no tax imposed upon leasehold estates in South Carolina, and (ii) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the Lease Rentals of the County from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the Lease Rentals therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if the Lessee shall furnish the Trustee an opinion of Independent Counsel that the lien of the Indenture as to any part of the Project will not be materially endangered and no part of the Project will be subject to loss or forfeiture by nonpayment of any such items; otherwise such taxes, assessments, or charges shall be paid promptly. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate from the date thereof until paid, the Lessee agrees to pay.

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

SECTION 6.4 Insurance Required. Throughout the Lease Term, the Lessee shall to the extent such insurance is available, keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type (other than business interruption insurance), paying (except as provided in Section 4.3 hereof) as the same become due all premiums in respect thereto. Such insurance shall include but not necessarily be limited to:

(a) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable cash value of the Project as determined by an insurer selected by the Lessee or as otherwise agreed to by the County and Lessee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in South Carolina; provided that the insurance required by this subsection may contain a deductible provision of not in excess of \$50,000 direct damage applicable to each separate instance of loss or damage insured against.

In time of war in which the United States is a belligerent, such insurance to the extent of the full insurable cash value of the Project as may be available from the United States of America against loss thereof or damage thereto from risks and hazards of war, if such insurance is then generally carried by owners of industrial plants in South Carolina.

(b) Boiler and pressure vessel (including pressure pipes) explosion insurance in an amount at least equal to \$4,500,000 (with deductible provisions not to exceed \$50,000) with respect to all boilers and pressure vessels and pressure pipes installed in the Project.

(c) General public liability insurance against claims for bodily injury, death or property damage occurring on, in, or about the Project and the adjoining streets, sidewalks, and passageways, such insurance to afford protection of not less than \$200,000 with respect to bodily injury to any one person, not less than \$600,000 with respect to bodily injury to two or more persons in any one accident.

(d) Insurance (or authorization by the appropriate officials of the State of South Carolina to self insure) covering any liability under the Workmen's Compensation laws of South Carolina for deaths of or injuries to persons arising out of any act or omission during the Lease Term.

SECTION 6.5 Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows:

(i) the Net Proceeds of the insurance required in Section 6.4(a) and (b) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required in Section 6.4(c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6 Additional Provisions Respecting Insurance.

All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee. All policies evidencing such insurance shall provide for payment of the losses to the County, the Lessee, and the Trustee as their respective interests may appear, and the policies required by Section 6.4(a) and (b) shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of \$100,000 for loss or damage covered thereby be paid to the Trustee; provided, however, that all claims regardless of amount may be adjusted by the

Lessee with the insurers, subject to approval of the Trustee as to settlement of any claim in excess of \$50,000. In rendering any approval hereunder, the Trustee may rely upon an opinion of Independent Counsel. The insurance hereby required may be contained in blanket policies now or hereafter maintained by the Lessee, including blanket policies for general public liability insurance which may, at Lessee's option, provide for self insurance.

All such policies shall contain a provision that any such policy may not be cancelled unless the Trustee is notified at least 15 days prior to cancellation; and at least 15 days prior to expiration of any such policy, the Lessee shall furnish the Trustee with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Lease.

At the time of furnishing the financial statements referred to in Section 8.8, the Lessee shall furnish the Trustee with a certificate, in form and substance satisfactory to the Trustee, signed by the Authorized Lessee Representative, stating and demonstrating that the Lessee is in compliance with the insurance requirements of this Article VI.

SECTION 6.7 Advances by Trustee. In the event the Lessee shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Project in good repair and good operating condition, the Trustee, after written notice to the Lessee of its intent to take such action, shall, if satisfactorily indemnified and requested to do so by the holders of a majority in aggregate principal amount of all Bonds at the time Outstanding, endeavor to take out the required policies of insurance and pay the premium on the same or make the required repairs, renewals, and replacements; and all amounts so advanced therefor by the Trustee shall become an additional obligation of the Lessee to the Trustee, which amounts, together with interest thereon at the Penalty Rate, from the date hereof, the Lessee agrees to pay on demand; provided that the Trustee shall not be liable if it is unable, despite its reasonable efforts so to do, to take out such insurance or make such repairs, renewals, and replacements.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 Damage and Destruction. (a) Unless the Project shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damage is not greater than \$100,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value of the character of the Project as a plant for the manufacture of the products described in Section 2.2(d) hereof or such other products as the Lessee may deem appropriate, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$100,000 shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Project shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damage is in excess of \$100,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$100,000 shall be paid to and held by the Trustee in a separate trust account whereupon the Lessee shall proceed promptly to repair, rebuild, or restore the Project to substantially the same condition thereof as

existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project as a plant for the manufacture of the products referred to in Section 2.2(d) or such other products as the Lessee may deem appropriate, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, either on completion thereof or as the work progresses.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs made pursuant to Section 7.1(c), be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof or the amounts payable under Section 5.4 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding, or restoration made pursuant to Section 7.1(a) and (b) shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), all Net Proceeds shall be paid to the Lessee.

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of the Lessee to restore the Project.

SECTION 7.2 Condemnation. Unless title to, or temporary use of, all or substantially all, or any material portion, of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority,

the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof and the amounts payable under Section 5.4 hereof. The County, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements or acquisitions by the County shall be approximately equivalent in value to the part of the Project so taken or lost and shall not be subject to any liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) For deposit into the Bond Fund, provided that the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section and which give the Project the ratio of value to the outstanding Bonds not less than that which existed immediately prior to such condemnation proceedings.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), all Net Proceeds shall be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Notwithstanding any other provision of this Section, in any event of condemnation when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project.

SECTION 7.3 Condemnation of Lessee-Owned Property.
The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

SPECIAL COVENANTS AND IMPROVEMENT BONDS

SECTION 8.1 No Warranty of Condition of Suitability
By the County. The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

SECTION 8.2 County's and Trustee's Right of Access
to the Project. The Lessee agrees that the County, the Trustee, and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project (including such rights of access as may be reasonably necessary in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof). The rights of access hereby reserved to the County and the Trustee may be exercised only after any such agent shall have executed release of liability and secrecy agreements in the form then currently used by the Lessee. However, nothing contained in this Section 8.2 or in any other provision of this Agreement shall be construed to entitle the County or the Trustee to any information or inspection involving the confidential know-how of the Lessee.

SECTION 8.3 Lessee to Maintain its Corporate Existence,
Conditions under Which Exceptions Permitted. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation organized under the laws of one of the States of the United States of America, or permit one or more such corporations to consolidate with or merge into it, or sell or otherwise transfer to another such corporation, all or substantially all of its assets as an entirety and thereafter dissolve, provided that (i) the surviving, resulting, or transferee corporation, as the case may be, is a solvent corporation organized and existing under the laws of the State of South Carolina or is duly qualified to do business in the State of South Carolina, (ii) the surviving, resulting, or transferee corporation shall expressly assume and agree to perform all of the Lessee's obligations under this Lease

Agreement and the Guaranty Agreement, (iii) that prior to such sale, transfer, consolidation, or merger, the Trustee shall be furnished with a certificate from a firm of independent certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee), that the covenants contained in Section 8.9 hereof will not be violated as a result of such sale, transfer, consolidation, or merger, and (iv) in connection with any such sale, transfer, consolidation, or merger, there shall be filed with the County, the original purchasers of the Bonds, and the Trustee a letter or certificate by a firm of certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee), certifying that after the consummation of such sale, transfer, consolidation, or merger the surviving, resulting, or transferee corporation, as the case may be, will have net assets at least equal to the net assets of Lessee on June 30, 1977; in which event, the County shall release in writing, concurrently with and contingent upon such assumption, the predecessor Lessee from all liability hereunder, and provided that prior to such sale, transfer, consolidation, or merger, the Trustee shall be furnished a certificate from the chief financial officer of the Lessee or his deputy stating that, in the opinion of such officer, none of the covenants contained in this Lease Agreement will be violated as a result of such sale, transfer, consolidation, or merger.

SECTION 8.4 Qualification in South Carolina. The Lessee warrants that it is, and throughout the Lease Term it will continue to be, duly qualified to do business in South Carolina.

SECTION 8.5 Release of Certain Land. In addition, the parties hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of (i) any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part)

of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility, or public body in order that railroad, utility services, or roads may be provided for the Project; provided, that if, at the time any such amendment is made, any of the Bonds are outstanding and unpaid there shall be deposited with the Trustee the following:

(a) A copy of the said amendment as executed.

(b) A resolution of the County Board (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina, and (v) requesting such release.

(c) A resolution of the board of directors of the Lessee approving such amendment and a certificate of the president, any vice president or treasurer of the Lessee, stating that the Lessee is not in default under any of the provisions of this Agreement, and the release so proposed to be made will not impair or materially endanger the lien of the Indenture on that portion of the Project not so released.

(d) A copy of any agreement wherein the County agrees to construct, or cause to be constructed, improvements on the portion of the Leased Land so requested to be released and to lease the same, or a copy of the instrument granting the easement or conveying the title to a railroad, public utility or public body.

(e) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than sixty days prior to the date of the release and stating that in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services, or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes hereinabove stated, and (ii) the release so proposed to be made will not

impair the usefulness of the Project as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

And, provided further, if such release relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a manufacturing plant.

If all of the conditions of this Section 8.5 are met, the Trustee shall be authorized to release any such property from the lien of the Indenture.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof or the amounts payable under Section 5.4 hereof.

SECTION 8.6 Granting of Easements. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege upon receipt by the Trustee of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the president or a vice president or the treasurer of the Lessee requesting such instrument, (iii) a certificate executed by the president or a vice president or the treasurer of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish, or impair the security intended to be given by or under the Indenture. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof or the amounts payable under Section 5.4 hereof.

SECTION 8.7 Indemnification Covenants. (a) Lessee shall and agrees to indemnify and save the County 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 or thing done on, the Project during the Lease Term and, Lessee further, shall indemnify and save the County and the Trustee harmless against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act of negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (iv) any act of negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the County hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act requested of it by the Lessee, or by reason of the County's ownership of the Project or the operation of the Project by the Lessee, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the County should incur any pecuniary liability, then in such event the Lessee shall indemnify and hold harmless the County against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County, the Lessee shall defend the County in any such action or proceeding.

SECTION 8.8 Financial Statements of Lessee. The Lessee agrees to furnish the County such information respecting the business affairs, operation and financial condition of the Lessee and its consolidated subsidiaries as may be reasonably requested; and without any request to furnish to the Trustee, and upon request, to the holder of any Bond (a) as soon as available, and in any event at the time the same are made available to the stockholders of the Lessee, copies of all quarterly and other interim financial statements as the Lessee shall furnish to its stockholders, and (b) as soon as available, and in any event within one hundred fifty (150) days after closing of each fiscal year of the Lessee, a copy of the annual audit report (including balance sheets, profit and loss, and surplus statements) of the Lessee and its consolidated subsidiaries for such fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of Lessee to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit reports referred to herein.

SECTION 8.9 Covenants of Lessee with Respect to Capital Expenditures. The County is issuing the Bonds pursuant to an election made under Section 103(c)(6)(D) of the Code. In order to insure that interest on the Bonds will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103(c)(6)(D), the Lessee covenants with the County, the Trustee, and with each of the future holders of any Bonds or interest coupons appertaining thereto as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.9 shall be observed, and if any conflict between Section 8.9 and any other provisions of this Lease Agreement shall arise, then in such case, Section 8.9 shall control;

(2) That the Lessee will not commit nor permit the commission of any act which (a) would cause the Bonds not to qualify as, or not to continue to be, an exempt small issue under the provisions of Section 103(c)(6)(A) and (D) of the Code, and (b) would cause interest on the Bonds to become subject to Federal Income Taxes by virtue of the provisions of Section 103(c)(1) of the Code; nor will Lessee fail to

take any action necessary to be taken in order that (a) the Bonds shall qualify as, and continue to be, an exempt small issue under the provisions of Section 103(c)(6)(A) and (D) of the Code, and (b) interest on the Bonds will continue to be exempt from Federal Income Taxes by virtue of the provisions of Section 103(a)(1) of the Code.

(3) That within 60 days following January 1, 1979, and within 60 days following each January 1 thereafter to and including January 1, 1982, the Lessee will furnish to the Trustee a certificate of its President or Chief Financial Officer stating that during the period beginning April 1, 1975, to such January 1 (or, in the case of the January 1, 1982, certificate, to the third anniversary date of the delivery of the Bonds), capital expenditures (including the \$4,500,000 principal amount of the Bonds) in excess of the capital expenditures limitation prescribed by said Section 103(c)(6)(D) of the Code, to such date, have not been paid or incurred with respect to "facilities" described in Section 103(c)(6)(E) of the Code, in Fairfield County, South Carolina, of which the Lessee or a related person, as defined in Section 103(c)(6) of the Code, is the principal user; and setting forth the capital expenditures that have been paid since April 1, 1975 (or in the case of the January 1, 1982, certificate, to the third anniversary of the date of the delivery of the Bonds) with respect to "facilities" described in Section 103(c)(6)(E) of the Code, in the said County of Fairfield, South Carolina, of which the Lessee or a related person as defined in Section 103(c)(6)(C) of the Code is the principal user; and

(4) That it will comply with the governing regulations applicable to Section 103 of the Code to the extent that compliance therewith is necessary in order that interest on the Bonds shall remain exempt from Federal Income Taxes.

Nothing herein contained shall create any obligation upon the Lessee as a result of interest on any Bond becoming taxable by virtue of the provisions of Section 103(c)(7) of the Code, or as a result of the enactment hereafter of legislation which subjects such interest to Federal Income Taxes.

SECTION 8.10 Improvement Bonds Subject to the obligations of the County under the Indenture and in particular Article II hereof, the County and the Lessee may hereafter negotiate one or more amendments to this Agreement pertaining to an increase in the obligations of the County and the Lessee upon an undertaking of the County to provide Additions or Alterations for the Project through the issuance of Additional Bonds pursuant to the Indenture and, in such instance, the Lease Term provided in Section 5.1 may be extended until the maturity date of the last maturing Additional Bonds; provided that no obligation is imposed on the County by this Section 8.10 to enter into any such amendment and no such amendment is permitted hereunder which would result either in the breach of the County's agreements pursuant to the Indenture or in the reduction of Lessee's obligations pursuant to this Agreement.

SECTION 8.11 Notice of Litigation and Defaults.
Lessee will promptly give notice to the Trustee of the occurrence of any material litigation or governmental proceeding affecting the Lessee or this Agreement or any governmental investigation or labor dispute pending or, to the knowledge of the Lessee, threatened which could reasonably be expected to interfere substantially with the normal operations of the Lessee or materially adversely affect the financial condition of the Lessee. The Lessee will promptly give notice to the Trustee of the occurrence of any event of default or of any condition, event, act, or omission which, with the giving of notice or the lapse of time or both, would constitute an event of default.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING, AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT; INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT

SECTION 9.1 Assignment and Subleasing. This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Trustee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and, in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

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

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be, accompanied by a certificate of an independent certified public accountant and an opinion of Independent Counsel that nothing in the transaction so done has violated any covenant of Section 8.9.

SECTION 9.2 Mortgage of Property by County. The County will mortgage the Project by the Indenture, and assign its interest in and pledge the Lease Rentals pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such mortgage, assignment, or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3 Restrictions on Sale or Other Disposition of Project. The County and the Lessee agree that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Indenture, neither the County nor the Lessee will sell, convey, mortgage, encumber, or otherwise dispose of any part of, or interest in, the Project during the Lease Term.

SECTION 9.4 Redemption of Bonds. The County at the request at any time of the Lessee and, if the same are then subject to redemption, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions.

SECTION 9.5 Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments due by reason of the provisions of Section 5.3 hereof.

SECTION 9.6 Lessee Entitled to Certain Rent Abatements If Bonds Paid Prior to Maturity. If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee (as Trustee, Bond Registrar and paying agent) and any other paying agents on the Bonds due or to become due through the date on which the last of the Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including the last maturity of any Bonds, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7 Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment, and other personal property which may be attached or affixed to the Project. All such machinery, equipment, and other personal property excluding the property described in Exhibit B incorporated herein shall remain the sole property of the Lessee and the Lessee may remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting

from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien, or charge on any such machinery, equipment, and other personal property, provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment, or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment, and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8 Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee, (as Trustee, Bond Registrar and paying agent), all reference in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For the purpose of this Agreement, the Bonds shall be deemed fully paid:

(a) If there is no default under Section 8.9 and there is on deposit in the Bond Fund a sum sufficient to pay the principal and premium, if any, of all the then Outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's (as Trustee, Bond Registrar, and paying agent), and paying agents' fees, accrued and to accrue, have been made in a manner satisfactory to the Trustee and such paying agents; or

(b) If there have been irrevocably deposited with the Trustee (i) moneys sufficient to pay, redeem, and retire all the then outstanding Bonds (including, without limitation, principal, premium, interest to maturity or earliest applicable redemption date, as the case may be, expenses of redemption, and Trustee's and paying agents' fees), and (ii) evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been duly given by the County or the Trustee has been irrevocably authorized to give such redemption notices; or

(c) If all of the outstanding Bonds and coupons appertaining thereto shall be deemed to have been paid within the meaning of Section 901 of the Indenture.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure of the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement which are applicable to the payment of the principal of, premium, if any, and interest on the Bonds, at the time and on the dates specified therein.

(b) Failure of the Lessee to fulfill its obligation to purchase the Project as provided in Section 12.2(1) hereof.

(c) Failure by the Lessee to pay the principal of or interest on any indebtedness of the Lessee for borrowed money, as and when the same shall become due and payable, whether at maturity, by acceleration, or otherwise, and such default shall continue beyond the period of grace, if any, allowed with respect thereto, and such default shall not have been duly cured or waived in accordance with the terms of, or applicable to, such indebtedness.

(d) Any material representation or warranty made by the Lessee herein, or made by the Lessee in any written statement or certificate furnished by the Lessee in connection with the issuance and sale of Bonds or furnished by the Lessee pursuant hereto or pursuant to the Indenture, proves untrue, false or misleading in any material and adverse respect as of the date of the issuance or making thereof, and the same shall not be made good or remedied within 30 days after notice thereof to the Lessee by the holder of any Bond or the Trustee.

(e) Failure by the Lessee to observe and perform any covenant, condition, or agreement in this Agreement or in the Guaranty Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsections (a), (b), (c), and (d) of this Section and in Section 2.1 of the Guaranty Agreement, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the County or the Trustee; provided, however, in the case of any such default specified in this Section 10.1(e) which cannot with due diligence be cured within such 30-day period, it shall not constitute an event of default if corrective action is instituted by the Lessee within such 30-day period, is diligently pursued and the default is corrected within 90 days after the written notice thereof hereinabove specified has been given.

(f) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment, or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee" as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met.

The provisions of paragraph (e) of this Section are subject to the following limitations: if, by reason of force majeure, the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in

Article V and Sections 6.3, 6.4, 8.7, 8.9, and 12.2 hereof, to which this paragraph shall have no application), the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; storms; floods; washouts; droughts, arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, in each case which has the effect of making it impossible (as distinguished from impracticable) for the Lessee to perform it being agreed that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

SECTION 10.2 Remedies on Default. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County may take any one or more of the following remedial steps:

(a) The County or the Trustee as provided in the Indenture may, at its option, declare all installments of rent payable under Section 5.3 hereof determined in accordance with the provisions of the Indenture and all Trustee fees accrued under Section 5.4 hereof to be immediately due and payable, whereupon the same shall become immediately due and payable, and which amounts Lessee hereby agrees to pay.

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder.

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Lessee.

(e) The County may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of the Lessee under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and the Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the County and the Trustee all other sums due and owing hereunder, to the Lessee.

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3, Section 10.2(a), and Section 12.2 hereof, all of which shall survive any such action, and the Lessor may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement, or covenant of the Lessee hereunder.

SECTION 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or

power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fees of such attorneys and such other expenses so incurred by the County or the Trustee.

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

ARTICLE XI

OPTIONS IN FAVOR OF THE LESSEE

SECTION 11.1 Options to Terminate. The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term (i) by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire, and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption, and Trustee's (as Trustee, Bond Registrar and paying agent) and paying agents' fees and expenses), and, in case of redemption, making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, (ii) by paying to the County any and all sums then due to the County under this Agreement, and (iii) by giving the County notice in writing of such termination, and such termination shall forthwith become effective.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the County and the Trustee (as Trustee, Bond Registrar, and paying agent) under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2 Option to Purchase Project Prior to Payment of the Bonds. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture) if any of the events set forth in the following clauses shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or

destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the sum of the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(b) hereof and the deductible amounts for which the Lessee is self-insured with respect to the Project to the extent permitted by this Agreement.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative, regulatory, or administrative action (whether state or federal) or by final decree, judgment, or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including, without limitation, federal, state, or other ad valorem, property, income, or other taxes not being imposed on the date of this Agreement.

(d) If changes in the availability of raw materials, operating supplies, energy sources or supplies, or facilities necessary for the operation of the Project, or any material portion thereof, shall have occurred or technological changes shall have occurred which the Lessee cannot reasonably overcome or control and which render the Project, or the operation of any material portion thereof, uneconomic.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County and to the Trustee if any of the Bonds shall then be unpaid, and shall specify

destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the sum of the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(b) hereof and the deductible amounts for which the Lessee is self-insured with respect to the Project to the extent permitted by this Agreement.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative, regulatory, or administrative action (whether state or federal) or by final decree, judgment, or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including, without limitation, federal, state, or other ad valorem, property, income, or other taxes not being imposed on the date of this Agreement.

(d) If changes in the availability of raw materials, operating supplies, energy sources or supplies, or facilities necessary for the operation of the Project, or any material portion thereof, shall have occurred or technological changes shall have occurred which the Lessee cannot reasonably overcome or control and which render the Project, or the operation of any material portion thereof, uneconomic.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County and to the Trustee if any of the Bonds shall then be unpaid, and shall specify

therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and, in case of a redemption of the Bonds in accordance with the provisions of the Indenture, shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the earliest possible date after notice as provided in the Indenture, whether or not such date is an interest payment date, including without limitation, principal, all interest to accrue to said redemption date, premium, if any, and redemption expense, plus

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

(3) The sum of one (\$1.00) dollar, and any and all other sums then due to the County under this Agreement.

In the event of the exercise of the option granted in this Section, any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4 hereof.

SECTION 11.3 Option to Purchase Unimproved Land.

If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted, the option to purchase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for the purchase price calculated at the rate of \$2,000 per acre, provided that it furnishes the County and the Trustee with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, (ii) a statement that the Lessee intends to exercise its option to

purchase such portion of the Leased Land on a date stated, which shall not be less than forty-five nor more than ninety days from the date of such notice, (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina, and (iv) a statement that the purchase of the land will not materially weaken, diminish, or impair the security intended to be given by or under the Indenture.

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Project as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as hereinabove provided.

The County agrees that, upon receipt of the notice, certificate, and money required in this Section to be furnished to it by the Lessee, the County will promptly deliver such money to the Trustee for deposit in the Bond Fund, and secure from the Trustee a release from the lien of the Indenture of such portion of the Leased Land with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section, the Lessee shall not be entitled to any abatement or diminution of the rents payable under Section 5.3 or the amounts payable under Section 5.4, and if such option relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

SECTION 11.4 Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to any option to purchase granted herein, the County shall, upon receipt of the purchase price, deliver to the Lessee the following:

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

(b) Documents conveying to the Lessee good and marketable title to the property being purchased as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (iv) Permitted Encumbrances other than the Indenture and this Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

SECTION 11.5 Relative Position of Options and Indenture.

The options respectively granted to the Lessee in this Article, except under Section 11.3 hereof, shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in non-fulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1 Obligation to Purchase Project. The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following full payment of the Bonds, or provision for payment thereof having been made, in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County shall deliver to the Lessee the documents referred to in Section 11.4 hereof. The obligation to purchase created in this Section shall be and remain prior and superior to the Indenture and shall be exercised whether or not the Lessee is in default hereunder provided that no such default will result in nonfulfillment of any condition to this right.

SECTION 12.2 Lessee's Obligation to Purchase County's Interest in the Project Under Certain Circumstances. In the Event that (a) the Bonds fail to qualify as an exempt small issue under the provisions of Section 103(c)(6)(A) and (D) of the Code, or regulations promulgated thereunder, or (b) the capital expenditures limitation prescribed by Section 103(c)(6)(A) and (D) of the Code shall be violated with the result that interest on the Bonds shall no longer be exempt from Federal Income Taxes, or (c) by reason of the actual or claimed violation of any covenant set forth in Section 8.9(2) or Section 8.9(4) of this Lease Agreement (whether through act of the Lessee or circumstances not under the Lessee's control or otherwise), interest on the Bonds becomes, or shall be determined by (i) the National Office of Internal Revenue Service of the United States Treasury Department, or (ii) the District Director of Internal Revenue for the District in which the Lessee files its statements required by the governing regulations referred to in Section 8.9(4) hereof, or (iii) any court of competent jurisdiction to be, subject to Federal Income Taxes, the Lessee agrees to purchase, in full discharge of all liability hereunder, the County's interest in the Project within sixty days after any such event at a purchase price equal to the principal amount of all Bonds then outstanding plus accrued interest to the redemption date and a redemption premium computed in the manner prescribed in Section 12.3, plus any

expenses of redemption and the Trustee's and paying agents fees and charges. The obligation of the Lessee under this Section 12.2 shall survive any termination of the Lease Term of this Lease Agreement. Provided, that the Lessee may in good faith to the extent permitted by law, contest, at Lessee's expense, any such determination, in which event, at Lessee's option, the performance of its obligation to purchase pursuant to the foregoing provisions of this Section 12.2 as a result of that determination may be postponed for sixty (60) days following the disposition of any such contest. If such determination is reversed or withdrawn by competent authority, Lessee shall be relieved of the obligation to purchase, which resulted from such determination.

Nothing herein contained is intended to create any obligation upon the Lessee as a result of interest on any Bond becoming taxable by virtue of the provisions of Section 103(c)(7) of the Code.

At the closing of any such purchase of the County's interest in the Project under this Section 12.2, the County shall deliver to the Lessee the documents referred to in Section 11.4. The purchase price shall be applied to the redemption of the Bonds on the earliest possible date after notice as provided in the Indenture, whether or not such date is an interest payment date, and to the payment of any redemption premium required by Section 12.3 on account of previously paid Bonds.

SECTION 12.3 Computation of Additional Redemption Premium. In the event the Lessee is required to purchase the County's interest in the Project by virtue of the provisions of Section 12.2, the redemption premium payable shall be the aggregate of the premiums computed on each Bond outstanding on the date as of which interest on the Bonds becomes taxable (or is determined in accordance with Section 12.2 hereof to be taxable), such date being hereafter referred to in this Section 12.3 as the "taxable date", as follows: the sum of (a) a redemption premium in the amount of 8% of the principal amount and (b) an additional redemption premium determined by multiplying one-half of one per cent (.5%) of the principal amount of each Bond redeemed by the number of 180-day periods, or fraction thereof, between the taxable date and the date of redemption or the earlier payment date of any Bond which shall have been paid (whether at maturity or by redemption) subsequent to the taxable date

and prior to the redemption date; provided, however, that the additional redemption premium computed under this clause shall be reduced by the amount of any optional redemption premium previously paid on any Bond. On the occasion of the purchase of the County's interest in the Project pursuant to the requirements of Section 12.2, the purchase price paid by the Lessee shall include the premium above described so that each person who is the holder of any Bond on the occasion when the same was paid (whether at maturity or by redemption) prior to the redemption date but subsequent to the taxable date shall receive a premium on each such Bond computed according to the provisions of this Section 12.3.

MISCELLANEOUS

SECTION 13.4 Recording and Filing. (a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the appropriate office of the County in which the Project is located, and/or in such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment, and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 Quiet Enjoyment. The County agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold, and enjoy the Project during the Lease Term.

SECTION 13.2 Surrender of Project. Except as otherwise provided in this Agreement at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, ordinary wear, tear, and obsolescence only excepted.

SECTION 13.3 Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows: if to the County, to the County Council of Fairfield County, County Office Building, Winnsboro, South Carolina 29180; if to the Lessee, at _____, Attention: Treasurer; if to the Trustee, at _____, Attention: _____. The County, the Lessee, and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

SECTION 13.4 Recording and Filing. (a) This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the appropriate office of the County in which the Project is located, and/or in such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment, and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions,

in the appropriate office of the County in which the Project is located, and in the Office of the Secretary of State in the City of Columbia, South Carolina. The parties further agree that all necessary continuation statements shall be filed by the Lessee within the time prescribed by the South Carolina Uniform Commercial Code--Secured Transactions, in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement, and the Indenture may be recorded prior to the delivery of the First Series Bonds. If subsequent to such recording, the First Series Bonds shall not be delivered on or before the date prescribed in Section 4.2 hereof, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement, and the Indenture shall be of no force and effect and, in such event, the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the First Series Bonds; and all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor or on behalf of the Lessee. All parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5 Other Instruments. (a) The Lessee covenants to deliver to the County and the Trustee within 60 days: after January 1, 1979, after each January 1 thereafter until the Completion Date, after the Completion Date, and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project on such January 1, Completion Date, or such last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description, the Lessee covenants that it will:

(1) prepare a supplement to the Indenture and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Indenture to the Trustee and the County and the supplement to this Agreement to the County for execution;

(3) deliver the fully executed supplement to the Indenture and the fully executed supplement to this Agreement to the appropriate recording or filing officer for recording and filing or re-recording and re-filing in all places required by the opinion of counsel referred to in Clause (4) of this subsection (a) of this Section 13.5; and

(4) deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee) addressed to the Trustee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date, that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of Lease Rentals payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a)(4) of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion

of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee, and their respective successors and assigns, subject, however, to the provisions of Sections 8.3, 9.1, 9.2, and 9.3 hereof.

SECTION 13.7 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.8 Amounts Remaining in Bond Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges, and expenses of the Trustee (as Trustee, Bond Registrar, and paying agent) and paying agents in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.9 Amendments, Changes, and Modifications. This Agreement may not be amended, changed, modified, altered, or terminated without in each instance the prior written consent of the Trustee.

SECTION 13.10 Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution, or set-off other than those herein expressly provided.

SECTION 13.11 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.12 Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, FAIRFIELD COUNTY, SOUTH CAROLINA, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Fairfield County, and the Official Seal of Fairfield County to be impressed hereon and attested by the Clerk of said County Council of Fairfield County; and THE STANDARD PRODUCTS COMPANY has executed this Lease Agreement by causing its corporate name to be hereunto subscribed by one of its Vice Presidents and its Corporate Seal to be impressed hereon and attested by its Secretary, all being done as of the day and year first above written.

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By:

Ralph B. Cooper, Chairman
County Council of
Fairfield County, South Carolina

Attest:

Diane G. Beason, Clerk
County Council of
Fairfield County, South Carolina

Signed, Sealed and Delivered in
the Presence of:

THE STANDARD PRODUCTS COMPANY

(SEAL)

By: _____

Its: _____

Attest:

Secretary

Signed, Sealed, and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF FAIRFIELD

PERSONALLY appeared before me _____
who, being being duly sworn, deposes and says that (s)he saw the
official seal of Fairfield County, South Carolina, affixed
to the foregoing Lease Agreement, and that (s)he also saw
RALPH B. COOPER, as Chairman, and DIANE G. BEASON, as
Clerk of the County Council of Fairfield County, sign and
attest the same and that (s)he with _____
witnessed the execution and delivery thereof as the act and
deed of the said Fairfield County, South Carolina.

SWORN to before me this
_____ day of April, A. D. 1978.

_____ (L.S.)

Notary Public for South Carolina

My Commission expires:

STATE OF
COUNTY OF

PERSONALLY APPEARED before me _____
who, being duly sworn, says that (s)he saw the corporate
seal of THE STANDARD PRODUCTS COMPANY affixed to the foregoing
Lease Agreement, and that (s)he also saw _____,
as one of its Vice Presidents, and _____,
as Secretary of said Corporation, sign and attest the same,
and that (s)he with _____ witnessed the
execution and delivery thereof as the act and deed of the
said THE STANDARD PRODUCTS COMPANY.

SWORN to before me this
_____ day of April, A. D. 1978.

_____(L.S.)

Notary Public for

My Commission expires:

EXHIBIT "A"

(Attached to Lease Agreement between Fairfield County, South Carolina, as Lessor, and The Standard Products Company, as Lessee, dated as of April 1, 1978.)

DESCRIPTION OF LEASED LAND

ALL THAT CERTAIN TRACT OF LAND, with buildings and improvements thereon, situate in the County of Fairfield, State of South Carolina, containing twenty-six and 39/100 (26.39) acres, more or less, known and designated as Tract No. Three (3) on Plat by Wilbur Smith & Associates, Robert A. Foy, Chief Engineer, dated August 27, 1970, recorded in the office of the Clerk of Court for Fairfield County, South Carolina, in Plat Book 8, at Page 74, and as shown on Plat of property of Harllee-Quattlebaum Construction Company, Inc., made by Wilbur Smith and Associates, Robert A. Foy, Chief Engineer, dated February, 1971, and certified March 1, 1971, recorded in said office in Plat Book 8, at Page 100. Said tract of land is bounded generally as follows: On the Northeast by State Highway No. 34, leading from Winnsboro to Ridgeway; on the South by the right of way of the Rockton-Rion Railroad; on the Southwest by Tract No. Two (2) on said recorded Plat; and on the Northwest by lands now or formerly of the Estate of Rebecca V. Woodward; all of which will more fully appear by reference to said recorded Plat.

EXHIBIT "B"

(Attached to Lease Agreement between Fairfield County, South Carolina, as Lessor and The Standard Products Company, as Lessee, dated as of April 1, 1978.)

DESCRIPTION OF LEASED EQUIPMENT
ACQUIRED AND TO BE ACQUIRED
OUT OF PROCEEDS OF FIRST SERIES BONDS

Factory Equipment

- 1 Central Chiller (Water)
- 1 Pelletizing Extruder, complete
- 1 Complete Compounding Installation (includes Mixer, Dryer, Pumps, Vacuum System, Silos, and Storage Tanks)
- 2 Roll Lance Machines (Perforating Core Steel)
- 7 Lift Trucks
- 7 Lift Truck Charging Stations
- Material Handling Containers, Bins, Racks, etc.
- Support Secondary Operation and Finishing Equipment Extruders
- 4 Lines, consisting of:
 - Extruders 3-1/2" Windlace
 - Color Meters
 - Steel Unwind Stands
 - Pre-Breakout Units
 - Water Tanks
 - Breakout Stands, Emboss Rolls, and Drive Rolls
- 8 Extruder Lines Bright Trim and Body Side Moldings, consisting of:
 - Extruders
 - Color Meters
 - Water Tanks
 - Emboss Roll Stands
 - Vertical 1-1/4" Extruders
 - Mylar Slitting and Unwind Stands
 - Pull Rolls, Drives, and Spooling Equipment

General Office Equipment

Time Records Equipment:

- 3 Attendance Recorders
- 3 Employee Job Clocks
- 1 Master Clock - Bells, Buzzers, etc.
- 1 Fireproof Safe
- 1 Xerox Copy Machine
- 1 Blueprint Machine
- 3 Blueprint Cabinets - storage (5 drawers)
Storage drawer space for prior year invoices,
working papers, etc.
- Additional basic office equipment, such as
staplers, In/Out baskets, waste paper baskets,
pencil sharpeners, etc.
- 1 Computer - Honeywell
- Tool Room and Maintenance, Work Benches,
Storage Cabinets, etc.

Standard Register Timekeeping Equipment:

- 3 Source Punch Machines
- 1 Badge Machine
- 1 Badge Maker

Division Manager - Secretary Office:

- 2 Desks
- 2 Chairs
- 6 Extra Chairs
- 1 Typewriter (Electric)
- 2 File Cabinets
- 2 Bookcases
- 1 Work Table
- 2 Hall Trees
- 1 Telephone Stand

Conference Room:

- 1 Conference Table
- 9 Chairs

Personnel Department:

- 2 Desks
- 2 Chairs
- 8 Files
- 1 Storage Cabinet
- 1 Printing Calculator
- 1 Electric Typewriter
- 4 Extra Chairs
- 1 Hall Tree

General Office Equipment - Continued

Accounting Department:

- 9 Desks
- 9 Chairs
- 2 Work Tables
- 2 Electric Typewriters
- 10 File Cabinets
- 3 Fireproof File Cabinets
- 1 Storage Cabinet
- 1 Bookcase
- 1 Payables Tub File
- 1 Kardex Visible File (5 drawer)
- 3 Adding Machines
- 7 Calculators
- 2 Miscellaneous Files - Small
- 1 Cancelled Check Storage File

Factory Superintendent:

- 1 Desk
- 1 Chair
- 1 Work Table
- 3 Extra Chairs
- 1 File Cabinet

Quality Control:

- 2 Desks
- 2 Chairs
- 9 Files
- 1 Work Table
- 4 Extra Chairs
- 2 Storage Cabinets

Maintenance, Tool Room (Including Crib):

- 3 Desks
- 3 Chairs
- 2 Bookcases
- 1 Open Bookcase
- 6 File Cabinets
- 4 Kardex Files (Tool Crib)
- 1 Electric Typewriter (Crib)
- 1 Work Table
- 1 Hall Tree

General Office Equipment - Continued

Color Lab Office:

- 1 Desk
- 1 Chair
- 3 Files Cabinets
- 1 Visible Record Kardex (10 drawer)
- 2 Work Benches
- 1 Storage Cabinet

Foreman Office and Plant Locations:

Office:

- 2 Desks
- 2 Chairs
- 2 Extra Chairs
- 1 Bookcase, open
- 1 Table
- 1 Coat Rack

Plant Area:

- 3 Foreman Desks
- 3 Chairs

Engineering Department:

- 13 Desks
- 13 Chairs
- 23 File Cabinets, Including Blueprint Cabinets
- 4 Storage Cabinets
- 7 Work Tables
- 2 Drafting Boards (tables)
- 3 Bookcases
- 3 Bookracks
- 2 Credenzas
- 1 Electric Typewriter
- 4 Printing Calculators
- 1 Coat Rack

Production - Material Control:

- 10 Desks
- 10 Chairs
- 7 Files Cabinets
- 2 Storage Cabinets
- 3 Electric Typewriters
- 2 Work Tables
- 8 Printing Calculators
- 4 Cabinets (labels)
- 1 Typewriter Stand
- 1 Clothes Rack

General Office Equipment - Continued

Lobby:

- 1 Sofa
- 3 Low Tables, Lamps, etc.
- 1 Desk
- 1 Chair
- 5 Extra Chairs
- 2 Lamps
- 1 Coat Rack

Tool Room Tools

- 3 Lathes
- 1 Horizontal Mill
- 3 Vertical Mills (Bridgeport)
- 2 Drill Presses (Floor Mount)
- 3 Surface Grinders
- 1 Band Saw
- 1 Power Hack Saw
- 1 Tool Grinder
- 1 Pantograph (2 Dimensional)

Quality Control Lab Equipment

- 1 Lab Extruder 1-1/2
- 1 Lab Mill
- 1 Lab Press
- 1 Large Comparator 10/10-1
- 1 Lab Scales
- 1 Inspection Light (McBeth)
- 1 Molding Machine

ASSIGNMENT OF LEASE AGREEMENT

STATE OF SOUTH CAROLINA

COUNTY OF

KNOW ALL MEN BY THESE PRESENTS, that Fairfield County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Fairfield County, in consideration of the sum of One Dollar (\$1.00) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, does hereby assign, transfer, and set over unto _____, as Trustee under that certain Trust Indenture dated as of April 1, 1978, between Fairfield County, South Carolina, and _____, as Trustee, and its successors in trust:

(a) All of the right, title and interest of said Fairfield County in and to the foregoing Lease Agreement, dated as of April 1, 1978, between said Fairfield County, as Lessor and The Standard Products Company, as Lessee, as well as all Lease Rentals (as (defined in the Lease Agreement), the same to be held in trust and applied by

_____, as Trustee, as provided in said Trust Indenture.

This Assignment is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of April 1, 1978, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, the Trust Indenture being intended to be duly recorded immediately.

IN WITNESS WHEREOF, FAIRFIELD COUNTY, SOUTH CAROLINA, has executed this Assignment by causing its name to be subscribed by the Chairman of the County Council of Fairfield County and the official seal of said Fairfield County to be impressed hereon and attested by the Clerk of the said County Council of Fairfield County all being done as of the 1st day of April, A. D. 1978.

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By:

Ralph B. Cooper, Chairman
County Council of
Fairfield County, South Carolina

ATTEST:

Diane G. Beason, Clerk
County Council of
Fairfield County, South Carolina

Signed, Sealed, and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF

PERSONALLY APPEARED before me _____
who, being duly sworn, says that (s)he saw the official Seal of
Fairfield County, South Carolina, affixed to the foregoing
Assignment of Lease Agreement, and that (s)he also saw
Ralph B. Cooper, as Chairman, sign, and Diane G. Beason,
as Clerk of the County Council of Fairfield County, attest
the same and that (s)he with _____
witnessed the execution and delivery thereof as the act and
deed of the said Fairfield County, South Carolina.

SWORN to before me this
_____ day of April, A. D. 1978.

_____ (L.S.)

Notary Public for South Carolina.

My Commission expires:

Draft of 3/10/78

FAIRFIELD COUNTY, SOUTH CAROLINA

AND

As Trustee

TRUST INDENTURE

Dated as of April 1, 1978

I N D E X

ARTICLE I

DEFINITIONS

ARTICLE II

THE BONDS

Section 201	Restriction on Issuance of Bonds
Section 202	Issuance of First Series Bonds
Section 203	Execution; Limited Obligation
Section 204	Authentication
Section 205	Form of Bonds
Section 206	Delivery of First Series Bonds
Section 207	Mutilated, Lost, Stolen, or Destroyed Bonds or Coupons
Section 208	Registration and Transfer of Bonds; Persons Treated as Owners
Section 209	Forms; Denominations; Medium of Payment
Section 210	Numbers, Date, and Payment Provisions
Section 211	Interchangeability of Bonds
Section 212	Regulations with Respect to Exchanges and Transfer
Section 213	Issuance of Additional Bonds
Section 214	Delivery of Additional Bonds

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 301	Redemption Dates and Prices of First Series Bonds
Section 302	Sinking Fund for First Series Bonds
Section 303	Notice of Redemption
Section 304	Cancellation
Section 305	Unpaid Coupons
Section 306	Purchase of Bonds
Section 307	Selection of Bonds to be Redeemed

ARTICLE IV

GENERAL COVENANTS

Section 401	Condition of County's Obligation; Payment of Principal and Interest
Section 402	Performance of Covenants; Authority of County
Section 403	Ownership; Instruments of Further Assurance
Section 404	Payment of Taxes, Charges, Etc.
Section 405	Maintenance and Repair

Section 406	Inspection of Project Books
Section 407	Rights under Lease Agreement
Section 408	List of Bondholders
Section 409	Recording and Filing

ARTICLE V

REVENUES AND FUNDS

Section 501	Source of Payment of Bonds
Section 502	Creation of the Bond Fund
Section 503	Payments into the Bond Fund
Section 504	Use of Moneys in the Bond Fund
Section 505	Custody of the Bond Fund
Section 506	Non-presentment of Bonds or Coupons
Section 507	Trustee's and Paying Agent's Fees, Charges and Expenses
Section 508	Moneys to Be Held in Trust
Section 509	Insurance and Condemnation Proceeds
Section 510	Repayment to the Lessee from the Bond Fund

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 601	Deposits in the Bond Fund
Section 602	Construction Fund; Disbursement
Section 603	Completion of the Project

ARTICLE VII

INVESTMENTS

Section 701	Investment of Construction Fund Moneys
Section 702	Investment of Bond Fund Moneys
Section 703	Trustee's Own Bond Department
Section 704	Trustee's Right to Rely

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

Section 801	Subordination to Rights of the Lessee
Section 802	Release of Leased Land
Section 803	Release of Leased Equipment
Section 804	Granting of Easements

ARTICLE IX

DISCHARGE OF LIEN

Section 901	Discharge of Lien of the Indenture
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ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

- Section 1301 Amendments, etc. to Lease Agreement
Not Requiring Consent of Bondholders
- Section 1302 Amendments, etc., to Lease Agreement
Requiring Consent of Bondholders

ARTICLE XIV

MISCELLANEOUS

- Section 1401 Consents, etc., of Bondholders
- Section 1402 Limitation of Rights
- Section 1403 Severability
- Section 1404 Notices
- Section 1405 Trustee as Paying Agent and Registrar
- Section 1406 Payments Due on Sundays and Holidays
- Section 1407 Counterparts
- Section 1408 Laws Governing Indenture and Situs
and Administration of Trust

THIS TRUST INDENTURE made and entered into as of the 1st day of April, 1978, by and between FAIRFIELD COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the County), as party of the first part, and

, a national banking association duly organized, existing, and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States, as Trustee, as party of the second part;

W I T N E S S E T H:

WHEREAS, the County is authorized and empowered by the provisions of Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976 (the Enabling Statute), as amended and continued by Act No. 125 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1977, to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

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

WHEREAS, the County has made the necessary arrangements with THE STANDARD PRODUCTS COMPANY, a corporation organized and existing under the laws of the State of Ohio (hereinafter sometimes referred to as the Lessee) for the acquisition of the necessary land and building, the improvement thereof, and the acquisition and installation of new equipment and machinery, all of which will constitute facilities for the manufacture of automotive and industrial products and for the manufacture of such other products as the Lessee may deem appropriate (the said land, building, machinery, and equipment being hereinafter referred to as the Project) and all of which will be of the character and accomplish the purposes provided by the Enabling Statute, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the acquisition, improvement, and equipping of the Project and the leasing of the same to the Lessee; and

WHEREAS, the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the Indenture) have been authorized by an Ordinance duly enacted by the County Council of Fairfield County (hereinafter sometimes referred to as the County Board) and the County, in accordance with the requirements of Section 4-29-140 of the Enabling Statute, has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Enabling Statute and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in the County and, notwithstanding more than twenty (20) days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Enabling Statute; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project will require the issuance, sale, and delivery of Bonds designated as "FAIRFIELD COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES 1978 (THE STANDARD PRODUCTS COMPANY - LESSEE) (the First Series Bonds), in the aggregate principal amount of \$4,500,000 as hereinafter provided; and

WHEREAS, the Lessee has entered into a Guaranty Agreement with the Trustee, dated as of April 1, 1978 (the Guaranty Agreement), whereby the Lessee has unconditionally guaranteed the payment of the principal of, premium, if any, and interest on the First Series Bonds; and

WHEREAS, the issuance of such First Series Bonds under the Enabling Statute has been, in all respects, duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS, the \$4,500,000 aggregate principal amount of First Series Bonds to be issued, the interest coupons, if any, to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such First Series Bonds, are all to be in substantially the forms hereto attached as Exhibit C and Exhibit D, with necessary and appropriate variations, omissions, and insertions as permitted by or required by this Indenture; and

II

The machinery, equipment, or other property described in Exhibit B attached hereto, and substitutes or replacements therefor; all machinery, equipment, or other property acquired by the County with the proceeds from the Bonds issued and secured by this Indenture, and substitutions or replacements therefor; all machinery, equipment, or other property which under the terms of the Lease Agreement is to become the property of the County or subjected to the lien of this Indenture; and, without limiting the foregoing, all of the property of the County acquired with the proceeds from the Bonds issued and secured by this Indenture at any time installed or located on the land described in Exhibit A attached hereto.

III

All right, title and interest of the County in and to the Lease Agreement, dated as of April 1, 1978, between the County and The Standard Products Company and all Lease Rentals required to be paid.

IV

All Lease Rentals arising out of or in connection with the ownership of the Project.

V

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

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

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

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

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

ARTICLE I

DEFINITIONS

SECTION 101 The terms defined in this Section 101 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 101.

"ADDITIONAL BONDS" means the bonds of the County issued under Section 213 of this Indenture.

"BOND" or "BONDS" means the Fairfield County, South Carolina, Industrial Revenue Bonds of all series from time to time authenticated and delivered under this Indenture.

"BOND FUND" OR "FAIRFIELD COUNTY INDUSTRIAL REVENUE BOND FUND - THE STANDARD PRODUCTS COMPANY PROJECT" means the fund created in Section 502 hereof.

"BONDHOLDER" or "HOLDER" or "OWNER OF THE BONDS" means the bearer of any coupon Bond and the registered owner of any fully registered Bond.

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

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

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

"CONSTRUCTION FUND" or "FAIRFIELD COUNTY INDUSTRIAL CONSTRUCTION FUND - THE STANDARD PRODUCTS COMPANY PROJECT" means the fund created by Section 602 hereof.

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

"COUNTY BOARD" means the County Council of Fairfield County as the governing body of Fairfield County and any successor body.

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

"ENABLING STATUTE" means Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended and continued by Act No. 125 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1977.

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

"FIRST SERIES BONDS" means the \$4,500,000 Fairfield County, South Carolina, Industrial Revenue Bonds, Series 1978 (The Standard Products Company - Lessee) of the County to be issued pursuant to the Indenture.

"GUARANTY AGREEMENT" means the Bond Guaranty Agreement between the Lessee and the Trustee of even date herewith whereby the Lessee unconditionally guarantees the payment of the principal of, premium, if any, and interest on the First Series Bonds.

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

"LEASE AGREEMENT" means the Lease Agreement executed by and between the County and the Lessee dated as of April 1, 1978, and any amendments or supplements thereto.

"LEASE RENTALS" means all of the revenues, rents, and receipts derived directly or indirectly from the leasing or sale of the Project including all moneys received under the Lease Agreement (excepting only amounts paid pursuant to Sections 5.4, 5.5, 6.3, 9.7, or 10.4 thereof).

"LESSEE" means The Standard Products Company, an Ohio corporation, and its successors and assigns and any surviving, resulting, or transferee corporation as provided in Section 8.3 of the Lease Agreement.

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

"ORDINARY SERVICES" and "ORDINARY EXPENSES" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to this Indenture.

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

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

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

(c) Bonds in lieu of which others have been authenticated under Section 207 hereof, unless proof satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide purchasers as that term is defined in Article 8 of the South Carolina Uniform Commercial Code, as amended, in which case the Bond or Bonds so replaced and the Bond or Bonds authenticated and delivered therefor shall both be deemed Outstanding; and

(d) Bonds deemed to have been paid within the meaning of Section 901 hereof.

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

"PENALTY RATE" means interest at the rate of 10% per annum or such lesser amount as shall be the maximum permitted by applicable usury laws.

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

"TRUSTEE" means

I - 4

ARTICLE II

THE BONDS

SECTION 201 Restriction on Issuance of Bonds. No Bonds may be issued under 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 \$10,000,000.

SECTION 202 Issuance of First Series Bonds. The First Series Bonds in the aggregate principal amount of \$4,500,000, dated as of April 1, 1978, shall be designated "Fairfield County, South Carolina, Industrial Revenue Bonds, Series 1978 (The Standard Products Company - Lessee)". They shall bear interest from April 1, 1978, at the rate of _____ per centum (_____ %) per annum, payable October 1, 1978, and semiannually thereafter on April 1 and October 1 of each year. They shall mature on April 1, 2003.

The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 each, or as fully registered Bonds, without coupons, in \$5,000 denominations or any whole multiple thereof.

The interest on the coupon Bonds provided for in Section 209 shall be evidenced by coupons. The principal of, premium, if any, and interest on the coupon Bonds, shall be payable to bearer upon presentation and surrender of the coupon Bonds or coupons as they respectively become due at the principal corporate trust office of the Trustee. Payments of interest made in respect of the registered Bonds provided for in Section 209 shall be by check or draft mailed by the Trustee to the registered owner at the address shown on the registration book. The Trustee shall keep a record of all such payments. Payments of principal and premium, if any, made in respect of any registered Bond shall be made to or upon the order of the registered owner or his legal representative upon presentation or surrender of such Bond for cancellation at the principal corporate trust office of the Trustee in the City of _____, State of _____. Coupon Bonds and fully registered Bonds are interchangeable as between forms at the corporate trust office of the Trustee.

SECTION 203 Execution; Limited Obligation. The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be impressed or reproduced thereon and attested by the Clerk of the County Board, provided that at least one of said signatures shall be a manual signature. The coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Clerk and such facsimiles shall have the same force and effect as if said Chairman and Clerk had manually signed each of the coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the Lease Rentals from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which Lease Rentals are hereby pledged and assigned for the equal and ratable payment of the Bonds and the coupons and shall be used for no other purposes than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

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

SECTION 204 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication, substantially in the forms set forth in Exhibits C and D hereto, duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupons appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate

of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signature of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto and such cancelled coupons shall be destroyed by the Trustee.

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

SECTION 206 Delivery of First Series Bonds. Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the First Series Bonds in the aggregate principal amount of \$4,500,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

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

1. A copy, duly certified by the Clerk of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement.
2. An original executed counterpart of the Lease Agreement.
3. An original executed counterpart of the Guaranty Agreement.
4. A copy, duly certified by the Clerk of the County Board, of the Ordinance of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$4,500,000 aggregate principal amount of the First Series Bonds.
5. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the land described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said land (except for Permitted Encumbrances as defined in the Lease Agreement).

6. A title insurance policy (or an appropriate binder) meeting the requirements of Section 3.3 of the Lease Agreement.

7. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Clerk of the County Board to authenticate and deliver the First Series Bonds in the aggregate principal amount of \$4,500,000 to the purchasers therein identified upon payment to the Trustee, but for account of the County, of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

8. Such other documents, certificates, and opinions relating to the transactions contemplated hereby as the Trustee may reasonably request.

SECTION 207 Mutilated, Lost, Stolen, or Destroyed Bonds or Coupons. In the event any Bond is mutilated, lost, stolen, or destroyed, the County may execute and the Trustee may authenticate a new Bond of like date, maturity, and denomination as that mutilated, lost, stolen, or destroyed, which new Bond shall have attached thereto coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen, or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft, or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them, provided that, in the case of a holder which is a bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Bond or coupon shall have matured, instead of issued a duplicated Bond or coupon, the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 208 Registration and Transfer of Bonds;
Persons Treated as Owners. Each of the coupon Bonds
issued hereunder shall be fully negotiable and pass by
delivery.

Each fully registered Bond shall be transferable only upon the books of the County, which shall be kept for that purpose at the principal corporate trust office of the Trustee in _____, by the registered owner thereof in person or by his attorney, duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the County shall issue, subject to the provisions of Section 212, in the name of the transferee, a new registered Bond or Bonds and/or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same series and of the same aggregate principal amount as the unpaid principal amount of the surrendered Bond.

No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any fully registered Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal and interest of any such Bond shall be made only to or upon the order of the registered owner thereof, or his duly authorized attorney, and neither the County, the Trustee, any paying agent, nor the Bond Registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee, the Bond Registrar, and any paying agent may deem and treat the bearer of any coupon Bond and the bearer of any coupon appertaining to any coupon Bond, as the absolute owner of such coupon Bond or coupon, as the case may be, whether such coupon Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof, and for all other purposes whatsoever, and neither the County, the Bond Registrar, any paying agent, nor the Trustee shall be affected by any notice to the contrary.

SECTION 209 Forms; Denominations; Medium of Payment.

The Bonds shall be either in coupon form or in fully registered form without coupons. All such Bonds shall be issued in the denomination of \$5,000, in the case of coupon Bonds, and in denominations of \$5,000 or any whole multiple thereof in the case of fully registered Bonds. The Bonds shall be substantially in the forms set forth in Exhibits C and D to this Indenture with such variations, insertions, or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be payable with respect to principal, interest, and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 210 Numbers, Date, and Payment Provisions.

The Bonds shall be numbered and designated in such manner as the County, with the concurrence of the Trustee, shall determine. Coupon Bonds shall bear interest from their date. Each registered Bond shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon any interest payment date, in which case, it shall be dated as of the date of its authentication, or unless authentication shall precede the first interest payment date for such Bonds, in which case it shall be dated as of the same date as any coupon Bonds of the same series would be dated, provided, however, that if at the time of authentication of any such registered Bonds, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

SECTION 211 Interchangeability of Bonds. (a) Coupon Bonds, upon surrender thereof at the principal corporate trust office of the Trustee in _____, with all unmatured coupons attached, may, at the option of the holder thereof, and upon payment by such holder of any charges which the Trustee may make as provided in Section 212, be exchanged for a principal amount of fully registered Bonds of any of the authorized denominations equal to the aggregate principal amount of surrendered coupon Bonds.

(b) Fully registered Bonds, upon surrender thereof at the principal corporate trust office of the Trustee in _____, with a written instrument of transfer satisfactory to the Trustee, duly executed by

the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Trustee may make as provided in Section 212, be exchanged for a principal amount of coupon Bonds with appropriate coupons attached, or of fully registered Bonds of any other authorized denominations equal to the unpaid principal amount of surrendered Bonds.

SECTION 212 Regulations with Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the County shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. There shall be no charge for such exchange or transfer of Bonds except that the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the County nor the Trustee shall be required (a) to register, transfer, or exchange Bonds for a period of ten (10) days next preceding an interest payment date on the Bonds or next preceding any selection of Bonds to be redeemed or thereafter until after the first publiciation or mailing of any notice or redemption or (b) to register, transfer, or exchange any Bonds called for redemption.

SECTION 213 Issuance of Additional Bonds. The County, at the request of the Lessee and to the extent permitted by law in effect at the time thereof, shall use its best efforts to issue Additional Bonds from time to time for the purpose of providing additional moneys to be used for the purpose of providing for the acquisition of additional lands or interests therein within the County which shall become part of the Leased Land (as defined in the Lease Agreement), or for the acquisition, construction, or improvement of buildings, structures, facilities, machinery, or equipment, all to become part of the Project and to be located on the Leased Land (as defined in the Lease Agreement), on a parity with the First Series Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund; provided, no Additional Bonds shall be issued if the issuance of such Additional Bonds results in the loss of the exemption from Federal Income Taxes for the interest on

the First Series Bonds. The proceeds of any Additional Bonds shall be used solely to pay the costs of improvement of the Project and to pay the costs incident to the issuance of Additional Bonds, in accordance with Section 8.11 of the Lease Agreement. The aggregate principal amount of all Bonds to be issued pursuant to this Indenture shall not exceed \$10,000,000.

Such Additional Bonds shall be issued in such series and principal amounts within the limitations herein provided, shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine, and shall be deposited with the Trustee for authentication and delivery.

SECTION 214 Delivery of Additional Bonds. Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto, the County shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the County, as hereinafter in this Section 214 provided. Prior to the delivery by the Trustee of any such Additional Bonds, there shall be filed with the Trustee:

(1) A valid and effective amendment to the Lease Agreement, pursuant to Section 8.11 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interest therein and any buildings, structures, facilities, machinery, equipment, and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds, and providing for an increase in the obligations of the County and the Lessee in accordance with Section 5.3 of the Lease Agreement.

(2) A valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds, and subjecting to the lien of this Indenture any and all real estate and interest therein, and any building, structures, facilities, machinery, equipment, and related property acquired by purchase or construction from the proceeds of such Additional Bonds, and pledging and assigning the additional rentals to the payment of the Additional Bonds, subject to the rights of the Lessee under the Lease Agreement.

(3) A copy, duly certified by the Clerk of the County Board, of the resolutions theretofore adopted and approved, authorizing the execution and delivery of such supplemental indenture and such amendments to the Lease Agreement and the issuance of such Additional Bonds.

(4) A request and authorization to the Trustee on behalf of the County and signed by the Chairman and Clerk of the County Board to deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, for the account of the County of a specified sum plus any accrued interest. The proceeds of such Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

(5) A written opinion by an attorney or firm of attorneys of recognized national standing on the subject of municipal bonds, to the effect that the issuance of such Additional Bonds and the execution thereof have been duly authorized, the conditions precedent to the delivery thereof have been fulfilled, and that the tax exempt status of the interest on the First Series Bonds is not affected by the issuance of such Additional Bonds.

(6) A certificate by appropriate County officials that no default exists under the Lease Agreement and that no default under the Lease Agreement will result from the issuance of such Additional Bonds.

(7) A certificate of the President or any Vice President of the Lessee that no default exists under the Lease Agreement or the Guaranty Agreement and that no default under the Lease Agreement or the Guaranty Agreement will result from the issuance of such Additional Bonds.

(8) A written opinion of counsel satisfactory to the Trustee that the supplemental indenture providing for the issuance of such Additional Bonds and the amendment to the Lease Agreement relating thereto, have been duly authorized, executed, delivered, and filed for record in the appropriate recording offices and that all other filings, including, without limitation, financing statements, if any, have been duly effected.

(9) A mortgagee title insurance policy securing the lien of the Indenture as supplemented, upon the Project with no exceptions other than Permitted Encumbrances as defined in the Lease Agreement in an amount not less than the full fair market value of the land, buildings, and improvements comprising or to comprise the Project.

(10) Such other documents, certificates, and opinions relating to the transactions contemplated hereby as the Trustee may reasonably request.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301 Redemption Dates and Prices of First Series Bonds. The First Series Bonds may not be redeemed prior to April 1, 1988, except in the event of (1) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in either such event, the First Series Bonds shall be subject to redemption by the County at any time after notice as provided in this Indenture, whether or not such date is an interest payment date, in whole and not in part, at the principal amount thereof, plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, in an amount equal to the aggregate of the amounts computed on each Bond Outstanding on the date as of which interest on the Bond becomes (or is determined to be as provided in Section 12.2 of the Lease Agreement) taxable (such date being hereinafter in this Section 301 referred to as the "taxable date"), as follows: the sum of (a) 8% of the principal amount of each such Bond and (b) an additional amount determined by multiplying one-half of one per cent (.5%) of the principal amount by the number of 180-day periods, or fraction thereof, between the taxable date and the date of redemption, and, in case of Bonds previously paid (whether at maturity or by redemption) subsequent to the taxable date and prior to the redemption date, the redemption premium described by this paragraph shall be calculated from the taxable date to the date as of which such Bonds were paid, but shall be reduced by the amount of any optional redemption premium previously paid on any such Bond.

If it shall occur that any Bond is paid or retired subsequent to the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable as a result of the violation of any covenant set forth in Section 8.9(2) or Section 8.9(4) of the Lease Agreement and prior to the redemption of the Bonds by use of the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then, in such event,

the person who shall have been the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall receive a premium computed in accordance with the provisions of Section 12.3 of the Lease Agreement to be paid from the purchase price paid by the Lessee under Section 12.2 of the Lease Agreement.

The First Series Bonds are also subject to redemption by the County, at its option, prior to maturity on any interest payment date on or after April 1, 1988, in whole or in part (less than all of such First Series Bonds to be selected by the Trustee by lot), at the redemption prices (expressed as percentages of principal amount) set forth in the table below, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
April 1 and October 1, 1988-89	103%
April 1 and October 1, 1990-91	102%
April 1 and October 1, 1992-93	101%
April 1 and October 1, 1994, and thereafter	100%

The First Series Bonds are also subject to mandatory redemption by operation of the sinking fund pursuant to Section 302 hereof at par plus accrued interest to the redemption date on April 1, 1994, and each April 1 thereafter, to and including April 1, 2002, selected by lot by the Trustee.

SECTION 302 Sinking Fund for First Series Bonds. As
and for a sinking fund for the retirement of the First Series Bonds at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, the payments specified under the Lease Agreement which are to be deposited in the Bond Fund prior to April 1, 1994, and prior to each April 1 thereafter, to and including April 1, 2002, shall be sufficient to redeem (after credit, as provided below) the following principal amounts of First Series Bonds on the date specified:

April 1 of the Year	Sinking Fund Requirements	April 1 of the Year	Sinking Fund Requirements
1994	\$ 175,000	1999	\$ 475,000
1995	365,000	2000	505,000
1996	390,000	2001	540,000
1997	415,000	2002	575,000
1998	445,000		

The remaining \$615,000 of Bonds will mature April 1, 2003.

At its option, to be exercised on or before the forty-fifth day next preceding any such sinking fund payment date, the County may (a) deliver to the Trustee for cancellation such Bonds in any aggregate principal amount desired with all unmatured coupons attached or (b) receive a credit in respect of its sinking fund redemption obligation for any such Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the County on such sinking fund payment date and any excess shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

The County shall on or before the forty-fifth day next preceding each sinking fund payment date furnish the Trustee and the Lessee with its certificate indicating whether or not and to what extent the provisions of clauses (a) and (b) of the preceding paragraph are to be availed of with respect to such sinking fund payment and confirm that such funds for the balance of the next succeeding prescribed sinking fund payment will be paid on or before the next succeeding April 1.

The Trustee shall redeem such an aggregate principal amount of such Bonds selected by lot by the Trustee at 100% of the principal amount thereof plus accrued interest to the redemption date as will exhaust as nearly as practicable such cash sinking fund payment.

SECTION 303 Notice of Redemption. In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the County, of the redemption of such Bonds (or portions thereof), which notice shall specify the Bonds (or portions thereof) to be redeemed, the redemption date, and the place or places where amounts due upon such redemption will be payable and the numbers of such Bonds so to be redeemed. Such notice shall be given by publication at least once not less than 30 days nor more than 60 days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and, in the case of fully registered Bonds, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each such Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are fully registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid, shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the holder of any such Bond designated for redemption shall not affect the validity of any proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee and shall no longer be protected by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impracticable to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

SECTION 304 Cancellation. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the County and the Lessee.

SECTION 305 Unpaid Coupons. All unpaid coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

SECTION 306 Purchase of Bonds. The Trustee shall, if and to the extent practicable, endeavor to purchase Bonds or portions of Bonds at the written direction of the County upon request of the Lessee at such time, in such manner, and at such price as may be specified by the Lessee. The Trustee may so purchase Bonds with any moneys then held by the Trustee and available for the redemption or purchase of Bonds; provided, that any limitations or restrictions on such redemption or purchases contained in the Lease Agreement or this Indenture shall be complied with. The expenses of such purchase shall be deemed an expense of the Trustee under Section 1102. The Trustee shall incur no liability for any purchase made in accordance with this Section or for its inability to effect such purchases.

SECTION 307 Selection of Portions of Fully Registered Bonds for Redemption. In the case of the partial redemption of Bonds, each fully registered Bond subject to redemption shall be treated as the number of Bonds of the denomination of \$5,000 equal to the outstanding principal amount of such fully registered Bond. In the event only a portion of a fully registered Bond is selected for redemption, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds in any of the authorized denominations.

ARTICLE IV

GENERAL COVENANTS

SECTION 401 Condition of County's Obligation; Payment of Principal and Interest. Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County 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 the Lease Rentals derived from or in connection with the Project, which are required to be set apart and transferred to the Bond Fund, which Lease Rentals, revenues, and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

The County covenants that it will promptly pay (but solely from, and only to the extent of, the Lease Rentals), the principal of, including any applicable redemption premiums, 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, and in the coupons appertaining thereto according to the true intent and meaning thereof.

SECTION 402 Performance of Covenants; Authority of County. The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated, and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby, and to pledge the Lease Rentals hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof and the coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403 Ownership; Instruments of Further Assurance.

The County has relied in all respects upon the opinion of Independent Counsel (as defined in the Lease Agreement) that it lawfully owns and is lawfully possessed of the Project and that it has good and indefeasible title and estate therein, except for Permitted Encumbrances as defined in the Lease Agreement (or, in the case of any property included in the Project and not yet acquired, that the same will be acquired by the County from the moneys in the Construction Fund or from moneys furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the Holders and Owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the Trustee all and singular the property herein described and the Lease Rentals pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired, which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment, or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber, or otherwise dispose of any part of the Project or the Lease Rentals therefrom or of its rights under the Lease Agreement.

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

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

SECTION 406 Inspection of Project Books. The County covenants and agrees that all books and documents in its possession relating to the Project and the Lease Rentals derived from the Project shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

SECTION 407 Rights Under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision that, subsequent to the initial issuance of the Bonds and prior to their payment in full, or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and on behalf of the Bondholders whether or not the County is in default hereunder.

SECTION 408 List of Bondholders. To the extent that such information shall be made known to the County under the terms of this Section 408, it will keep on file at the principal corporate trust office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee

shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by Holders and/or Owners (or a designated representative thereof) of twenty-five percent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409 Recording and Filing. This Indenture shall be recorded and indexed as a mortgage of real estate in the office in the County wherein are recorded mortgages of real estate, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in any personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office in the County wherein financing statements are filed, and in the office of the Secretary of State of South Carolina, in the City of Columbia, South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions. As provided in Section 13.5(a)(4) of the Lease Agreement, such financing or continuation statements shall be filed from time to time by the Trustee in said offices of the County and of the Secretary of State of South Carolina as, in the opinion of counsel, are necessary to preserve the lien of this Indenture, and the Trustee shall cause the Lease Agreement and this Indenture, all supplements and amendments to this Indenture and to the Lease Agreement, and all financing and continuation statements to be kept recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the owners of the Bonds and the rights of the Trustee under this Indenture and under the Lease Agreement.

ARTICLE V

REVENUES AND FUNDS

SECTION 501 Source of Payment of Bonds. The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the Lease Rentals derived from the Project and as authorized and provided in this Indenture. The Bonds are also secured by a lien on and security interest in the Project as provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund (except as otherwise provided in the second paragraph of Section 202 of this Indenture). Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of Lease Rentals from said Lease Agreement are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said Lease Rentals or the Project other than the lien hereby created.

SECTION 502 Creation of the Bond Fund. There is hereby created by the County and ordered established with the Trustee a trust fund to bear the designation set forth in the definition of "Bond Fund" in Section 101.

SECTION 503 Payments into the Bond Fund. There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement except as otherwise provided in said Section 4.3(k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that, so long as any of the Bonds issued hereunder are Outstanding, it will deposit, or cause to be deposited (but solely from, and only to the extent of, the Lease Rentals described and pledged in Section 401), in the Bond Fund for its account sufficient sums from Lease Rentals

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

SECTION 504 Use of Moneys in the Bond Fund. Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, and interest on and premium, if any, on the Bonds and for the redemption of the Bonds at or prior to maturity. Except as provided in Section 302 hereof, (or pursuant to mandatory sinking fund redemption provisions in any supplemental indenture providing for Additional Bonds) no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds Outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date on which the Bonds may be redeemed in accordance with the applicable provisions hereof and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds Outstanding on the next succeeding redemption date on which the Bonds may be redeemed in accordance with the applicable provisions hereof so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

SECTION 505 Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal and interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

SECTION 506 Non-presentment of Bonds or Coupons. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the date thereof, if funds sufficient to pay such Bonds or coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine, and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

SECTION 507 Trustee's and Paying Agent's Fees, Charges and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest, and premium, if any, on the Bonds shall have been fully paid: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as Trustee, and its Ordinary Expenses incurred, as Trustee, under this Indenture, as and when the same become due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other paying agents for acting as paying agents as and when the same become due, and (iii) the reasonable fees and charges for the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges, and expenses of the Trustee and paying agent

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

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

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

SECTION 510 Repayment to the Lessee from The Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of, interest and premium, if any, on Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges, and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.8 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

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

SECTION 602 Construction Fund; Disbursement. There is hereby created and established with the Trustee a trust fund in the name of the County to bear the designation set forth in the definition of "Construction Fund" in Section 101. The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided in Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement and particularly Section 4.3 thereof.

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

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

SECTION 603 Completion of the Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Authorized Lessee Representative (as defined in the Lease Agreement) required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that no labor or material liens have been filed with respect to the Project or to the knowledge of such officer are pending or threatened and all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with

the approval of the said Authorized Lessee Representative for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and, in any event, within sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence, any balance remaining in the Construction Fund (other than the amounts retained by the Trustee referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action.

ARTICLE VII

INVESTMENTS

SECTION 701 Investment of Construction Fund Moneys.

Any moneys held as part of the Construction Fund shall, at the written direction of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702 Investment of Bond Fund Moneys.

Any moneys held as part of the Bond Fund shall, at the written direction of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America, having maturities consonant with the need to apply moneys in the Bond Fund to the payment of principal, interest, and premium, if any, to come due on the Bonds. Any such investment shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provision of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest, principal, and premium, if any, requirements on the Bonds.

SECTION 703 Trustee's Own Bond Department.

The Trustee may make any and all investments permitted under Section 701 and Section 702 through its own Bond Department.

SECTION 704 Trustee's Right to Rely. The Trustee may conclusively rely upon any investment directions within the limitations set forth hereinabove received pursuant to this Article VII and shall not be liable or responsible for (i) any diminution in the value of any investments made pursuant to this Article VII or for any loss arising from any sale or other disposition thereof or (ii) for any violation of any statute or of any policy or rules or regulations of the Internal Revenue Service with respect to "arbitrage bonds" or for causing an "Event of Taxability".

ARTICLE VIII

POSSESSION, USE, AND PARTIAL RELEASE OF LEASED PROPERTY

SECTION 801 Subordination to Rights of the Lessee.

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

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

SECTION 803 Release of Leased Equipment. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 6.2 thereof, whereby the Lessee may withdraw certain items of equipment constituting Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such item of equipment upon compliance with the provisions of the Lease Agreement.

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

ARTICLE IX

DISCHARGE OF LIEN

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

Bonds and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the County shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided in Section 302 hereof, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest and premium, if any, due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption

within the next succeeding 60 days, the County shall have given the Trustee in form satisfactory to it irrevocable instruction to give, as soon as practicable, in the same manner as a notice of redemption is published pursuant to Section 303 hereof, a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal and premium, if any, on said Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest and premium, if any, on said Bonds; provided that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal and interest and premium, if any, to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Lessee, as received by the Trustee, free and clear of any trust, lien, or pledge.

Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee or a paying agent in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed after the date when such Bonds or coupons have become due and payable (either at their stated maturity dates or by call for earlier redemption), for the period of time during which such claims must be made under applicable law with the result that such claims for payment are barred by law, shall be repaid by the Trustee or paying agent to the Lessee free from trust, and the Trustee or paying agent shall thereupon be released and discharged with respect thereto, and the Bondholders shall look only to the Lessee for the payment of such Bonds and coupons.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001 Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "event of default":

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

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

(c) Subject to the provisions of Section 1013, default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the County in this Indenture or in the Bonds contained; or

(d) The occurrence of an "event of default" under the Lease Agreement as defined therein.

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

SECTION 1003 Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies. Upon the occurrence of an event of default, it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property, together with the books, papers, and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate, and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for account of the County and collect, receive, and sequester the rents, revenues, issues, earnings, income, products, and profits

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

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

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

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

SECTION 1004 Rights of Bondholders. If an event of default shall have occurred, and if requested so to do by the holders of not less than twenty-five percent in the aggregate principal amount of Bonds then Outstanding, and if indemnified as provided in Section 1101(1) hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Article X as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right of power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

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

SECTION 1005 Rights of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver of any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006 Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the

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No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

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SECTION 1006 Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the

bearers of the coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007 Foreclosure of Indenture. Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension, or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Indenture or the foreclosure of this Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all rights of appraisement and redemption to which it may be entitled under the laws of South Carolina.

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

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

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

Second--To the payment of 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 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, if the amount available shall not be sufficient to pay in full principal of and premium, if any, on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third--To the payment to the persons entitled thereto of interest at the Penalty Rate on all past due installments of principal and interest from their respective due dates and, if the amount available shall not be sufficient to pay in full the whole amount of interest so due, then to the payment ratably, according to the amount of interest then due, to the persons entitled thereto without any discrimination or privilege and without any distinction between interest on past due interest and interest on past due principal.

(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, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over the 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, premium, if any, and interest to the persons entitled thereto without discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provision of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such

notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid coupon or the holder of any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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

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

SECTION 1010 Rights and Remedies of Bondholders. Except in the case of the failure of the Trustee to accelerate payment of the Bonds when requested so to do pursuant to Section 1002 hereof, no holder or bearer of any Bond or coupon, as the case may be, shall have the right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver of any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of at least twenty-five percent in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101(1) nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore

granted, or to institute such action, suit, or proceeding in its, his, or their own names or names; and such notification, request, and offer of indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or coupons shall have any right in any manner whatsoever to effect, disturb, or prejudice the lien of this Indenture by its, his, or their action or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all coupons then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons at the time, place, from the source, and in the manner in said Bonds and the coupons expressed.

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

SECTION 1012 Waivers of Events of Default. The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived

(a) any default in the payment of (i) the principal of or premium, if any, on any Outstanding Bond whether at the stated maturity thereof, or upon proceedings for redemption thereof, or (ii) any interest when due on any Bond, unless prior to such waiver or rescission, all arrears of interest, with interest at the Penalty Rate on overdue installments of interest, and all arrears of payments of principal then due (whether at the stated maturity thereof or upon proceedings for redemption) with interest at the Penalty Rate on such arrears, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, Trustee, and Bondholders and bearers of coupons shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

(b) any default under Section 10.1(b) of the Lease Agreement.

SECTION 1013 Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults. No defaults under Section 1001(c) hereof shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five percent of the aggregate principal amount of Bonds then Outstanding to the Lessee and the County, and the County and the Lessee shall have had thirty 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 the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

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

SECTION 1014 Powers of Trustee upon Event of Default Under Lease Agreement or in Payment of Bonds. If any rental required to be paid under Section 5.3 of the Lease Agreement is not paid on the occasion therein prescribed, or in case of an event of default, as defined in Section 1001 hereof, in the payment of principal of, premium, if any, or interest on any Bonds shall occur and be continuing, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of all sums due and unpaid under the Lease Agreement or the Bonds, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against any obligor thereon, and collect in the manner provided by law out of the property of any obligor thereon, wherever situated, the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of any such obligor, or in case any other judicial proceedings relative to any obligor under the Lease Agreement, or to the creditors or property of any such obligor, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture, shall be entitled and empowered by intervention in such proceedings or otherwise, to file and prove a claim or other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys, and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee or any other obligor under the Lease Agreement or to the creditors or property of the Lessee, or any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf; and any receiver, assignee, or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and,

in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys, and counsel, and all other expenses and liabilities incurred, and all advances made by the Trustee, except as a result of its negligence or bad faith.

In case of a default hereunder, the Trustee may, in its discretion, proceed to protect and enforce the rights vested in it by this Indenture, and the Lease Agreement by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in the Lease Agreement or in aid of the exercise of any power granted in this Indenture, the Lease Agreement, or to enforce any other legal or equitable right vested in the Trustee by this Indenture, the Lease Agreement, or by law.

ARTICLE XI

THE TRUSTEE

SECTION 1101 Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the following terms and conditions:

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

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the County or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions, and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, a Lessor, under the Lease Agreement.

(c) The Trustee shall not be accountable for the use of the proceeds from the sale of the Bonds disbursed in accordance with the provisions of Sections 4.2 and 4.3 of the Lease Agreement. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting hereunder and under the Lease Agreement upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof, regardless of whether or not any notation of making such request or giving such authority or consent is made on any such Bond.

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

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

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except
(i) failure by the County to cause to be made any of the payments

to the Trustee required to be made by Article V and (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.3 of the Lease Agreement, unless the Trustee shall be specifically notified in writing of such default by the County, the Lessee under the Lease Agreement, or by the holders of at least twenty-five percent in aggregate principal amount of all Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

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

(i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants, and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and records of the County pertaining to the Project and the Bonds, and to make copies and take such memoranda from and in regard thereto as may be desired; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

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

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

release of any property, or the taking of any other action by the Trustee..

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

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

SECTION 1102 Fees, Charges, and Expenses of Trustee.
The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees, and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest, premium, if any, or principal of any Bond upon the Project for the foregoing advances, fees, costs and expenses incurred.

SECTION 1103 Notice to Bondholders if Default Occurs.
If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and

the County as is specified in Section 1013 hereof, and such notice to the Lessee as is specified in Section 10.1 of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time, if any, therein specified and shall give written notice thereof by mail to the last known holders or owners of all Bonds then Outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the principal corporate trust office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 208 hereof.

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

SECTION 1105 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 1106 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the County, to the Lessee and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the principal corporate trust office of the Trustee, and such resignation

shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County and the Lessee may be served personally or sent by registered or certified mail.

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

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

SECTION 1109 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties, and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of

its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee fore more fully and certainly vesting in such successor the estate, rights, powers, and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing, shall, on request, be executed, acknowledged, and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110 Right of Trustee to Pay Taxes and Other Charges. In case any tax, assessment, or governmental or other charge upon any part of the property herein conveyed is not paid as required herein or in the Lease Agreement, the Trustee may pay such tax, assessment, or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the Penalty 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 revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five percent in the aggregate principal amount of all Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111 Trustee Protected in Relying Upon Resolutions, Etc. The Resolutions, opinions, certificates, and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection, and authority to the Trustee for the release of property, the withdrawal of cash and the taking or refusing to take any other action hereunder.

SECTION 1112 Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent, and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such Trustee, paying agent, and Bond Registrar.

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

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

Should any deed, conveyance, or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties,

rights, powers, trusts, duties, and obligations, any and all such deeds, conveyances, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

ARTICLE XII

SUPPLEMENTAL INDENTURES

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

(a) to cure any ambiguity or formal defect or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties, or collateral;

(d) to modify, amend, or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky law; and

(e) to make provision for the issuance of Additional Bonds to the extent permitted by Article II hereof.

The County and the Trustee shall, without the consent of or notice to any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture (i) to the extent necessary with respect to any real or personal property forming a part of the Project and generally described in the Lease Agreement, so as to more precisely identify the same or to substitute or add additional land or interests in land, buildings, machinery, and equipment, and to subject the same to the lien hereof; (ii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301. Copies of all such amendments, changes, or modifications will be promptly mailed to the holders of registered Bonds.

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

(a) an extension of the due date of any payment (including any sinking fund payment) of the principal of or premium, if any, or the interest on, or reduction of any premium payable on the redemption of, any Bonds, or

(b) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement), prior to or on a parity with the lien of this Indenture, or

(c) the issuance of Bonds hereunder in excess of the limitations imposed by the provisions of Article II, or

(d) a reduction in the principal amount of any Bonds required to be paid or redeemed by the provisions of this Indenture or any alteration of the date on which Bonds are required to be paid or redeemed, or any alteration of the date on which or the order in which Bonds shall be redeemed pursuant to this Indenture, or reduction in the rate of interest payable on any Bond, or

(e) a reduction in the amount, or extension of the time, of any payment required for the Bond Fund, or

(f) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, or

(g) any amendment of this Section 1202 or Section 1302, or

without the consent of the holders of all of the Bonds at the time Outstanding which would be affected by the action taken, or

(h) the modification of the rights, duties, or immunities of the Trustee,

without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and, in any event, one time in a newspaper or financial journal of general circulation published in the City of New York, New York, and shall also cause a copy of the proposed supplemental indenture to be mailed, postage prepaid, to all registered Bondholders; provided, however, that no publication of such notice shall be required and notice by mail as aforesaid shall be deemed sufficient notice where all Bonds Outstanding are registered. 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 the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication or giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture, together with a

copy of the proposed supplemental indenture, to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:00 P.M., Trustee's time, of the fifteenth day after mailing of said notice and a copy of the proposed supplemental indenture. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XII.

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301 Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders. The County and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with any real or personal property forming a part of the Project and described in the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land, buildings, machinery, and equipment, or (iv) to make provision for the issuance of Additional Bonds in accordance with the limitations hereof. Copies of all such amendments, changes, or modification will be promptly mailed to the holders of registered Bonds.

SECTION 1302 Amendments, etc., to Lease Agreement Requiring Consent of Bondholders. Except for the amendments, changes, or modifications as provided in Section 1301 hereof, and subject to the special limitation contained in the sentence of this Section 1302 immediately following this sentence, the County and the Trustee may consent to other amendments, changes or modifications of the Lease Agreement after notice to and upon the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding given and procured as in Section 1202 hereof provided. Provided, always, that nothing in this Section contained shall permit, or shall be construed as permitting, any amendment, change, or modification of

(i) the Lessee's unconditional obligation to make payments sufficient to pay the principal, interest, and premium, if any, due at any time on the Bonds, or

(ii) the provisions of Article V or Article XII of the Lease Agreement,

without the consent of the holders of all the Bonds at the time Outstanding. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change, or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified

with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall set forth the 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 the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

with respect to expenses, cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall set forth the 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 the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

ARTICLE XIV

MISCELLANEOUS

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

(a) The fact and date of the execution by any person of any such request, consent, or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent, or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association, or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

(b) The amount of Bonds, transferable by delivery held by any person executing any such request, consent, or other instrument or writing as a Bondholder, and the distinguishing numbers of the Bonds held by such person, and the date of his holding the same may be proved by a certificate executed by any any trust company, bank, banker, or other depository (wherever situated), showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it the Bonds therein described, or such facts may be proved by the certificate or affidavit of the person executing such request, consent, or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the County may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent, or other instrument and the amount and distinguishing numbers of Bonds held by the person

so executing such request, consent, or other instrument may also be provided in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) The ownership of registered Bonds shall be proved by the register of such Bonds.

(d) Any request, consent, or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the County in pursuance of such request, consent, or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under this Indenture, Bonds which are owned by the County, by the Lessee, or by any other obligor under the Lease Agreement or on the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the County, the Lessee, or any other obligor under the Lease Agreement or on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent, or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 1401 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the County, the Lessee, or any other obligor under the Lease Agreement or on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 1402 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of coupons appertaining

thereto, any legal or equitable right, remedy, or claim under or in respect to this Indenture or any covenants, conditions, and provisions herein contained; this Indenture and all of the covenants, conditions, and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and coupons as herein provided.

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

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

SECTION 1404 Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Indenture, addressed as follows: if to the County, to the County Council of Fairfield County, Fairfield County Office Building, Winnsboro, South Carolina 29180; if to the Lessee, at
Attention: ; if to the Trustee, at its Corporate Trust Division, Post Office Box
. The County, the Lessee, and the Trustee may, by notice given to all parties to this Indenture and the Lease Agreement, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

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

SECTION 1406 Payments Due on Sundays and Holidays.

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

SECTION 1407 Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

IN WITNESS WHEREOF, FAIRFIELD COUNTY, SOUTH CAROLINA, has caused these presents to be signed in its name and behalf by the Chairman of the County Council of Fairfield County, South Carolina, and its corporate seal to be hereunto affixed and attested by the Clerk of the County Council of Fairfield County, and to evidence its acceptance of the

trusts hereby created, _____, has
caused these presents to be signed in its name and behalf
by one of its _____, its official Seal to be
hereunto affixed, and the same to be attested by one of its
_____, all as of the day and year first herein-
above written.

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
Ralph B. Cooper
Chairman, County Council of
Fairfield County, South Carolina

ATTEST:

Diane G. Beason
Clerk, County Council of
Fairfield County, South Carolina

Signed, Sealed, and Delivered
in the Presence of:

as Trustee

(SEAL)

By _____

Its _____

Attest:

Its _____

Signed, Sealed, and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF

PERSONALLY appeared before me _____
who, being duly sworn, says that (s)he saw the official Seal of
Fairfield County, South Carolina, affixed to the foregoing
Trust Indenture, and that (s)he also saw RALPH B. COOPER, as
Chairman sign and DIANE G. BEASON, as Clerk of the County
Council of Fairfield County attest the same, and that (s)he with
_____ witnessed the execution and
delivery thereof as the act and deed of the said Fairfield
County, South Carolina.

SWORN to before me this
_____ day of April, A. D. 1978.

_____ (L.S.)

Notary Public for South Carolina

My Commission Expires:

COUNTY OF

PERSONALLY APPEARED before me _____
who, being duly sworn, says that (s)he saw the corporate Seal
of _____, as Trustee,
affixed to the foregoing Trust Indenture, and that (s)he also
saw _____, as a _____, and
_____, as a _____,
of _____, attest the same,
and that (s)he with _____ witnessed
the execution and delivery thereof as the act and deed of
the said _____, as
Trustee.

SWORN to before me this

_____ day of _____, A. D. 19 .

_____(L.S.)

Notary Public for _____.

My Commission Expires:

EXHIBIT A

(Attached to Trust Indenture between Fairfield County, South Carolina, and _____, as Trustee, dated as of April 1, 1978.)

DESCRIPTION OF LEASED LAND

ALL THAT CERTAIN TRACT OF LAND, with buildings and improvements thereon, situate in the County of Fairfield, State of South Carolina, containing twenty-six and 39/100 (26.39) acres, more or less, known and designated as Tract No. Three (3) on Plat by Wilbur Smith & Associates, Robert A. Foy, Chief Engineer, dated August 27, 1970, recorded in the office of the Clerk of Court for Fairfield County, South Carolina, in Plat Book 8, at Page 74, and as shown on Plat of property of Harllee-Quattlebaum Construction Company, Inc., made by Wilbur Smith and Associates, Robert A. Foy, Chief Engineer, dated February, 1971, and certified March 1, 1971, recorded in said office in Plat Book 8, at Page 100. Said tract of land is bounded generally as follows: On the Northeast by State Highway No. 34, leading from Winnsboro to Ridgeway; on the South by the right of way of the Rockton-Rion Railroad; on the Southwest by Tract No. Two (2) on said recorded Plat; and on the Northwest by lands now or formerly of the Estate of Rebecca V. Woodward; all of which will more fully appear by reference to said recorded Plat.

EXHIBIT B

(Attached to Trust Indenture between Fairfield County, South Carolina, and , as Trustee, dated as of April 1, 1978.)

DESCRIPTION OF LEASED EQUIPMENT ACQUIRED
AND TO BE ACQUIRED OUT OF PROCEEDS OF FIRST SERIES BONDS

Factory Equipment

- 1 Central Chiller (Water)
- 1 Pelletizing Extruder, complete
- 1 Complete Compounding Installation (includes Mixer, Dryer, Pumps, Vacuum System, Silos, and Storage Tanks)
- 2 Roll Lance Machines (Perforating Core Steel)
- 7 Lift Trucks
- 7 Lift Truck Charging Stations
- Material Handling Containers, Bins, Racks, etc.
- Support Secondary Operation and Finishing
- Equipment Extruders
- 4 Lines, consisting of:
 - Extruders 3-1/2" Windlace
 - Color Meters
 - Steel Unwind Stands
 - Pre-Breakout Units
 - Water Tanks
 - Breakout Stands, Emboss Rolls, and Drive Rolls
- 8 Extruder Lines Bright Trim and Body Side Moldings, consisting of:
 - Extruders
 - Color Meters
 - Water Tanks
 - Emboss Roll Stands
 - Vertical 1-1/4" Extruders
 - Mylar Slitting and Unwind Stands
 - Pull Rolls, Drives, and Spooling Equipment

General Office Equipment

Time Records Equipment:

- 3 Attendance Recorders
- 3 Employee Job Clocks
- 1 Master Clock - Bells, Buzzers, etc.
- 1 Fireproof Safe
- 1 Xerox Copy Machine
- 1 Blueprint Machine
- 3 Blueprint Cabinets - storage (5 drawers)
Storage drawer space for prior year invoices,
working papers, etc.
- Additional basic office equipment, such as
staplers, In/Out baskets, waste paper baskets,
pencil sharpeners, etc.
- 1 Computer - Honeywell
- Tool Room and Maintenance, Work Benches,
Storage Cabinets, etc.

Standard Register Timekeeping Equipment:

- 3 Source Punch Machines
- 1 Badge Machine
- 1 Badge Maker

Division Manager - Decretary Office:

- 2 Desks
- 2 Chairs
- 6 Extra Chairs
- 1 Typewriter (Electric)
- 2 File Cabinets
- 2 Bookcases
- 1 Work Table
- 2 Hall Trees
- 1 Telephone Stand

Conference Room:

- 1 Conference Table
- 9 Chairs

Personnel Department:

- 2 Desks
- 2 Chairs
- 8 Files
- 1 Storage Cabinet
- 1 Printing Calculator
- 1 Electric Typewriter
- 4 Extra Chairs
- 1 Hall Tree

General Office Equipment - Continued

Accounting Department:

9	Deaks
9	Chairs
2	Work Tables
2	Electric Typewriters
10	File Cabinets
3	Fireproof File Cabinets
1	Storage Cabinet
1	Bookcase
1	Payables Tub File
1	Kardex Visible File (5 drawer)
3	Adding Machines
7	Calculators
2	Miscellaneous Files - Small
1	Cancelled Check Storage File

Factory Superintendent:

1	Desk
1	Chair
1	Work Table
3	Extra Chairs
1	File Cabinet

Quality Control:

2	Desks
2	Chairs
9	Files
1	Work Table
4	Extra Chairs
2	Storage Cabinets

Maintenance, Tool Room (Including Crib)

3	Desks
3	Chairs
2	Bookcases
1	Open Bookcase
6	File Cabinets
4	Kardex Files (Tool Crib)
1	Electric Typewriter (Crib)
1	Work Table
1	Hall Tree

General Office Equipment - Continued

Color Lab Office:

- 1 Desk
- 1 Chair
- 3 Files Cabinets
- 1 Visible Record Kardex (10 drawer)
- 2 Work Benches
- 1 Storage Cabinet

Foreman Office and Plant Locations:

Office:

- 2 Desks
- 2 Chairs
- 2 Extra Chairs
- 1 Bookcase, open
- 1 Table
- 1 Coat Rack

Plant Area:

- 3 Foreman Desks
- 3 Chairs

Engineering Department:

- 13 Desks
- 13 Chairs
- 23 File Cabinets, Including Blueprint Cabinets
- 4 Storage Cabinets
- 7 Work Tables
- 2 Drafting Boards (tables)
- 3 Bookcases
- 3 Bookracks
- 2 Credenzas
- 1 Electric Typewriter
- 4 Printing Calculators
- 1 Coat Rack

Production - Material Control:

- 10 Desks
- 10 Chairs
- 7 Files Cabinets
- 2 Storage Cabinets
- 3 Electric Typewriters
- 2 Work Tables
- 8 Printing Calculators
- 4 Cabinets (labels)
- 1 Typewriter Stand
- 1 Clothes Rack

General Office Equipment - Continued

Lobby:

- 1 Sofa
- 3 Low Tables, Lamps, etc.
- 1 Desk
- 1 Chair
- 5 Extra Chairs
- 2 Lamps
- 1 Coat Rack

Tool Room Tools

- 3 Lathes
- 1 Horizontal Mill
- 3 Vertical Mills (Bridgeport)
- 2 Drill Presses (Floor Mount)
- 3 Surface Grinders
- 1 Band Saw
- 1 Power Hack Saw
- 1 Tool Grinder
- 1 Pantograph (2 Dimensional)

Quality Control Lab Equipment

- 1 Lab Extruder 1-1/2
- 1 Lab Mill
- 1 Lab Press
- 1 Large Comparator 10/10-1
- 1 Lab Scales
- 1 Inspection Light (McBeth)
- 1 Molding Machine

EXHIBIT "C"

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
FAIRFIELD COUNTY
INDUSTRIAL REVENUE BOND, SERIES 1978
(THE STANDARD PRODUCTS COMPANY - LESSEE)

Number _____

\$5,000.00

KNOW ALL MEN BY THESE PRESENTS that Fairfield County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the County), for value received, promises to pay, but only from the source and as hereinafter provided, to bearer, on April 1, 2003, the principal sum of FIVE THOUSAND and no/100 (\$5,000.00) Dollars and, in like manner, to pay interest on said sum from the date hereof at the rate of _____ per centum (_____ %) per annum semi-annually, commencing October 1, 1978, and on April 1 and October 1 of each year thereafter until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal corporate trust office of _____, in the City of _____, State of _____, or its successor in trust.

This Bond is one of a series of bonds in the aggregate principal amount of \$4,500,000 (hereinafter called the Bonds) issued for the purpose of acquiring, improving, and equipping a facility primarily to manufacture automotive and industrial products, and leasing the same to The Standard Products Company, an Ohio corporation (hereinafter called the Lessee) (the land, building, equipment, and machinery constituting such facilities hereinafter called the Project), and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the Indenture), dated as of April 1, 1978, duly executed and delivered by the County to _____ as Trustee (the term Trustee where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and

pursuant to a Lease Agreement between the County and the Lessee dated as of April 1, 1978 (hereinafter called the Lease Agreement). Under the Lease Agreement, the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement, it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Payment of the principal of, premium, if any, and interest on the Bonds has been unconditionally guaranteed by the Lessee under the terms of a Guaranty Agreement between the Lessee and the Trustee dated as of April 1, 1978 (hereinafter called the Guaranty Agreement). Copies of the Indenture, the Lease Agreement, and the Guaranty Agreement are on file at the principal corporate trust office of the Trustee in the City of _____, State of _____, and the Indenture and the Lease Agreement are recorded in the Office of the Clerk of Court for Fairfield County, South Carolina, and reference is made to the Indenture, the Lease Agreement, and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties, and obligations of the County, the Lessee, and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any whole multiple of \$5,000. The holder of any coupon Bond or Bonds may surrender the same, with all unmatured coupons attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered Bonds, without coupons, in authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. In like manner, subject to such conditions and upon the

payment of such charges, the owner of any registered Bond may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds, with appropriate coupons attached, or of registered Bonds in authorized denominations.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due.

The Bonds may not be redeemed prior to April 1, 1988, except in the event of (1) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in either such event, the Bonds shall be subject to redemption by the County at any time after notice as provided in the Indenture, whether or not an interest payment date, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium computed as follows: the sum of (a) 8% of the principal amount of each Bond redeemed, and (b) an additional amount determined by multiplying one-half of one per cent (.5%) of the principal amount by the number of 180-day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable and the redemption date. If it shall occur that any Bond shall have been paid subsequent to the date as of which such interest on the Bonds became (or was so determined to have become) taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then, in such event, the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid to the date of payment or redemption, less any optional redemption premium paid thereon.

The Bonds are also subject to redemption by the County, at its option, prior to maturity on any interest payment date on or after April 1, 1988, in whole or in part (selected by lot by the Trustee), at the redemption prices (expressed as percentages of the principal amount) set forth in the table below, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Prices</u>
April 1 and October 1, 1988-89	103%
April 1 and October 1, 1990-91	102%
April 1 and October 1, 1992-93	101%
April 1 and October 1, 1994, and thereafter	100%

In addition, the Bonds are subject to mandatory redemption, without penalty or premium prior to maturity in accordance with the sinking fund requirements of Section 302 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

<u>April 1 of the Year</u>	<u>Principal Amount</u>	<u>April 1 of the Year</u>	<u>Principal Amount</u>
1994	\$175,000	1999	\$475,000
1995	365,000	2000	505,000
1996	390,000	2001	540,000
1997	415,000	2002	575,000
1998	445,000		

In the event any of the Bonds are called for redemption as aforesaid, notice thereof specifying the Bonds (or portions thereof) to be redeemed shall be given by publication at least once not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are registered Bonds, notice by mailing given by first class mail to the holder or holders thereof,

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

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended and continued by Act No. 125 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1977, and pursuant to an Ordinance duly enacted by the County Council of Fairfield County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable by the County solely out of the lease rentals, revenues, and receipts (excluding amounts paid by the Lessee to the County pursuant to Sections 5.4, 5.5, 6.3, 8.7, or 10.4 of the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee. The full faith, credit, and taxing powers of the County are not pledged to the payment of principal, or premium, if any, or interest of this Bond or of the series of which it forms a part.

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

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid by the Lessee to the Trustee for the account of the County and deposited in a special account created by the County and designated "Fairfield County Industrial Revenue Bond Fund - The Standard Products Company Project" and have been pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

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

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

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

IN WITNESS WHEREOF, FAIRFIELD COUNTY, SOUTH CAROLINA, has caused this Bond to be executed by the Chairman of the County Council of Fairfield County, South Carolina, by his facsimile signature, and its corporate seal to be impressed or reproduced hereon, and attested by the Clerk of its said County Council, by his manual signature, and has caused the interest coupons attached to be executed by the facsimile signatures of said Chairman and said Clerk, all as of the 1st day of April A. D. 1978.

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Ralph B. Cooper
Chairman, County Council of
Fairfield County, South Carolina

Attest:

Diane G. Beason
Clerk, County Council of
Fairfield County, South Carolina

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

as Trustee

By _____
Authorized Officer

(FORM OF INTEREST COUPON)

No. _____

\$ _____

On the first day of _____, 19____, Fairfield County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price made or provided for) will pay to bearer, subject to the provisions of the Indenture, but solely from the lease rentals, revenues, and receipts pledged therefor, all as described in the Bond hereinafter mentioned, and upon presentation and surrender of this coupon at the principal corporate trust office of the Trustee, _____, in the City of _____, State of _____, or its successor in trust, the amount shown hereon in lawful money of the United States of America, as provided in and being interest then due on its Industrial Revenue Bond, Series 1978 (The Standard Products Company - Lessee), dated as of April 1, 1978, Numbered _____.

Ralph B. Cooper
Chairman, County Council of
Fairfield County, South Carolina

Diane G. Beason
Clerk, County Council of
Fairfield County, South Carolina

EXHIBIT "D"

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
FAIRFIELD COUNTY
INDUSTRIAL REVENUE BOND, SERIES 1978
(THE STANDARD PRODUCTS COMPANY - LESSEE)

No. R-

\$ _____

KNOW ALL MEN BY THESE PRESENTS that Fairfield County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the County), for value received, promises to pay, but only from the source and as hereinafter provided, to _____, or registered assigns, on April 1, 2003, the principal sum of _____ and no/100 (\$ _____ .00) Dollars and, in like manner, to pay interest on said sum from the date hereof at the rate of _____ per annum (_____ %) per annum semi-annually, commencing October 1, 1978, and thereafter on each April 1 and October 1 until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America. Payments of interest shall be by check or draft mailed by _____, as Trustee, at the times provided herein to the registered holder of this Bond at the address shown on the registration books, without the necessity of surrendering this Bond and all such payments shall fully discharge the obligation of the County herein to the extent of the payments so made. The Trustee shall keep a record of all such payments. The principal of this Bond is payable to or upon the order of the registered owner or his legal representative at the principal corporate trust office of the Trustee in the City of _____, State of _____, upon presentation and surrender of this Bond for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of this Bond remaining unpaid.

This Bond is one of a series of bonds in the aggregate principal amount of \$4,500,000 (hereinafter called the Bonds) issued for the purpose of acquiring, improving, and equipping a facility primarily to manufacture automotive and industrial products, and leasing the same to The Standard Products Company, an Ohio corporation (hereinafter called

the Lessee) (the land, building, equipment, and machinery constituting such facilities hereinafter called the Project) and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the Indenture), dated as of April 1, 1978, duly executed and delivered by the County to

, as
Trustee (the term Trustee where used herein referring collectively to said Trustee or its successors in said trust). The Project has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of April 1, 1978 (hereinafter called the Lease Agreement). Under the Lease Agreement, the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement, it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Payment of the principal of, premium, if any, and interest on the Bonds has been unconditionally guaranteed by the Lessee under the terms of a Guaranty Agreement between the Lessee and the Trustee dated as of April 1, 1978 (hereinafter called the Guaranty Agreement). Copies of the Indenture, the Lease Agreement, and the Guaranty Agreement are on file at the principal corporate trust office of the Trustee in the City of , State of , and the Indenture and the Lease Agreement are recorded in the Office of the Clerk of Court for Fairfield County, South Carolina, and reference is made to the Indenture, the Lease Agreement, and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holders of the Bonds and the coupons appertaining thereto, the rights, duties, and obligations of the County, the Lessee, and the Trustee, and the terms upon which the Bonds are issued and secured.

As provided in the Indenture, bonds of other series ranking equally with the Bonds may be issued, and such additional bonds may vary in such manner as is provided and permitted in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the books of the County kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, or, at the option of the transferee, coupon Bonds with appropriate coupons attached, if requested, in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The County, the Trustee, and any paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of registered Bonds without coupons in the denominations of \$5,000 or any multiple of \$5,000. The holder of any coupon Bond or Bonds may surrender the same, with all unmatured coupons attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered Bonds, without coupons, in authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered Bond may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds with appropriate coupons attached, or of registered Bonds, in authorized denominations.

The Bonds may not be redeemed prior to April 1, 1988, except in the event of (1) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement or (2) mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement. If called for redemption in either such event, the Bonds shall be subject to redemption by the

County at any time after notice as provided in the Indenture, whether or not an interest payment date, in whole and not in part, at the principal amount thereof plus accrued interest to the redemption date and, but only in the event of redemption as a result of the mandatory purchase of the Project pursuant to Section 12.2 of the Lease Agreement, a redemption premium computed as follows: the sum of (a) 8% of the principal amount of each Bond redeemed, and (b) an additional amount determined by multiplying one-half of one per cent (.5%) of the principal amount by the number of 180-day periods, or fraction thereof, between the date as of which interest on the Bonds is (or is determined as provided in Section 12.2 of the Lease Agreement to be) taxable and the redemption date. If it shall occur that any Bond shall have been paid subsequent to the date as of which such interest on the Bonds became (or was so determined to have become) taxable, but prior to the redemption of the Bonds from the purchase price derived from the mandatory purchase of the Project by the Lessee pursuant to Section 12.2 of the Lease Agreement, then, in such event, the holder of any such Bond on the occasion of its payment (whether at maturity or by redemption) shall be entitled to receive from the purchase price to be paid by the Lessee pursuant to Section 12.2 of the Lease Agreement a premium computed as aforesaid to the date of payment or redemption, less any optional redemption premium paid thereon.

The Bonds are also subject to redemption by the County, at its option, prior to maturity on any interest payment date on or after April 1, 1988, in whole or in part (selected by lot by the Trustee), at the redemption prices (expressed as percentages of the principal amount) set forth in the table below, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
April 1 and October 1, 1988-89	103%
April 1 and October 1, 1990-91	102%
April 1 and October 1, 1992-93	101%
April 1 and October 1, 1994, and thereafter	100%

In addition, the Bonds are subject to mandatory redemption, without penalty or premium, prior to maturity in accordance with the sinking fund requirements of Section 302 of the Indenture, in part (selected by lot by the Trustee), at the principal amount thereof plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

April 1 of the Year	Principal Amount	April 1 of of the Year	Principal Amount
1994	\$175,000	1999	\$475,000
1995	365,000	2000	505,000
1996	390,000	2001	540,000
1997	415,000	2002	575,000
1998	445,000		

In the event any of the Bonds are called for redemption as aforesaid, notice thereof specifying the Bonds (or portions thereof) to be redeemed shall be given by publication at least once not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are fully registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient, and published notice of the call for redemption need not be given, and failure duly to give such notice by mailing, or any defect in the notice, to the holder of any such Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

Portions of any fully registered Bond in an authorized denomination of more than \$5,000 to be redeemed shall be selected by the Trustee in a principal amount of \$5,000 or a multiple thereof in the manner prescribed in Section 307 of the Indenture, and upon the surrender of such Bond there will be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds in any of the authorized denominations as provided for in the Indenture.

This Bond and the series of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Chapter 29, Title 4, Colume 1, Code of Laws of South Carolina 1976, as amended and continued by Act No. 125 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1977, and pursuant to an Ordinance duly enacted by the County Council of Fairfield County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the series of which forms a part are limited obligations of the County and are payable by the County solely out of the lease rentals, revenues, and receipts (excluding amounts paid by the Lessee to the County pursuant to Sections 5.4, 5.5, 6.3, 8.7, or 10.4 of the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of the Bonds and leased to the Lessee. The full faith, credit, and taxing powers of the County are not pledged to the payment of principal, or premium, if any, or interest of this Bond or of the series of which it forms a part.

This Bond 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.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid by the Lessee to the Trustee for the account of the County and deposited in a special account created by the County and designated "Fairfield County Industrial Revenue Bond Fund - The Standard Products Company Project", and have been pledged

for that purpose, and, in addition, the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

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

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

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

IN WITNESS WHEREOF, FAIRFIELD COUNTY, SOUTH CAROLINA, has caused this Bond to be executed by the Chairman of the County Council of Fairfield County, South Carolina, by his manual or facsimile signature, and its corporate seal to be impressed or reproduced hereon, and attested by the Clerk of its said County Council, by his manual signature, all as of the _____ day of _____, A. D. 1978.

FAIRFIELD COUNTY, SOUTH CAROLINA

(SEAL)

By

Ralph B. Cooper, Chairman
County Council of
Fairfield County, South Carolina

ATTEST:

Diane G. Beason, Clerk
County Council of
Fairfield County, South Carolina

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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

As Trustee

By _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns
and transfers unto _____

(Please print or typewrite name and address of transferee)

_____ 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.

Social Security or Other Identifying
Number of Assignee: _____

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 alternation or enlargement or any change whatever.

Draft of 3/10/78

THE STANDARD PRODUCTS COMPANY

AND

As Trustee

GUARANTY AGREEMENT

Dated as of April 1, 1978

THIS GUARANTY AGREEMENT, dated as of April 1, 1978, is by and between The Standard Products Company, a corporation duly organized and existing under the laws of the State of Ohio (hereinafter called the Guarantor), and _____, as Trustee (hereinafter, together with any successor trustee at the time serving as such under the Trust Indenture, dated as of the date hereof, between Fairfield County, South Carolina, and _____, as Trustee, called the Trustee.

W I T N E S S E T H:

WHEREAS, arrangements have been made for the issuance and sale, pursuant to the aforesaid Trust Indenture (hereinafter, as supplemented or amended from time to time, called the Indenture), by Fairfield County, South Carolina, a body politic and corporate and a political subdivision organized and existing under and by virtue of the laws of the State of South Carolina (hereinafter, together with any successor to its functions, called the County) of its Industrial Revenue Bonds, Series 1978 (The Standard Products Company - Lessee) in the aggregate principal amount of \$4,500,000 (hereinafter called the Bonds); and

WHEREAS, the proceeds of the sale of the Bonds will be used to defray the costs incurred to acquire, improve, and equip certain industrial facilities (hereinafter having the same meaning as in the Indenture, called the Project) and which Project will be leased by the County to The Standard Products Company, an Ohio corporation (hereinafter called the Lessee) under a Lease Agreement, dated as of the date hereof, between the County and the Lessee (herein as amended from time to time called the Lease Agreement); and

WHEREAS, the County may, pursuant to the Indenture, issue in the future additional bonds for the purpose of completing, renovating, improving, or expanding such industrial facilities; and

WHEREAS, the Guarantor desires that the County issue and sell the Bonds and apply the proceeds for the purpose described above and, in order to provide an inducement to the County to issue and sell the Bonds and an inducement to the purchase of the Bonds and interest coupons appertaining thereto by all who shall at any time become holders thereof, the Guarantor is willing to enter into this Guaranty Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor does hereby covenant and agree with the Trustee as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

SECTION 1.1 The Guarantor hereby represents and warrants that it is a corporation duly incorporated and in good standing under the laws of the State of Ohio, has full power and authority to enter into and perform this Guaranty Agreement, has duly authorized the execution and delivery of this Guaranty Agreement by proper corporate action and that such execution and delivery and compliance with the terms hereof will not contravene or constitute a default under its Certificate of Incorporation or By-Laws or any indenture, commitment, agreement or other instrument to which the Guarantor is a party or by which it is bound or any existing law, rule, regulation, judgment, order or decree to which it is subject.

ARTICLE II

GUARANTY

SECTION 2.1 The Guarantor hereby unconditionally and irrevocably guarantees to the Trustee for the benefit of the holders from time to time of the Bonds and of the interest coupons appertaining thereto (a) the full and prompt payment of an amount equal to the principal of and premium, if any, on each Bond on the date the same are expressed to become due, whether at the stated maturity thereof or acceleration or declaration or call for redemption or otherwise; and (b) the full and prompt payment of an amount equal to interest on each Bond when and as the same is expressed to become due. All payments by the Guarantor under this Guaranty Agreement shall be made in lawful money of the United States of America.

SECTION 2.2 The obligations of the Guarantor under this Guaranty Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of, premium, if any, and interest on the Bonds shall have been paid in full (or provision for the payment of the Bonds shall have been made in accordance with the terms of the Indenture). 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 such event shall occur with notice to, or the consent of, the Guarantor:

(a) the waiver, surrender, compromise, settlement, discharge, release or termination of any or all of the obligations, covenants or agreements of the County contained in the Indenture or in the Bonds;

(b) the failure to give notice to the Guarantor of the occurrence of a default under this Guaranty Agreement or an event of default under the terms and provisions of the Indenture;

(c) the transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest of the County in the Project or any failure of title with respect to the County's interest in the Project or the invalidity, unenforceability or termination of the Lease Agreement;

(d) the waiver, surrender, compromise, settlement, release or termination of the County's obligations, covenants or agreements contained in the Lease Agreement;

(e) the waiver, surrender, compromise, settlement, release or termination of any of the obligations, covenants or agreements of the Lessee under the Lease Agreement;

(f) the extension of the time for payment of any principal of, premium, if any, or interest owing or payable on any Bond or of the time for performance of any obligations, covenant or agreement under or arising out of the Lease Agreement or the Indenture or any extension or renewal of either thereof;

(g) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Lease Agreement, the Bonds or the Indenture;

(h) the taking or the omission of any action referred to in the Lease Agreement or the Indenture or of any action under this Guaranty Agreement;

(i) any failure, omission, delay or lack of diligence on the part of the County or the Trustee in the enforcement, assertion or exercise of any right, power or remedy conferred on the County or the Trustee in the enforcement, assertion or exercise of any right, power or remedy conferred on the County or the Trustee under the Lease Agreement or the Indenture, or conferred on the Trustee in this Guaranty Agreement, or the inability of the County or the Trustee to enforce any

provision of the Lease Agreement or the Indenture or this Guaranty Agreement for any other reason, or any other act or omission on the part of the County, the Trustee or any of the holders from time to time of the Bonds or of the interest coupons appertaining thereto;

(j) the dissolution, sale or other disposition of all or substantially all of the assets, liquidation, the marshalling of assets and liabilities, receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, arrangement, adjustment, composition, or other similar proceedings affecting the County or the Lessee under the Lease Agreement or any of the assets of either of them, or any allegation of invalidity or contest of the validity of this Guaranty Agreement or the Lease Agreement or the disaffirmance of the Lease Agreement in any such proceeding; or

(k) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement.

SECTION 2.3 The Guarantor waives notice of the issuance of the Bonds and notice from the Trustee or the holders from time to time of any of the Bonds or of the interest coupons appertaining thereto of their acceptance and reliance on this Guaranty Agreement. The Guarantor also waives presentment, demand for payment, protest and notice of nonpayment or dishonor and all other notices and demands whatsoever relating to the Bonds.

SECTION 2.4 No set-off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder) which the County may have or assert or which the Guarantor may have or assert against the County or the Trustee or any holder of a Bond shall be available hereunder to the Guarantor against the Trustee.

ARTICLE III

DEFAULT AND REMEDIES

SECTION 3.1 The Trustee shall have the right, power and authority to do all things it deems necessary or advisable to enforce the provisions of this Guaranty Agreement and protect the interest of the holders of the Bonds or coupons appertaining thereto and, in the event of a default in payment of the 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, the Trustee may institute or appear in such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of its rights and the rights of the Bondholders, whether for the specific enforcement of any covenant or agreement in this Guaranty Agreement or in aid of the exercise of any power granted herein, or to enforce any other proper remedy. Without limiting the generality of the foregoing, in the event of a default in payment of the principal of, premium, if any, or interest on any Bond when due, the Trustee may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Guarantor and collect the moneys adjudged or decree to be payable in the manner provided by law out of the property of the Guarantor, wherever situated.

SECTION 3.2 No remedy conferred upon or reserved to the Trustee herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or now or hereafter existing at law or in equity.

SECTION 3.3 Each and every default in payment of the principal of, 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. In the event of such a default, the Trustee shall have the right to proceed first and directly against the Guarantor under this Guaranty Agreement without proceeding against any other person or exhausting any other remedies which it may have and without resorting to any other security held by the County or the Trustee.

SECTION 3.4 The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Guaranty Agreement or protecting the rights of the Trustee or the holders of Bonds or coupons appertaining thereto, if any, hereunder following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 3.5 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.

ARTICLE IV

GENERAL

SECTION 4.1 The Guarantor agrees that, as long as any Bonds are outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations (other than a subsidiary) to consolidate with or merge into it; provided, however, that the Guarantor may, without violating the agreement contained in this Section 4.1, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, if the successor corporation or transferee assumes in writing all the obligations of the Guarantor herein and is duly qualified to do business in the State of South Carolina, and if in connection with any such consolidation, merger, sale or transfer, there shall be filed with the County, the original purchaser of the Bonds and the Trustee a letter or certificate by a firm of certified public accountants (which is of the size and type commonly referred to as nationally known certified public accountants and which is acceptable to the Trustee), certifying that after the consummation of such consolidation, merger, sale or transfer, the corporation resulting from or surviving such consolidation, merger, sale or transfer has net assets at least equal to the net assets of the Guarantor as of June 30, 1977.

SECTION 4.2 The obligations of the Guarantor under this Guaranty Agreement shall arise absolutely and unconditionally upon the issue, sale and delivery of the Bonds. This Guaranty Agreement is executed prior to the execution of the Lease Agreement and is separate and independent of the Lease Agreement. Any modification, limitation or discharge of the Lessee's liability under the Lease Agreement arising out of or by virtue of any bankruptcy, arrangement, reorganization or similar proceeding shall not modify, limit, discharge or otherwise affect the liability of the Guarantor under this Guaranty Agreement in any manner whatsoever.

SECTION 4.3 All moneys recovered by the Trustee pursuant to this Guaranty Agreement (other than those provided for in Section 3.4 hereof) shall be deposited in the Bond Fund established pursuant to the Indenture and shall be applied to the payment of the principal of, premium, if any, and interest on the Bonds. This Guaranty Agreement is entered into by the Guarantor for the benefit of the holders from time to time of the Bonds and of the coupons appertaining thereto, but may be enforced by or on behalf of the holders of the Bonds or such coupons only by the Trustee in accordance with the provisions of this Guaranty Agreement. This Guaranty Agreement shall not be deemed to create any right in, or to be in whole or in part for the benefit of any person other than, the Trustee, the Guarantor, the holders from time to time of the Bonds and of the coupons appertaining thereto, and their respective heirs, successors and assigns.

SECTION 4.4 This Guaranty Agreement (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (c) may not be modified except with the consent of the Trustee and of the holders of all of the Bonds at the time outstanding; and (d) shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the law of the State of South Carolina. If any provision of this Guaranty Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers, and the Trustee has accepted the same, as of the date first hereinabove written.

THE STANDARD PRODUCTS COMPANY

(SEAL)

By: _____

Its: _____

ATTEST:

Its: _____

Accepted this ____ day of April,
A. D. 1978.

As Trustee

(SEAL)

By: _____

Its: _____

ATTEST:

Its: _____

GUÉRARD AND APPELEGATE, P.A.

ATTORNEYS AND COUNSELLORS AT LAW

125 CHURCH STREET

CHARLESTON, SOUTH CAROLINA 29401

TELEPHONE (803) 722-7000

Theodore B. Guérard
W. E. Applegate, III

P. O. Box 1119
Zip Code 29402

March 10, 1978

Ms. Karen L. Henderson
Assistant Attorney General
Hampton Office Building
Box 11549
Columbia, South Carolina 29211

Re: \$4,500,000 Fairfield County, South Carolina
Industrial Revenue Bonds, Series 1978
(The Standard Products Company - Lessee)

Dear Karen:

Please find enclosed for your review, drafts of the Lease Agreement, Trust Indenture and Guaranty Agreement in connection with the above issue, which are in substantially final form. If you have any questions or need any additional information, please do not hesitate to contact me.

Thanking you for your assistance, and with kind regards, I am

Sincerely yours,

W. E. Applegate, III

WEA/cko
Enclosures

cc: William A. McInnis
Assistant State Auditor
J. Richard Hamilton, Esquire

MSI
GUÉRARD AND APPEGATE, P.A.

ATTORNEYS AND COUNSELLORS AT LAW

125 CHURCH STREET

CHARLESTON, SOUTH CAROLINA 29401

TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

P. O. Box 1119
Zip Code 29402

February 22, 1978

Mr. William T. Putnam
State Auditor
Box 11333
Columbia, South Carolina 29211

Re: \$4,500,000 Fairfield County, South Carolina
Industrial Revenue Bonds, Series 1978
(The Standard Products Company - Lessee)

Dear Mr. Putnam:

In connection with the above issue, I enclose for your review
the following information with respect to The Standard Products Company:

1. The 1977 Annual Report for the fiscal year
June 30, 1977;
2. The 1976 Annual Report for the fiscal year
June 30, 1976, which also sets forth the
financial results for the fiscal year ending
June 30, 1975;
3. The first half report for the period ending
January 25, 1978;
4. Form 10-K for the year ending June 30, 1977;
5. Form 10-Q for the quarter ending September 30,
1977.

A Petition from Fairfield County will be forthcoming shortly for
consideration by the State Budget and Control Board.

I will forward a copy of the Lease, Trust Indenture and Guaranty
Agreement to the Attorney General's Office in the very near future
for their review.

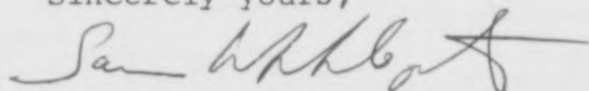
Mr. William T. Putnam

Page Two

February 22, 1978

Please let me know if there is any other information that you would like to receive. Thank you for your assistance in this matter, and with kind regards, I am

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. E. Applegate, III".

W. E. Applegate, III

WEA/cko
Enclosures

cc: J. Richard Hamilton, Esquire
Mr. Russell L. Geuther

STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
Auditing Division

TO:

Bill

FROM:

EV

ACTION

- | | |
|---|---|
| <input type="checkbox"/> NOTE AND FILE | <input type="checkbox"/> PER OUR CONVERSATION |
| <input type="checkbox"/> NOTE AND RETURN TO ME | <input type="checkbox"/> PER YOUR REQUEST |
| <input type="checkbox"/> RETURN WITH MORE DETAILS | <input type="checkbox"/> FOR YOUR APPROVAL |
| <input type="checkbox"/> NOTE AND SEE ME ABOUT THIS | <input type="checkbox"/> FOR YOUR INFORMATION |
| <input type="checkbox"/> PLEASE ANSWER | <input type="checkbox"/> FOR YOUR COMMENTS |
| <input type="checkbox"/> PREPARE REPLY FOR MY SIGNATURE | <input type="checkbox"/> SIGNATURE |
| <input type="checkbox"/> TAKE APPROPRIATE ACTION | <input type="checkbox"/> INVESTIGATE AND REPORT |

COMMENTS:

*This appears to be ok
although earnings have
declined recently*

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1977 Commission file number 1-2917

The Standard Products Company
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Ohio
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

34-0549970
(I. R. S. EMPLOYER
IDENTIFICATION NO.)

2130 West 110th Street, Cleveland, Ohio
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

44102
(ZIP CODE)

Registrant's telephone number, including area code (216) 281-8300

Securities registered pursuant to Section 12(b) of the Act:

<u>TITLE OF EACH CLASS</u>	<u>NAME OF EACH EXCHANGE ON WHICH REGISTERED</u>
<u>Common Shares, \$1 Par Value</u>	<u>American</u>

Securities registered pursuant to Section 12(g) of the Act:

None
(TITLE OF CLASS)

(TITLE OF CLASS)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES ☒ NO ☐

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE CLOSE OF THE PERIOD COVERED BY THIS REPORT (APPLICABLE ONLY TO CORPORATE ISSUERS).

1,211,572

PART I

Item 1. Business

The Company was incorporated in Ohio on October 18, 1927 and was consolidated on May 1, 1936 with The Reid Products Company, an Ohio corporation organized on April 30, 1930. All references to the Company or the Registrant herein relate to The Standard Products Company and its subsidiaries (listed in Item 4 hereof), unless the context otherwise indicates.

The Company is principally engaged in the business of manufacturing extruded and molded rubber and plastic products for automotive, military, building and marine use. For the last five fiscal years ended June 30, 1973 through 1977, such products accounted for approximately 94%, 93%, 93%, 94% and 93%, respectively, of total Company sales and substantially all of reported operating profits. The remainder of the Company's sales and operating income derives from other products and services, none of which presently accounts for as much as 10% of either annual revenues or income.

Products

The Company's principal products include rubber window and door weather sealing devices, mechanical rubber parts and plastic decorative

trims. These include such items as automotive, building and marine channels and weatherstrips, automotive extruded sponge door, hood and trunk seals, automotive interior and exterior plastic decorative trims, building glazing gaskets, precured and conventional tread rubber, track for military vehicles and other related products.

In the production of its principal products the Company utilizes rubber, plastic and metal as the primary materials which are processed through mixing equipment and extruders or molds before passing through one or more finishing and assembly operations. The Company's plants engaged in such activities are located at Port Clinton and Cleveland, Ohio; Lexington, Kentucky; Gaylord, Michigan; and Brooklyn, New York. Plants of Company subsidiaries are located at Schenectady, New York; Oakland, California; Flemington, New Jersey; Georgetown, Stratford and Mitchell, Ontario-Canada; Huntingdon, England; Maesteg, Wales; Sao Paulo, Brazil; and Tarrasa, Spain.

The Company's Pacquet Division, located at Kearney, New Jersey, conducts a cellophane conversion business which consists of printing and laminating cellophane, polypropylene and polyethylene packaging material used by food product manufacturers.

Westborn Warehouse, Inc., a subsidiary of the Company, operates a public warehouse serving the Detroit, Michigan area in which the

Company's automotive sales offices and Product Development and Engineering Division are also located. Westborn's subsidiary, Union Trucking Company, conducts a trucking operation for local cartage with limited I. C. C. authority.

In April, 1977, the Company acquired the outstanding shares of Oliver Tire & Rubber Company for \$3,500,000. Oliver is a manufacturer of precured and conventional tread rubber for the tire retreading industry. Its headquarters and principal plant are in Oakland, California and it also has a plant in Flemington, New Jersey.

Raw Materials

The principal materials used by the Company in its automotive business are synthetic rubber and rubber chemicals, plastic resins, woven fabrics, flock fibers, coil steel, glass and adhesives, all of which are purchased on the open market from domestic suppliers. In the production of vehicle track, the Company purchases machined forgings and castings and other steel components from a limited number of specially equipped shops, foundries and other suppliers. Cellophane, polypropylene, polyethylene plastic and ink are also purchased on the open market from domestic suppliers by the Company's Pacquet Division.

At this time, the Company has available to it adequate fuel and power for heating and anticipated levels of production. The Company

believes that it has adequate supplies of raw materials available from reliable sources for levels of production presently anticipated.

Marketing

Approximately 67% of annual Company revenues are represented by direct sales to original equipment automotive customers, principally General Motors, Ford and Chrysler. In addition, the Company's sales engineers work directly with the engineering and styling departments of these three and other automotive customers in the development of various products. Sales to the original equipment automotive customers include a number of different products and types of the same product, the sales of which are not interdependent upon each other. Sales to these customers would be adversely affected with a major decline in annual car build or a decrease in the Company's market share with these customers. Rubberized vehicle tracks are sold to the Department of Defense on the basis of sealed bids and to other countries on the basis of negotiated contract. The distribution of cellophane packaging items and precured and conventional tread rubber is handled through direct salesmen on a contract basis, and the Company utilizes sales agents with respect to its industrial, automotive accessories, building products and marine sales and in certain other minor segments of its business.

The Company manufactures and sells its products in the United States, Canada, England and other foreign markets. For the fiscal year ended June 30, 1977, approximately 69%, 17%, 6% and 8% of sales were to customers in the United States, Canada, England and other foreign markets, respectively. The Company's experience has been that its foreign business does not present significantly different risks or problems from those encountered in its American markets, except for general risks inherent in the conduct of business in certain foreign countries.

Competition

Each phase of the Company's business is highly competitive, although no single firm competes with the Company in all aspects of its business. The Company's competitive position is significantly dependent upon its ability to produce products which require a substantial degree of engineering and product development which meet customer quality and delivery specifications. While reliable comparative figures are not available, the Company believes that it is a leading manufacturer of window and door weather sealing devices for the automotive and marine industries. In addition, the Company is one of the relatively few approved sources for a variety of track for military vehicles. All items manufactured by the Company are available from other suppliers, some

of which are larger and some of which are smaller than the Company.

Patents and Licenses

The Company holds numerous patents covering processes for the manufacture of its products, some of which are believed to be significant in various aspects of its business. The Company has licensed companies in foreign countries to use some of these manufacturing processes under royalty agreements. The Company considers certain of such patents and licenses to be significant and believes that the loss or expiration of particular patents and licenses, in the aggregate, could have an adverse effect on the Company's business.

Research and Development

The Company spent approximately \$2,148,000 in 1977 and \$2,350,000 in 1976 on product engineering and development. The Company sponsored amounts were \$1,832,000 in 1977 and \$1,987,000 in 1976 with the remaining amounts customer sponsored.

A substantial part of this engineering and development related to technical work with customer representatives in developing products which the Company manufactured and sold. Approximately eighty Company engineers and other technical personnel performed such services during the fiscal year ended June 30, 1977.

Backlog

The conduct of the Company's automotive original equipment business does not produce a backlog of orders of the usual kind. Purchase commitments are received from the Company's three principal automotive original equipment manufacturers in which the customer designates the Company as an approved source of supply for a given part or accessory and expresses the intention to purchase a fixed percentage of its requirements at the quoted Company price. Products under these blanket orders are then shipped at times and in volumes designated by the customer based upon the latter's annual production cycle. As a result, at any given date the Company cannot determine either the aggregate volume or the timing of revenues with respect to its future business. The Company does have unfilled orders from time to time with respect to certain of its other products, but such backlog does not represent a significant part of annual sales.

Foreign Operations

The Company owns all of the outstanding shares of Standard Products (Canada) Limited, a Canadian corporation which is engaged primarily in the manufacture of parts and accessories for United States and Canadian automotive original equipment manufacturers and for the automotive replacement parts market.

The Company, through a wholly-owned United Kingdom subsidiary, owns all of the outstanding shares (except for qualifying shares held by nominees) of Silent Channel Products Limited, an English corporation which is engaged primarily in the manufacture of parts and accessories for English and European automotive original equipment manufacturers and for the automotive replacement parts market.

The Company owns all of the outstanding shares (except for qualifying shares held by nominees) of Itatiaia Standard Industria e Comercio Ltda., a major supplier of channels and weatherstrips, woven fabrics and related products for the Brazilian automotive industry.

The Company owns all of the outstanding shares of Tecniauto, S.A., of Tarrasa, Spain. Tecniauto manufactures window channel and related products for Spanish automotive industry.

The Company has a 20% interest in Hulva, S.A., a Mexican firm which manufactures parts for automotive original equipment and the replacement market and which holds a license from the Company for the manufacture of certain automotive products.

The Company also has licensing arrangements with firms in Argentina, Japan, Australia and South Africa.

Employee Relations

As of June 30, 1977, the Company employed approximately 4,200 persons of whom

approximately 3,200 were hourly employees. Substantially all hourly employees are represented by labor unions. Employee relations at the Company's plants generally have been good.

Environmental Matters

The Company believes that it is in substantial compliance with Federal, State and local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment and that such provisions will not have a material effect upon capital expenditures, earnings and competitive position of the Company and its subsidiaries.

Item 2. SUMMARY OF OPERATIONS

The following consolidated summary of operations for the five years ended June 30, 1977, has been examined by Arthur Andersen & Co., independent public accountants, as set forth in their report included elsewhere in this Form 10-K Annual Report. Reference is made to "Notes to Consolidated Financial Statements," included in the Company's annual report to shareholders, pages 14 to 16 incorporated herein by reference and "Supplemental Notes to Consolidated Financial Statements," appearing elsewhere in this Form 10-K Annual Report, both of which are an integral part of this summary.

	Year Ended June 30,				
	1977	1976	1975	1974	1973
Net sales	\$152,198,000	\$146,160,000	\$109,575,000	\$93,394,000	\$94,842,000
Gross income (A)	\$ 20,179,000	\$ 20,381,000	\$ 12,810,000	\$ 9,901,000	\$15,563,000
Other expenses, net	6,545,000	6,407,000	5,998,000	5,148,000	5,133,000
Interest expense, net	711,000	648,000	1,074,000	621,000	534,000
Provision for taxes on income	6,629,000	6,712,000	2,968,000	1,936,000	4,732,000
Income before extraordinary item	6,294,000	6,614,000	2,770,000	2,196,000	5,164,000
Extraordinary item--gain on sale of land and less applicable income taxes of \$414,000	-	-	-	970,000	-
Net income	\$ 6,294,000	\$ 6,614,000	\$ 2,770,000	\$ 3,166,000	\$ 5,164,000
Primary and fully diluted earnings per common share:					
Income before extraordinary item	\$5.20	\$5.47	\$2.30	\$1.81	\$4.18
Extraordinary item	-	-	-	.79	-
Net income	\$5.20	\$5.47	\$2.30	\$2.60	\$4.18
Dividends per common share	\$1.30	\$1.10	\$1.00	\$1.00	\$.74
Average shares outstanding	1,210,751	1,208,143	1,206,522	1,216,674	1,235,228

(A) Effective July 1, 1974, for certain inventories in the United States, the Company changed from the first-in, first-out (FIFO) basis of valuation of inventories to the last-in, first-out (LIFO) basis. The effect of this change was to reduce net income for 1975 by \$331,000 or 27 cents per share and inventories at June 30, 1975, by \$679,000. There is not a cumulative effect of this change on prior periods to be reported since the June 30, 1974, inventory, as previously reported, is the basis for the opening inventory on a LIFO basis for fiscal 1975.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
SUMMARY OF OPERATIONS

1977 Compared to 1976

Sales for 1977 increased \$6,038,000 over 1976 to \$152,198,000. However, military sales declined \$15,600,000 in the year as a result of contracts completed in January, 1977. Sales increases occurred in automotive original equipment of \$16,169,000, the majority of which was in North America. This increase reflects primarily an increase in volume. In addition, sales for Oliver Tire & Rubber Co. were included subsequent to the acquisition date of April 29, 1977 and amounted to \$2,800,000.

Gross income totaled \$20,179,000 in 1977, a decrease of \$202,000 from 1976. Gross income expressed as a per cent of sales amounted to 13.3 per cent in 1977 and 13.9 per cent in 1976.

This decline in gross income in both dollars and as a percent of sales resulted from higher operating costs incurred in the current year, the impact on cost of sales resulting from devaluation of foreign currencies and a change in the mix of products sold.

Other expenses (net of other income) amounted to \$6,545,000 in 1977, an increase of \$138,000 over 1976. This category includes selling, general and administrative expenses of \$7,098,000 and royalty, dividend and other income totaling \$553,000.

Selling, general and administrative expenses increased \$408,000 in 1977. The majority of the increase resulted from the inclusion of Oliver Tire & Rubber Co. for the two months ended June 30, 1977.

Royalty income increased \$166,000 and exchange losses charged to other expenses decreased \$90,000 in 1977, accounting for the remainder of the change.

1976 Compared to 1975

Sales for 1976 increased \$36,585,000 over 1975. This increase resulted primarily from an increase in military sales of \$19,179,000 and in automotive original equipment sales of \$13,521,000.

Gross income expressed as a per cent of sales increased to 13.9 per cent in 1976 from 11.7 per cent in 1975. This increase resulted primarily from the higher sales level.

Other expenses (net of other income) amounted to \$6,407,000 in 1976, an increase of \$409,000 over 1975. This category includes selling, general and administrative expenses of \$6,690,000; royalty and dividend income of \$336,000 and other expenses, net of \$53,000.

Selling, general and administrative expenses increased \$833,000 while expressed as a per cent of sales there was a decrease of 0.9 per cent to 4.5 per cent. The higher sales level was the primary cause of the dollar increase.

Royalty and dividend income increased \$61,000, while there was a decrease of \$332,000 in exchange losses charged to other expenses.

Interest expense (net) decreased \$426,000 due to reduction of long-term debt and generally lower interest rates in the U.S.

Item 3. Properties

The Company operates the properties described in the following table:

<u>Location</u>	<u>Land (Acreage)</u>	<u>Plant (Square Feet)</u>
Cleveland, Ohio	12.0	156,700
Port Clinton, Ohio	20.0	224,800
Brooklyn, New York	1.0	92,000
Lexington, Kentucky	5.7	65,000
Schenectady, New York	22.5	224,000
Gaylord, Michigan	56.5	91,650
Kearney, New Jersey*	.4	45,000
Oakland, California	4.2	78,650
Flemington, New Jersey	6.6	66,000
Georgetown, Ontario	2.7	85,500
Stratford, Ontario	20.0	66,700
Stratford, Ontario	2.8	40,346
Stratford, Ontario	5.4	90,828
Mitchell, Ontario	10.5	87,910
Dearborn, Michigan (warehouse)*	11.7	340,000
Huntingdon, England	9.9	175,000
Maesteg, Wales	7.3	88,000
Sao Paulo, Brazil*	1.9	82,000
Tarrasa, Spain	.7	21,500

*Leased from others. Leases expire variously between 1976 and 1988 with options to renew all leases for periods ranging up to 1998.

The Company operates a leased warehouse in Dearborn, Michigan, described in the above table, of which the Company occupies approximately 120,000 square feet of warehouse space and operates the remaining space as a public warehouse at prevailing commercial rates. The Company has its automotive sales offices and Product Development and Engineering Division in this property, and has the option to purchase the property at a price of \$1,867,000 at the end of the 20-year lease term.

The Company believes that all of its properties, machinery and equipment are well maintained, in good condition generally and suitable

and adequate for the business of the Company as presently conducted.

Item 4. Parents and Subsidiaries

The following is a list of all subsidiaries of the Registrant as of June 30, 1977, the end of its last fiscal year:

<u>Name</u>	<u>Jurisdiction in which Incorporated</u>	<u>% of Stock Owned by Company</u>	<u>Included In Consolidated Financial Statements</u>
Standard Products (Canada) Limited	Dominion of Canada	100%	Yes
Standard Products International, Inc.	Delaware	100%	Yes
The Campbell Plastics, Inc.	New York	100%	Yes
Westborn Warehouse, Inc.	Michigan	100%	Yes
Union Trucking Company (Subsidiary of Westborn Warehouse, Inc.)	Michigan	100%	Yes
The Cee-Bee Manufacturing Corp.	New York	100%	Yes
Oliver Tire & Rubber Company	California	100%	Yes
Oliver Rubber Ltd. (Subsidiary of Oliver Tire & Rubber Company)	Dominion of Canada	100%	Yes
Steechan Limited	United Kingdom	100%(1)	Yes
Silent Channel Products Limited (Subsidiary of Steechan Limited)	United Kingdom	100%(1)	Yes
Tecniauto, S.A.	Spain	100%	Yes
Itatiaia Standard Industria e Comercio Ltda.	Brazil	100%(1)	Yes

(1) Except for qualifying shares held by nominees.

Item 5. Legal Proceedings

Neither the Registrant nor any of its subsidiaries is a party to any material pending legal proceedings other than ordinary routine litigation incidental to its or their respective businesses, nor is any of its or their respective properties the subject of any such litigation.

Item 6. Increases and Decreases in Outstanding Securities and Indebtedness

The following information is given as to all increases and decreases in the amount of equity securities of the Registrant outstanding during the fiscal year ended June 30, 1977:

Common Shares, \$1 par value

Outstanding at June 30, 1976 1,209,172

INCREASES:

Issued on various dates upon exercise of qualified stock options under the Registrant's 1973 Employee Stock Option Plan:	2,400
--	-------

DECREASES:

None	-
Outstanding at June 30, 1977	<u>1,211,572</u>

Option to Purchase Common Shares, \$1 par value

Balance - June 30, 1976	37,760
Granted during fiscal year	32,125
Exercised during fiscal year	(2,400)
Cancelled during fiscal year	<u>(8,765)</u>
Balance - June 30, 1977	<u>58,720</u>

Stock Purchase Warrants

Balance - June 30, 1976	22,500
Granted during fiscal year	--
Exercised during fiscal year	--
Cancelled during fiscal year	<u>(11,250)</u>
Balance - June 30, 1977	<u><u>11,250</u></u>

The following information is given as to the increases and decreases in the amount outstanding of debt securities and indebtedness which were previously reported on Form 10-Q:

<u>Type of Long-term Debt</u>	<u>Balance Outstanding</u>		
	<u>Sept. 30, 1976</u>	<u>Dec. 31, 1976</u>	<u>Mar. 31, 1977</u>
Notes Payable to Banks	\$4,450,000	\$4,450,000	\$4,000,000
Mortgage Notes	1,233,000	1,199,000	898,000
5% Serial Subordinated Notes	119,000	--	--
Other Debt	<u>275,000</u>	<u>348,000</u>	<u>352,000</u>
	<u><u>\$6,077,000</u></u>	<u><u>\$5,997,000</u></u>	<u><u>\$5,250,000</u></u>

The above table presents the balances outstanding as of the indicated dates from the three Form 10-Q's filed November 11, 1976, February 4, 1977 and May 12, 1977, respectively.

The decreases in Notes Payable to Banks, Mortgage Notes and 5% Serial Subordinated Notes represent periodic repayments in accordance with the terms of the various agreements. The \$73,000 and \$4,000 increases in Other Debt during the quarters ended December 31, 1976 and March 31, 1977, respectively, reflect additional borrowings of overseas subsidiaries.

On April 29, 1977, the Company issued \$2,701,000 in Subordinated Promissory Notes and

made a \$799,000 cash payment in consideration of its purchase of all of the outstanding shares of Oliver Tire & Rubber Company. The Subordinated Promissory Notes were not registered under the Securities Act of 1933 in reliance on the exemption afforded under Section 4(2) of that Act, based upon the Company's understanding of certain facts about the financial position and knowledge of, and other matters regarding, the purchasers of the Notes and upon investment representations made by such purchasers to the Company. At June 30, 1977, and to the date of this report a balance of \$2,701,000 in Subordinated Promissory Notes was outstanding.

Item 7. Changes in Securities and Changes in Security for Registered Securities

None.

Item 8. Defaults Upon Senior Securities

None.

Item 9. Approximate Number of Equity Security Holders

(1)	(2)
<u>Title of Class</u>	<u>Number of Record Holders as of June 30, 1977</u>
Common Shares \$1 par value	859

Item 10. Submission of Matters to a Vote of Security Holders

No matters reportable under this Item 10 occurred during the fiscal year ended June 30, 1977 and to the date of this report.

Item 11. Executive Officers of the Registrant

The Executive Officers are elected annually to serve for a one-year term or until their successors are elected and qualified. The Officers listed below were elected on September 27, 1976 (except for the Vice President & Treasurer who was elected a Vice President on May 23, 1977 and the Corporate Controller who was appointed by the Board) and their business experience, principal occupation and employment during the last five years has been their present position with the Company except for Robert C. Jacob, who was Director of Industrial Relations from 1972 to 1976; Joseph A. Robinson, who was Corporate Controller from 1972 to 1976; Robert B. Stevens, who was General Manager, Port Clinton Division beginning in May, 1973 and previous to that spent a year on special assignment at the Company's English subsidiary; Donald W. Speaks, who was Treasurer beginning in 1972; and Berryman L. Bourne, who was a senior accountant in the Commercial Audit Division at Arthur Andersen & Co. prior to May, 1973 and was a division controller at Sinclair & Valentine Company, Inc. from 1973 to 1976.

<u>Name</u>	<u>Age</u>	<u>Positions with Registrant</u>	<u>Served in Present Office-Since</u>
James S. Reid	82	Chairman of the Board and Consultant	1948
James S. Reid, Jr.	51	President and Director	1962

Wilber C. Nordstrom	59	Executive Vice President and Director	1972
William T. Barber	55	Vice President-Sales	1966
Charles Brooks	64	Vice President and Director	1968
Robert C. Jacob	45	Vice President - Industrial Relations	1976
Peter V. Paulus	63	Vice President - Product Development	1972
Joseph A. Robinson	39	Vice President - Finance	1976
Donald W. Speaks	55	Vice President and Treasurer	1977
Robert B. Stevens	49	Vice President	1976
John D. Drinko	56	Secretary and Director	1955
Berryman L. Bourne	35	Corporate Controller	1976

James S. Reid is the father of James S. Reid, Jr.

Item 12. Indemnification of Directors and Officers

Section 1701.13(E) of the Ohio Revised Code became effective on September 30, 1974 and provides as follows:

(E) (1) A corporation may indemnify or agree to indemnify any person who was or is a party or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, non-profit or for profit, partnership, joint venture, trust, or other enterprise, against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action,

suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was unlawful.

(2) A corporation may indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless, and only to the extent that the Court of Common Pleas, or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or such other court shall deem proper.

(3) To the extent that a director, trustee, officer, employee, or agent has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in divisions (E)(1) and (E)(2) of this section, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

(4) Any indemnification under divisions (E)(1) and (E)(2) of this section, unless ordered by a court shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, trustee, officer, employee, or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in divisions

(E)(1) and (E)(2) of this section. Such determination shall be made (a) by a majority vote of a quorum consisting of directors of the indemnifying corporation who were not and are not parties to or threatened with any such action, suit, or proceeding, or (b), if such a quorum is not obtainable or if a majority vote of a quorum of disinterested directors so directs, in a written opinion by independent legal counsel other than an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the corporation, or any person to be indemnified within the past five years, or (c) by the shareholders, or (d) by the Court of Common Pleas or the court in which such action, suit, or proceeding was brought. Any determination made by the disinterested directors under division (E)(4)(a) or by independent legal counsel under division (E)(4)(b) of the subdivision shall be promptly communicated to the person who threatened or brought the action or suit, by or in the right of the corporation under division (E)(2) of this section, and within ten days after receipt of such notification such person shall have the right to petition the Court of Common Pleas or the court in which such action or suit was brought to review the reasonableness of such determination.

(5) Expenses, including attorneys' fees, incurred in defending any action, suit or proceeding referred to in divisions (E)(1) and (E)(2) of this section, may be paid by the corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the directors in the specific case upon receipt of an undertaking by or on behalf of the director, trustee, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

(6) The indemnification provided by this section shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the articles or the regulations or any agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, trustee, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(7) A corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of

the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this section.

(8) As used in this division, references to "corporation" includes all constituent corporations in a consolidation or merger and the new or surviving corporation, so that any person who is or was a director, officer, employee, or agent of such a constituent corporation, or is or was serving at the request of such constituent corporation as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise shall stand in the same position under this section with respect to the new or surviving corporation as he would if he had served the new or surviving corporation in the same capacity.

* * *

Article VI of the Code of Regulations
of Registrant

ARTICLE VI

Indemnification and Insurance

Section 1. Indemnification.

(a) The corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the corporation) by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to

any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation or, with respect to any criminal action, suit or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

(b) The corporation shall indemnify any person who was or is a party or is threatened with being made a party to any threatened, pending or completed action, suit or proceeding, including all appeals, by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding. The corporation shall also indemnify any such person against amounts paid in settlement of such action, suit or proceeding up to the amount that would reasonably have been expended in his defense (determined in the manner provided for in subsection (d)) if such action, suit or proceeding had been prosecuted to a conclusion. However, indemnification under this subsection shall be made only if the person to be indemnified acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless, and only to the extent that, the court or body in or before which such action, suit or proceeding was finally determined, or any court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses or other amounts paid as such court shall deem proper.

(c) Without limiting the right of any director, officer or employee of a corporation to indemnification under any other subsection hereof, if such person has been substantially and finally successful on the merits or otherwise in defense

of any action, suit or proceeding referred to in subsections (a) and (b), he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Except in a situation governed by subsection (c), any indemnification under subsections (a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who are not or were not parties to or threatened with such action, suit or proceeding, or any other action, suit or proceeding arising from the same or similar operative facts, or (2) if such a quorum is not obtainable, or even if obtainable, if a majority of such quorum of disinterested directors so directs, by independent legal counsel (compensated by the corporation) in a written opinion, or (3) if there be no disinterested directors, or if a majority of the disinterested directors, whether or not a quorum, so directs, by vote in person or by proxy of the holders of a majority of the shares entitled to vote in the election of directors, without reference to default or contingency which would permit the holders of one or more classes of shares to vote for the election of one or more directors.

(e) Expenses of each person indemnified hereunder incurred in defending a civil, criminal administrative or investigative action, suit or proceeding (including all appeals) or threat thereof, may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the director, officer or employee to repay such expenses unless it shall ultimately be determined that he is entitled to be indemnified by the corporation.

(f) The indemnification provided by this Article shall not be deemed exclusive of or in any way to limit any other rights to which any person indemnified may be or may become entitled as a matter of law, by the articles, regulations, agreements, insurance, vote of shareholders or disinterested directors or otherwise, with respect to action in his official capacity and with respect to action in another capacity while holding such office and shall continue as to a person

who has ceased to be a director, officer, or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Subsection (a) through (f) of this Article shall apply to such agents of the corporation as are designated at any time by the board of directors.

(h) If any part of this Article shall be found in any action, suit or proceeding to be invalid or ineffective, the validity and the effect of the remaining parts shall not be affected.

Section 2. Liability Insurance.

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or designated agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or designated agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article or of Chapter 1701 of the Ohio Revised Code.

Item 13. Financial Statements, Exhibits Filed, and Reports on Form 8-K

For index to financial statements see page 27.

No exhibits, other than material incorporated by reference in the index to financial statements, are included herein.

A report on Form 8-K, dated March 4, 1977 and describing (under "Item 5: Other Materially Important Events" of Form 8-K) the then-existing status of certain litigation to which the Company is a party, was filed with the Securities and Exchange Commission on April 12, 1977.

PART II

Items 14 through 18 have been omitted since the Registrant has filed with the Commission a definitive proxy statement which involved the election of directors since the close of its last fiscal year ended June 30, 1977.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

DATE: September 22, 1977

THE STANDARD PRODUCTS COMPANY
(Registrant)

By/s/ Joseph A. Robinson
Joseph A. Robinson, Vice
President-Finance

THE STANDARD PRODUCTS COMPANY
AND SUBSIDIARY COMPANIES

Item 13.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

FINANCIAL STATEMENTS AND SCHEDULES

The following consolidated financial statements and related notes of the Registrant and its subsidiaries, appearing on Pages 10 to 16 of the accompanying 1977 Annual Report to Shareholders are incorporated in this Form 10-K Annual Report:

Consolidated Balance Sheets -- June 30, 1977 and 1976

Consolidated Statements of Income for the Years Ended June 30, 1977 and 1976

Consolidated Statements of Shareholders' Equity for the Years Ended June 30, 1977 and 1976

Consolidated Statements of Changes in Financial Position for the Years Ended June 30, 1977 and 1976

Notes to Consolidated Financial Statements for the Years Ended June 30, 1977 and 1976

The Report of Independent Public Accountants and the following additional consolidated financial information for the years 1977 and 1976 are submitted herewith:

Supplemental Notes to Consolidated Financial Statements

Schedule V -- Property, Plant and Equipment

Schedule VI -- Accumulated Depreciation and
Amortization of Property,
Plant and Equipment

Schedule XII -- Valuation and Qualifying Accounts
and Reserves

Schedule XVI -- Supplementary Income Statement
Information

All schedules, other than Schedules V, VI, XII and XVI, are omitted as the information is not required or is otherwise furnished.

Separate financial statements of the parent company have been omitted since it is primarily an operating company and all subsidiaries included in the consolidated financial statements being filed, in the aggregate, do not have indebtedness to any person other than the parent or its consolidated subsidiaries in amounts which together exceed 5% of the total assets as shown on the June 30, 1977, consolidated balance sheet.

ARTHUR ANDERSEN & Co.

CLEVELAND, OHIO

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Standard Products Company:

We have examined the consolidated summary of operations (included on page 10) of THE STANDARD PRODUCTS COMPANY (an Ohio corporation) AND SUBSIDIARY COMPANIES for each of the five years in the period ended June 30, 1977, and the supporting schedules listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, (1) the consolidated summary of operations of The Standard Products Company and Subsidiary Companies summarizes fairly the results of their operations for each of the five years in the period ended June 30, 1977, and (2) the supporting schedules present fairly the information required to be set forth therein, all in conformity with generally accepted accounting principles which, except for the change (with which we concur) in the method of accounting for inventories referred to in Note (A) to the consolidated summary of operations, have been consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Cleveland, Ohio,

August 1, 1977.

THE STANDARD PRODUCTS COMPANY

AND SUBSIDIARY COMPANIES

SUPPLEMENTAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1977 AND 1976

(1) Pensions:

The total unfunded past service cost at June 30, 1977, as estimated by an independent actuary, was approximately \$11,418,000. Balance sheet accruals amounted to \$1,717,000 at June 30, 1977.

(2) Inventories:

Inventories used in determining cost of goods sold for the two years ended June 30, 1977, are as follows:

	<u>1975</u>	<u>1976</u>	<u>1977</u>
Raw materials	\$ 5,040,000	\$ 9,728,000	\$ 7,540,000
Work in process	3,362,000	4,384,000	4,957,000
Finished goods	3,954,000	5,175,000	5,572,000
	-----	-----	-----
	\$12,356,000	\$19,287,000	\$18,069,000
	=====	=====	=====

(3) Common Shares:

Additional information as of June 30, 1977 and 1976, and for the two years ended June 30, 1977, with respect to options to purchase common shares is as follows:

	<u>Option Price</u>			<u>Market Price</u>	
	<u>Range</u>	<u>Per</u>	<u>Aggregate</u>	<u>Range</u>	<u>Aggregate</u>
	<u>Shares</u>	<u>Share</u>		<u>Share</u>	
Options outstanding as of June 30-					
1976	37,760	\$13.00-	\$ 624,145	\$13.00-	\$ 624,145
		\$27.50		\$27.50	
1977	58,720	\$13.00-	1,086,314	\$13.00-	1,086,314
		\$26.00		\$26.00	
Options which became exercisable for the first time during the year ended June 30-					
1976	14,302	\$13.00-	\$ 224,402	\$15.25-	\$ 236,591
		\$26.00		\$23.625	
1977	6,936	\$13.00-	101,741	\$20.50-	145,939
		\$15.25		\$23.125	
Options which were exercised during the year ended June 30-					
1976	2,650	\$10.67-	\$ 31,240	\$15.625-	\$ 47,607
		\$15.25		\$25.00	
1977	2,400	\$15.25	36,600	\$20.625-	52,788
				\$23.625	
	=====	=====	=====	=====	=====

No recognition of the above differences is reflected in the financial statements.

(4) Employment Agreement:

The Company has an agreement with Dr. J. S. Reid which provides for payments for life of \$35,000 per year for his services as a consultant and his agreement not to compete.

(5) Incentive Compensation Plans:

The Company has two incentive compensation plans covering officers and specified executive positions. Each plan provides for an incentive compensation fund based on consolidated profits before Federal and Canadian income taxes and before incentive compensation for the fiscal year. One plan for specified officers provides for allocation of the fund in proportion to the participants' gross salaries. The other plan for specified executive positions, including two officers, provides for allocation of 60% of the fund on the basis of participants' salaries and 40% on merit. Incentive compensation under the plans may not exceed 50% of the participants' salary. No employee positions are included in both plans. Total incentive compensation under the plans amounted to \$517,000 in 1977 and \$478,000 in 1976.

- - - - -

As independent public accountants, we hereby consent to the application of our report in the Company's annual report to shareholders included in this Form 10-K to the Supplemental Notes to Consolidated Financial Statements. Our consent is based on our examination completed prior to the issuance of our report referred to above.

ARTHUR ANDERSEN & CO.

Cleveland, Ohio,

September 27, 1977.

SCHEDULE V

THE STANDARD PRODUCTS COMPANY

AND SUBSIDIARY COMPANIES

PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED JUNE 30, 1977

Column A	Column B	Column C	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Purchased Business	Balance at End of Period
-----	-----	-----	-----	-----	-----
Land	\$ 969,000	\$ -	\$ -	\$275,000	\$ 1,244,000
Buildings and leasehold improvements	10,498,000	203,000	-	63,000	10,764,000
Machinery and equipment	24,358,000	2,637,000	926,000	624,000	26,693,000
Furniture and fixtures	1,911,000	130,000	14,000	17,000	2,044,000
Capital projects in process	320,000	341,000	-	11,000	672,000
Total	\$38,056,000	\$3,311,000	\$940,000	\$990,000	\$41,417,000
	=====	=====	=====	=====	=====

SCHEDULE V

THE STANDARD PRODUCTS COMPANYAND SUBSIDIARY COMPANIESPROPERTY, PLANT AND EQUIPMENTFOR THE YEAR ENDED JUNE 30, 1976

Column A	Column B	Column C	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Classification	Balance at Beginning of Period	Additions at Cost	Retirements	Other	Balance at End of Period
Land	\$ 959,000	\$ 95,000	\$ 85,000	\$ -	\$ 969,000
Buildings and leasehold improvements	9,822,000	684,000	8,000	-	10,498,000
Machinery and equipment	22,288,000	2,403,000	333,000	-	24,358,000
Furniture and fixtures	1,831,000	131,000	51,000	-	1,911,000
Capital projects in process	473,000	(153,000)	-	-	320,000
Total	----- \$35,373,000 =====	----- \$3,160,000 =====	----- \$477,000 =====	----- \$ - =====	----- \$38,056,000 =====

SCHEDULE VI

THE STANDARD PRODUCTS COMPANY

AND SUBSIDIARY COMPANIES

ACCUMULATED DEPRECIATION AND AMORTIZATION

OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED JUNE 30, 1977

Column A	Column B	Column C	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Retirements	Other	Balance at End of Period
-----	-----	-----	-----	-----	-----
Buildings and leasehold improvements	\$ 4,410,000	\$ 412,000	\$ -	\$ -	\$ 4,822,000
Machinery and equipment	15,067,000	1,864,000	790,000	-	16,141,000
Furniture and fixtures	1,207,000	129,000	12,000	-	1,324,000
Total	----- \$20,684,000 =====	----- \$2,405,000 =====	----- \$802,000 =====	----- \$ - =====	----- \$22,287,000 =====

SCHEDULE VI

THE STANDARD PRODUCTS COMPANYAND SUBSIDIARY COMPANIESACCUMULATED DEPRECIATION AND AMORTIZATIONOF PROPERTY, PLANT AND EQUIPMENTFOR THE YEAR ENDED JUNE 30, 1976

Column A	Column B	Column C	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Retirements	Other	Balance at End of Period
-----	-----	-----	-----	-----	-----
Buildings and leasehold improvements	\$ 4,025,000	\$ 386,000	\$ 1,000	\$ -	\$ 4,410,000
Machinery and equipment	13,594,000	1,755,000	282,000	-	15,067,000
Furniture and fixtures	1,113,000	136,000	42,000	-	1,207,000
Total	\$18,732,000	\$2,277,000	\$325,000	\$ -	\$20,684,000
	=====	=====	=====	=====	=====

SCHEDULE XII

THE STANDARD PRODUCTS COMPANY
AND SUBSIDIARY COMPANIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEAR ENDED JUNE 30, 1977

Column A	Column B	Column C		Column D	Column E	Column F
-----	-----	-----		-----	-----	-----
		Additions				

	Balance at	Charged to	Purchased			Balance
	Beginning	Costs and	Business			at End
Description (A)	of Period	Expenses		Recoveries	Deductions	of Period
Allowance for doubtful accounts	\$241,000	\$127,000	\$67,000	\$42,000 (B)	\$166,000	\$311,000
	=====	=====	=====	=====	=====	=====

NOTES:

(A) Charges to valuation and qualifying accounts are for the purpose for which they were created.

(B) Recoveries of accounts previously charged off.

SCHEDULE XII

THE STANDARD PRODUCTS COMPANY

AND SUBSIDIARY COMPANIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEAR ENDED JUNE 30, 1976

Column A	Column B	Column C'	Column D	Column E	Column F
-----	-----	-----	-----	-----	-----
Description (A)	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Recoveries	Deductions	Balance at End of Period
Allowance for doubtful accounts	\$200,000	\$455,000	\$39,000(B)	\$453,000	\$241,000
Reserve for loss on long-term contract	\$188,000 =====	\$ - =====	\$ - =====	\$188,000 =====	\$ - =====

NOTES:

(A) Charges to valuation and qualifying accounts are for the purpose for which they were created.

(B) Recoveries of accounts previously charged off.

THE STANDARD PRODUCTS COMPANY
AND SUBSIDIARY COMPANIES

SUPPLEMENTARY INCOME STATEMENT INFORMATION
FOR THE YEARS ENDED JUNE 30, 1977 AND 1976

Column A		Column B	
-----		-----	
		Charged to Costs and Expenses	
-----		-----	
Item		1977	1976
Maintenance and repairs		\$5,885,000	\$5,104,000
Depreciation and amortization of property, plant and equipment		2,405,000	2,277,000
Taxes, other than income taxes-			
Payroll		3,137,000	2,652,000
Other		918,000	676,000
Rents		1,830,000	1,737,000
		=====	=====

To Our Shareholders

Second Quarter Net Income \$1.03 a Share

Net income was \$1,236,000 or \$1.03 a share for the three months ended December 31, 1977, compared with \$1,617,000 or \$1.33 a share for the same period a year ago.

Second quarter earnings were affected by a continuation of some start-up expenses on new parts and negligible military volume. Overseas operations had a favorable impact on earnings compared to the year ago quarter.

Sales for the second quarter were \$42,603,000 compared with \$38,994,000 a year ago. North American automotive original equipment sales were up \$4,900,000 and sales of Oliver Tire & Rubber Co., acquired last April, totaled an additional \$4,100,000. These additions and sales improvements in other phases of our business more than offset the \$7,800,000 of military business in last year's second quarter.

For the six months ended December 31, 1977, the Company earned \$1,496,000 or \$1.24 a share on sales of \$78,931,000 compared with net income of \$3,282,000 or \$2.71 a share on sales of \$77,115,000 during the first half of the preceding year.

Original Equipment Volume High

Our automotive original equipment sales in North America were up 25 percent compared to an increase in car build of only 5 percent. Our overseas sales of automotive original equipment also increased during a period of little change in car build there.

Some start-up costs resulting from the transition to new parts for the 1978 model cars continued into the second quarter. However, these costs were steadily reduced and earnings for November and December were comparable to the year ago periods.

We began production in the second quarter on several major new automotive orders, including parts for Chrysler's new compact models, Dodge Omni and Plymouth Horizon mini cars.

Toward the end of the second quarter new car sales began to soften as compared with a year ago. We have begun to see the impact of this in our sales releases. We currently feel that this decline in sales will be moderate and that sales will return to higher levels as the year progresses.

New Military Business

Start-up expense on new military orders was incurred during the second quarter with only minimal shipments. However, production on these orders is now under way and military sales will total approximately \$5,500,000 during the fiscal second half.

Oliver Tire Continues To Do Well

Oliver Tire & Rubber Co., which produces precured and conventional tread rubber for the truck tire retreading industry, continues to do well. New equipment to increase Oliver's capacity has been installed and tested at our Port Clinton, Ohio plant. Production of tread rubber at Port Clinton is beginning this quarter and the Oliver sales force has been substantially strengthened.

Current Outlook Favorable

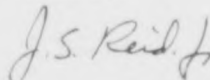
We continue to be optimistic about the second half of our fiscal year, with sales for the full year expected to be about \$170,000,000. Our many new products, resumption of military work, the addition of Oliver business and continuing strength in other phases of our operations should assure record sales and improved profit levels in the second half of the fiscal year.

Also the increasing demand for our new products, particularly plastic trims, has already been reflected in large orders for new parts to be included on 1979 and 1980 model cars. These orders will help to maintain our sales growth.

Quarterly Dividend Enclosed

The regular quarterly dividend is enclosed in the amount of 35 cents a share, payable today to shareholders of record on January 10, 1978.

Sincerely,



James S. Reid, Jr.
President

THE STANDARD PRODUCTS co.



**Dividend Notice
and
First Half Report
January 25, 1978**

THE STANDARD PRODUCTS co.

THE STANDARD PRODUCTS co.

(000 Omitted)

(Unaudited)

Consolidated Earnings Summary

Period Ended December 31,

	Three Months		Six Months		Twelve Months	
	1977	1976	1977	1976	1977	1976
Sales	\$ 42,603	\$ 38,994	\$ 78,931	\$ 77,115	\$ 154,014	\$ 157,369
Cost and expenses:						
Cost of goods sold	37,899	33,915	71,314	67,332	136,001	136,007
Administrative, selling & other, net	2,150	1,617	4,190	2,892	7,843	6,381
Interest expense, net	326	190	602	350	963	651
Income before taxes	2,228	3,272	2,825	6,541	9,207	14,330
Provision for taxes on income	992	1,655	1,329	3,259	4,699	7,112
Net income	\$ 1,236	\$ 1,617	\$ 1,496	\$ 3,282	\$ 4,508	\$ 7,218
Earnings per common share	\$ 1.03	\$ 1.33	\$ 1.24	\$ 2.71	\$ 3.73	\$ 5.96
Average shares outstanding	1,203,707	1,210,925	1,205,987	1,210,049	1,208,704	1,209,325

Consolidated Balance Sheet

December 31,

	1977	1976
Assets		
Cash & cash items	\$ 4,400	\$ 7,274
Receivables	21,745	16,637
Inventories	19,987	17,238
Prepays, etc.	1,161	978
Current assets	47,293	42,127
Property, net	19,762	17,598
Other assets	1,135	887
Intangibles	1,070	1,074
	<u>\$69,260</u>	<u>\$61,686</u>
Liabilities & Shareholders' Equity		
Short-term notes & current maturities	\$ 3,715	\$ 3,426
Accounts payable & accrued expenses	17,335	15,886
Dividends payable	424	363
Current liabilities	21,474	19,675
Long-term debt	7,114	4,369
Deferred taxes & other credits	3,325	2,999
Shareholders' equity	37,347	34,643
	<u>\$69,260</u>	<u>\$61,686</u>

Consolidated Statement of Changes in Financial Position

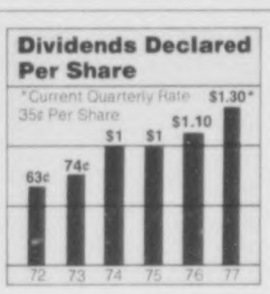
Period Ended December 31,

	Six Months	
	1977	1976
Funds Provided		
Net income	\$ 1,496	\$ 3,282
Depreciation & amortization	1,722	1,161
Long-term borrowings	1,146	—
Proceeds from exercise of options and warrants	240	32
	<u>4,604</u>	<u>4,475</u>
Funds Applied		
Additions to property	2,349	1,408
Dividends declared	846	726
Maturities of long-term debt	808	781
Purchase of common stock	354	—
Other, net	(213)	106
	<u>4,144</u>	<u>3,021</u>
Increase in working capital	<u>\$ 460</u>	<u>\$ 1,454</u>

THE STANDARD PRODUCTS CO.

Annual Report 1977

Our 50th Anniversary Year



Earnings \$5.20 a Share
Sales Set Record
Dividend Up
Acquisition Completed

The Standard Products Company specializes in automotive and other products requiring a substantial degree of product development capability and involving high-volume automated production processes demanding extensive engineering skills. Products and services offered include:



Door Seal Extrusion



Door Seal Extrusion



Exterior Trim



Interior Trim



Dual Extrusion Rear Window Seal

- Flocked rubber glass-run channels to hold and seal car and truck windows and create low-friction surfaces for their easy operation.
- Electrostatically flocked rubber and steel weatherstrips to hold and seal car and truck windows.
- Sponge rubber seals with vinyl trims to provide decorative, water-tight fit of car door against body.
- Sponge rubber seals with rubber snap-on windlances to seal car doors to bodies and other sponge rubber seals.
- Rubber gaskets to seal windshields and back windows, and metallized plastic trims to give gaskets a decorative appearance.
- Plastic snap-on windlances and trims.
- Metallized multi-colored and embossed Mylar interior and exterior bodyside car trims.
- Motor mounts and other high-performance molded rubber products.
- Many other original equipment rubber and plastic automotive parts.
- A retail line of decorative and protective automotive trims and moldings, and a wide range of automotive channel and weatherstrip replacement parts.
- Precured and conventional tread rubber for the tire retreading industry and related supplies and equipment for retreading shops.
- Neoprene glazing gaskets to seal and hold building windows and panels in place.
- A line of building weatherstrips for the aluminum door and window market.
- Tracks for military vehicles.
- Marine trims and seals, and other rubber and plastic marine products.
- Cellophane, polypropylene and polyethylene printed packaging materials and laminations.
- Extensive distribution services through a public warehousing-trucking facility.

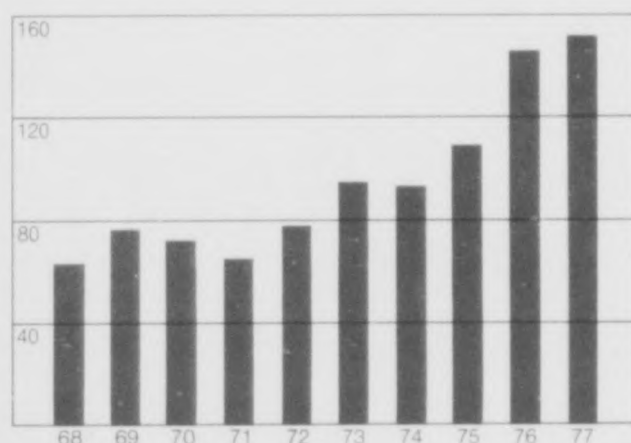
Standard Products operates 19 manufacturing plants in five countries plus a large public warehousing and distribution facility.

Year At A Glance

	1977	1976
Net Sales	\$152,198,000	\$146,160,000
Net Income	\$ 6,294,000	\$ 6,614,000
Net Income Per Share	\$ 5.20	\$ 5.47
Dividends Declared Per Share	\$ 1.30	\$ 1.10
Shareholders' Equity	\$ 36,811,000	\$ 32,055,000
Book Value Per Share	\$ 30.38	\$ 26.51
Shares Outstanding at Year-End	1,211,572	1,209,172

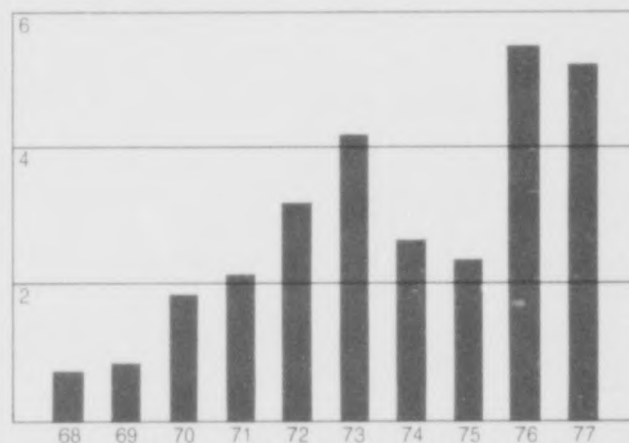
Sales

Millions of Dollars



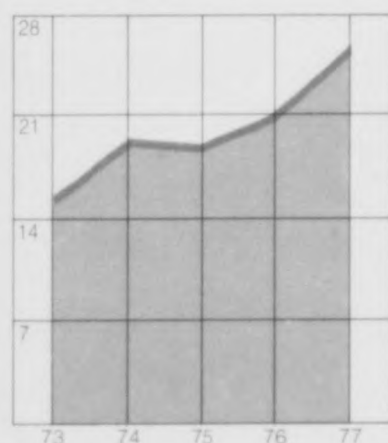
Earnings Per Share

Dollars



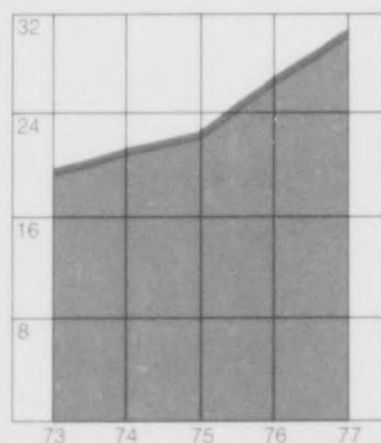
Working Capital

Millions of Dollars



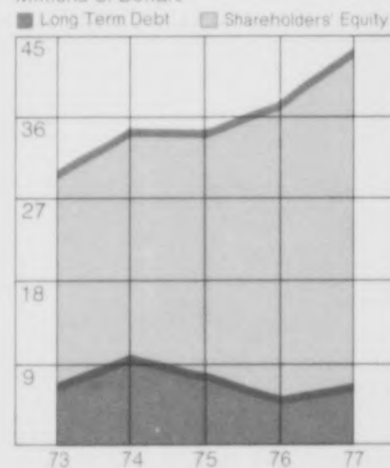
Book Value Per Share

Dollars



Total Capitalization

Millions of Dollars



Letter to Shareholders

Good earnings, record sales, higher dividends, and a major acquisition adding a new dimension to our operations were highlights of the fiscal year ended June 30, 1977.

Net income was \$6,294,000 or \$5.20 a share compared with \$6,614,000 or \$5.47 a share in the preceding year. Sales were \$152,198,000 compared with \$146,160,000.

We believe the past year's sales and earnings performance was encouraging in the face of a \$15,600,000 decline in military business due to completion of tank track contracts at the start of the fiscal second half.

Increases in automotive original equipment parts sales, which are continuing, and improvements in other phases of our business largely offset the effects of reduced military volume.

Dividend Increased To \$1.40 Annual Rate

The directors increased the quarterly dividend to 35 cents a share, or an indicated annual rate of \$1.40 with the payment made in April, 1977. This was the third dividend increase since January last year.

Our current \$1.40 indicated annual dividend rate is more than twice the 64 cents a share indicated rate in fiscal 1972. This compares with an increase of 36.4 per cent in the Standard and Poors' 500 composite dividends per share index since March, 1972, and an increase of 44.8 per cent in the national Consumer Price Index since May, 1972.

10-Year Total Return to Shareholders in Top 8% of FORTUNE 1000

FORTUNE in this year's list of the 1000 largest U. S. industrial companies moved us to 80th in compounded average annual return to investors during the past 10 years compared with our 92nd-place ranking a year ago. It computed our 10 year average return to investors, dividends and appreciation in the market value of the stock, to be 17.7 per cent per year. We were 796th on its list of the 1000 companies in sales volume, up from 902nd in 1975.

Our North American Automotive Sales Increase 21%

Our North American original equipment parts sales were up 21 per cent last year compared with a rise of eight per cent in the number of cars produced. These figures reflect the fast-growing demand for our seals and trims.

Our products, in particular our interior and exterior metallized Mylar trims, tie in closely with the programs of car manufacturers to reduce weight, eliminate rust-generating holes in car bodies, improve quality and appearance, and cut installation costs.

We are providing extensive proprietary skills and advanced technologies in working with metallized Mylar interior and exterior trims, in sponge rubber and plastic extrusions, and in electrostatic flocking. Our growing capabilities in these fields are leading to the development of a number of new products with substantial

potentials. We have received orders for parts on 1979 and 1980 models and believe that the rapid growth now occurring in our automotive parts business will continue for some time to come.

Canadian Sales High and Results Steady

Sales of our five Canadian plants again climbed sharply last year, and Standard Products (Canada) turned in a fine performance. These plants specialize in sponge door seals and molded rubber goods and their products generally complement those produced in our United States plants. Standard Products (Canada) is in a strong financial and marketing position for future progress.

Military Volume Down

Military sales, primarily tank tracks, were approximately \$20,200,000 compared with \$35,800,000 a year ago. Production was high in the first seven months of the fiscal year, at which time existing contracts were completed. We are bidding regularly on contracts for both original equipment and replacement tracks and recently were awarded a medium size order for fiscal 1978 production. We anticipate that the military business will continue to provide substantial sales for the Company.

Oliver Tire & Rubber Co. Acquisition in Truck Tire Retreading Market

Effective April 29, 1977, Standard Products acquired the Oliver Tire & Rubber Co., manufacturer of precured and conventional tread rubber for the tire retreading industry.

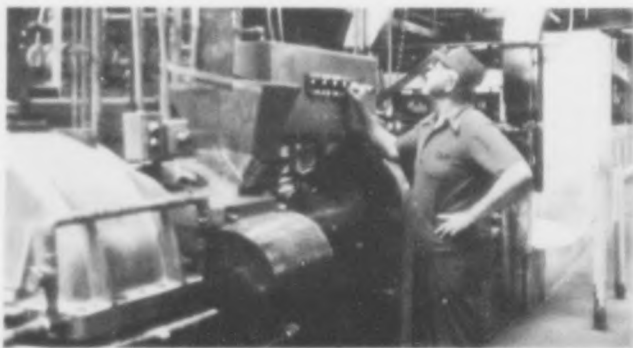
Oliver's headquarters and its principal plant are in Oakland, California, and it also has a plant in Flemington, New Jersey. It has been in business about 65 years and emphasizes premium quality products.

Its sales were \$15,500,000 for our fiscal year ended June 30, 1977. However, Oliver sales and earnings are included in our results only for the final two months of the year. The acquisition price was \$3,500,000.

Oliver sells mainly tread rubber for truck tires to retreaders throughout the country and internationally. It manufactures related materials and supplies for tire retreading shops and sells a line of retreading equipment.

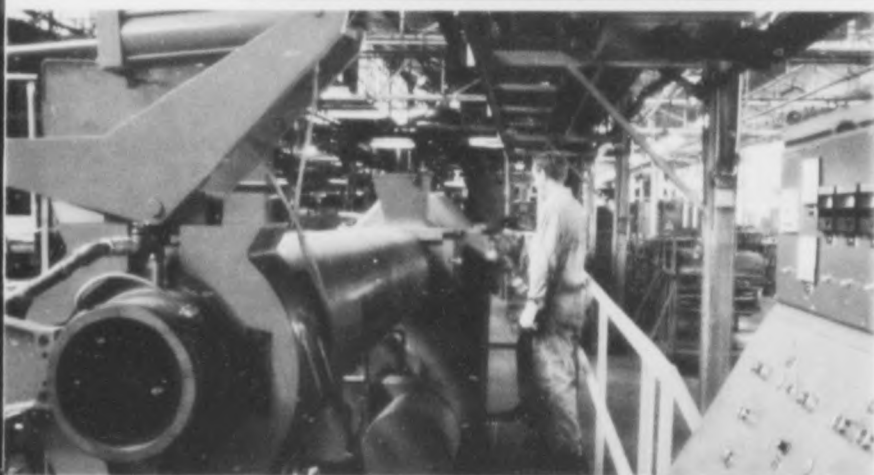
A new truck tire uses approximately 20 gallons of petroleum, whereas a retread uses approximately five gallons. In addition, the retread process uses substantially less energy than the manufacture of the new tire. The retread costs about one-third the price of the new tire and the mileage is as good or better than the new tire. As oil prices rise and new tire prices increase, there will be an even stronger incentive for greater use of retreads.

Installation of new equipment to increase existing Oliver capacity will be completed early next year at our Port Clinton, Ohio plant. This equipment will enable Oliver to improve its marketing position in the eastern half of the nation.



Modern, Efficient Production

Standard Products emphasizes modern, high-volume, automated equipment. These photos show typical scenes in our Reid Division, Port Clinton Division and Canadian plants. Two large photos at left show new extruders at Reid and Port Clinton.



Standard Products' experience in rubber compounding and molding complements Oliver's operations and the acquisition provides us with added diversity in a field with outstanding growth opportunities.

Mixed Results For Overseas Operations

Silent Channel, our United Kingdom operation, enjoyed materially better results in spite of the high inflation and the effect of currency devaluation. About 40 per cent of its sales are for export, largely to Germany, where the car build has been strong. Continued good results from Silent Channel are expected this year.

On the other hand, Itatiaia-Standard in Brazil and Tecniauto in Spain incurred losses for the year of 33 cents and 11 cents a share, respectively. Both countries were plagued with high inflation rates and difficult economic conditions and in addition we had operating problems of our own. A major effort is underway to make these two businesses profitable in fiscal 1978, and better results are expected.

In addition to our direct manufacturing operations, we have a minority interest in Hulva, S. A. of Mexico City, Mexico and licensing agreements with companies in Japan, Argentina and Australia, among others.

Replacement and Accessory Sales Continue to Increase

Replacement sales, largely automotive window channel and weatherstrip, and our accessory business of metallized Mylar trims, continue to do well, as do our products for the building and marine industries. All of these markets added up to approximately \$15 million in sales last year, an increase of nine per cent.

Westborn Warehouse and Union Trucking Have Good Year

Westborn Warehouse, Inc., which operates a 310,000 square foot public warehouse and Union Trucking Co., our inter-state carrier, at Dearborn, Michigan, had a good year. The warehouse is currently making a transition to a concentration on plastics and rubber raw materials storage. We believe this will add balance and continuing strength to our warehouse business.

Growth at Pacquet

The Pacquet Division at Kearny, New Jersey, has developed into a stronger business with a promising future. Sales were \$7,500,000 last year, and profit was increased.

Pacquet prints and laminates cellophane, polypropylene and polyethylene packaging materials. Its lamination business is particularly strong, and additional laminating capacity is being added. We anticipate continuing growth at Pacquet over the next several years.

Record Capital Improvements; Product Development Programs Strong

Capital spending for growth and improvement totaled \$3,311,000, compared with depreciation of \$2,405,000,

and we are budgeting a record \$5,500,000 for the current fiscal year. We are expanding capacity to accommodate increased orders for new products and also emphasizing equipment modernization to improve efficiency.

Meanwhile, development work is well along on many new and improved products. Independent development programs are maintained at some individual plants in the United States, in Canada and overseas, and for the United States customers by our central product development group in Dearborn, Michigan. Much of our new business can be attributed to this consistently strong product development program.

Outstanding Financial Position

Our financial position remains strong. Shareholders' equity totaled \$36,811,000 or \$30.38 a share at the fiscal year-end, an all-time high. Long-term debt increased to \$6,740,000 at June 30, 1977, as a result of subordinated notes issued in connection with the Oliver acquisition, and amounted to 15 per cent of total capitalization. Working capital at the fiscal year-end was a record \$25,359,000 with current assets at a 2 to 1 ratio to current liabilities. Cash flow from operations including depreciation should be adequate to carry out major internal improvement programs without additional financing and we have the borrowing capacity to accommodate additional acquisition possibilities if they arise.

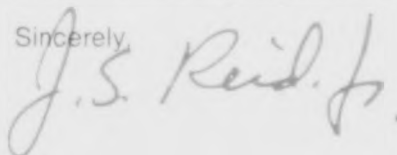
Our per cent of profit to average shareholders' equity was 18.3 per cent last year and we have now averaged 15.8 per cent for the past 10 years.

Continuing Progress Anticipated

Military sales during the first half of the current fiscal year will be negligible compared with the high volume for the first six months of the past year. Our orders for parts on the 1978 model cars are well above a year ago and demand for our new parts should continue to rise for several years as these are used on additional models. Oliver Tire & Rubber Co. will make a full-year contribution to sales and profits, and both Oliver and Pacquet are expected to grow in profit importance. Overseas operations should do better in fiscal 1978.

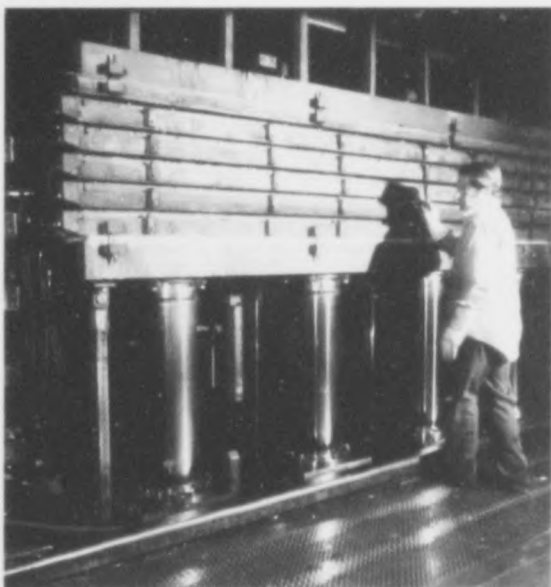
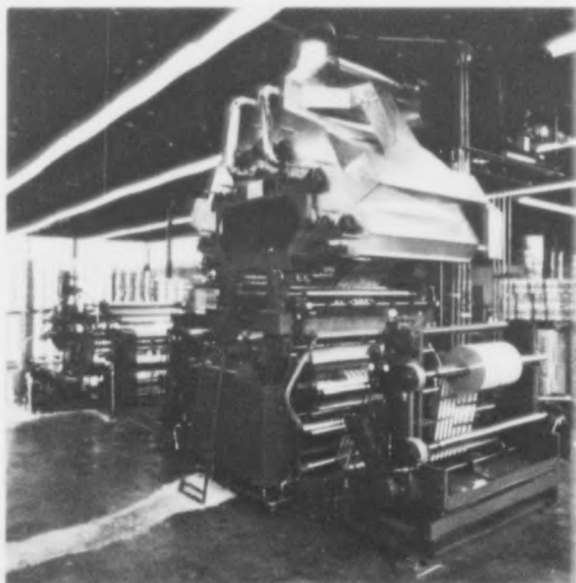
With new car production continuing near present levels, Standard Products expects substantial sales growth during the current fiscal year, with good profit results, and has a dynamic potential for continuing progress on a longer-term basis.

Sincerely,



James S. Reid, Jr.
President

September 2, 1977



Varied Dimensions

Increasing capacity. Top left of our Parker-Diamond conveyor of packaged material is being loaded. Our 3000 sq. ft. square foot covered warehouse located in Mountain View, California (top right) is a part of our Cover-Tite & Rubber Co. plant for processing. Top right for the new increasing capacity of cover in center photo. Small warehouse with the covered at our Port Carbon Division (lower photo shows Cover-Tite-Cover-Rubber used in application of road to the beach).

50th Anniversary Year

The Standard Products Company was incorporated in Ohio on October 18, 1927, making this our 50th anniversary year.

However, our story actually began in 1920 when J. S. Reid, M.D., then with the Cleveland Health Department, invented the "Easy-On-Cap" for automobile gas tanks to replace the inefficient threaded caps in use at the time. The Easy-On-Cap grew and in 1928 was purchased by Eaton Axle and Spring Co. (now Eaton Corp.).

Dr. Reid then organized the Reid Products Co., an automotive parts stamping operation, and in 1929 it became associated with Standard Products, then a very small endeavor still just getting under way. He shortly developed and patented flexible window channels and weatherstrips for automobiles and equipment for their manufacture, and these became the foundation for the Company's future growth.

Reid Products was incorporated on April 25, 1930, and on May 1, 1936, Reid Products and Standard Products were combined as The Standard Products Company and the stock was listed on the American Stock Exchange. By that time, the Company also held minority stock interests in Backstay Standard Co., Ltd., in Canada, and Silent Channel Co., Ltd., in the United Kingdom, predecessors of our present large operations in those two countries.

Our main business in this 1930-60 period was automotive window channels and weatherstrips and door locks.

Dr. Reid as founder of the Company brought it a philosophy of product and process innovation and emphasis on a strong customer sales and service effort.

After World War II, the Company faced a rebuilding job. New management talent was added. A strong system of financial controls modeled on those of

General Motors was introduced. The Gaylord, Michigan, and Lexington, Kentucky plants were started and sales grew. Also several new market areas were tried as the Company sought a consistent sense of direction.

In 1962 James S. Reid, Jr., was elected president and refocused operations on sophisticated extrusion manufacturing, primarily products for sealing windows and doors in the automotive, building and marine fields, and eventually automotive decorative trims.

By 1970, the traditional channel and weatherstrip had evolved into an electrostatically flocked rubber product pioneered by Standard Products engineers since 1952 and the door lock business was eliminated. Four plants had been acquired in Ontario, Canada, primarily manufacturing extruded sponge rubber door seals, and purchase of the Cee-Bee group of companies, including the Pacquet Division, in New York added a line of extruded interior and exterior plastic automotive trims.

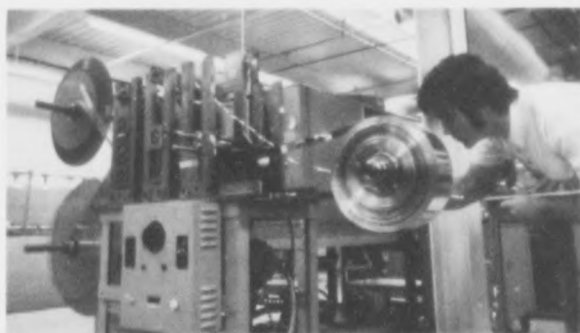
Also, military tank tracks became a more important part of the total business and the Company acquired tooling on almost all major military tracks used by the United States Defense Forces.

Finally, acquisitions were made overseas, giving us full ownership of Silent Channel in the United Kingdom plus operations in Spain and Brazil, and foreign licensing relationships were also established. We now have participation in almost all major overseas auto production of our major products to the point that Standard Products can truly be described as "part of every car on the road."

Recently, through acquisition of Oliver Tire & Rubber Co., a manufacturer of precured and conventional tread rubber for the tire retreading industry, Standard Products started to branch out significantly beyond its major automotive original equipment market.

W. Howard Thourlby

W. Howard Thourlby, senior vice president, and a director of Standard Products for 16 years prior to his retirement from the Board a year ago, died recently. Mr. Thourlby's career with Standard Products spanned 36 years. He joined the Company as Washington sales representative in 1941, headed the sales division in Detroit for many years, and remained active in a sales consultant capacity until his death. His contributions to Standard Products were many and he will be long remembered by countless friends in the Company and in the automotive industry.



Product Development

A high level of product development capability is a key reason for the rapid growth of Standard Products. These photos show typical scenes in our central development laboratory at Dearborn, Michigan. Individual development programs are also maintained at various plants.



Management's Analysis

Nature of Business

The Standard Products Company is principally engaged in the business of manufacturing extruded and molded rubber and plastic products for automotive, military, building and marine use. For the last five fiscal years ended June 30, 1973 through 1977, such products accounted for approximately 94 per cent, 93 per cent, 93 per cent, 94 per cent and 93 per cent, respectively, of total Company sales and substantially all of reported operating profits.

Summary of Operations

Sales for 1977 increased \$6,038,000 over 1976 to \$152,198,000. However, military sales declined \$15,600,000 in the year as a result of contracts completed in January, 1977. Sales increases occurred in automotive original equipment of \$16,169,000, the majority of which was in North America. This increase reflects primarily an increase in volume. In addition, sales for Oliver Tire & Rubber Co. were included subsequent to the acquisition date of April 29, 1977 and amounted to \$2,800,000.

Gross income totaled \$20,179,000 in 1977, a decrease of \$202,000 from 1976. Gross income expressed as a per cent of sales amounted to 13.3 per cent in 1977 and 13.9 per cent in 1976.

This decline in gross income in both dollars and as a per cent of sales resulted from higher operating costs incurred in the current year, the impact on cost of sales resulting from devaluation of foreign currencies and a change in the mix of products sold.

Other expenses (net of other income) amounted to \$6,545,000 in 1977, an increase of \$138,000 over 1976. This category includes selling, general and administrative expenses of \$7,098,000 and royalty, dividend and other income totaling \$553,000.

Selling, general and administrative expenses increased \$408,000 from 1976. The majority of the increase resulted from the inclusion of Oliver Tire & Rubber Co. for the two months ended June 30, 1977.

Royalty income increased \$166,000 and exchange losses charged to other expenses decreased \$90,000 in 1977, accounting for the remainder of the change.

Summary of Operations

	1977
Net Sales	\$152,198
Gross Income	20,179
Other Expenses (net)	6,545
Interest Expense (net)	711
Provision for Income Taxes	6,629
Income Before Extraordinary Item	6,294
Extraordinary Item	—
Net Income	\$ 6,294
Percent Operating Income to Sales	4.1
Percent Operating Income to Average Shareholders' Equity	18.3

Per Share Information

Primary & Fully Diluted Earnings	
Income Before Extraordinary Item	\$ 5.20
Extraordinary Item	—
Net Income	\$ 5.20
Dividends Declared	\$ 1.30
Book Value	\$ 30.38

Balance Sheet Data

Working Capital	\$ 25,359
Property, Plant & Equipment	41,417
Accumulated Depreciation	22,287
Long-term Debt	6,740
Shareholders' Equity	36,811
Dividends	\$ 1,575

Other Data

Additions to Property, Plant & Equipment ..	\$ 3,311
Depreciation & Amortization	\$ 2,503
Shares Outstanding	1,211,572
Average Shares Outstanding	1,210,751

Average shares outstanding include
dilutive common equivalent shares

Financial Summary

Years Ended June 30
(In Thousands Except Share Data)

1976	1975	1974	1973	1972	1971	1970	1969	1968
\$146,160	\$109,575	\$93,394	\$94,842	\$78,564	\$65,476	\$72,865	\$76,766	\$63,283
20,381	12,810	9,901	15,563	13,067	8,745	8,417	5,607	4,877
6,407	5,998	5,148	5,133	4,935	3,422	3,374	3,004	2,998
648	1,074	621	534	604	682	906	909	579
6,712	2,968	1,936	4,732	3,640	2,226	2,060	791	510
6,614	2,770	2,196	5,164	3,888	2,415	2,077	903	790
—	—	970	—	—	—	—	—	—
\$ 6,614	\$ 2,770	\$ 3,166	\$ 5,164	\$ 3,888	\$ 2,415	\$ 2,077	\$ 903	\$ 790
4.5	2.5	2.4	5.4	4.9	3.7	2.9	1.2	1.2
22.6	10.8	9.0	24.9	23.0	17.4	16.6	8.0	7.2
\$ 5.47	\$ 2.30	\$ 1.81	\$ 4.18	\$ 3.17	\$ 2.11	\$ 1.83	\$.80	\$.71
—	—	.79	—	—	—	—	—	—
\$ 5.47	\$ 2.30	\$ 2.60	\$ 4.18	\$ 3.17	\$ 2.11	\$ 1.83	\$.80	\$.71
\$ 1.10	\$ 1.00	\$ 1.00	\$.74	\$.63	\$.55	\$.53	\$.53	\$.53
\$ 26.51	\$ 22.16	\$ 20.87	\$ 19.29	\$ 15.79	\$ 13.18	\$ 11.63	\$ 10.34	\$ 10.05
\$ 20,998	\$ 18,560	\$19,199	\$15,236	\$14,274	\$10,611	\$ 9,591	\$ 4,385	\$ 3,376
38,056	35,373	32,897	29,892	27,627	19,893	19,442	19,368	18,712
20,684	18,732	17,239	15,666	14,779	10,827	9,609	8,857	8,022
5,184	7,777	9,380	6,590	9,214	6,653	8,377	5,112	5,895
32,055	26,740	25,176	23,154	18,741	15,097	13,286	11,723	11,223
\$ 1,330	\$ 1,206	\$ 1,206	\$ 889	\$ 748	\$ 636	\$ 609	\$ 603	\$ 595
\$ 3,160	\$ 3,144	\$ 3,742	\$ 3,285	\$ 1,523	\$ 650	\$ 687	\$ 1,212	\$ 1,148
\$ 2,354	\$ 2,097	\$ 2,217	\$ 1,995	\$ 1,714	\$ 1,454	\$ 1,510	\$ 1,477	\$ 1,110
1,209,172	1,206,522	1,206,522	1,200,103	1,187,183	1,145,459	1,142,325	1,133,892	1,117,130
1,208,143	1,206,522	1,216,674	1,235,228	1,224,822	1,143,863	1,139,112	1,126,665	1,115,848

Consolidated Balance Sheets

The Standard Products Company and Subsidiary Companies
June 30, 1977 and 1976

<i>Assets</i>	<u>1977</u>	<u>1976</u>
Current Assets:		
Cash	\$ 1,892,000	\$ 1,235,000
Time deposits	3,806,000	3,382,000
Receivables, less allowance of \$311,000 in 1977 and \$241,000 in 1976 (Note 3)	22,896,000	16,673,000
Inventories (Note 1)	18,069,000	19,287,000
Prepaid insurance, taxes, etc.	1,203,000	1,146,000
Total current assets	<u>47,866,000</u>	<u>41,723,000</u>
Property, Plant and Equipment, at cost (Notes 1 and 7)	41,417,000	38,056,000
Less — Accumulated depreciation	<u>22,287,000</u>	<u>20,684,000</u>
	<u>19,130,000</u>	<u>17,372,000</u>
Other Assets:		
Cash value of life insurance, net of policy loans of \$744,000 . . .	243,000	177,000
Investments and other assets	793,000	581,000
Unamortized cost of tools and dies	<u>247,000</u>	<u>45,000</u>
	<u>1,283,000</u>	<u>803,000</u>
Patents and Other Intangibles, net of accumulated amortization of \$765,000 in 1977 and \$667,000 in 1976 (Note 1)	<u>1,130,000</u>	<u>1,121,000</u>
	<u>\$69,409,000</u>	<u>\$61,019,000</u>

<i>Liabilities</i>	<u>1977</u>	<u>1976</u>
Current Liabilities:		
Short-term notes payable (Note 3)	\$ 1,959,000	\$ 374,000
Current maturities of long-term debt	1,527,000	1,282,000
Accounts payable	10,603,000	8,703,000
Accrued payrolls	2,365,000	2,062,000
Accrued expenses	4,504,000	4,208,000
Dividend payable	424,000	363,000
Accrued Federal and foreign taxes on income (Notes 1 and 8) ..	1,125,000	3,733,000
Total current liabilities	<u>22,507,000</u>	<u>20,725,000</u>
Long-term Debt, net of current maturities (Note 3)	6,740,000	5,184,000
Deferred Income Taxes and Other Credits (Note 8) ...	<u>3,351,000</u>	<u>3,055,000</u>
Shareholders' Equity:		
Convertible preferred shares, par value \$1 per share; authorized 100,000 shares, none issued	—	—
Common shares, par value \$1 per share; authorized 3,000,000 shares, outstanding 1,211,572 shares in 1977 and 1,209,172 shares in 1976 (Note 5)	1,211,000	1,209,000
Paid-in capital	1,496,000	1,461,000
Retained earnings (Note 3)	34,104,000	29,385,000
	<u>36,811,000</u>	<u>32,055,000</u>
	<u>\$69,409,000</u>	<u>\$61,019,000</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

The Standard Products Company and Subsidiary Companies
For the Years Ended June 30, 1977 and 1976

	1977	1976
Net Sales	\$152,198,000	\$146,160,000
Cost of Goods Sold:		
Materials, wages and other manufacturing costs	130,187,000	123,792,000
Research, engineering and development expenses	1,832,000	1,987,000
	<u>132,019,000</u>	<u>125,779,000</u>
Gross income	20,179,000	20,381,000
Selling, General and Administrative Expenses	7,098,000	6,690,000
	<u>13,081,000</u>	<u>13,691,000</u>
Other Income (Deductions):		
Royalty and dividend income	502,000	336,000
Interest expense, net	(711,000)	(648,000)
Other, net	51,000	(53,000)
	<u>(158,000)</u>	<u>(365,000)</u>
Income Before Taxes	12,923,000	13,326,000
Provision for Taxes on Income (Notes 1 and 8)	6,629,000	6,712,000
Net Income	<u>\$ 6,294,000</u>	<u>\$ 6,614,000</u>
Primary and Fully Diluted Earnings Per Common Share (Note 6) .	<u>\$5.20</u>	<u>\$5.47</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

The Standard Products Company and Subsidiary Companies
For the Years Ended June 30, 1977 and 1976

	Common Shares	Paid-In Capital	Retained Earnings
Balance, July 1, 1975	\$1,206,000	\$1,433,000	\$24,101,000
Net Income	—	—	6,614,000
Cash dividends (\$1.10 per share)	—	—	(1,330,000)
Sale of 2,650 shares to option holders	3,000	28,000	—
Balance, June 30, 1976	<u>1,209,000</u>	<u>1,461,000</u>	<u>29,385,000</u>
Net Income	—	—	6,294,000
Cash dividends (\$1.30 per share)	—	—	(1,575,000)
Sale of 2,400 shares to option holders	2,000	35,000	—
Balance, June 30, 1977	<u>\$1,211,000</u>	<u>\$1,496,000</u>	<u>\$34,104,000</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Financial Position

The Standard Products Company and Subsidiary Companies
For the Years Ended June 30, 1977 and 1976

	1977	1976
Funds Provided:		
Net Income	\$ 6,294,000	\$ 6,614,000
Charges (credits) not affecting working capital —		
Provision for depreciation and amortization	2,503,000	2,354,000
Deferred taxes and other credits	252,000	577,000
Funds from operations	9,049,000	9,545,000
Long-term debt issued and liabilities assumed		
in connection with business acquired	2,981,000	—
Proceeds from exercise of options	37,000	31,000
Retirements of property, plant and equipment	138,000	152,000
Total funds provided	12,205,000	9,728,000
Funds Applied:		
Additions to property, plant and equipment	3,311,000	3,160,000
Cash dividends declared	1,575,000	1,330,000
Payments and maturities of long-term debt	1,405,000	2,440,000
Purchase of business less working capital acquired —		
Property, plant and equipment	990,000	—
Other assets	412,000	—
Other, net	151,000	360,000
Total funds applied	7,844,000	7,290,000
Increase in Working Capital	\$ 4,361,000	\$ 2,438,000
Increase in Working Capital Represented By:		
Current assets — increase (decrease) —		
Cash and time deposits	\$ 1,081,000	\$ (1,591,000)
Receivables	6,223,000	1,664,000
Inventories	(1,218,000)	6,931,000
Prepays	57,000	88,000
	6,143,000	7,092,000
Current liabilities — increase (decrease) —		
Short-term notes payable and current maturities		
of long-term debt	1,830,000	(1,739,000)
Accounts payable	1,900,000	1,718,000
Accrued payrolls and accrued expenses	599,000	1,488,000
Dividend payable	61,000	61,000
Accrued taxes on income	(2,608,000)	3,126,000
	1,782,000	4,654,000
Increase in Working Capital	\$ 4,361,000	\$ 2,438,000

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

The Standard Products Company and Subsidiary Companies
June 30, 1977 and 1976

1. Summary of Significant Accounting Policies

A. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Major intercompany items have been eliminated.

The financial statements of foreign subsidiaries have been translated in accordance with the provisions of Financial Accounting Standard #8. Losses arising from these translations amounted to \$256,000 and \$118,000 in 1977 and 1976, respectively.

The net assets, net sales and net income of the Company's foreign subsidiaries included in the June 30, 1977, consolidated financial statements were \$12,657,000, \$53,288,000 and \$1,247,000, respectively.

B. Property, Plant and Equipment

For financial reporting purposes, the Company provides for depreciation of property and equipment using the straight-line and sum-of-the-years-digits methods at annual rates based on the estimated service lives of the property. Estimated service lives by asset category are as follows:

Buildings and leasehold improvements	20 to 50 yrs.
Machinery and equipment	3 to 15 yrs.
Furniture and fixtures	5 to 15 yrs.

Maintenance and repair expenditures are charged to income as incurred. Expenditures for improvements and major renewals are capitalized.

Amounts allocated to patents are being amortized on a straight-line basis over their estimated useful lives (approximately 17 years).

C. Inventories

Certain inventories are valued on the last-in, first-out (LIFO) basis with the remainder of the inventories valued on the lower of first-in, first-out (FIFO) cost or market basis. At June 30, 1977 and 1976, \$8,024,000 and \$6,225,000, respectively, of inventories are valued on the LIFO basis. If all inventories were valued using the FIFO method of valuation, inventories would have been \$1,457,000 and \$870,000 greater than reported at June 30, 1977 and 1976, respectively.

D. Long-term Contracts

Sales and profits arising from fixed price production contracts are recognized as units are delivered, based upon estimated average final costs.

Sales under U. S. Government contracts amounted to approximately 13% of total sales in 1977 and 21% in 1976. Substantially all sales under these contracts are subject to the Renegotiation Act, which provides for recovery of any profits deemed excessive. The Company believes that no excessive profits were realized on these sales and therefore no provision for renegotiation refunds has been made.

E. Income Taxes

The Company does not currently provide for Federal income taxes on undistributed earnings of its foreign subsidiaries where it is the intention of the Company to have such subsidiaries utilize earnings for capital expansion and debt repayment. As of June 30, 1977,

income taxes on such earnings would be approximately \$1,378,000 on cumulative undistributed earnings of \$9,178,000.

The Company follows the flow-through method of accounting for the investment tax credit.

F. Pensions

The Company and its subsidiaries have several non-contributory pension plans covering salaried and hourly employees. Total pension costs charged to operations were \$2,257,000 in 1977 and \$2,106,000 in 1976, including amortization of past service costs over thirty year periods. It is the Company's policy to fund pension costs accrued.

At June 30, 1977 and 1976, for the plans in which the actuarially computed value of vested benefits exceeded the assets of the pension funds, at market, and balance sheet accruals, such excess amounted to \$5,583,000 and \$6,227,000, respectively.

2. Acquisition

On April 29, 1977, the Company acquired the outstanding shares of Oliver Tire & Rubber Co. for \$3,500,000. This acquisition has been accounted for as a purchase and, accordingly, the results of their operations have been included in the accompanying consolidated financial statements since the acquisition date. The following table sets forth the pro forma (unaudited) consolidated net sales, net income and earnings per common share had the acquisition been completed as of July 1, 1975:

	Fiscal Year	
	1977	1976
Net Sales	\$164,899,000	\$159,122,000
Net Income	6,598,000	6,865,000
Earnings Per Common Share	\$5.45	\$5.68

3. Debt

Long-term debt at June 30, 1977 and 1976, consisted of the following:

	1977	1976
Notes payable to banks	\$4,000,000	\$4,900,000
Mortgage notes	920,000	1,306,000
5% Serial subordinated notes	—	119,000
Subordinated promissory notes	2,701,000	—
Other debt	646,000	141,000
Total	8,267,000	6,466,000
Less — Current maturities	1,527,000	1,282,000
	\$6,740,000	\$5,184,000

The Company's amended loan agreement for notes payable to banks provides, among other things, certain restrictive covenants, including maintenance of working capital and limitations on payments for dividends and acquisition of capital stock of the Company.

At June 30, 1977, the excess of consolidated current assets over current liabilities, as defined, was \$17,828,000 and retained earnings not restricted for cash dividends and acquisition of capital stock were \$15,630,000.

The notes bear interest at the rate of $\frac{1}{2}\%$ above the prime commercial rate with semi-annual payments of \$450,000 and a final payment of \$400,000 on July 1, 1981. The current interest rate on these notes is $7\frac{1}{4}\%$.

The mortgage notes are secured by mortgage deeds to property, plant and equipment having a net book value of approximately \$3,198,000 at June 30, 1977. The notes bear interest at rates ranging from $3\frac{3}{4}\%$ to 7% and are payable in annual installments of \$90,000.

The subordinated promissory notes bear interest at the rate of 1% above the prime commercial rate and are payable in annual installments of \$300,000 through July 1, 1986. The current interest rate on these notes is $7\frac{3}{4}\%$.

Required payments on long-term debt during the next five fiscal years are as follows: \$1,527,000 in 1978; \$1,039,000 in 1979; \$1,021,000 in 1980; \$1,014,000 in 1981; and \$477,000 in 1982.

The Company and its subsidiaries have available, from various banking sources, approximately \$7,500,000 of unused short-term lines of credit at rates of interest approximating the prime commercial rate. During fiscal 1977, the average aggregate short-term borrowings outstanding amounted to \$1,872,000 at an effective interest rate of 11.8% and the maximum short-term borrowings outstanding at any month-end totaled \$2,493,000. At June 30, 1977, the outstanding short-term debt was comprised of borrowings by the Brazilian subsidiary at an average interest rate of 15.8% in addition to borrowings by other subsidiary companies at rates ranging from 9% to 14% . Short-term borrowings of \$1,475,000 have been secured by accounts receivable and other current assets.

The average aggregate short-term borrowings outstanding during fiscal 1976 amounted to \$1,398,000 at an effective interest rate of 11.1% and the maximum short-term borrowings outstanding at any month-end totaled \$1,961,000.

4. Leases

The Company and its subsidiaries have operating leases covering manufacturing and warehouse facilities expiring at various dates to November 15, 1988. In addition, the Company and its subsidiaries have long-term noncapitalized financing leases covering office equipment and automobiles and trucks. The effect on net income of capitalizing financing leases and the recognition of applicable interest and amortization expense is not significant.

Annual rental costs charged to operations amounted to \$1,830,000 and \$1,737,000 in 1977 and 1976.

Commitments under long-term leases are as follows:

	Operating Leases	Financing Leases
1978	\$ 614,000	\$ 513,000
1979	480,000	361,000
1980	462,000	169,000
1981	406,000	116,000
1982	334,000	88,000
1983 - 1987	1,647,000	—
1988 - 1992	453,000	—

5. Common Shares

Terms of the Company's Stock Option Plans approved in 1973 and 1975 provide that options will be granted for periods not to exceed five years and that the options would be exercisable for not less than the fair market value at the date of grant and in annual installments of not more than 40 per cent each, beginning one year from the date of grant. The Company, at June 30, 1977, has reserved 25,300 unissued common shares for the granting of future options under its stock option plans.

There were outstanding at June 30, 1977 and 1976, options covering 58,720 and 37,760 shares, respectively. Options outstanding at June 30, 1977, are exercisable at prices ranging from \$13.00 to \$26.00 per share. During 1977, options for 32,125 shares were granted at prices ranging from \$20.75 to \$21.50 per share, options covering 2,400 shares were exercised at \$15.25 per share and options for 8,765 shares were cancelled.

The Company, as of June 30, 1977, had outstanding warrants to purchase 11,250 common shares at a price of \$16.00 per share. These warrants expire December 20, 1977. During 1977, warrants for 11,250 shares expired.

6. Earnings Per Share

Primary and fully diluted earnings per share were computed based on the weighted average common and dilutive common equivalent shares outstanding during the periods. Common share equivalents include stock options and warrants and are included in the weighted average share computations on the basis of the assumed increase in shares resulting from the theoretical exercise of options and warrants, less shares which could have been reacquired utilizing the proceeds to purchase shares at the average market price during the periods. Earnings per share for 1977 and 1976 are based upon 1,210,751 and 1,208,143 shares, respectively.

7. Property, Plant and Equipment

Property, plant and equipment at June 30, 1977 and 1976, consisted of the following:

	1977	1976
Land	\$ 1,244,000	\$ 969,000
Buildings and leasehold improvements	10,764,000	10,498,000
Machinery and equipment	26,693,000	24,358,000
Furniture and fixtures	2,044,000	1,911,000
Capital projects in process	672,000	320,000
	41,417,000	38,056,000
Less—Accumulated depreciation	22,287,000	20,684,000
	<u>\$19,130,000</u>	<u>\$17,372,000</u>

8. Taxes on Income

Provision for taxes on income consists of the following:

	1977	1976
Amounts currently payable		
Federal	\$4,324,000	\$4,704,000
Foreign	1,399,000	1,251,000
State and Local	595,000	750,000
Investment Tax Credit	(181,000)	(107,000)
	<u>6,137,000</u>	<u>6,598,000</u>
Deferred taxes		
Federal	111,000	86,000
Foreign	381,000	28,000
	<u>\$6,629,000</u>	<u>\$6,712,000</u>

Income tax expense differs from amounts currently payable due to certain income and expense items reported for financial statement purposes in periods which differ from those in which they are reported for tax purposes.

9. Quarterly Results of Operations (Unaudited)

The following table sets forth a summary of the quarterly results of operations for the year ended June 30, 1977:

Three Months Ended	Sept. 30	Dec. 31
	(Thousands of dollars, except per share amounts)	
Net Sales	\$38,121	\$38,994
Gross Income	\$ 4,704	\$ 5,079
Net Income	\$ 1,665	\$ 1,617
Primary and Fully Diluted Earnings Per Common Share	<u>\$1.38</u>	<u>\$1.33</u>
Three Months Ended	Mar. 31	June 30
Net Sales	\$35,376	\$39,707
Gross Income	\$ 4,487	\$ 5,909
Net Income	\$ 1,323	\$ 1,689
Primary and Fully Diluted Earnings Per Common Share	<u>\$1.09</u>	<u>\$1.40</u>

Auditors' Report

To the Shareholders and the Board of Directors,
The Standard Products Company:

We have examined the consolidated balance sheets of The Standard Products Company (an Ohio corporation) and Subsidiary Companies as of June 30, 1977 and 1976, and the consolidated statements of income, shareholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of The Standard Products Company and Subsidiary Companies as of June 30, 1977 and 1976, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Cleveland, Ohio
August 1, 1977

Directors

Edward B. Brandon
*Senior Vice President,
National City Bank*

Charles Brooks
Vice President

John D. Drinko
*Partner, Baker, Hostetler
& Patterson, Attorneys*

Edward J. Mellen
*Vice Chairman of the Board,
Roulston & Company, Inc.
(Investment Counselors)*

Robert L. Munger, Jr.
*President and
Chief Executive Officer,
Cedar Point, Inc.
(Family Entertainment
Center)*

Walter I. Nagorsen
*President,
Standard Products
(Canada) Limited*

Wilber C. Nordstrom
Executive Vice President

Leigh H. Perkins
*President,
The Orvis Company, Inc.
(Manufacturer and
Distributor of
Fishing Tackle
and Sporting Goods)*

James S. Reid
Chairman of the Board

James S. Reid, Jr.
President

Alan E. Riedel
*Senior Vice President-
Administration,
Cooper Industries, Inc.
(Hand Tools; Energy
and Aircraft Services)*

Officers

James S. Reid
Chairman of the Board

James S. Reid, Jr.
President

Wilber C. Nordstrom
Executive Vice President

William T. Barber
Vice President—Sales

Charles Brooks
Vice President

Robert C. Jacob
*Vice President—
Industrial Relations*

Peter V. Paulus
*Vice President—
Product Development*

Joseph A. Robinson
Vice President—Finance

Donald W. Speaks
Vice President & Treasurer

Robert B. Stevens
Vice President

John D. Drinko
Secretary

Berryman L. Bourne
Corporate Controller

Transfer Agents

Central National Bank
of Cleveland
Cleveland, Ohio
Chemical Bank
New York, New York

Registrars

National City Bank
Cleveland, Ohio
Chemical Bank
New York, New York

Counsel

Baker, Hostetler
& Patterson
Cleveland, Ohio

Auditors

Arthur Andersen & Co.
Cleveland, Ohio

Facilities

Executive Offices
2130 West 110th Street
Cleveland, Ohio 44102

*Sales Office, Product
Development and
Westborn Warehouse, Inc.*
2401 South Gulley Road
Dearborn, Michigan 48124

Plants

Port Clinton and
Cleveland, Ohio;
Lexington, Kentucky;
Gaylord, Michigan;
Brooklyn and
Schenectady, New York;
Kearny and Flemington,
New Jersey; Oakland,
California; Georgetown,
Stratford and Mitchell,
Ontario, Canada;
Huntingdon, England;
Maesteg, Wales;
Sao Paulo, Brazil;
and Tarrasa, Spain

Copies of the Company's
Annual Report on Form
10-K as submitted to the
Securities and Exchange
Commission are available
without charge upon
written request. Please
address your request to
The Standard Products
Company, 2130 West
110th Street, Cleveland,
Ohio 44102, Attention
Mr. Joseph A. Robinson,
Vice President-Finance.

Common Shares

The Company's common shares are listed on the American Exchange. Quarterly market and dividend data are shown in the following table:

Quarter	Price Range (ASE)				Dividends Paid	
	1977		1976		1977	1976
	High	Low	High	Low		
4th	25 $\frac{1}{4}$	22 $\frac{5}{8}$	26 $\frac{1}{8}$	21 $\frac{3}{8}$	\$.35	\$.27 $\frac{1}{2}$
3rd	25	20 $\frac{5}{8}$	26 $\frac{1}{4}$	15 $\frac{1}{2}$	.30	.27 $\frac{1}{2}$
2nd	24 $\frac{5}{8}$	18 $\frac{3}{8}$	16 $\frac{1}{8}$	14 $\frac{3}{8}$	.30	.25
1st	24 $\frac{7}{8}$	21 $\frac{1}{8}$	16 $\frac{1}{8}$	12 $\frac{7}{8}$	.30	.25
					<u>\$1.25</u>	<u>\$1.05</u>

THE STANDARD PRODUCTS co.

2130 West 110th Street, Cleveland, Ohio 44102



The Standard Products Company Annual Report 1976

**In the top 5% of FORTUNE's
1000 largest industrial companies
in 10-year earnings per share
growth and the top 10% in
total return to shareholders.**

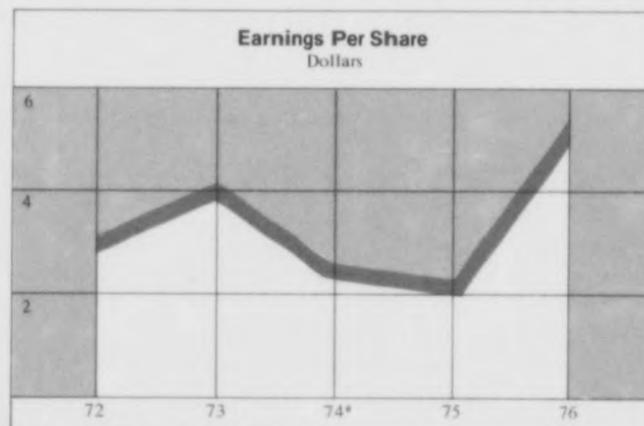
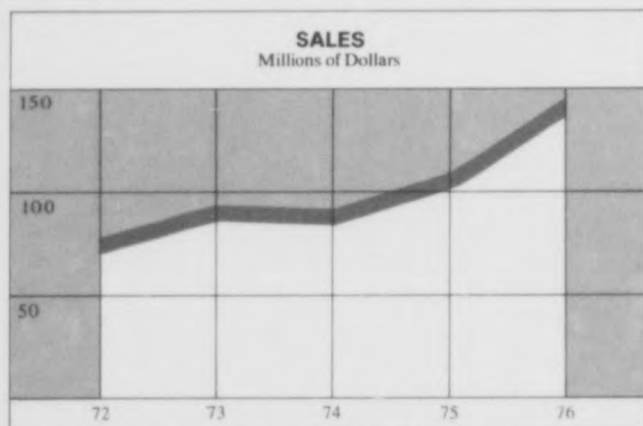
The Standard Products Company specializes in automotive and other products requiring a substantial degree of product development capability and involving high-volume automated production processes demanding extensive engineering skills. Products and services offered include:

- Flocked rubber glass-run channels to hold and seal car and truck windows and create low-friction surfaces for their easy operation.
- Electrostatically flocked rubber and steel weatherstrips to hold and seal car and truck windows.
- Sponge rubber seals with vinyl trims to provide decorative, water-tight fit of car door against body.
- Sponge rubber seals with rubber snap-on windlances to seal car doors to bodies and other sponge rubber seals.
- Rubber gaskets to seal windshields and back windows, and metallized plastic trims to give gaskets a decorative appearance.
- Plastic snap-on windlances and trims.
- Metallized multi-colored and embossed Mylar interior and exterior bodyside car trims.
- Motor mounts and other high-performance molded rubber products.
- Many other original equipment rubber and plastic automotive parts.
- A retail line of decorative and protective automotive trims and moldings, and a wide range of automotive channel and weatherstrip replacement parts.
- Neoprene glazing gaskets to seal and hold building windows and panels in place.
- A line of building weatherstrips for the aluminum door and window market.
- Tracks for military vehicles.
- Marine trims and seals, and other rubber and plastic marine products.
- Cellophane, polypropylene and polyethylene printed packaging materials and laminations.
- Extensive distribution services through a public warehousing-trucking facility.

Standard Products operates 17 manufacturing plants in five countries plus a large public warehousing and distribution facility.

Year At A Glance

	1976	1975
Net Sales	\$146,160,000	\$109,575,000
Net Income	\$ 6,614,000	\$ 2,770,000
Net Income Per Share	\$ 5.47	\$ 2.30
Dividends Declared Per Share	\$ 1.10	\$ 1.00
Shareholders' Equity	\$ 32,055,000	\$ 26,740,000
Book Value Per Share	\$ 26.51	\$ 22.16
Shares Outstanding at Year-End	1,209,172	1,206,522



*Includes 79 cents per share in extraordinary income.

Letter to Shareholders

The fiscal year ended June 30 was the best in the history of Standard Products with new records set in earnings per share and sales.

Net income was \$6,614,000 or \$5.47 a share compared with \$2,770,000 or \$2.30 a share for the preceding year, and was 28 per cent above our previous high of \$5,164,000 or \$4.18 a share earned in fiscal 1973.

Sales for the year were \$146,160,000, an increase of 33 per cent over the \$109,575,000 of fiscal 1975.

Dividend Increased Twice To \$1.20 Annual Rate

The quarterly dividend was increased to 27½ cents a share with the payment made January 26, 1976, from the 25 cents previously paid, and was further increased to 30 cents a share with the payment made July 27, 1976. Total payout during the past fiscal year was \$1.05 per share compared with \$1 during the prior year. At the new indicated annual rate of \$1.20 a share, our dividend rate is up 20 per cent in the past year and has more than doubled since 1971. Standard Products has paid dividends in each year since 1950.

With the Leaders in FORTUNE's 1000

Standard Products was 43rd in earnings per share growth rate over the past 10 years among companies in FORTUNE's 1975 list of the nation's 1000 largest industrial companies, with an average compounded annual increase of 23.44 per cent. In other words, we were in the top 5 per cent of the nation's top 1000 industrial companies in this category. We were 91st out of 1000 in total return to investors including dividends and appreciation in stock value with an average annual compounded increase as computed by FORTUNE of 12.24 per cent over the 10 years. This puts us in the top 10 per cent among the 1000. However, we ranked only 902nd in sales in these same 1000 companies. These figures do not take into account our record earnings and sales in the year just ended.

Financial Condition Excellent

Working capital totaled \$20,998,000 at June 30, 1976, an increase of \$2,438,000 from the preceding year. Long-term debt, net of current maturities, was \$5,184,000 at June 30, 1976, a reduction of \$2,593,000 from a year ago. During the year we prepaid the \$1,500,000 Eurodollar loan of our English

subsidiary. In addition, the loan agreement with our U. S. banks was amended to eliminate repayments based on earnings. Receivables and inventories increased \$8,595,000 from the level of June 30, 1975, reflecting higher levels of sales. Current assets were two to one in relation to current liabilities. Shareholders' equity totaled \$32,055,000 or \$26.51 a share. Our per cent of operating income to average shareholders' equity was 23 per cent for the year and we have averaged over 15 per cent for the last 10-year period.

Diversified Earning Power

The 1976 results, with profits for each quarter well above those for the same period of the prior year, provide a gratifying demonstration of the diversity and solid foundations of the Company's earning power under a variety of conditions.

The fiscal first half was characterized by low levels of new car production in North America and overseas. In spite of increased orders for parts on the 1976 cars, our basic North American original equipment sales during the first six months of the year were slightly below those for the preceding year. However, military sales increased, offsetting the drop in the automotive sales.

Automotive sales increased rapidly during the second half as new car sales and production climbed. Military and other sales remained high and our cost reduction programs of early 1975 were particularly effective. The lag in overseas sales continued throughout the year, but improved somewhat in the final quarter.

Our profit increase was largely due to higher North American automotive sales, large military volume, good performance by our automotive after-market and warehouse groups, and the continuing impact of long-range plant improvement programs.

Well-Positioned in OEM Market

Our customers are in the midst of major design and engineering changes to be carried out between now and 1980. Their objectives include reducing car weight, minimizing rust, improving quality and holding the line on costs. Our car trims and seals fit these objectives very closely and we are in an excellent position to benefit from the anticipated changes.

For example, the growing use of our bright exterior metallized Mylar stick-on trims

reduces weight, eliminates rust-generating holes in the car body, and cuts costs through ease of installation. We now have three plants specializing in this highly technical type of product.

Another important new product area is a combination sponge and dense rubber extruded door seal, incorporating a metal core snap-on assembly system. It can be used for door, window, trunk and hood seals. Automated equipment for this type of product is costly and specialized. We are proceeding with the installation of several production lines for this product and are optimistic that we will develop substantial new sales.

Many other new applications for our types of products are also being pursued with special emphasis on our product development effort throughout the Company.

Canadian Operations Strong

Our five Canadian plants continue to be one of the strongest segments of our Company. Their sponge rubber products complement the other rubber products we manufacture in our United States plants. We have just completed a major plant and equipment expansion program at our Stratford, Ontario plants for additional door seal capacity.

Military Sales High

Military sales, primarily tracks for the Army's Sherman M-60 main battle tank, totaled \$35,800,000 compared with \$16,600,000 in the preceding year. Our backlog at June 30, 1976, was \$18,000,000, with production scheduled primarily for the first half of fiscal 1977. It is anticipated that new contracts will be bid during fiscal 1977,

but the business is intensely competitive and there is a lead time of approximately six months between bidding, award of the orders and start of production. Our tank track business now is for original equipment as well as replacement needs, and we anticipate that tank tracks will be a continuing source of business, although one that will fluctuate in volume from year to year.

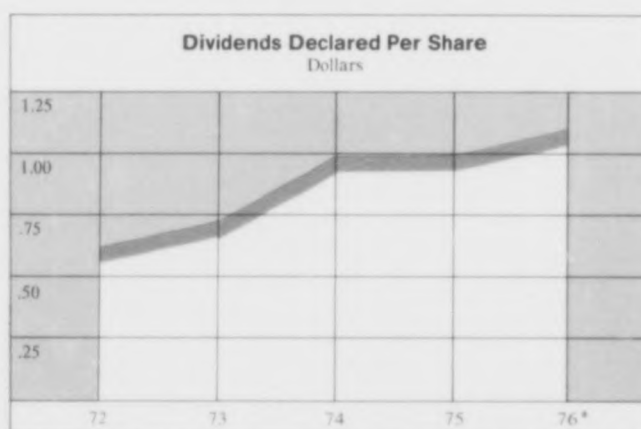
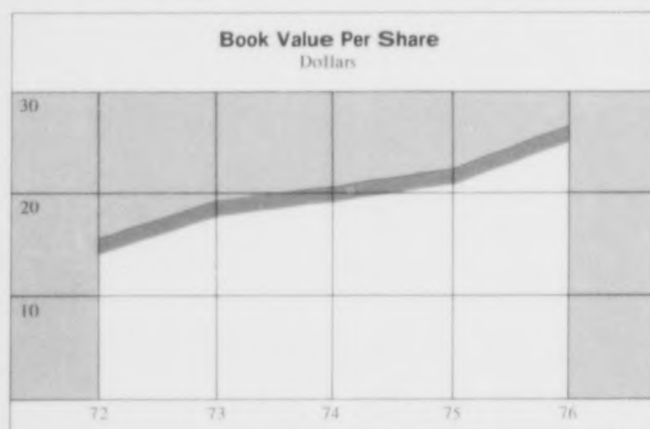
Improved Operating Results Overseas

Low levels of car production and high inflation rates, causing a constant cost-price catch-up problem, continued to affect adversely our operations in England, Spain and Brazil. However, these plants showed substantial improvement during the fourth quarter in sales and operating results.

About 40 per cent of our United Kingdom production is for export, which was particularly important, considering the depressed economic conditions in the United Kingdom. Sales are now increasing and we are hopeful for much better results in fiscal 1977.

The Spanish company still faces growing pains. The plant has been expanded and modern equipment installed. The Ford plant in Valencia, Spain will begin assembly of the *Fiesta* model in the fall and our plant near Barcelona will supply parts for this new model.

Brazilian car sales are depressed while the government strives to curb a high rate of inflation. New modern equipment has been installed to manufacture the major products offered to our North American customers. We are expecting sales improvement even with a static Brazilian car build, and are in a good position to benefit from increased car production with an improved economy.



*Quarterly dividend increased to 30 cents per share July 27, 1976.

Overseas sales totaled \$18,700,000 last year and we expect these operations to make an increasing contribution to corporate volume and income.

During the year we increased our minority interest in Hulva, S.A. of Mexico City and have negotiated a broader license agreement with our Japanese associates, Nishikawa Rubber Co. of Hiroshima, Japan. We also have licensees in Argentina and Australia.

Replacement and Accessory Sales Do Well

Sales of our StanPro automotive replacement and accessory products increased 19 per cent to \$13,700,000, and constitute a growing, stabilizing part of our business. Our replacement sales are largely automotive channels and weatherstrips, the accessory group sales are our exterior stick-on protective trims, and we also have an increasing number of products for the building and marine industries.

Westborn Warehouse and Pacquet Division

Westborn Warehouse, Inc., our wholly owned subsidiary operating a 310,000 square foot public warehouse in Dearborn, Michigan, enjoyed its best year.

Our Pacquet Division in Kearny, N. J., which prints and laminates cellophane, polypropylene and polyethylene packaging materials, showed higher sales, with its new laminating business steadily increasing. We anticipate improved profit and sales results in the current fiscal year.

Plant Improvement Programs Continuing

One reason for our profit improvement is the constantly increasing efficiency resulting from our capital investments in new equipment. Capital investments last year were \$3,160,000, with the bulk of this spent for equipment in our North American factories. This investment compares with depreciation of \$2,192,000.

We have just purchased our Lexington, Kentucky plant, which we previously leased. This was the third such North American plant purchase in three years and we now own all principal properties outright except for our warehouse in Dearborn, Michigan.

Total capital expenditures for the current fiscal year are budgeted at \$3,800,000, which

will be spent for production lines for new products and for equipment to improve our ability to produce a high quality product at a competitive price.

Fortunately, our production processes are clean and cause minimal harm to the air and water, and where we have such problems we have acted to prevent damage to the environment.

Product Development Results Critical and Successful

With the major changes in car size and design now underway in Detroit, our active product development group is critical to our continued success. We maintain our largest such group in Dearborn, close to the engineers and laboratories of our customers. Independent development programs are located in Stratford, Ontario, Canada and at several of our plants elsewhere.

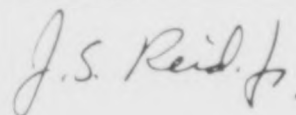
Outlook Is Good

Standard Products would be adversely affected on a temporary basis if current union negotiations of the Big Three automobile producers should result in a prolonged strike. Our military production for 1977, while high by traditional levels, will be down substantially in the second half.

However, we are benefiting from continuing increases in North American new car production. Orders for parts on the 1977 model cars are at high levels, with industry trends strongly favorable to our types of products. Overseas operations are improving, and other phases of our business are operating at high levels.

Indications at this point are for another good year, and for continuing solid growth and profit results on a long-range basis.

Sincerely,



James S. Reid, Jr.
President

September 3, 1976

Management's Analysis

Nature of Business

The Standard Products Company is principally engaged in the business of manufacturing extruded and molded rubber and plastic products for automotive, military, building and marine use. For the last five fiscal years ended June 30, 1972 through 1976, such products accounted for approximately 91 per cent, 94 per cent, 93 per cent, 93 per cent and 94 per cent, respectively, of total Company sales and substantially all of reported operating profits.

Summary of Operations

(See Page 12)

Sales

Sales in 1976 increased \$36,585,000 over the previous year's sales. This increase resulted primarily from an increase in military sales of \$19,179,000 and in automotive original equipment sales of \$13,521,000.

The increase in sales during 1975 as compared with 1974 was largely due to higher military sales.

Sales increased \$16,278,000 in 1973 from the level in 1972 as a result of increased sales both to automotive original equipment

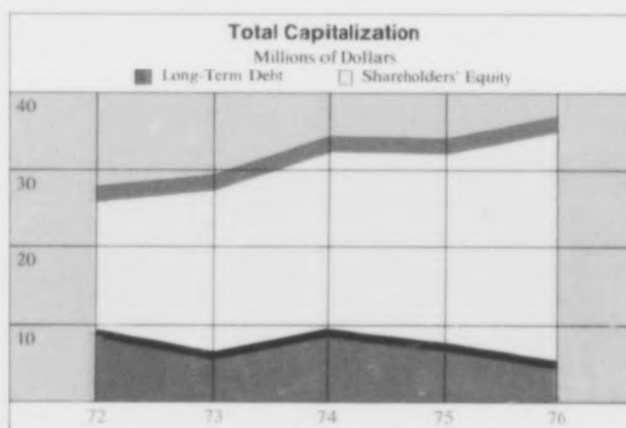
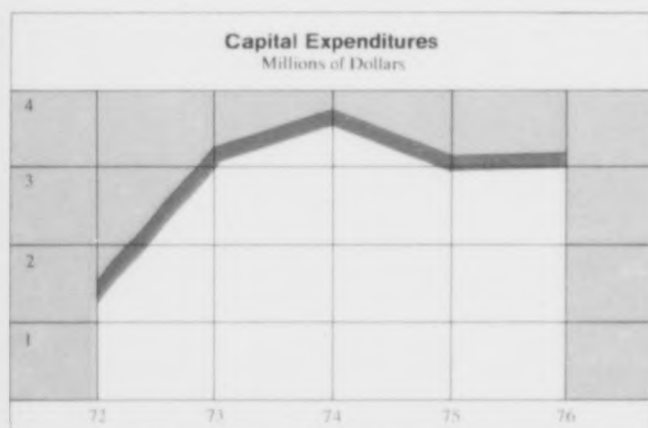
manufacturers and the automotive accessory and replacement markets together with a full year of sales for companies acquired in 1972.

Operating Income

Net income in 1976 increased \$3,844,000 over 1975 resulting primarily from the higher sales volume experienced during the year.

Operating earnings for 1975 increased \$574,000 over 1974 after recognition of an earnings reduction of \$331,000 resulting from the switch to the LIFO method of inventory valuation. The increase in earnings resulted primarily from the increased level of military volume and cost reductions in line with the decline in automobile production.

Earnings for 1974 were adversely affected by a decline in car production, higher operating costs (a portion of which were offset through higher sales prices), price controls and a \$560,000 provision for future losses on a military contract. In addition, net income for 1974 includes \$970,000 of extraordinary income arising from the sale of land. Increased earnings in 1973 resulted primarily from companies acquired in mid-1972 and the increased level of sales during these periods.



Consolidated Statements of Income

The Standard Products Company and Subsidiary Companies
For the Years Ended June 30, 1976 and 1975

	1976	1975
Net Sales	\$146,160,000	\$109,575,000
Cost of Goods Sold:		
Materials, wages and other manufacturing costs	123,792,000	94,953,000
Research, engineering and development expenses	1,987,000	1,812,000
	<u>125,779,000</u>	<u>96,765,000</u>
Gross income	20,381,000	12,810,000
Selling, General and Administrative Expenses	6,690,000	5,857,000
	<u>13,691,000</u>	<u>6,953,000</u>
Other Income (Deductions):		
Royalty and dividend income	336,000	275,000
Interest expense, net	(648,000)	(1,074,000)
Other expense, net	(53,000)	(416,000)
	<u>(365,000)</u>	<u>(1,215,000)</u>
Income Before Taxes	13,326,000	5,738,000
Provision for Taxes on Income (Notes 1 and 7)	6,712,000	2,968,000
Net Income	\$ 6,614,000	\$ 2,770,000
Primary and Fully Diluted Earnings Per Common Share (Note 5)	<u>\$5.47</u>	<u>\$2.30</u>

Consolidated Statements of Shareholders' Equity

The Standard Products Company and Subsidiary Companies
For the Years Ended June 30, 1976 and 1975

	Common Shares	Paid-In Capital	Retained Earnings
Balance, July 1, 1974	\$1,206,000	\$1,433,000	\$22,537,000
Net Income	—	—	2,770,000
Cash dividends (\$1.00 per share)	—	—	(1,206,000)
Balance, June 30, 1975	1,206,000	1,433,000	24,101,000
Net Income	—	—	6,614,000
Cash dividends (\$1.10 per share)	—	—	(1,330,000)
Sale of 2,650 shares to option holders	3,000	28,000	—
Balance, June 30, 1976	<u>\$1,209,000</u>	<u>\$1,461,000</u>	<u>\$29,385,000</u>

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

The Standard Products Company and Subsidiary Companies
June 30, 1976 and 1975

Assets	1976	1975
Current Assets:		
Cash	\$ 1,235,000	\$ 1,976,000
Time deposits	3,382,000	4,232,000
Receivables, less allowance of \$241,000 in 1976 and \$200,000 in 1975	16,673,000	15,009,000
Inventories (Note 1)	19,287,000	12,356,000
Prepaid insurance, taxes, etc.	1,146,000	1,058,000
Total current assets	41,723,000	34,631,000
Property, Plant and Equipment, at cost (Notes 1 and 6)	38,056,000	35,373,000
Less — Accumulated depreciation	20,684,000	18,732,000
	17,372,000	16,641,000
Other Assets:		
Cash value of life insurance, net of policy loans of \$744,000 in 1976 and \$770,000 in 1975	177,000	107,000
Investments and other assets	581,000	380,000
Unamortized cost of tools and dies	45,000	205,000
	803,000	692,000
Patents and Other Intangibles, net of accumulated amortization of \$667,000 in 1976 and \$590,000 in 1975 (Note 1)	1,121,000	1,115,000
	<u>\$61,019,000</u>	<u>\$53,079,000</u>
 Liabilities		
Current Liabilities:		
Short-term notes payable (Note 2)	\$ 374,000	\$ 1,768,000
Current maturities of long-term debt	1,282,000	1,627,000
Accounts payable	8,703,000	6,985,000
Accrued payrolls	2,062,000	1,655,000
Accrued expenses	4,208,000	3,127,000
Dividend payable	363,000	302,000
Accrued Federal and foreign taxes on income (Notes 1 and 7)	3,733,000	607,000
Total current liabilities	20,725,000	16,071,000
Long-term Debt, net of current maturities (Note 2)	5,184,000	7,777,000
Deferred Income Taxes and Other Credits (Note 7)	3,055,000	2,491,000
Shareholders' Equity:		
Convertible preferred shares, par value \$1 per share; authorized 100,000 shares, none issued	—	—
Common shares, par value \$1 per share; authorized 3,000,000 shares, outstanding 1,209,172 shares in 1976 and 1,206,522 shares in 1975 (Note 4)	1,209,000	1,206,000
Paid-in capital	1,461,000	1,433,000
Retained earnings (Note 2)	29,385,000	24,101,000
	<u>32,055,000</u>	<u>26,740,000</u>
	<u>\$61,019,000</u>	<u>\$53,079,000</u>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Financial Position

The Standard Products Company and Subsidiary Companies

For the Years Ended June 30, 1976 and 1975

	1976	1975
Funds Provided:		
Net income	\$ 6,614,000	\$ 2,770,000
Charges (credits) not affecting working capital —		
Provision for depreciation and amortization	2,354,000	2,097,000
Deferred taxes on income — noncurrent	577,000	433,000
Funds from operations	9,545,000	5,300,000
Long-term borrowing	—	100,000
Proceeds from exercise of options	31,000	—
Retirements of property, plant and equipment	152,000	210,000
Total funds provided	<u>9,728,000</u>	<u>5,610,000</u>
 Funds Applied:		
Additions to property, plant and equipment	3,160,000	3,144,000
Cash dividends declared	1,330,000	1,206,000
Payments and maturities of long-term debt	2,440,000	1,692,000
Other, net	360,000	207,000
Total funds applied	<u>7,290,000</u>	<u>6,249,000</u>
Increase (Decrease) in Working Capital	<u>\$ 2,438,000</u>	<u>\$ (639,000)</u>
 Increase (Decrease) in Working Capital Represented By:		
Current assets — increase (decrease) —		
Cash and time deposits	\$ (1,591,000)	\$ 1,329,000
Receivables	1,664,000	1,371,000
Inventories	6,931,000	(108,000)
Prepays	88,000	(415,000)
	<u>7,092,000</u>	<u>2,177,000</u>
Current liabilities — increase (decrease) —		
Short-term notes payable and current maturities		
of long-term debt	(1,739,000)	1,757,000
Accounts payable	1,718,000	653,000
Accrued expenses	1,488,000	422,000
Dividend payable	61,000	—
Accrued income taxes	3,126,000	(16,000)
	<u>4,654,000</u>	<u>2,816,000</u>
Increase (Decrease) in Working Capital	<u>\$ 2,438,000</u>	<u>\$ (639,000)</u>

The accompanying notes are an integral part of these statements.

Notes To Consolidated Financial Statements

The Standard Products Company and Subsidiary Companies

June 30, 1976 and 1975

1. Summary of Significant Accounting Policies

A. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Major intercompany items have been eliminated.

In fiscal 1976 the financial statements of foreign subsidiaries have been translated in accordance with the provisions of Financial Accounting Standard #8, effective in 1976. The effect of adopting the provisions of this standard are not significant to income previously reported.

Losses arising from translation of financial statements of foreign subsidiaries amounted to \$118,000 and \$450,000 in 1976 and 1975, respectively.

B. Property, Plant and Equipment

For financial reporting purposes, the Company provides for depreciation of property and equipment using the straight-line and sum-of-the-years-digits methods at annual rates based on the estimated service lives of the property. Estimated service lives by asset category are as follows:

Buildings and leasehold improvements	20 to 50 yrs.
Machinery and equipment	3 to 15 yrs.
Furniture and fixtures	5 to 15 yrs.

Maintenance and repair expenditures are charged to income as incurred. Expenditures for improvements and major renewals are capitalized.

Amounts allocated to patents are being amortized on a straight-line basis over their estimated useful lives (approximately 17 years).

C. Inventories

Effective July 1, 1974, for certain inventories in the United States, the Company changed from the first-in, first-out (FIFO) basis of valuation of inventories to the last-in, first-out (LIFO) basis. At June 30, 1976 and 1975, \$6,225,000 and \$5,000,000, respectively, of inventories are valued on the LIFO basis with the remainder of the inventories valued on the FIFO basis. If all inventories were valued using the FIFO method of valuation, inventories would have been \$870,000 and \$679,000 greater than reported at June 30, 1976 and 1975, respectively.

D. Long-term Contracts

Sales and profits arising from fixed price production contracts are recognized as units are delivered, based upon estimated average final costs.

Inventory costs relating to long-term contracts at June 30, 1976, totaled \$4,919,000 which was net of progress payments of \$229,000.

Sales under U. S. Government contracts amounted to approximately 21% of total sales in 1976 and 15% in 1975. Substantially all sales under these contracts are subject to the Renegotiation Act, which provides for recovery of any profits deemed excessive. The Company believes that no excessive profits were realized on these sales and therefore no provision for renegotiation refunds has been made.

E. Income Taxes

The Company does not currently provide for Federal income taxes on undistributed earnings of its foreign subsidiaries where it is the intention of the Company to have such subsidiaries utilize earnings for capital expansion and debt repayment. As of June 30, 1976, Federal income taxes on such earnings, net of available foreign tax credits, would be approximately \$1,115,000 on cumulative undistributed earnings of \$8,256,000.

The Company follows the flow-through method of accounting for the investment tax credit.

F. Pensions

The Company and its subsidiaries have several non-contributory pension plans covering salaried and hourly employees. Total pension costs charged to operations were \$2,106,000 in 1976 and \$1,626,000 in 1975, including amortization of past service costs over thirty year periods. It is the Company's policy to fund pension costs accrued.

The actuarially computed value of vested benefits of all plans exceeded the total of pension funds, at market, and balance sheet accruals as of June 30, 1976, by \$6,227,000. The increase in vested benefits in excess of fund assets occurring in 1976 resulted primarily from a higher level of benefits in certain hourly plans which became effective during the current fiscal year.

No significant increases in pension expense or unfunded vested benefits are expected as a result of the Pension Reform Act of 1974.

2. Debt

Long-term debt at June 30, 1976 and 1975, consisted of the following:

	1976	1975
Notes payable		
to banks	\$4,900,000	\$5,675,000
Eurodollar note payable	—	1,500,000
5% Serial subordinated notes	119,000	400,000
Mortgage notes	1,306,000	1,596,000
Other debt	141,000	233,000
Total	6,466,000	9,404,000
Less — Current maturities	1,282,000	1,627,000
	<u>\$5,184,000</u>	<u>\$7,777,000</u>

Terms of the Company's amended loan agreement for notes payable to banks provide, among other things, that the Company and its U. S. subsidiaries:

a) maintain an excess of consolidated current assets over current liabilities of \$7,000,000;

b) limit payments for dividends and acquisition of capital stock of the Company to \$2,400,000 plus consolidated net earnings subsequent to June 30, 1973; and

c) will be free of short-term debt in the U. S. for a period of sixty days during each fiscal year.

At June 30, 1976, the excess of consolidated current assets over current liabilities, as defined, was \$14,688,000 and retained earnings not restricted for cash dividends and acquisition of capital stock were \$9,693,000.

The notes bear interest at the rate of $\frac{1}{2}\%$ above the prime commercial rate and are payable in semi-annual installments of \$450,000 through July 1, 1981. The current interest rate on these notes is $7\frac{3}{4}\%$.

The mortgage notes and other debt are secured by first and second mortgage deeds to property, plant and equipment having a net book value of approximately \$3,151,000 at June 30, 1976. The notes bear interest at rates ranging from $3\frac{3}{4}\%$ to 7% and are payable in annual installments of \$127,000.

Required payments on long-term debt during the next five fiscal years are as follows: \$1,282,000 in 1977; \$1,282,000 in 1978; \$1,002,000 in 1979; \$1,006,000 in 1980 and \$986,000 in 1981.

The Company and its subsidiaries have available, from various banking sources, approximately \$7,215,000 of unused short-term lines of credit at rates of interest approximating the prime commercial rate. During fiscal 1976, the average aggregate short-term borrowings outstanding amounted to \$1,398,000 at an effective interest rate of 11.1% and the maximum short-term borrowings outstanding at any month-end totaled \$1,961,000. At June 30, 1976, the outstanding short-term debt was comprised of borrowings by the Brazilian subsidiary at an average interest rate of 14.9%.

The average aggregate short-term borrowings outstanding during fiscal 1975 amounted to \$1,819,000 at an effective interest rate of 11.5% and the maximum short-term borrowings outstanding at any month-end totaled \$2,293,000.

3. Leases

The Company and its subsidiaries have operating leases covering manufacturing and warehouse facilities expiring at various dates to November 15, 1988. In addition, the Company and its subsidiaries have long-term noncapitalized financing leases covering office equipment and automobiles and trucks. The effect

on net income of capitalizing financing leases and the recognition of applicable interest and amortization expense is not significant.

Annual rental costs charged to operations amounted to \$1,737,000 and \$1,643,000 in 1976 and 1975, respectively.

Commitments under long-term leases are as follows:

	Operating Leases	Financing Leases
1977	\$ 455,000	\$531,000
1978	417,000	402,000
1979	391,000	251,000
1980	382,000	86,000
1981	382,000	71,000
1982 - 1986	1,647,000	65,000
1987 - 1991	782,000	—

4. Common Shares

In September, 1975 shareholders approved a stock option plan which reserved 50,000 of the Company's unissued common shares for the granting of future options. Terms of this plan and a plan approved in 1973 provide that options will be granted for periods not to exceed five years and that the options would be exercisable for not less than the fair market value at the date of grant and in annual installments of not more than 40 percent each, beginning one year from the date of grant. The Company, at June 30, 1976, has reserved 52,020 unissued common shares for the granting of future options under its stock option plans.

There were outstanding at June 30, 1976 and 1975, options covering 37,760 and 49,560 shares, respectively. Options outstanding at June 30, 1976, are exercisable at prices ranging from \$13.00 to \$27.50 per share. During 1976, options covering 2,650 shares were exercised at prices ranging from \$10.67 to \$15.25 per share and options for 9,150 shares were cancelled. There were no options granted during the year.

The Company, as of June 30, 1976, had outstanding warrants to purchase 22,500 common shares at a price of \$16.00 per share to December 20, 1977. If not exercised, the remaining warrants expire to the extent of 11,250 shares per year until December, 1977. During 1976, warrants for 11,250 shares expired.

5. Earnings Per Share

Primary and fully diluted earnings per share were computed based on the weighted average common and dilutive common equivalent shares outstanding during the periods. Common share equivalents include stock options and warrants and are included in the weighted average share computations on the basis of the assumed increase in shares resulting from the theoretical exercise of options and warrants, less shares which could have

been reacquired utilizing the proceeds to purchase shares at the average market price during the periods. Earnings per share for 1976 and 1975 are based upon 1,208,143 and 1,206,522 shares, respectively.

6. Property, Plant and Equipment

Property, plant and equipment at June 30, 1976 and 1975, consisted of the following:

	1976	1975
Land	\$ 969,000	\$ 959,000
Buildings and leasehold improvements	10,498,000	9,822,000
Machinery and equipment	24,358,000	22,288,000
Furniture and fixtures	1,911,000	1,831,000
Capital projects in process	320,000	473,000
	<u>38,056,000</u>	<u>35,373,000</u>
Less — Accumulated depreciation	20,684,000	18,732,000
	<u>\$17,372,000</u>	<u>\$16,641,000</u>

7. Taxes on Income

Provision for income taxes consists of the following:

	1976	1975
Amounts currently payable		
Federal	\$4,704,000	\$1,861,000
Foreign	1,251,000	616,000
State and Local	750,000	247,000
Investment Tax Credit	(107,000)	(85,000)
	<u>6,598,000</u>	<u>2,639,000</u>
Deferred taxes		
Federal	86,000	245,000
Foreign	28,000	84,000
	<u>\$6,712,000</u>	<u>\$2,968,000</u>

Income tax expense differs from amounts currently payable due to certain income and expense items reported for financial statement purposes in periods which differ from those in which they are reported for tax purposes.

Income tax expense exceeds taxes currently payable by \$114,000 in 1976 and \$329,000 in 1975 as a result of the following timing differences:

	1976	1975
Excess of tax depreciation and amortization over book amounts ..	\$104,000	\$298,000
Deferred income of a Domestic International Sales Corporation (DISC)	173,000	47,000
Net provision to reserves	(115,000)	178,000
English income tax revision	—	(285,000)
Other	(48,000)	91,000
	<u>\$114,000</u>	<u>\$329,000</u>

Auditors' Report

To the Shareholders and the Board of Directors,
The Standard Products Company:

We have examined the consolidated balance sheets of The Standard Products Company (an Ohio corporation) and Subsidiary Companies as of June 30, 1976 and 1975, and the consolidated statements of income, shareholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements

present fairly the financial position of The Standard Products Company and Subsidiary Companies as of June 30, 1976 and 1975, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

ARTHUR ANDERSEN & CO.

Cleveland, Ohio
August 3, 1976

Financial Summary

Years Ended June 30
(In Thousands Except Share Data)

Officers

James S. Reid
Chairman of the Board

James S. Reid, Jr.
President

Wilber C. Nordstrom
Executive Vice President

W. H. Thourlby
Senior Vice President—Sales

L. S. Larson
Senior Vice President

Charles Brooks
Vice President

William T. Barber
Vice President—Sales

Peter V. Paulus
*Vice President—
Product Development*

Joseph A. Robinson
Vice President—Finance

John D. Drinko
Secretary

Donald W. Speaks
Treasurer

Facilities

Executive Offices
2130 West 110th Street
Cleveland, Ohio 44102

*Sales Office, Product
Development, and
Westborn Warehouse, Inc.*
2401 South Gulley Road
Dearborn, Michigan 48124

Plants

Port Clinton and Cleveland,
Ohio; Lexington, Kentucky;
Gaylord, Michigan; Brooklyn
and Schenectady, New York;
Kearny, New Jersey;
Georgetown, Stratford and
Mitchell, Ontario, Canada;
Huntingdon, England;
Maesteg, Wales; Sao Paulo,
Brazil; and Tarrasa, Spain

Directors

Charles Brooks
Vice President

John D. Drinko
*Partner, Baker, Hostetler
& Patterson, Attorneys*

L. S. Larson
Senior Vice President

Edward J. Mellen
Private Investor

Robert L. Munger, Jr.
*President and
Chief Executive Officer,
Cedar Point, Inc.
(Family Entertainment Center)*

Wilber C. Nordstrom
Executive Vice President

Leigh H. Perkins
*President,
The Orvis Company, Inc.
(Manufacturer and Distributor
of Fishing Tackle
and Sporting Goods)*

James S. Reid
Chairman of the Board

James S. Reid, Jr.
President

W. H. Thourlby
Senior Vice President—Sales

Herbert B. Trix
Retired

Transfer Agents
Central National Bank
of Cleveland
Cleveland, Ohio
Chemical Bank
New York, New York

Registrars
National City Bank
Cleveland, Ohio
Chemical Bank
New York, New York

Counsel
Baker, Hostetler & Patterson
Cleveland, Ohio

Auditors
Arthur Andersen & Co.
Cleveland, Ohio

1976

Summary of Operations

Net Sales	\$146,160
Gross Income	20,381
Other Expenses (net)	6,407
Interest Expense (net)	648
Provision for Income Taxes	6,712
Income Before Extraordinary Item	6,614
Extraordinary Item	—
Net Income	\$ 6,614
Percent Operating Income to Sales	4.5
Percent Operating Income to Average Shareholders' Equity	22.6

Per Share Information

<i>Primary & Fully Diluted Earnings</i>	
Income Before Extraordinary Item	\$ 5.47
Extraordinary Item	—
Net Income	\$ 5.47
Dividends Declared	\$ 1.10
Book Value	\$ 26.51

Balance Sheet Data

Working Capital	\$ 20,998
Property, Plant & Equipment	38,056
Accumulated Depreciation	20,684
Long-term Debt	5,184
Shareholders' Equity	32,055
Dividends	\$ 1,330

Other Data

Additions to Property, Plant & Equipment	\$ 3,160
Depreciation & Amortization	\$ 2,354
Shares Outstanding	1,209,172
Average Shares Outstanding	1,208,143

*Average shares outstanding include
dilutive common equivalent shares*

Copies of the Company's Annual Report on Form 10-K as submitted to the Securities and Exchange Commission are available without charge upon written request. Please address your request to The Standard Products Company, 2130 West 110th Street, Cleveland, Ohio 44102, Attention Mr. D. W. Speaks, Treasurer.

<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
\$109,575	\$93,394	\$94,842	\$78,564	\$65,476	\$72,865	\$76,766	\$63,283	\$53,824
12,810	9,901	15,563	13,067	8,745	8,417	5,607	4,877	4,868
5,998	5,148	5,133	4,935	3,422	3,374	3,004	2,998	2,235
1,074	621	534	604	682	906	909	579	273
2,968	1,936	4,732	3,640	2,226	2,060	791	510	1,038
2,770	2,196	5,164	3,888	2,415	2,077	903	790	1,322
—	970	—	—	—	—	—	—	—
\$ 2,770	\$ 3,166	\$ 5,164	\$ 3,888	\$ 2,415	\$ 2,077	\$ 903	\$ 790	\$ 1,322
2.5	2.4	5.4	4.9	3.7	2.9	1.2	1.2	2.5
10.8	9.0	24.9	23.0	17.4	16.6	8.0	7.2	12.5
\$ 2.30	\$ 1.81	\$ 4.18	\$ 3.17	\$ 2.11	\$ 1.83	\$.80	\$.71	\$ 1.19
—	.79	—	—	—	—	—	—	—
\$ 2.30	\$ 2.60	\$ 4.18	\$ 3.17	\$ 2.11	\$ 1.83	\$.80	\$.71	\$ 1.19
\$ 1.00	\$ 1.00	\$.74	\$.63	\$.55	\$.53	\$.53	\$.53	\$.53
\$ 22.16	\$ 20.87	\$ 19.29	\$ 15.79	\$ 13.18	\$ 11.63	\$ 10.34	\$ 10.05	\$ 9.86
\$ 18,560	\$19,199	\$15,236	\$14,274	\$10,611	\$ 9,591	\$ 4,385	\$ 3,376	\$ 7,114
35,373	32,897	29,892	27,627	19,893	19,442	19,368	18,712	12,631
18,732	17,239	15,666	14,779	10,827	9,609	8,857	8,022	6,805
7,777	9,380	6,590	9,214	6,653	8,377	5,112	5,895	3,260
26,740	25,176	23,154	18,741	15,097	13,286	11,723	11,223	10,982
\$ 1,206	\$ 1,206	\$ 889	\$ 748	\$ 636	\$ 609	\$ 603	\$ 595	\$ 594
\$ 3,144	\$ 3,742	\$ 3,285	\$ 1,523	\$ 650	\$ 687	\$ 1,212	\$ 1,148	\$ 928
\$ 2,097	\$ 2,217	\$ 1,995	\$ 1,714	\$ 1,454	\$ 1,510	\$ 1,477	\$ 1,110	\$ 795
1,206,522	1,206,522	1,200,103	1,187,183	1,145,459	1,142,325	1,133,892	1,117,130	1,114,092
1,206,522	1,216,674	1,235,228	1,224,822	1,143,863	1,139,112	1,126,665	1,115,848	1,113,538

Common Shares

The Company's common shares are listed on the American Exchange. Quarterly market, dividend data and earnings per share are shown in the following table:

Quarter	Price Range (ASE)				Dividends Paid		Earnings Per Share	
	1976		1975		1976	1975	1976	1975
	High	Low	High	Low				
4th	26 $\frac{1}{8}$	21 $\frac{3}{8}$	13 $\frac{1}{2}$	9 $\frac{3}{4}$	\$.27 $\frac{1}{2}$	\$.25	\$1.73	\$1.43
3rd	26 $\frac{1}{4}$	15 $\frac{1}{2}$	10 $\frac{3}{4}$	7 $\frac{3}{4}$	.27 $\frac{1}{2}$	.25	1.52	(.24)
2nd	16 $\frac{1}{8}$	14 $\frac{3}{8}$	9	7 $\frac{1}{2}$	.25	.25	1.27	.50
1st	16 $\frac{1}{8}$	12 $\frac{7}{8}$	10 $\frac{1}{2}$	8 $\frac{3}{8}$	.25	.25	.95	.61
					<u>\$1.05</u>	<u>\$1.00</u>	<u>\$5.47</u>	<u>\$2.30</u>

The Standard Products Company

2130 West 110th Street, Cleveland, Ohio 44102

151

GUÉRARD AND APPLGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Ed - For future
B+CB meeting
Drel
3/1

Theodore B. Guérard
W.E. Applegate, III

P. O. Box 1119
Zip Code 29402

February 22, 1978

Mr. William T. Putnam
State Auditor
Box 11333
Columbia, South Carolina 29211

Re: \$4,500,000 Fairfield County, South Carolina
Industrial Revenue Bonds, Series 1978
(The Standard Products Company - Lessee)

Dear Mr. Putnam:

In connection with the above issue, I enclose for your review
the following information with respect to The Standard Products Company:

1. The 1977 Annual Report for the fiscal year
June 30, 1977;
2. The 1976 Annual Report for the fiscal year
June 30, 1976, which also sets forth the
financial results for the fiscal year ending
June 30, 1975;
3. The first half report for the period ending
January 25, 1978;
4. Form 10-K for the year ending June 30, 1977;
5. Form 10-Q for the quarter ending September 30,
1977.

A Petition from Fairfield County will be forthcoming shortly for
consideration by the State Budget and Control Board.

I will forward a copy of the Lease, Trust Indenture and Guaranty
Agreement to the Attorney General's Office in the very near future
for their review.

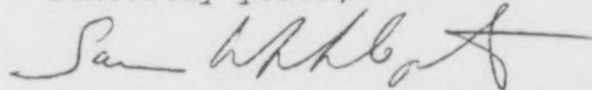
Mr. William T. Putnam

Page Two

February 22, 1978

Please let me know if there is any other information that you would like to receive. Thank you for your assistance in this matter, and with kind regards, I am

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. E. Applegate, III".

W. E. Applegate, III

WEA/cko
Enclosures

cc: J. Richard Hamilton, Esquire
Mr. Russell L. Geuther

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1977 Commission file number 1-2917

The Standard Products Company
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

34-0549970
(I.R.S. Employer
Identification No.)

2130 West 110th Street, Cleveland, Ohio
(Address of principal executive offices)

44102
(Zip Code)

Registrant's telephone number, including area code (216) 281-8300

No Change
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report (applicable only to corporate issuers).

Common Shares-\$1 Par Value-1,197,922

PART I

The following consolidated financial statements are submitted in accordance with the Securities and Exchange Commission's rules and regulations for Form 10-Q.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission rules and regulations, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. The condensed consolidated financial statements presented herein should be read in conjunction with the Company's June 30, 1977 Annual Report Form 10-K.

The financial information included in this quarterly report reflects in the opinion of management all adjustments (which include only normal recurring adjustments) necessary to present fairly such information.

CONSOLIDATED BALANCE SHEETS
The Standard Products Company
and Subsidiary Companies
September 30, 1977 and 1976

	<u>1977</u>	<u>1976</u>
ASSETS		
Current Assets:		
Cash	\$ 1,801,000	\$ 1,621,000
Time deposits	959,000	3,000,000
Receivables, less allowance of \$335,000 in 1977 and \$282,000 in 1976	21,586,000	18,795,000
Inventories (Note 2)	18,413,000	18,202,000
Prepaid insurance, taxes, etc.	1,125,000	1,066,000
Total current assets	<u>43,884,000</u>	<u>42,684,000</u>
Property, Plant and Equipment, at cost	42,099,000	38,521,000
Less--Accumulated depreciation	<u>22,748,000</u>	<u>21,128,000</u>
	19,351,000	17,393,000
Other Assets	<u>1,340,000</u>	<u>852,000</u>
Patents and Other Intangibles, net of accumulated amortization of \$794,000 in 1977 and \$691,000 in 1976	1,101,000 <u>\$ 65,676,000</u>	1,098,000 <u>\$ 62,027,000</u>
LIABILITIES		
Current Liabilities:		
Short-term notes payable	\$ 1,351,000	\$ 1,681,000
Current maturities of long-term debt	1,825,000	1,685,000
Accounts payable	8,867,000	7,954,000
Accrued payrolls	2,023,000	1,884,000
Accrued expenses	4,692,000	4,345,000
Dividend payable	419,000	363,000
Accrued Federal and foreign taxes on income	767,000	3,427,000
Total current liabilities	<u>19,944,000</u>	<u>21,339,000</u>
Long-term Debt, net of current maturities (Note 3)	<u>6,178,000</u>	<u>4,392,000</u>
Deferred Income Taxes and Other Credits	<u>3,247,000</u>	<u>2,939,000</u>
Shareholders' Equity:		
Convertible preferred shares, par value \$1 per share; authorized 100,000 shares, none issued	---	---
Common shares, par value \$1 per share; authorized 3,000,000 shares, outstanding 1,197,922 shares in 1977 and 1,209,172 shares in 1976 (Note 4)	1,198,000	1,209,000
Paid-in capital	1,486,000	1,461,000
Retained earnings (Note 3)	33,623,000	30,687,000
	<u>36,307,000</u>	<u>33,357,000</u>
	<u>\$ 65,676,000</u>	<u>\$ 62,027,000</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME
The Standard Products Company and Subsidiary Companies
For The Three Months Ended September 30, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Net Sales	\$ 36,328,000	\$ 38,121,000
Cost of Goods Sold:		
Materials, wages and other manufacturing costs	32,984,000	32,972,000
Research, engineering and development expenses	<u>431,000</u>	<u>445,000</u>
	33,415,000	33,417,000
Gross income	<u>2,913,000</u>	<u>4,704,000</u>
Selling, General and Administrative Expenses	<u>2,191,000</u>	<u>1,594,000</u>
	<u>722,000</u>	<u>3,110,000</u>
Other Income (Deductions):		
Royalty and dividend income	104,000	236,000
Interest expense, net	(276,000)	(160,000)
Other income, net	<u>47,000</u>	<u>83,000</u>
	<u>(125,000)</u>	<u>159,000</u>
Income Before Taxes	597,000	3,269,000
Provision for Taxes on Income	<u>337,000</u>	<u>1,604,000</u>
Net Income	\$ <u>260,000</u>	\$ <u>1,665,000</u>
Primary and Fully Diluted Earnings Per Common Share (Note 5)	\$ <u>.21</u>	\$ <u>1.38</u>
Dividends Per Common Share	\$ <u>.35</u>	\$ <u>.30</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
The Standard Products Company and Subsidiary Companies
For The Three Months Ended September 30, 1977 and 1976

	<u>1977</u>	<u>1976</u>
Funds Provided:		
Net Income	\$ 260,000	\$1,665,000
Charges (Credits) not affecting working capital -		
Provision for depreciation and amortization	712,000	572,000
Deferred taxes and other credits	(104,000)	(115,000)
Funds from operations	868,000	2,122,000
Short-term debt refinanced	236,000	---
Retirements of property, plant and equipment	29,000	41,000
Proceeds from exercise of options	9,000	---
Total funds provided	<u>1,142,000</u>	<u>2,163,000</u>
Funds Applied:		
Additions to property, plant and equipment	933,000	610,000
Payments and maturities of long-term debt	803,000	765,000
Cash dividend declared	419,000	363,000
Purchase of common stock	354,000	---
Other, net	52,000	78,000
Total funds applied	<u>2,561,000</u>	<u>1,816,000</u>
Increase (Decrease) in Working Capital	<u>\$(1,419,000)</u>	<u>\$ 347,000</u>
Increase (Decrease) in Working Capital Represented By:		
Current assets - increase (decrease)		
Cash and time deposits	\$(2,938,000)	\$ 4,000
Receivables	(1,310,000)	2,122,000
Inventories	344,000	(1,085,000)
Prepaids	(78,000)	(80,000)
	<u>(3,982,000)</u>	<u>961,000</u>
Current liabilities - increase (decrease)		
Short-term notes payable and current maturities		
of long-term debt	(310,000)	1,710,000
Accounts payable	(1,736,000)	(749,000)
Accrued payrolls and accrued expenses	(154,000)	(41,000)
Dividend payable	(5,000)	---
Accrued taxes on income	(358,000)	(306,000)
	<u>(2,563,000)</u>	<u>614,000</u>
Increase (Decrease) in Working Capital	<u>\$(1,419,000)</u>	<u>\$ 347,000</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
The Standard Products Company and Subsidiary Companies
For The Three Months Ended September 30, 1977 and 1976

	<u>Common Shares</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>
Balance, July 1, 1977	\$ 1,211,000	\$ 1,496,000	\$34,104,000
Net Income	---	---	260,000
Cash dividend (\$.35 per share)	---	---	(419,000)
Sale of 600 shares to option holders	1,000	8,000	---
Purchase of common stock	(14,000)	(18,000)	(322,000)
Balance, September 30, 1977	<u>\$ 1,198,000</u>	<u>\$ 1,486,000</u>	<u>\$33,623,000</u>
Balance, July 1, 1976	\$ 1,209,000	\$ 1,461,000	\$29,385,000
Net Income	---	---	1,665,000
Cash dividend (\$.30 per share)	---	---	(363,000)
Balance, September 30, 1976	<u>\$ 1,209,000</u>	<u>\$ 1,461,000</u>	<u>\$30,687,000</u>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
The Standard Products Company
and Subsidiary Companies
September 30, 1977

1. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Major intercompany items have been eliminated.

2. INVENTORIES

Inventories at September 30, 1977 and 1976, consisted of the following:

	<u>1977</u>	<u>1976</u>
Raw materials	\$ 7,389,000	\$ 7,944,000
Work in process	5,738,000	4,752,000
Finished goods	<u>5,286,000</u>	<u>5,506,000</u>
	<u>\$ 18,413,000</u>	<u>\$ 18,202,000</u>

Inventories amounting to \$10,228,000 in 1977 and \$6,450,000 in 1976 are costed on the last-in, first-out method with the remainder of the inventories valued at the lower of first-in, first-out cost or market.

3. DEBT

Long-term debt at September 30, 1977 and 1976, consisted of the following:

	<u>1977</u>	<u>1976</u>
Notes payable to banks	\$ 3,550,000	\$ 4,450,000
Mortgage notes	875,000	1,233,000
5% Serial subordinated notes	---	119,000
Subordinated promissory notes	2,701,000	---
Other debt	877,000	275,000
Total	<u>8,003,000</u>	<u>6,077,000</u>
Less-Current maturities	<u>1,825,000</u>	<u>1,685,000</u>
	<u>\$ 6,178,000</u>	<u>\$ 4,392,000</u>

The Company's amended loan agreement for notes payable to banks provides, among other things, certain restrictive covenants, including maintenance of working capital and limitations on payments for dividends and acquisition of capital stock of the Company.

At September 30, 1977, the excess of consolidated current assets over current liabilities, as defined, was \$16,339,000 and retained earnings not restricted for cash dividends and acquisition of capital stock were \$15,078,000.

The notes bear interest at the rate of $\frac{1}{2}\%$ above the prime commercial rate with semi-annual payments of \$450,000 and a final payment of \$400,000 on July 1, 1981. The current interest rate on these notes is $7 \frac{3}{4}\%$.

The mortgage notes are secured by mortgage deeds to property, plant and equipment having a net book value of approximately \$2,439,000 at September 30, 1977. The notes bear interest at rates ranging from 6% to 7% and are payable in annual installments of \$89,000.

The subordinated promissory notes bear interest at the rate of 1% above the prime commercial rate and are payable in annual installments of \$300,000 through July 1, 1986. The current interest rate on these notes is $8 \frac{1}{4}\%$.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
The Standard Products Company
and Subsidiary Companies
September 30, 1977

4. COMMON SHARES

The Company, at September 30, 1977, has reserved 25,300 unissued common shares for the granting of future options under its stock option plans.

There were outstanding at September 30, 1977, options covering 55,900 shares at prices ranging from \$13.00 to \$21.50 per share. During the three months ended September 30, 1977, options covering 600 shares were exercised, options for 2,220 shares were cancelled and no options were granted.

The Company as of September 30, 1977, had outstanding warrants to purchase 7,500 common shares at a price of \$16.00 per share to December 20, 1977. During the three months ended September 30, 1977, 3,750 warrants were cancelled.

5. EARNINGS PER SHARE

Primary and fully diluted earnings per share were computed based on the weighted average common and dilutive common equivalent shares outstanding during the periods. Earnings per share for September 30, 1977 and September 30, 1976 are based upon 1,208,267 and 1,209,172 shares, respectively.

6. ACQUISITION

On April 29, 1977, the Company acquired the outstanding shares of Oliver Tire & Rubber Co. This acquisition has been accounted for as a purchase and the results of their operations have been included in the accompanying consolidated financial statements only for the three months ended September 30, 1977.

SUMMARY OF OPERATIONS
(000 Omitted)
(Unaudited)

	Three Months Ended		
	September 30, 1977	1976	June 30, 1977
Net Sales	\$ <u>36,328</u>	\$ <u>38,121</u>	\$ <u>39,707</u>
Gross Income	\$ <u>2,913</u>	\$ <u>4,704</u>	\$ <u>5,909</u>
Other Expenses, net	2,040	1,275	2,067
Interest Expense, net	276	160	211
Provision for Taxes on Income	<u>337</u>	<u>1,604</u>	<u>1,942</u>
Net Income	\$ <u>260</u>	\$ <u>1,665</u>	\$ <u>1,689</u>
Earnings per Common Share	\$ <u>.21</u>	\$ <u>1.38</u>	\$ <u>1.40</u>

MANAGEMENT'S ANALYSIS OF SUMMARY OF OPERATIONS

Sales

Sales for the first quarter ended September 30, 1977 decreased \$1,793,000 from sales for the comparable prior year quarter. This decrease resulted from the absence of military sales in this year's first quarter as compared with \$10,100,000 in the year ago quarter. This drop in sales was offset in part by \$4,000,000 sales of Oliver Tire & Rubber Co., which was acquired in April, 1977, and an increase in North American automotive original equipment sales of \$2,700,000.

Sales for the first quarter of fiscal 1978 decreased \$3,379,000 from the quarter ended June 30, 1977 due primarily to lower sales of automotive original equipment parts in both North America and overseas. This decline in sales resulted from model change-over and vacation shutdowns normally occurring during the first quarter.

Costs and Expenses

Gross income declined \$1,791,000 in the quarter ended September 30, 1977 when compared with the year ago quarter and \$2,996,000 when compared with the quarter ended June 30, 1977. This decline in gross income was due primarily to start-up problems on new parts for our U. S. automotive customers. These start-up costs involved large costs for tooling tryouts, excessive overtime, scrap and employee training. The decline in sales volume together with the change in product mix also contributed to the decline in gross income.

Other expenses, net, increased \$765,000 in the quarter ended September 30, 1977 from the comparable prior year quarter. This category includes selling, general and administrative expenses and royalty, dividend and other income. Selling and administrative expenses of Oliver Tire & Rubber Co. accounted for \$562,000 of the increase and a decrease of \$132,000 in royalty income accounted for the remainder of the change.

Interest expense, net, increased from the quarter ended September 30, 1976 due to additional borrowings related to the acquisition of Oliver Tire & Rubber Co. and increased borrowing requirements in the overseas subsidiaries.

Income taxes do not bear the customary forty-eight percent relationship to pre-tax income for the quarters ended September 30, 1977 and June 30, 1977 as a result of provision for state and local taxes and operating and unrealized exchange losses applicable to foreign subsidiaries for which no tax benefit was available.

PART II

Item 7. Submission of Matters to a Vote of Security Holders

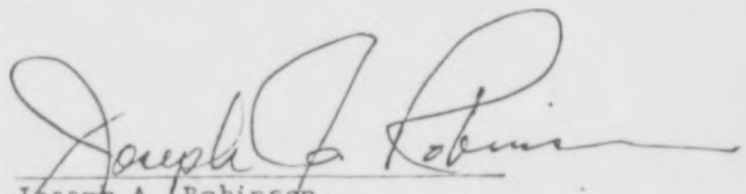
On September 26, 1977, the annual meeting of shareholders was held. A copy of the "Notice of Annual Meeting of Shareholders" is included as an exhibit to this report. Other than the election of directors, there were no other matters voted upon at the meeting.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE STANDARD PRODUCTS COMPANY
(Registrant)

Date: November 11, 1977


Joseph A. Robinson,
Vice President - Finance

STATE BUDGET AND CONTROL BOARD

POLL OF March 15, 1978

POLL ITEM NUMBER

EXHIBIT II
3/15/78

2

Agency: Various

Subject: Consultant Services Contracts
(Please refer to attachments)

Board Action Requested:

Approve

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.

_____ I disapprove of the above action.

_____ Hold for regular meeting.

Attachments:

CONSULTANT SERVICE CONTRACTS - \$ 10,000 AND OVER

[illegible]



BOARD

William M. Wilson, Chairman
William C. Moore, Jr., D.M.D., Vice-Chairman
I. DeQuincey Newman, Secretary
Leonard W. Douglas, M.D.
George G. Graham, D.D.S.
J. Lorin Mason, Jr., M.D.
C. Maurice Patterson

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

Albert G. Randall, M.D., M.P.H.
Commissioner

Sims-Aycock Buildings
2600 Bull Street, Columbia, SC 29201

March 8, 1978

Mr. John A. McPherson, Jr., P.E.
State Engineer
Office of the State Auditor
P. O. Box 11333
Columbia, SC 29211

RE: Request for Budget and Control
Board's Approval of Engineering
Contract for Energy and Materials
Recovery Project

Dear Mr. McPherson:

The following firms were interviewed to determine the most suited for selection to award an engineering contract:

Harwood Beebe Co., Spartanburg, SC
R. S. Noonan, Engineers & Architects, Greenville, SC
Piedmont Engineers-Architects-Planners, Greenville, SC
Wilbur Smith and Associates, Columbia, SC

The order of preference as determined by the selection committee is as follows:

1. Piedmont Engineers-Architects-Planners
2. Harwood Beebe Co.
3. Wilbur Smith and Associates

In selecting these firms consideration was given to the amount of State projects the firms have had in the past two years. The number one firm has had State work in the past two years.

Also enclosed is a proposal with the number one firm to form the basis for the contract.

A copy of the newspaper advertisement is attached as required.

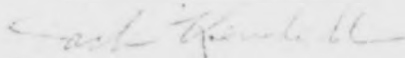
Mr. John A. McPherson, Jr.
Page Two
March 8, 1978

A list of the firms responding to the advertisement along with the total amount of contracts they have each executed on State work in the past two years is attached.

No A and E contracts have been awarded in the past three years by the Solid Waste Division, Special Environmental Programs of the S. C. Department of Health and Environmental Control.

The Budget and Control Board's approval is requested. Funding is to be from an Appalachian Regional Commission Grant in the amount of \$25,000.

Sincerely,



Jack Kendall, P. E. Manager
Domestic Waste Section
Solid Waste Management Division

JK:skd

Enclosures

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE March 8, 19 78

Institution or Agency South Carolina Department of Health and Environmental Control

Name of Project Energy and Materials Recovery Management Assistance

Total Estimated Cost Engineering Consulting Fee Only \$25,000

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.):

See Attached Scope of Services

B. Intended Use:

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.)

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.

III. ESTIMATED COST

Site - - - - -	\$	
Grading - - - - -		
Construction - - - - -		
Fees - - - - -		25,000
Renovation - - - - -		
Basic Equipment and Supplies - - - - -		
Landscaping - - - - -		
Builder's Risk Insurance - - - - -		
Other (Specify) _____		
Contingencies - - - - -		
TOTAL ESTIMATED COST - - - - -	\$	25,000

It is further estimated that this project will add \$_____ per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds already in hand - - - - -	\$	
Source: _____		
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) <u>Appalachian Regional Commission Grant</u>		
		25,000
TOTAL - - - - -	\$	25,000

Has your governing board taken formal action authorizing the submission of this application? _____

(Signed) Jack Kendall
Title Manager, Domestic Solid Waste

BOARD'S ACTION

APPROVED: _____ DATE: _____
 State Auditor

SCOPE OF SERVICES

The project will concentrate on developing a management strategy that will be utilized in managing an energy and materials recovery process system. The overall objectives encompassing this proposal are as follows:

Phase I: To include a preliminary development of markets. This involves the collection of data needed to relate expected revenues with capital and operational expenditures to determine the economic feasibility of such a project.

Phase II: Upon completion of Phase I and before proceeding to Phase II, the economic feasibility of a solid waste processing system will be determined. Phase II shall be undertaken after approval of Phase I.

1. Study of management alternatives that would best suite the regions needs in implementing the daily operations of the facility.
2. Study of the legislative framework which would involve the effected branches of local solid waste jurisdiction.
3. Formation of an advisory group to oversee the management decisions of the facility.

It is roughly estimated that the services required will involve approximately 800 man hours.

PROPOSAL
FOR
ENERGY AND RECOVERY PROJECT

March 8, 1978

Piedmont Engineers, Architects & Planners
420 Park Avenue Post Office Box 1717
Greenville, South Carolina 29602

INDEX

Proposal Scope Outline

Proposal

Manhour Requirements

Schedule

Wage Rate Determination and Contract Cost

Form of Contract

Prior State Work History

PROPOSAL SCOPE OUTLINE

I. Phase I - Market Assessment

A. Energy - Steam and Gas

1. Potential Users

- (a) Industrial - Commercial
- (b) Municipal
- (c) Utility

2. Contract Potential

- (a) Cost/Unit
- (b) Time
- (c) Escalation Clauses
- (d) Guarantees Required

B. Recovered Resources

1. Potential Buyers

2. Contract Potential

- (a) Cost/Unit
- (b) Time
- (c) Escalation Clauses
- (d) Specifications

C. Economic Assessment

1. Anticipated System Costs

- (a) Capital
- (b) O & M

2. Anticipated Revenues
 - (a) Energy
 - (b) Resources
 - (c) Other Identifiable Savings
3. Recommendations

II. Phase II

- A. Management Alternatives
 1. Special Purpose District
 2. Joint County - Municipal
 3. Private
- B. Inventory Existing Legislation Related to Solid Waste in Appalachian Region
- C. Legislative Requirements
 1. Management
 2. Operations
 3. Financing
- D. Financing
 1. Bonds
 - (a) General Obligation
 - (b) Revenue
 - (c) Pollution Control Revenue Bonds
 2. Debt Retirement
 - (a) Taxes
 - (b) Service Charge (Tip Fees)

PROPOSAL

The basis of the "Energy and Recovery Project"(Project) will be the "Energy - Resource Recovery Investigation" (Feasibility Study) conducted by Piedmont Engineers, Architects & Planners (PEAP) for the South Carolina Appalachian Health Service Council (AHSC). Phase I of the Energy Recovery Project will consist of an inventory of energy and recovered materials markets. Contact with these potential markets will determine the economic feasibility of a resource energy recovery program. Much of the initial inventory work has been accomplished in the feasibility study conducted for the S.C.A.H.S. Energy is the primary market and we will investigate the use of steam and/or gas for use in industrial/commercial establishments, municipalities, and in conjunction with utility companies. Discussions with energy and recovered materials markets should result in unit costs over some time period, taking into account changes due to appreciation or depreciation of marketable goods, as well as the guarantees which will be needed on quantity, quality and reliability.

If the inventory and evaluation of potential markets proves the assumptions of the Feasibility Study, the economic assessment will essentially be complete, using the results of the Feasibility Study. If the assumptions in the Feasibility Study are shown to be incorrect, a new assessment will be accomplished and recommendations made to the South Carolina Department of Health & Environmental Control (SCDHEC).

If a new economic assessment is required, it would be accomplished according to the format of the Feasibility Study.

The SCDHEC will decide whether or not to proceed with Phase II after evaluating Phase I. If Phase II is authorized we would proceed immediately to inventory existing legislation related to the solid waste stream and associated marketable resources. The subjects of ownership, operations, management financing and legislation are closely interrelated; therefore, it is difficult to independently describe a course of action. We would, however, try to be as direct as possible in our inventory and in our assessment pertaining to Phase I relevant to existing legislation, management and financing authorities. A definition of a proposed initial and projected service area relating to the political jurisdictions would be accomplished first. Alternatives would then be developed relating the legislative authority necessary to manage, operate, maintain, and finance. These Alternates would include, but not be limited to, the development of a special purpose district, joint municipal - county management, private management and/or any combination of the above shown to be implementable and/or politically feasible. Methods of financing would include, but not be limited to, general obligation bonds, revenue bonds, and pollution control revenue bonds. Debt retirement would be evaluated using taxation and service charges, (tip fees) or a combination.

We also propose to set-up an advisory board representing the local governments and public as soon as possible in Phase II. This task force could serve as a sounding board for political and public acceptance of management alternatives.

We anticipate very strong cooperation and support among the SCDHEC, the proposed advisory board and PEA&P. The SCDHEC will be consulted on all

aspects of both phases. PEA&P anticipates that this Project, in conjunction with the Feasibility Study, will provide a model for regional cooperation in the solid waste program not only in South Carolina, but throughout the nation.

MANHOUR REQUIREMENTS

We estimate the manhour requirements by Phase to be as follows:




PHASE I

Project Director	75 hours
Project Manager	200 hours
Technician	30 hours
Typist	30 hours

PHASE II

Project Director	125 hours
Project Manager	340 hours
Technician	70 hours
Typist	70 hours

SCHEDULE

WORK ELEMENT	MAR	APR	MAY	JUN	JUL	AUG
PHASE I						
SCDHEC EVALUATION						
PHASE II						

WAGE RATE DETERMINATIONS AND CONTRACT COSTS

Project Director (Senior Engineer)	13.41/hour
Project Manager (Project Engineer)	9.91/hour
Technician/Draftsman	6.44/hour
Typist	5.33/hour

These figures represent average hourly rates for categories shown.

A recent audit by the Defense Audit Agency approved our indirect costs at 90% of our direct labor.

CONTRACT COSTS

<u>Direct Labor</u>	<u>Estimated Manhours</u>	<u>Hourly Rate</u>	<u>Cost</u>
Project Director	200	\$13.41	\$2,682
Project Manager	540	\$ 9.91	\$5,351
Technician	100	\$ 6.44	\$ 644
Typist	100	\$ 5.33	\$ 533
		TOTAL	\$9,210
Indirect Labor	90% x 9210		\$8,289
Sub-Contracts (Legal and Financial)			\$3,500
Expenses (telephone, mileage and printing)			\$1,250
		SUB-TOTAL	\$22,249
Profit 12%			\$ 2,670
		TOTAL	\$24,919

Total cost not to exceed \$25,000

FORM OF CONTRACT

We propose to use a cost plus fixed fee contract with a guaranteed maximum of \$25,000.00. The details of the contract form will be negotiated with the South Carolina Department of Health & Environmental Control.

<u>Firms Responding to Advertisement</u>	<u>Total of State Contracts in Last 2 Years</u>
1. Arbor Engineering, Greenville, SC	
2. Battelle Columbus Laboratories, Columbus, Ohio	
* 3. Harwood Beebe Co. & Combustion Engineering, Inc. Spartanburg, SC	\$150,000.
4. Leon Campbell and Associates, Columbia, SC	
5. Davis & Floyd Engineers, Inc., Greenwood, SC	
* 6. Environmental Dynamics, Inc., Greenville, SC	\$ -0-
* 7. Enwright Associates, Greenville, SC	N.R.
8. J. Clifton Hawkins & Associates, Inc., Columbia, SC	
* 9. CH ₂ M Hill & BC&E, Columbia, SC	\$ -0-
10. Johnny T. Johnson & Associates, Inc., Columbia, SC	
11. Charles T. Main, Inc. Charlotte, NC	
12. MGJ&K Architects-Engineers-Planners, Columbia, SC	
*13. R. S. Noonan, Engineers & Architects, Greenville, SC	N.R.
14. O'Brien & Gere, Inc., Charlotte, NC	
15. Patchen, Mingledorff & Associates, Inc., Aiken, SC	
*16. Piedmont Engineers-Architects-Planners, Greenville, SC	\$500,948.
17. Russell & Axon, Engineers-Planners-Architects, Inc., Anderson, SC	
18. SCS Engineers, Reston, VA	
*19. Wilbur Smith and Associates, Columbia, SC	N.R.

* Firms Picked for Interview
N.R. None Reported

REQUEST FOR RESUMES FOR PROFESSIONAL SERVICES

The Department of Health and Environmental Control, Solid Waste Management Division, 2600 Bull Street, Columbia, S.C. 29201, is accepting resumes of qualification from engineering firms interested in providing professional design and consulting services for the following projects:

(A) Energy and Materials Recovery — The project will be divided into two phases. The first phase will be the preliminary development of markets. Expected resumes will be compared to expected capital and operating expenditures. Only if the overall system of using solid waste as an energy source or as a secondary material proves to be economically feasible will the remainder of the project be carried out. The second phase of the project includes:

1. Development of markets for recovered energy.
2. Consideration of management alternatives to administer the energy and materials recovery system.
3. Formation of an outline for a regional advisory group comprised of representatives from political jurisdictions which are involved in the disposal of solid wastes.

(B) South Carolina Appalachian Chemical Waste Disposal Program — The project is concerned with the development of technical information pertinent to the design of a treatment facility for industrial chemical wastes. The tasks to be performed by the Engineering firms include:

1. Development of site parameters (geographical and hydrological).
2. Basic engineering process.
3. Site design.

The completed project will serve industry in the South Carolina Appalachian Region area with chemical waste processing and disposal problems.

DHEC will receive resumes of qualification from interested firms until 5:00 p.m. (EST), December 5, 1977. Include in resume a listing of construction costs for all contracts the firm has executed on State work in the past two years. DHEC reserves the right to award one or more contracts. Resume of qualification shall be mailed or delivered to the above address, attention: H.W. Truesdale, Director of Solid Waste Management Division.

SCOPE OF SERVICES

The project will concentrate on developing a management strategy that will be utilized in managing an energy and materials recovery process system. The overall objectives encompassing this proposal are as follows:

Phase I: To include a preliminary development of markets. This involves the collection of data needed to relate expected revenues with capital and operational expenditures to determine the economic feasibility of such a project.

Phase II: Upon completion of Phase I and before proceeding to Phase II, the economic feasibility of a solid waste processing system will be determined. Phase II shall be undertaken after approval of Phase I.

1. Study of management alternatives that would best suite the regions needs in implementing the daily operations of the facility.
2. Study of the legislative framework which would involve the effected branches of local solid waste jurisdiction.
3. Formation of an advisory group to oversee the management decisions of the facility.

It is roughly estimated that the services required will involve approximately 800 man hours.

PRIOR STATE WORK HISTORY

The only project undertaken for an Agency of the State of South Carolina during the past two years with associated construction costs was design of:

Service and Support Facility
Clemson University
Clemson, South Carolina

Project Construction Cost - \$500,948.00

Studies without construction cost include:

"Source Separation for Resource Recovery" - \$20,800.00

"Energy-Resource Recovery Investigation" - \$39,987.00

"Saluda County Solid Waste Study" - \$ 3,036.00

TOTAL \$564,771.00

SCOPE OF SERVICES

The services required of the consulting engineering firm will consist of the basic front-end planning for a chemical waste treatment facility. This planning function will involve the following elements:

1. Establishment of a working relationship with the DHEC Project Coordinator directed toward the development and refinement of the survey material and methods used to predict the amounts, types, and frequencies of hazardous waste generated in the Appalachian region.

DHEC will be responsible for the collection of the some 100+ survey forms. Since the attainment of pertinent information is so vitally important to the success of the project, the consultant will also:

2. Serve in an ongoing capacity during the collection of the surveys to evaluate the quality of information gathered.
3. Assist in the development of a proper classification and categorization system to insure an adequate base from which predictions for future waste generated within the region can be extrapolated.

After extensive evaluation of the data to be used for prediction of wastes generated in the six county Appalachian region, the consultant will begin preliminary engineering design work for a treatment concept. Except for site specific geographical and hydrological work, this will consist of:

4. Drafting preliminary engineering drawings and outline processes showing the components necessary of a system to adequately handle the waste streams as identified in the survey.
5. Estimates relative to construction and operating costs.
6. Formulation of general guides for monitoring requirements needed to assess the environmental impact of each disposal method and area.

In a cooperative effort with DHEC, a summary and conclusion of project results will include an assessment of the feasibility of the project in light of current disposal problems relative to the Appalachian region and will include comments on the validity of any assumptions made during the course of the project. It is roughly estimated that the services required will involve approximately 1,000 man hours.



BOARD

William M. Wilson, Chairman
William C. Moore, Jr., D.M.D., Vice-Chairman
I. DeQuincey Newman, Secretary
Leonard W. Douglas, M.D.
George G. Graham, D.D.S.
J. Lorin Mason, Jr., M.D.
C. Maurice Patterson

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

Albert G. Randall, M.D., M.P.H.
Commissioner

Sims-Aycock Buildings
2600 Bull Street, Columbia, SC 29201

March 7, 1978

Mr. John A. McPherson, Jr., P.E.
State Engineer
Office of the State Auditor
P. O. Box 11333
Columbia, SC 29211

RE: Request for Budget and Control
Board's Approval of Engineering
Contract for Chemical Waste Disposal
Program

Dear Mr. McPherson:

The following firms were interviewed to determine the most suited for selection to award an engineering contract:

CH₂M Hill, Columbia, SC
Environmental Dynamics Inc., Greenville, SC
Enwright & Associates, Greenville, SC
Piedmont Engineers, Architects & Planners, Greenville, SC

The order of preference as determined by the selection committee is as follows:

1. Environmental Dynamics Incorporated
2. CH₂M Hill
3. Enwright & Associates

In selecting these firms consideration was given to the amount of State projects the firms have had in the past two years. The number one firm has not had any State work previously.

Also enclosed is a proposal negotiated with the number one firm to form the basis for the contract.

A copy of the newspaper advertisement is attached as required.

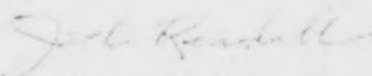
Mr. John A. McPherson, Jr.
Page Two
March 7, 1978

A list of the firms responding to the advertisement along with the total amount of contracts they have each executed on State work in the past two years is attached.

No A and E contracts have been awarded in the past three years by the Solid Waste Division, Special Environmental Programs of the S. C. Department of Health and Environmental Control.

The Budget and Control Board's approval is requested. Funding is to be from an Appalachian Regional Commission Grant in the amount of \$41,490.

Sincerely,



Jack Kendall, P. E. Manager
Domestic Waste Section
Solid Waste Management Division

JK:sdk

Enclosures

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE March 6, 19 78

Institution or Agency South Carolina Department of Health and Environmental Control

Name of Project S.C. Appalachian Chemical Waste Disposal Program

Total Estimated Cost Engineering Consulting Fee Only \$ 41,490

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.):

See Attached Scope of Services

B. Intended Use:

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.)

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.

III. ESTIMATED COST

Site - - - - -	\$	
Grading - - - - -		
Construction - - - - -		
Fees - - - - -		41,490
Renovation - - - - -		
Basic Equipment and Supplies - - - - -		
Landscaping - - - - -		
Builder's Risk Insurance - - - - -		
Other (Specify) _____		
Contingencies - - - - -		
TOTAL ESTIMATED COST - - - - -	\$	41,490

It is further estimated that this project will add \$_____ per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

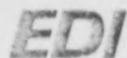
A. Funds already in Hand - - - - -	\$	
Source: _____		
B. Proposed Bond Issue - - - - -		
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).		
C. Other (describe) <u>Appalachian Regional Commission Grant</u>		
		41,490
TOTAL - - - - -	\$	41,490

Has your governing board taken formal action authorizing the submission of this application? _____

(Signed) John L. Leach P.E.
Title Chief Executive Officer

BOARD'S ACTION

APPROVED: _____ DATE: _____
State Auditor



ENVIRONMENTAL DYNAMICS INCORPORATED

1400 CLEVELAND STREET, GREENVILLE, SOUTH CAROLINA 29607

803-271-9490

Consulting Engineers

February 22, 1978

Mr. Jack Kendall
Solid Waste Management Division
South Carolina Department of
Health and Environmental Control
2600 Bull Street
Columbia, South Carolina 29211

Subject: South Carolina Chemical Waste Disposal
Program (as advertised in the November 19-21
"Greenville News")

Dear Mr. Kendall:

In accordance with the chemical waste disposal scope of services as defined in Mr. Hartsill Truesdale's letter of January 12, 1978 and Environmental Dynamics statement of qualifications submitted December 5, 1977, the following hourly rates would apply to engineering services provided by EDI:

L. G. Blackwell	\$35.00/hr
J. B. Busby	35.00
G. W. Fletcher	30.00
R. F. Martin	25.00
W. L. Pickell	23.00
Project Engineers	14.00 - 18.00
Technicians	10.00 - 14.00
Secretarial/Clerical	9.00

Expenses would be in addition to these rates with automobile travel at 16¢ per mile. Total cost of services provided under this man hour basis contract would not exceed \$41,490. The project scope is attached to this letter.

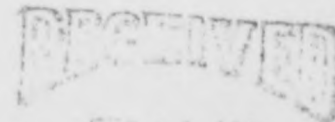
Please contact me at your convenience if questions arise.

Very truly yours,

ENVIRONMENTAL DYNAMICS, INC.

Larry G. Blackwell
Larry G. Blackwell, PhD, PE

Chairman



FEB 23 1978

LGB:ie

S. C. DEPT. OF HEALTH AND
ENVIRONMENTAL CONTROL
SOLID WASTE

SCOPE OF SERVICES

The services required of the consulting engineering firm will consist of the basic front-end planning for a chemical waste treatment facility. This planning function will involve the following elements:

1. Establishment of a working relationship with the DHEC Project Coordinator directed toward the development and refinement of the survey material and methods used to predict the amounts, types, and frequencies of hazardous waste generated in the Appalachian region.

DHEC will be responsible for the collection of the some 100+ survey forms. Since the attainment of pertinent information is so vitally important to the success of the project, the consultant will also:

2. Serve in an ongoing capacity during the collection of the surveys to evaluate the quality of information gathered.
3. Assist in the development of a proper classification and categorization system to insure an adequate base from which predictions for future waste generated within the region can be extrapolated.

After extensive evaluation of the data to be used for prediction of wastes generated in the six county Appalachian region, the consultant will begin preliminary engineering design work for a treatment concept. Except for site specific geographical and hydrological work, this will consist of:

4. Drafting preliminary engineering drawings and outline processes showing the components necessary of a system to adequately handle the waste streams as identified in the survey.
5. Estimates relative to construction and operating costs.
6. Formulation of general guides for monitoring requirements needed to assess the environmental impact of each disposal method and area.

In a cooperative effort with DHEC, a summary and conclusion of project results will include an assessment of the feasibility of the project in light of current disposal problems relative to the Appalachian region and will include comments on the validity of any assumptions made during the course of the project. It is roughly estimated that the services required will involve approximately 1,000 man hours.

REQUEST FOR RESUMES FOR PROFESSIONAL SERVICES

The Department of Health and Environmental Control, Solid Waste Management Division, 2400 Bull Street, Columbia, S.C. 29201, is accepting resumes of qualification from Engineering firms interested in providing professional design and consulting services for the following projects:

(A) Energy and Materials Recovery — The project will be divided into two phases. The first phase will be the preliminary development of markets. Expected resumes will be compared to expected capital and operating expenditures. Only if the overall system of using solid waste as an energy source or as a secondary material proves to be economically feasible will the remainder of the project be carried out. The second phase of the project includes:

1. Development of markets for recovered energy.
2. Consideration of management alternatives to administer the energy and materials recovery system.
3. Formation of an outline for a regional advisory group comprised of representatives from political jurisdictions which are involved in the disposal of solid wastes.

(B) South Carolina Appalachian Chemical Waste Disposal Program — The project is concerned with the development of technical information pertinent to the design of a treatment facility for industrial chemical wastes. The tasks to be performed by the Engineering firms include:

1. Development of site parameters (geographical and hydrological)
2. Basic engineering process
3. Site design

The completed project will serve industry in the South Carolina Appalachian Region area with chemical waste processing and disposal problems.

DHEC will receive resumes of qualification from interested firms until 5:00 p.m. (EST), December 5, 1977. Include in resume a listing of construction costs for all contracts the firm has executed on State work in the past two years. DHEC reserves the right to award one or more contracts. Resume of qualification shall be mailed or delivered to the above address, attention: H.W. Truesdale, Director of Solid Waste Management Division.

<u>Firms Responding to Advertisement</u>	<u>Total of State Contracts in Last 2 Years</u>
1. Arbor Engineering, Greenville, SC	
2. Battelle Columbus Laboratories, Columbus, Ohio	
* 3. Harwood Beebe Co. & Combustion Engineering, Inc. Spartanburg, SC	\$150,000.
4. Leon Campbell and Associates, Columbia, SC	
5. Davis & Floyd Engineers, Inc., Greenwood, SC	
* 6. Environmental Dynamics, Inc., Greenville, SC	\$ -0-
* 7. Enwright Associates, Greenville, SC	N.R.
8. J. Clifton Hawkins & Associates, Inc., Columbia, SC	
* 9. CH ₂ M Hill & BC&E, Columbia, SC	\$ -0-
10. Johnny T. Johnson & Associates, Inc., Columbia, SC	
11. Charles T. Main, Inc. Charlotte, NC	
12. MGJ&K Architects-Engineers-Planners, Columbia, SC	
*13. R. S. Noonan, Engineers & Architects, Greenville, SC	N.R.
14. O'Brien & Gere, Inc., Charlotte, NC	
15. Patchen, Mingledorff & Associates, Inc., Aiken, SC	
*16. Piedmont Engineers-Architects-Planners, Greenville, SC	\$500,948.
17. Russell & Axon, Engineers-Planners-Architects, Inc., Anderson, SC	
18. SCS Engineers, Reston, VA	
*19. Wilbur Smith and Associates, Columbia, SC	N.R.

* Firms Picked for Interview
N.R. None Reported

STATE AUDITOR'S OFFICE

REPORT ON CONSULTANTS

Name of State Agency: State Budget and Control Board
Division of Research and Statistical Services

Date of Report: 3/6/78 Prepared by: Dell Kinlaw

Name of Consultant or Firm: South Carolina Medical Care Foundation

Address of Consultant or Firm: ATTN: W. F. Mahon
P. O. Box 21667, Columbia, S. C. 29221

Terms of Consultant Contract:

Beginning Date: 1/1/78 Ending Date: 3/31/79

Rate of Pay: Monthly cost reimbursement not to exceed
\$96,451.00 for the 15-month period. *Federal Funds*

Purpose or Goal of Consultant:

The continuation of the development and implementation of a Statewide Hospital Care Information System in South Carolina to include non-identifiable abstracts of all patient records for calendar year 1978. Records to be secured from short-term, acute-care facilities, military and VA hospitals. Total number of records involved may be near 500,000. The consultant negotiates the release of the abstracts from the hospitals and insures the quality of the data contained in the abstract.

Was this Individual or Firm Selected through the Submission of Bids or Proposals?

Yes

No X (see below)

If yes, How many Bids or Proposals were Received?

As a not-for-profit organizational arm of the South Carolina Medical Association, the Medical Care Foundation is the only collector and user of hospital data qualified to perform this function.

THIS AGREEMENT

Entered into January 12, 1978, between the Division of Research and Statistical Services (hereinafter called the Grantor), State Budget and Control Board, and the South Carolina Medical Care Foundation (hereinafter known as the Grantee).

The parties hereto, for and in consideration of their mutual promises each to the other, hereby agree as follows:

Provision of Services: Pursuant to the receipt of approval from the National Center for Health Statistics under Request for Proposal HRA 232-7B-0738 for the completion of a developmental project and full operational status of a system for the collection and processing of hospital care statistics, the Grantor agrees to contract with the Grantee for the following services:

A. Completion of the development of a statewide hospital discharge data system; and, full operational status for a statewide discharge data system that is built upon existing systems for collecting and processing patient care data for Calendar Year 1978 in raw element form, for analyses at the State level.

These existing systems include Professional Activities Studies (PAS), other national systems, the Case Review Record Set (PSRO), A-92-R billing forms, and "in-house" data systems. Guidance and direction in the design, implementation, and administration of the Hospital Care Information Component is to be provided by the Division's Hospital Care Information Task Force.

B. The collection of the Uniform Hospital Discharge Data Set or available individual raw elements within the Set, as well as additional elements deemed essential for effective State and local planning efforts (See Attachment I).

C. Existing sources for this data set, in raw element form for State analyses, must be utilized to the maximum extent possible by the Foundation before

new data systems or the expansion of existing systems shall be initiated by the Grantee.

D. Data acquisition activities by the Foundation shall begin no later than January 1, 1978, and shall terminate March 31, 1979, unless otherwise revised or altered.

E. In negotiations with data providers, the Grantee shall act as agent for the Division of Research and Statistical Services. Any contractual arrangements necessary to secure the release of the aforementioned data set from providers shall be executed in the name of the Division of Research and Statistical Services. The Grantee shall assume the legal responsibility to protect the confidentiality of the data in question while such data is being collected and/or assimilated. The Grantor shall assume the legal responsibility for maintaining the confidentiality of the statewide data base once such a data base has been established.

F. The Grantee agrees to produce a data tape containing the UHDDS or available data elements therein for a minimum of 350,000 discharges, prepared according to specifications to be determined by the National Center for Health Statistics and forwarded to the Division of Research and Statistical Services no later than (March 31, 1979), unless approval for late submission has been granted, in writing, from the Division of Research and Statistical Services and DHEW.

G. A system of quality control and assessment for all discharge data submitted under this contract (both PAS and non-PAS data) must be implemented by the Grantee to insure that the maximum acceptable error rates for abstracting do not exceed 1% for non-medical data and 7% for medical data.

H. The Grantee shall maintain effective communications with personnel of the Grantor.

I. The Grantee shall agree to provide the Grantor free access to all financial records, cost information, system documentation, program logic, operating manuals, procedures, other information and/or records developed or assimilated under this

contract. Further, the Grantee shall maintain time sheets or effort reports for personnel services charged to this AGREEMENT. It will also be the responsibility of the Grantee to establish and maintain a cost accounting system adequate for the determination of costs applicable to this AGREEMENT. These records shall be made available for audit purposes to the Grantor, the State Auditor, or the appropriate Federal funding agency and will be retained for three years after the final payment under this AGREEMENT.

J. It is expressly agreed and understood that there shall be no obligation or liability on the part of the Grantor to make any payments for work performed under this AGREEMENT unless and until the Grantor has received funds from the Federal government and/or, if applicable, unless and until the Grantor has received approval for the disbursement of appropriated State funds for the purpose of this AGREEMENT.

K. The Grantor may request changes in the scope of services of the Grantee to be performed under this AGREEMENT. Such changes, including any increase or decrease in the amount of the Grantee's compensation resulting therefrom which are mutually agreed upon by and between the Grantor and Grantee, shall be incorporated in duly executed written amendments to this AGREEMENT.

L. If, THROUGH ANY cause, the Grantee shall fail to fulfill or perform his duties and obligations under this AGREEMENT in a timely and proper manner, or if the Grantee shall violate or breach any of the provisions of this AGREEMENT, or where applicable, if the grant from the Federal government, pursuant to which this AGREEMENT is made, is terminated or suspended by the Federal government, the Grantor shall thereupon have the right to terminate or suspend this AGREEMENT by giving written notice to the Grantee of such termination or suspension and specifying the effective date thereof.

DELIVERY OF SERVICES - COSTS ESTIMATE

A PROGRAM TO COMPLETE DEVELOPMENT AND
IMPLEMENT A FULLY OPERATIONAL
STATEWIDE DISCHARGE DATA SYSTEM

1978

MINIMUM 350,000 DISCHARGES

FEDERAL PAS NON-PAS

Delivery of Services - The Grantee agrees to provide services and reports on the following schedule:

Initiate Work	January 1, 1978
Progress Reports	March 31, 1978
	June 30, 1978
	September 30, 1978
	December 31, 1978
Final Report	March 31, 1979
Magnetic Tape	
(Minimum 350,000 Abstracts)	March 31, 1979

Costs Estimate- The Grantor agrees to reimburse the Grantee on a monthly basis within sixty (60) days upon receipt of services and submission of vouchers, said vouchers to be rendered monthly. The Grantor agrees to pay and the Grantee agrees to accept for services provided by the Grantee to the Grantor under this AGREEMENT a sum not to exceed 105,000 in accordance with the following best estimate of costs:

Salaries:		
Asst. - Special Projects (100%)	\$ 24,690.00	
Clerical	3,750.00	
Administrative	<u>6,000.00</u>	\$ 34,440.00
Fringe Benefits:		
FICA Expense	1,916.00	
Insurance	800.00	
Federal & State Unemployment	135.00	
Pension	<u>1,329.00</u>	4,180.00
Consulting Services:		
	<u>5,000.00</u>	5,000.00
Travel:		
200 trips x 120 x 17¢	4,080.00	
15 per diem @ \$40.00	600.00	
Out-of-State:		
2-Ann Arbor, Michigan		
1-Washington	<u>750.00</u>	5,430.00

Direct:

Telephone	\$ 750.00
Supplies	150.00
Data Acquisition	
250,000 (PAS) @ \$0.05	12,500.00
35,000 (in-house computers) @ \$0.07	2,500.00
Abstracting	
60,000 @ \$0.07	4,200.00
Sub Total	<u>\$ 19,200.00</u>

Data Processing

Key Punch 118 bytes x 60,000 records =
 7,080,000 strokes
 7,080,000 bytes = 885 hours
 8,000 strokes per hour

885 hours @ 7.00 per hour =	\$ 6,195.00
verify	x 2
	<u>12,390.00</u>

Additional Key Punch, Entry, Verifi- cation on site costs	\$ 2,610.00
--	-------------

Computer Programming - Tape Preparation & Merger	2,500.00
Sub Total	<u>\$ 17,500.00</u>

Total Direct	\$ 37,600.00
--------------	--------------

A QUALITY CONTROL PROGRAM FOR THE SHDDS

Salaries:

Data Manager (10%)	\$ 2,062.00	
MR Technicians 35 days @ 42.00	1,875.00	
Clerical 20 hrs. @ \$3.00 per hr.	<u>60.00</u>	\$ 3,997.00

Administrative:

Scheduling		
Telephone		
Postage	<u>1,010.50</u>	1,010.50

Travel:

35 trips x 150 miles x 17¢	892.50	
10 per diem @ 40.00	<u>400.00</u>	1,292.50

Validation of QC on FED Data	<u>1,000.00</u>	1,000.00
------------------------------	-----------------	----------

Computer Processing:

Dump 3500 Records	<u>2,500.00</u>	<u>2,500.00</u>
Unit Record format		<u>\$ 9,800.00</u>

	<u>\$ 96,451.00</u>
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The undersigned do hereby agree to the provisions of this AGREEMENT.

Date _____

Division of Research and Statistical Services

Date _____

South Carolina Medical Care Foundation

STATE BUDGET AND CONTROL BOARD

POLL OF March 15, 1978

POLL ITEM NUMBER

EXHIBIT III
3/15/78
3

Agency: Motor Vehicle Management

Subject: Motor Vehicle Purchases and Assignments
(Please refer to list attached.)

Board Action Requested:

Director Spence recommends approval of the items listed.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

 I approve of the above action.

 I disapprove of the above action.

 Hold for regular meeting.

Attachments:

List of requests; Spence agenda notes; Enclosures 1-17

Motor Vehicle Management, 3/15/78, Purchase Requests

- A. Mental Health:
- (1) One Plymouth Volare, Class V, fleet addition, to support new program (see Enclosure 1).
 - (2) One Ford LTD II, Class III, replacement for assignment to Deputy Commissioner (see Enclosure 2).
 - (3) One Chevrolet Van Truck, Class XVI; one Dodge Maxi-van, Class XV; one Plymouth Volare, Class V; and one Plymouth Fury Station Wagon, Class VIII, all fleet additions, for assignment to G. Weber Bryan Hospital (see Enclosures 3-6).
- B. Corrections: Two Plymouth Volares, fleet addition (see Enclosures 7 and 8).
- C. USC: Three Plymouth Fury Station Wagons, Class VIII, and two Plymouth Volares (Class V) as fleet additions for assignment to USC Motor Pool (see Enclosure 9).
- D. General Services:
- (1) Two Plymouth Fury Station Wagons, fleet additions, for assignment to PRT and Museum Commission (see Enclosures 10 and 11).
 - (2) Five Plymouth Volares, Class V, fleet additions, for assignment to Juvenile Placement and Aftercare (see Enclosure 12).
 - (3) Six Plymouth Volares, Class V, for assignment to various agencies (see Enclosures 13-16).
- E. Mental Retardation: Two Dodge Maxi-vans, fleet additions (see Enclosure 17).



STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF MOTOR VEHICLE MANAGEMENT
P. O. BOX 633
COLUMBIA, S.C. 29202

ALLAN J. SPENCE
DIRECTOR
PHONE (803) 758-7818

STATE BUDGET AND CONTROL BOARD
Agenda Items
March 15, 1978

Mr. Allan J. Spence, Director of Motor Vehicle Management (DMVM), requests permission to appear before the State Budget and Control Board (SB&CB) regarding the below listed vehicle purchases and/or assignments:

A. The S.C. Department of Mental Health (SCDMH):

- (1) One (1) Plymouth Volare (Class V) as a fleet addition to support a new program. The Commissioner, SCDMH, states there is no other vehicle available to reassign to fill this need. Please see enclosure (1).
- (2) One (1) Ford LTD II (Class III) as a replacement vehicle for assignment to the Deputy Commissioner, SCDMH. Assignment of this type vehicle is provided for in footnote #3 of the assignment criteria and consistent with past exceptions. Please see enclosure (2).
- (3) One (1) Chevrolet Van Truck (Class XVI), one (1) Dodge Maxi-Van (Class XV), one (1) Plymouth Volare (Class V) and one (1) Plymouth Fury Station Wagon (Class VIII) as fleet additions for assignment to the G. Werber Bryan Psychiatric Hospital, a new facility. The Commissioner, SCDMH, states there are no vehicles available within the Department to meet these needs. Please see enclosures (3-6).

Recommendation: Approval.

- B. The S.C. Department of Corrections (SCDC): Two (2) Plymouth Volares as fleet additions. One unit will be assigned to the Legal Office for delivery of warrants throughout the State and one unit will be assigned to the Coordinator, Designated Facilities who was reimbursed \$4,139.94 for travel during calendar year 1977. Please see enclosures (7) and (8).

Recommendation: Approval.

- C. The University of South Carolina (USC): Three (3) Plymouth Fury Station Wagons (Class VIII) and two (2) Plymouth Volares (Class V) as fleet additions for assignment to the USC Motor Pool and use by various sections in support of college functions. Please see enclosure (9).

Recommendation: Approval. I have evaluated the USC needs and it appears their request is valid in both numbers and types.

D. The Division of General Services (DGS):

- (1) Two (2) Plymouth Fury Station Wagons (Class VIII) as fleet additions for assignment to PRT and Museum Commission in support of programs

STATE BUDGET AND CONTROL BOARD
Agenda Items
March 15, 1978

in these two agencies. Please see enclosures (10) and (11).

- (2) Five (5) Plymouth Volares (Class V) as fleet additions for assignment to S.C. Department of Juvenile Placement and Aftercare in order that one vehicle can be assigned to each of their regional districts. Units will be driven in the excess of 1,500 miles per month. Please see enclosure (12).
- (3) Six (6) Plymouth Volares (Class V) for assignment to three different State agencies for support of their activities. Please see enclosures (13-16).

Recommendation: Approval. The Director, DGS, is of the opinion that all the above units are needed to properly support the agencies as indicated. While the basic recommendation indicates approval, there appears to be many units in the DGS Motor Pool that are not being fully utilized. It is strongly recommended and urged that the assignment of DGS Motor Pool units be closely monitored and those units not being utilized be withdrawn for re-assignment to other agencies with greater need.

- E. S.C. Department of Mental Retardation (SCDMR): Two (2) Dodge Maxi-Vans as fleet additions needed to transport wheelchair clients at the Piedmont Center. Commissioner states there are no other units available to satisfy this need. Please see enclosure (17).

Recommendation: Approval.

102

**REQUEST TO PURCHASE OR DISPOSE
OF STATE-OWNED VEHICLES**

From: S. C. Department of Mental Health
P. O. Box 485
Columbia, S. C. 29202

To: State Budget and Control Board
Division of Motor Vehicle Management

Date: 2/21/78

**Section I
Request To Purchase**

Fleet Addition X Yes _____ No _____

A. Type Vehicle Plymouth Body Style 4 Model Voltaire Year 1978

B. Number Of Vehicles Owned 235 Number Leased From Other Agencies 0

C. Number Of Vehicles Assigned For Exclusive Use: 1

Number Assigned To Agency Pool: 226

D. Number Of Vehicles Authorized To Be Driven To And From Home: 8

E. This Vehicle Is To Be Assigned To: _____ or

Agency Pool: S.C.D.M.H. Administrative Svcs. (Name and Position)

F. Annual Official Miles: 25,000 - 30,000

G. Funds To Purchase This Vehicle Are Available From:

State Appropriations: \$ 1 Other: \$ X

H. Give complete justification in accordance with chapter 4, **State Motor Vehicle Management Manual**. If a fleet addition, agency director must certify that no vehicle is available to reassign to fill this need. (For multiple or fleet purchases give required information on additional sheets.)

Vehicle needed for additional staff in newly created programs, Office of Deputy Commissioner of Long Term Care and Office of Deputy Commissioner of Alcohol and Drug Addiction. Staff will travel 25,000 - 30,000 miles per annum related to Long Term Care and Alcohol and Drug Addiction. No other vehicle is available to be reassigned for these extensive duties.

**Section II
Request For Disposal**

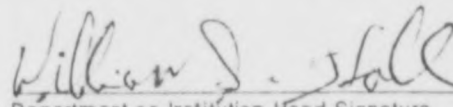
Make _____ Model _____ Body Style _____ Year _____

Serial Number _____ Total Miles To Date _____ New Cost \$ _____

Date Of Purchase _____ Present Estimated Value \$ _____

Date Last State Inspection _____ Location Of Vehicle _____

Name and telephone number of person to contact for pre-disposal inspection: _____



Department or Institution Head Signature
William S. Hall, M. D.
State Commissioner of Mental Health

**Section III
Action By Budget & Control Board**

Approved _____ Disapproved _____

Date _____ Signature _____

Distribution:

Copies 1 through 4 - DMVM
Copy 5 - Agency File Copy

DMVM Form 6-77
(Replaces DMVM Form 5-75 & 6-75)

ENCLOSURE (1)

**REQUEST TO PURCHASE OR DISPOSE
OF STATE-OWNED VEHICLES**

From: S. C. Department of Mental Health
P. O. Box 485
Columbia, S. C. 29202

To: State Budget and Control Board
Division of Motor Vehicle Management

Date: 2-17-78

**Section I
Request To Purchase**

Fleet Addition Yes ☒ No

- A. Type Vehicle Ford Body Style 4 dr Model LTD II Year 78
- B. Number Of Vehicles Owned 235 Number Leased From Other Agencies 0
- C. Number Of Vehicles Assigned For Exclusive Use: 1
Number Assigned To Agency Pool: 265 226
- D. Number Of Vehicles Authorized To Be Driven To And From Home: 8
- E. This Vehicle Is To Be Assigned To: P. G. Reeves, Deputy Commissioner, Admin. Svcs. or
(Name and Position)
Agency Pool: _____
- F. Annual Official Miles: 18,000
- G. Funds To Purchase This Vehicle Are Available From:
State Appropriations: \$ X Other: \$ _____
- H. Give complete justification in accordance with chapter 4, **State Motor Vehicle Management Manual**. If a fleet addition, agency director must certify that no vehicle is available to reassign to fill this need. (For multiple or fleet purchases give required information on additional sheets.)

New vehicle needed to replace vehicle described below due to age and total miles.

**Section II
Request For Disposal**

Make Ford Model Galaxy Body Style 4 dr Sedan Year 1972

Serial Number 2N54S137982 Total Miles To Date 75,687 New Cost \$ 3,510.45

Date Of Purchase 8/7/72 Present Estimated Value \$ 600.00

Date Last State Inspection Aug 1977 Location Of Vehicle SCDMH Motor Pool

Name and telephone number of person to contact for pre-disposal inspection: Mr. James A. Sosa
758-5222

William S. Hall
William S. Hall, M. D.
State Commissioner of Mental Health
Department or Institution Head Signature

**Section III
Action By Budget & Control Board**

Approved _____ Disapproved _____

Date _____

Signature _____

Distribution:

Copies 1 through 4 - DMVM
Copy 5 - Agency File Copy

DMVM Form 6-77
(Replaces DMVM Form 5-75 & 6-75)

ENCLOSURE (2)

JUSTIFICATION:

This vehicle is requested for the G. Werber Bryan Psychiatric Hospital, a new 300 bed intensive treatment facility of the South Carolina Department of Mental Health. This vehicle is needed to transport food, supplies and other material required for the operation of this facility. Many of these items will be transported from Crafts-Farrow State Hospital while other items will be transported from the Department of Mental Health Warehouse located on the campus of the South Carolina State Hospital. Due to the limited amount of storage space at this facility it is apparent that a number of trips will be necessary each day in order to meet the operational requirements of this facility and its anticipated patient load.

No vehicle is available within the Department of Mental Health which may be reassigned to fill this need.

Enclosure(3)

JUSTIFICATION:

This vehicle is requested for the G. Werber Bryan Psychiatric Hospital, a new 300 bed intensive treatment facility of the South Carolina Department of Mental Health. This facility will provide psychiatric treatment services for persons who live in 11 counties of the Midlands Section of the State.

This vehicle is needed to transport patients to the various counties for hearings and examinations as required by State law. Additionally, this vehicle will be used to provide transportation for patients to clinics and other Department of Mental Health facilities in the Columbia Area. Staff personnel will also use this vehicle to conduct hospital business in the various counties which comprise the catchment area of this facility.

No vehicle is available within the Department of Mental Health which may be reassigned to meet this need.

ENCLOSURE (4)

JUSTIFICATION:

This vehicle is requested for the G. Werber Bryan Psychiatric Hospital, a new 300 bed intensive treatment facility of the South Carolina Department of Mental Health. This facility will provide psychiatric treatment services for persons who live in 11 counties of the Midlands Section of the State.

This vehicle is needed to transport patients to the various counties for hearings and examinations as required by State law. Additionally, this vehicle will be used to provide transportation for patients to clinics and other Department of Mental Health facilities in the Columbia Area. Hospital staff will also use this vehicle to conduct hospital business in the various counties which comprise the catchment area of this facility. This vehicle will also be used to provide emergency ambulance service for this facility.

No vehicle is available within the Department of Mental Health which may be reassigned to meet this need.

ENCLOSURE (5)

JUSTIFICATION:

This vehicle is requested for the G. Werber Bryan Psychiatric Hospital, a new 300 bed intensive treatment facility of the South Carolina Department of Mental Health. This vehicle is needed for the transportation of groups of patients to hearings and examinations in the various counties of residence as required by State law. Additionally, it will be used to transport patients to clinics for examination and treatment at other Department of Mental Health facilities in the Columbia Area. A vehicle of this type is also needed to provide transportation for patients in therapeutic recreational activities conducted by hospital staff.

No vehicle is available within the Department of Mental Health which may be reassigned to fill this need.

ENCLOSURE (6)

**REQUEST TO PURCHASE OR DISPOSE
OF STATE-OWNED VEHICLES**

From: S. C. Dept. of Corrections

Post Office Box 21787

Columbia, South Carolina 29221

To: State Budget and Control Board
Division of Motor Vehicle Management

Date: February 2, 1978

RECEIVED
DIVISION OF INDUSTRIAL
PURCHASING *ay*

**Section I
Request To Purchase**

Fleet Addition ☒ Yes ☐ No

A. Type Vehicle Plymouth Body Style 4-Dr. Sedan Model Volare Year 1978

B. Number Of Vehicles Owned 285 Number Leased From Other Agencies 0

C. Number Of Vehicles Assigned For Exclusive Use: 50

Number Assigned To Agency Pool: 235

D. Number Of Vehicles Authorized To Be Driven To And From Home: 50

E. This Vehicle Is To Be Assigned To: _____ or
(Name and Position)

Agency Pool: Legal Office

F. Annual Official Miles: 25,000

G. Funds To Purchase This Vehicle Are Available From:

State Appropriations: \$ X Other: \$ _____

H. Give complete justification in accordance with chapter 4, **State Motor Vehicle Management Manual**. If a fleet addition, agency director must certify that no vehicle is available to reassign to fill this need. (For multiple or fleet purchases give required information on additional sheets.)

For delivery of warrants throughout the State. There is no vehicle available to reassign to fill this need. At present, the SCDC is paying mileage for the privately-owned vehicle being used in the performance of these duties.

**Section II
Request For Disposal**

Make _____ Model _____ Body Style _____ Year _____

Serial Number _____ Total Miles To Date _____ New Cost \$ _____

Date Of Purchase _____ Present Estimated Value \$ _____

Date Last State Inspection _____ Location Of Vehicle _____

Name and telephone number of person to contact for pre-disposal inspection: _____

W. O. Sale

Department or Institution Head Signature

**Section III
Action By Budget & Control Board**

Approved _____ Disapproved *CH* _____

Date _____ Signature _____

Distribution:

Copies 1 through 4 - DMVM
Copy 5 - Agency File Copy

ENCLOSURE (7)

From: S. C. Department of Corrections
P.C. Box 21787
Columbia, S. C. 29221

Date: February 22, 1978

Fleet Addition X Yes _____ No _____

- During calendar year, 1977, the Coordinator of Designated Facilities was reimbursed \$4,139.94 for 29,571 miles traveled in a private vehicle on official business.

Make _____ Model _____ Body Style _____ Year _____
Serial Number _____ Total Miles To Date _____ New Cost \$ _____
Date Of Purchase _____ Present Estimated Value \$ _____
Date Last State Inspection _____ Location Of Vehicle _____
Name and telephone number of person to contact for pre-disposal inspection: _____

Approved _____ Disapproved _____

Signature _____

Copies 1 through 4 - DMVM
Copy 5 - Agency File Copy *ENCLOSURE (8)*



cc: Vice President B. A. Daetwyler
Assistant Vice President Pete Denton
Mr. Jack Cooper
Mr. Marion Dantzler
Mr. Jerry Keeter
Mr. W. S. Turbeville

UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

DIVISION OF OPERATIONS

March 8, 1978

Mr. Allan J. Spence
Director
S. C. Division of Motor
Vehicle Management
P. O. Box 633
Columbia, South Carolina 29202

RECEIVED
MAR 08 1978 LB
DIVISION OF MOTOR
VEHICLE MANAGEMENT

SUBJECT: University Motor Pool

Dear Allan:

As you know, the University has tried to be a leader in regard to the management of its Motor Pool. In this effort, we have cooperated very closely with your division and believe we have made great improvements. Currently, practically no University cars are assigned to individuals but rather to offices or functions, which enables more efficient use; practically no cars are allowed to be driven home; car pooling and the 55-mile speed limit are enforced.

In an effort to attain still greater control, a few months ago the Motor Pool was given the responsibility of obtaining, owning and managing all University vehicles. The Motor Pool also was instructed to initiate a program of vehicle rotation and preventive maintenance. A completely new rental structure has been instituted that will enable the Motor Pool to operate on a break-even basis. This also will allow us to do a better management and analytical job of determining the effectiveness of the Motor Pool. We are currently establishing a new position for the Supervisor of the Motor Pool and are seeking such a person.

One other aspect of the Motor Pool to which we have been giving considerable attention is the number of vehicles. For at least two years, we have made strong attempts to limit the number of cars in the Motor Pool. During this period, however, there has been considerable new emphasis placed on exchange of services between the Columbia Campus and the eight other University campuses. In addition, we are rendering computer service to several other agencies, which means more contact. Simultaneously, University involvement in research is requiring more vehicle availability. Demands on the Motor Pool have now reached the point that we simply cannot provide the necessary service. This was illustrated in the last few weeks when Congresswoman Edith Green from Oregon came to campus as a visiting lecturer. Part of her duties is visiting all the other campuses of the University to consult and give talks. When we tried to get a car so she could travel to the other campuses, we found that there were none available in the Motor Pool. As a result, Mr. Turbeville, Assistant Vice President for Physical Plant and Campus Planning, voluntarily gave up the car he used to visit campus projects and is currently hitching rides in University trucks, etc.

ENCLOSURE (9)

Mr. Allan J. Spence
March 8, 1978
Page Two

We have studied all these current requests and have concluded that we need to have five additional vehicles in the University's Motor Pool. These vehicles will be used as follows:

1. Station Wagon, Computer Services - Remote Terminals

The University now maintains computer terminals in the State House, on eight other University campuses, at the College of Charleston, at the Citadel, at Winthrop and at State College, as well as some other State agencies. In order to maintain contact with the users of these terminals as well as maintain the terminals themselves, it is necessary that we have a vehicle that will be on the road a substantial amount of the time. No such vehicle is available in the Motor Pool.

2. Station Wagon, Computer Services - Middleburg Plaza Subunit

The space problems of our Computer Services Division have been so great that within the last few weeks we asked permission from the Budget and Control Board to rent some space at Middleburg Plaza. At that location, we primarily have our mapping activity (concerned with coastal, zone mapping, etc.). In the few short weeks we have been operating, we have found a great need for transportation between the Computer Center on Lower Main Street and Middleburg Plaza several times each day. No car has been available from the Motor Pool and the only solution has been very extensive use of private cars, which we believe cannot be indefinitely continued.

3. Station Wagon, Instructional Services

The Columbia campus Instructional Services unit is now deeply involved with our eight other campuses in supplying all types of visual and audio media, as well as media equipment. An acute need exists for establishing a regular transportation system between the Columbia campus and the other campuses to exchange this type of information and material. Here again, no vehicle is available from the Motor Pool.

4. Four-door Sedan, Campus Planning

As mentioned above, Mr. Turbeville voluntarily gave up his car so it could be assigned. He previously made his car available to Campus Planning, and they too no longer have access to such a vehicle. This addition would allow a vehicle to be reassigned to Campus Planning where it is acutely needed.

5. Four-door Sedan, Motor Pool

This is the only additional vehicle the University is requesting that would, in effect, increase the size of the Motor Pool fleet. Its availability would allow better scheduling of other vehicles. In addition, it will allow Motor Pool vehicles to be periodically taken off the assignment list so that they can receive preventive maintenance.

ENCLOSURE (9)

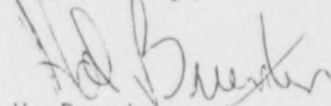
Mr. Allan J. Spence
March 8, 1978
Page Three

In addition to the request for the above five additional vehicles, the University is also requesting replacement for three vehicles as follows, each of which meets your agency's requirement for age and mileage:

<u>Vehicle No.</u>	<u>Description</u>	<u>Mileage</u>	<u>Using Department</u>
19	1973 International Travel-All	84,000	Geology
32	1973 Plymouth Station Wagon	135,000	Archeology
130	1970 Ford Four-door Sedan	46,000	Security

If you have any questions regarding the above information or the attached requests, please call me (777-5101) and I will meet with you to provide more background. In our judgment, all the requests meet both the letter and the spirit of the vehicle management practices you have been advocating for the past few years.

Yours truly,



H. Brunton
Vice President - Operations

HB/mf/bt

Enclosures

ENCLOSURE (9)



Division of Management Services
Harris B. Caldwell, Director

January 18, 1978

Paul L. Fugie
RECEIVED
JAN 20 1978
DIVISION OF
GENERAL SERVICES

Mr. R. D. Counts, Assistant Director
Division of General Services
300 Gervais Street
Columbia, South Carolina

Dear Rudy:

As a follow-up on the conversation that we had the other day concerning PRT's Motor Pool, please secure for us two (2) sedans and one (1) station wagon which we agree to lease from your Agency at the prevailing rates. This arrangement will not increase the number of vehicles that PRT is utilizing, as we will dispose of the three worn out vehicles that we are currently using in our Motor Pool. I will call Allan Spence and give him the details and I hope that we will be able to secure these vehicles in approximately three months, as discussed.

Thank you for your assistance in this matter.

Sincerely yours,

Harris B. Caldwell
Harris B. Caldwell

HBC:jm

1 station wagon

ENCLOSURE (10)

Telephone 758-2111
South Carolina Department of Parks, Recreation & Tourism
Suite 113, Edgar A. Brown Building • 1205 Pendleton Street • Columbia, South Carolina 29201

March 30, 1977

Mr. Robert A. Ingram, Manager
Motor Pool
1942 Laurel Street
Columbia, S.C. 29201

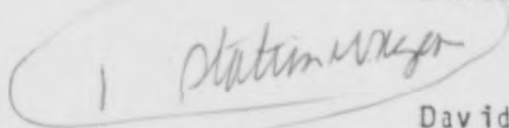
Dear Bob:

The South Carolina Museum Commission has recently found several occasions upon which it would have been useful for us to have had a full-size station wagon. We have an architectural model of the proposed State Museum which does not conveniently fit into a passenger car, and often when we take it out on trips we also find it necessary to take slide projectors and other audio visual equipment. We have been making increasing field trips to sites around the State for the purpose of gathering fossil materials. Often these are bulky and messy and do not lend themselves to being carried in a passenger vehicle.

As we get ourselves situated in new quarters and are better able to receive additions to the Museum collection we expect that there will be regular occasions upon which we will be picking up large items from throughout the State. We understand that you do not have funds to make additional purchases during the 1977 model year but would request a full-size station wagon for our use at the earliest possible date. In the meantime we will continue to lease vehicles from private sources when the passenger cars are not adequate.

Thank you for your consideration of this matter.

Sincerely



David C. Sennema
Director

DCS:bmm

ENCLOSURE (11)

STATE OF SOUTH CAROLINA
DEPARTMENT OF JUVENILE PLACEMENT AND AFTERCARE

HARRY W. DAVIS, JR., DIRECTOR



2221 DEVINE ST.
SUITE 500
P. O. BOX 5535
COLUMBIA, S. C. 29250
(803) 758-3610

December 28, 1977

Mr. Robert A. Ingram
Manager, Motor Pool
Division of General Services
1942 Laurel Street
Columbia, South Carolina

Dear Mr. Ingram:

This is to confirm our conversation last week and my request to you for vehicles for use by the Department of Juvenile Placement and Aftercare.

As you are aware, our Department serves as the juvenile parole authority for children which have been committed to the custody of our State. Our staff of 65 employees work out of sixteen offices throughout the State to provide services in all 46 counties. At this time, our Department has four automobiles (one patrol type vehicle owned by the Department used to provide secure transportation when necessary and three cars leased from your Motor Pool for use by counseling and administrative staff). Because our staff of juvenile parole counselors operate on a state-wide basis, our transportation needs are extensive. In addition to the vehicles we currently lease, I request that we be permitted to lease five additional vehicles. This total of eight leased cars would permit assignment of one car to each of our six regional districts and two cars for use by counseling and administrative staff which operate out of our Columbia main office. The utilization of each of these vehicles would exceed 1,500 miles per month.

As I explained to you, our Department has recently begun operating a juvenile runaway shelter located in east Richland County. The Runaway Shelter staff serves on call at all times to go anywhere in the State and return a runaway juvenile to the shelter here in Columbia. Because of the immediate and pressing demand of the Runaway Shelter, I have been forced to temporarily

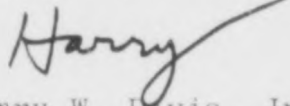
ENCLOSURE (12)

Mr. Robert A. Ingram
December 28, 1977
Page Two

reassign one of the three currently leased cars to the Runaway Shelter for its use (a new car has been ordered for the shelter but will not be available until February). As we discussed, our serious need for additional transportation has now become critical.

Your kind and prompt attention to our needs in the past is greatly appreciated. I understand the pressing budgetary constraints that handicap your ability to fulfill your many requests for automobiles. Thank you for your consideration of this request for five additional vehicles, and for your special consideration in attempting to assign us one of the cars as soon as possible. If you have any questions or if I may be of any assistance, please feel free to contact me.

Very truly yours,



Harry W. Davis, Jr.
Director

ts

ENCLOSURE (12)

1116 Bankers Trust Tower
Columbia, South Carolina 29201
December 14, 1977

Mr. R. D. Counts
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Re: Letter to Robert Ingram from H. Wayne Beam, dated October 18, 1977

Dear Mr. Counts:

In the attached letter to Mr. Robert Ingram, the South Carolina Coastal Council has requested two administrative vehicles for lease from General Services. Since the writing of the attached letter, however, two motor pool vehicles have become inoperable - one due to fire damage and the other due to mechanical failure. Repair costs for each vehicle would be extensive. I am, therefore, requesting that the Coastal Council be allowed to lease four vehicles.

Any help that you can render in expediting this request will be greatly appreciated.

Sincerely,

Ben Campbell

Ben Campbell
Administrative Assistant

BC/dr

Attachment

cc James M. Waddell, Jr.
H. Wayne Beam
John B. Reeves
Robert A. Ingram ✓
Terry Hughey

✓ 2 Already Purchased

✓ Need (2) Additional

ENCLOSURE (13)

SOUTH CAROLINA COASTAL COUNCIL

4 Carriage Lane, Suite 205 - Charleston, South Carolina 29407 - (803) 556-4070

1116 Bankers Trust Tower
Columbia, South Carolina 29201
October 18, 1977

Mr. Robert A. Ingram
Division of General Services
Supply and Motor Pool
1942 Laurel Street
Columbia, South Carolina

Dear Mr. Ingram:

Recent passage of Act 123, the Coastal Management Act of 1977, has placed an additional travel burden upon the staff of the South Carolina Coastal Council. Budgetary constraints preclude our purchase of vehicles at this time, therefore, I hereby request that we be allowed to lease two administrative vehicles from General Services so that we might fulfill the mandates of the General Assembly in administering this recently enacted law.

I hope to hear from you concerning this matter in the very near future.

Best personal regards,

H. Wayne Beam
H. Wayne Beam
Executive Director

HWB/dlr

cc John B. Reeves
Terry M. Hughey

2 units needed

ENCLOSURE (14)

SOUTH CAROLINA COASTAL COUNCIL

4 Carriage Lane, Suite 205 - Charleston, South Carolina 29407 - (803) 555-4070

*for and copy
to request
1 car
request. PC*

State Workmen's Compensation Fund

1026 SUMTER STREET



John W. Scott
Director
Phone 758-2353

Columbia, S. C. 29201

January 4, 1978

GENERAL SERVICES

Mr. R. D. Counts
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Mr. Counts:

Pursuant to our telephone conversation of this date, I respectfully request two motor vehicles (automobiles) to be used on a permanent basis by this agency's claims department.

We have recently obtained permission to expand, which will place two more people in the field. One of these is our Supervisor of claims and the other is a Compensation Claims Field Representative, which I am in the process of obtaining. These are full time traveling jobs which will require generally five days a week travel probably in excess of 20,000 miles per year.

These individuals will be investigating Workmen's Compensation claims as to their validity, preparing cases for defense by the Attorney General's Office, as well as attending hearings as scheduled by the South Carolina Industrial Commission.

If you should need any further information concerning these positions, please advise.

Thank you very much for your assistance in this matter.

Yours very truly,

STATE WORKMEN'S COMPENSATION FUND

John W. Scott, Director

JWS:sf

Enclosure (15)



Division of Management Services
Harris B. Caldwell, Director

January 18, 1978

RECEIVED
DIVISION OF
GENERAL SERVICES

Mr. R. D. Counts, Assistant Director
Division of General Services
300 Gervais Street
Columbia, South Carolina

Dear Rudy:

As a follow-up on the conversation that we had the other day concerning PRT's Motor Pool, please secure for us two (2) sedans and one (1) station wagon which we agree to lease from your Agency at the prevailing rates.

This arrangement will not increase the number of vehicles that PRT is utilizing, as we will dispose of the three worn out vehicles that we are currently using in our Motor Pool. I will call Allan Spence and give him the details and I hope that we will be able to secure these vehicles in approximately three months, as discussed.

Thank you for your assistance in this matter.

Sincerely yours,

H. B. Caldwell
Harris B. Caldwell

HBC:jm

2 sedans mly

ENCLOSURE (16)

CHARLES D. BARNETT, Ph.D.
Commissioner
WALTER B. TODD
Deputy Commissioner,
Administration
WADE C. WIETERS, Ed.D.
Deputy Commissioner,
Professional Services



MENTAL RETARDATION COMMISSION
James B. Berry, M.D., Chairman
R. B. Robinson, Vice Chairman
Mrs. Elizabeth P. Stali, Secretary
Rev. Melvin R. Hyman
Robert H. Lowvorn
Vince Moseley, M.D.
Herbert Rudnick

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION
2712 MIDDLEBURG DRIVE
P. O. BOX 4706
COLUMBIA, SOUTH CAROLINA 29240

March 6, 1978

TO: Mr. Allan J. Spence, Director
Motor Vehicle Management Division
South Carolina Budget and Control Board

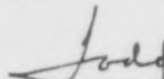
FROM: Walter B. Todd
Deputy Commissioner,
Administration

SUBJECT: Request for Approval to Purchase Additional Vehicles

Request approval to purchase the additional vehicles described on the enclosed DMVM Form 6-77 and Purchasing Requisition Number 63474.

Vans equipped with lift mechanisms are urgently needed to meet the increasing requirements for transporting wheel chair clients. Approximately 30 percent of the center's residents will directly benefit from the lift-equipped vans. This requirement cannot be satisfied by the reallocation of resources from within the Piedmont Center or from the other divisions within the Department of Mental Retardation.

Your assistance is appreciated.


W. B. T.

WBT:db
Enclosures: a/s

ENCLOSURE (17)

STATE BUDGET AND CONTROL BOARD

POLL OF March 15, 1978

POLL ITEM NUMBER

EXHIBIT IV
3/15/78
4

Agency: Division of General Services

Subject: Printing Equipment Purchase Request

The State Printing Officer has reviewed the following request and concurs with justification presented:

- (1) Department of Social Services: purchase an offset duplicator at an approximate cost, less trade-in of a 15-year old model which requires constant repair, of \$9,500.

Board Action Requested:

Authorize referenced purchase, as recommended by Division of General Services.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.

_____ I disapprove of the above action.

_____ Hold for regular meeting.

Attachments:

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

March 15, 1978

✓ I. Insurance Reserve Funds - Actuary

The Division has been in discussion with Dr. Andy Laurent regarding an additional study of the insurance programs, particularly the one relating to medical malpractice. The Division had received a quotation of about \$38,000 for an examination of the malpractice coverage only, but Dr. Laurent feels that he and his staff with a professional actuary can do the work at much lower costs. It is recommended that the Board authorize use of Insurance Reserve Funds to pay up to one-half of the costs of an actuary with Research and Statistical Services Division and to pay related costs out of the fund.

✓ II. Printing Equipment

The Department of Social Services requests approval to purchase an offset duplicator and trade-in a fifteen year old model which is obsolete and constantly requires repair service. The approximate cost, less trade-in, is \$9500. Our State Printing Officer has reviewed this request and he concurs with their justification. It is therefore recommended that the Board authorize purchase of this equipment.

STATE BUDGET AND CONTROL BOARD

MEETING OF March 15, 1978

AGENDA ITEM NUMBER

EXHIBIT V

3/15/78

2

Agency: Department of Youth Services

Subject: Supplemental Appropriation Request

Youth Services requests that \$36,000 be included in the Board's Supplemental Appropriation recommendations to cover its share of the cost of City of Columbia sewer tap fees assessed against State agencies in the Broad River Road area.

Board Action Requested:

Consider

Staff Comment:

Attachments:

Shivers 3/9/78 letter to Putnam plus attachment



Grady A. Decell
Director

Youth Services

P. O. Box 21487/Columbia, S. C. 29221
Telephone (803) 758-6592

March 9, 1978

State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

ATTENTION: Mr. William T. Putnam

Dear Billy:

This past fall the Division of General Services worked out a deal with the City of Columbia for the Department of Corrections, Department of Youth Services, State Law Enforcement Division and Criminal Justice to pay the City \$150,000 for tap fees. It is my understanding that the Department of Corrections had available at that time \$150,000 that they could use to pay the whole amount. The above mentioned Agencies would be prorated out their share based on the estimated daily flow of sewage.

When Mr. R. D. Counts of the Division of General Services sent a letter to the Agency notifying us what had been done, I immediately called him and told him that we did not have \$36,000 in our budget to take care of this for this fiscal year.

We are asking at this time by the action of the Board of Youth Services at their meeting held Wednesday, March 8, 1978, to be included in the Supplemental Appropriation Bill in the amount of \$36,000. This money will be used to pay back the Department of Corrections.

Mr. Counts informs me that the Budget and Control Board is aware of the transaction that went on and the way that it was going to be handled. If there is any question in the Board's mind or yours, I would like for you to call Mr. Counts and he will confirm that he was informed by me that we did not have this money set up in our current budget.

Sincerely,

Jack Shivers
Deputy Director for Fiscal Affairs

JS/bmg

CC: Mr. R. D. Counts
Mr. Grady A. Decell


COMPTROLLER GENERAL STATE OF SOUTH CAROLINA

IDT CREDIT INVOICE

TO: S.C. DEPT. OF YOUTH SERVICES
Department

P. O. BOX 21487
Mailing Address

COLUMBIA, S. C. 29221
City

			ADJUSTMENTS
<p>COST OF SEWER TAP FEES - BROAD RIVER ROAD COMPLEX</p> <p style="text-align: right; margin-top: 20px;">36,000 00</p> <div style="text-align: center; margin-top: 100px;">  MAR 9 1978 DEPT. OF YOUTH SERVICES FISCAL AFFAIRS </div> <p style="text-align: right; margin-top: 20px;">\$ 36,000 00</p>			
<p>848 September 8, 1977 <small>IDT Invoice No. Date</small></p> <p>From: <u>CORRECTIONS DEPARTMENT</u> <small>Department</small></p> <p>Credit: <u>INSTITUTIONAL OPERATIONS</u> <small>Division</small></p>		<p>DO NOT WRITE IN THIS SPACE</p> <hr style="border-top: 1px dashed black;"/> <p>WARRANT NUMBER AND DATE</p>	

ORGANIZATIONAL NUMBER					FY	ACCOUNT NUMBER				ACCOUNT TITLE	Transaction Code			AMOUNT
N04	12	00	00	00	78	1	1	06	5701	CONTRACTUAL SERVICES	3	02	07	36,000 00

This form must be accompanied by completed IDT Voucher for the exact amount of this invoice and presented at the office of
The Comptroller General, Columbia, S. C., for approval and proper credit.

SUPPLEMENTAL BUDGET REQUEST

CODE: L08AGENCY: Vocational Rehabilitation Department

Line No. (1)	Agency Level (2)				Budget Code (3)	DETAIL OF EXPENDITURES	1977-78 SUPPLEMENTAL REQUEST			
	Div	Sub Div	Sec	Sub Sec		ITEMIZATION (4)	Estimated Total Funds (5)	Appropriated State Funds (6)	Estimated Total Funds (7)	Appropriated State Funds (8)
010	1	6	0	0		IV. Alcoholic Centers				
020						Permanent Improvements				
030					50702	Buildings			30,000	30,000
040										
050						We will need \$30,000 additional to				
060						accept the lowest bid received to make				
070						repairs and alterations to Holmesview				
080						Rehabilitation Center. We have avail-				
090						able \$55,000 for the work, but the				
100						increase in cost of materials and				
110						labor has caused the cost to rise con-				
120						stantly.				
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320										
330										
340										
350										
360										

South Carolina
Vocational Rehabilitation Department



J. S. DUSENBURY
EXECUTIVE OFFICER AND COMMISSIONER

301 LANDMARK CENTER, 3600 FOREST DRIVE
P. O. BOX 4945
COLUMBIA, SOUTH CAROLINA 29240

March 14, 1978

Mr. William T. Putnam, Secretary
State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

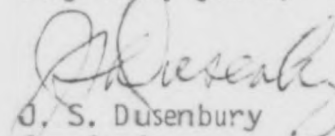
Dear Mr. Putnam:

I am submitting herewith a supplemental budget request for Fiscal Year 1977-78 for an additional \$30,000 which is needed to make the major repairs to Holmesview Rehabilitation Center, Greenville, South Carolina. The cost of materials and labor has constantly increased making the \$55,000 we now have available insufficient to accept the lowest bid for the work. This work consists of alterations and repairs to the roof, electrical distribution systems, mechanical system in the boiler room, plumbing and fixtures in the bathrooms, and the heating and air conditioning systems. These repairs are vitally needed if we are to continue to use these facilities.

The State Agency of Vocational Rehabilitation has a twenty (20) year lease of \$1 with Greenville County on the Holmesview Center property. If the lease is terminated by Greenville County prior to the end of the lease term, they will pay to Vocational Rehabilitation an amount equal to the undepreciated cost of any major improvements.

The Board's favorable consideration of this request will be appreciated.

Very truly yours,


J. S. Dusenbury
Commissioner

JSD:mrh

Attachment

SUPPLEMENTAL APPROPRIATION REQUEST

CONTRIBUTIONS SECTION:

\$30,000 For Miss U. S. A. Pageant in Charleston

EXHIBIT VII
3/15/78

Recommended Capital Improvement Bond Authorizations

Projected Expenditure Schedule

Agency/Project	Recommended Authorization	Projected Expenditure			
		1978-79	1979-80	1980-81	1981-82
1. ADJUTANT GENERAL'S OFFICE	808,391	808,391	-0-	-0-	-0-
1. Armory - West Columbia	217,750	217,750	-0-	-0-	-0-
2. Armory - Abbeville	237,004	237,004	-0-	-0-	-0-
3. Armory - Jefferson	183,700	183,700	-0-	-0-	-0-
4. Armory - Hartsville	103,357	103,357	-0-	-0-	-0-
5. Architectural & Engineering Studies (5 Armories)	66,580	66,580	-0-	-0-	-0-
2. BUDGET AND CONTROL BOARD	9,150,500	4,650,500	4,500,000	-0-	-0-
1. Renbert C. Dennis Building	8,750,000	4,250,000	4,500,000	-0-	-0-
2. Sims Building Airconditioning Renovation	225,000	225,000	-0-	-0-	-0-
3. Energy Management System Completion	50,000	50,000	-0-	-0-	-0-
4. Purchase of Boylston House	125,500	125,500	-0-	-0-	-0-
3. THE CITADEL	1,441,750	379,430	799,320	263,000	-0-
1. Renovations to Provide Access for Handicapped	28,800	18,480	10,320	-0-	-0-
2. McAlister Field House Improvements - Planning	37,950	37,950	-0-	-0-	-0-
3. Utilities Building Addition	1,375,000	323,000	789,000	263,000	-0-
4. CLEMSON UNIVERSITY	6,322,535	2,458,415	2,754,120	1,110,000	-0-
1. Renovations to Provide Access for Handicapped	1,833,320	1,100,000	733,320	-0-	-0-
2. Pee Dee Research and Educational Center	4,489,215	1,358,415	2,020,800	1,110,000	-0-
5. COLLEGE OF CHARLESTON	1,275,000	350,000	925,000	-0-	-0-
1. Renovations to Provide Access for Handicapped	525,000	350,000	175,000	-0-	-0-
2. Education Center, Supplement	750,000	-0-	750,000	-0-	-0-

Recommended Capital Improvement Bond Authorizations

Projected Expenditure Schedule

<u>Agency/Project</u>	<u>Recommended Authorization</u>	<u>Projected Expenditure</u>			
		<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
6. FRANCIS MARION COLLEGE	2,867,000	1,434,500	1,432,500	-0-	-0-
1. Renovations to Provide Access for Handicapped	2,000	2,000	-0-	-0-	-0-
2. Art, Drama, Music, Speech Building	2,865,000	1,432,500	1,432,500	-0-	-0-
7. LANDER COLLEGE	683,345	301,750	381,595	-0-	-0-
1. Renovations to Provide Access for Handicapped	683,345	301,750	381,595	-0-	-0-
8. S. C. STATE COLLEGE	1,337,535	1,090,000	247,535	-0-	-0-
1. Renovations to Provide Access for Handicapped	1,247,535	1,000,000	247,535	-0-	-0-
2. Physical Plant Facilities Complex - Planning	90,000	90,000	-0-	-0-	-0-
9. UNIVERSITY OF SOUTH CAROLINA	279,265	208,515	70,750	-0-	-0-
1. Columbia - Renovations to Provide Access for Handicapped	279,265	208,515	70,750	-0-	-0-
10. WINTHROP COLLEGE	1,576,750	759,750	817,000	-0-	-0-
1. Renovations to Provide Access for Handicapped	1,457,000	640,000	817,000	-0-	-0-
2. Replacement of Primary Water Lines	119,750	119,750	-0-	-0-	-0-
11. MEDICAL UNIVERSITY	1,324,000	850,000	474,000	-0-	-0-
1. Renovations to Provide Access for Handicapped	624,000	400,000	224,000	-0-	-0-
2. Quadrangle Renovation	700,000	450,000	250,000	-0-	-0-
12. TECHNICAL & COMPREHENSIVE EDUCATION	1,976,640	1,976,640	-0-	-0-	-0-
1. Equipment for Facilities Under Construction	1,976,640	1,976,640	-0-	-0-	-0-

Recommended Capital Improvement Bond Authorizations

Projected Expenditure Schedule

<u>Agency/Project</u>	<u>Recommended Authorization</u>	<u>Projected Expenditure</u>			
		<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
13. EDUCATIONAL TELEVISION COMMISSION	918,000	918,000	-0-	-0-	-0-
1. Purchase of Hughes Property	718,000	718,000	-0-	-0-	-0-
2. Renovations and Equipment	200,000	200,000	-0-	-0-	-0-
14. DEPARTMENT OF MENTAL HEALTH	12,745,000	245,000	4,000,000	6,000,000	2,500,000
1. Village "B"	12,500,000*	-0-	4,000,000	6,000,000	2,500,000
2. Intermediate Care Facility - Planning	245,000	245,000	-0-	-0-	-0-
15. DEPARTMENT OF MENTAL RETARDATION	5,780,000	3,580,000	1,600,000	600,000	-0-
1. Whitten Village - Upgrade Sewage Treatment	500,000*	500,000	-0-	-0-	-0-
2. Coastal - Multiple Handicapped Nursing Facility	650,000*	300,000	350,000	-0-	-0-
3. Whitten Village - Renovation and Improvements (Dorm 9, 15, 16, 17, 18)	500,000*	100,000	400,000	-0-	-0-
4. Pee Dee - Addition to Saleeby Center	580,000*	200,000	380,000	-0-	-0-
5. Pee Dee & Piedmont Regions - Community Residences	900,000*	900,000	-0-	-0-	-0-
6. Coastal - Deaf/Blind Unit	470,000*	200,000	270,000	-0-	-0-
7. Midlands - Phase IV Facilities	900,000	900,000	-0-	-0-	-0-
8. Whitten Village - Renovation & Improvements (Dorm 7, 8, 23, 24)	800,000	-0-	200,000	600,000	-0-
9. Midlands - Community Residences	480,000	480,000	-0-	-0-	-0-

* Departmental bonding capacity.

Recommended Capital Improvement Bond Authorizations

Projected Expenditure Schedule

Agency/Project	Recommended Authorization	Projected Expenditure			
		1978-79	1979-80	1980-81	1981-82
16. DEPARTMENT OF CORRECTIONS	16,033,936	3,150,380	7,821,276	4,772,280	290,000
1. Facilities Expansion and Renovations					
(a) 528-bed Minimum Security Facility, Region I	8,920,000	517,000	5,545,980	2,857,020	-0-
(b) 96-bed Work Release Center, Region I	829,000	490,380	338,620	-0-	-0-
(c) 144-bed Work Release Center, Region I	1,440,000	913,000	527,000	-0-	-0-
(d) 20-bed Infirmary, Region I	600,000	-0-	50,000	550,000	-0-
(e) 96-bed Work Release Center, Region III	1,075,000	86,000	652,740	336,260	-0-
(f) 96-bed Minimum Security Addition, Region II	552,000	-0-	23,000	529,000	-0-
(g) Renovation of Existing Institutions	1,490,000	400,000	300,000	500,000	290,000
(h) General Improvements and Equipment	1,127,936	744,000	383,936	-0-	-0-
17. FORESTRY COMMISSION	51,000	51,000	-0-	-0-	-0-
1. Central Office Connecting Sewerage	51,000	51,000	-0-	-0-	-0-
18. DEPT. OF PARKS, RECREATION & TOURISM	512,000	512,000	-0-	-0-	-0-
1. Hunting Island - Beach Erosion Control	512,000	512,000	-0-	-0-	-0-
19. AERONAUTICS COMMISSION	600,000	300,000	300,000	-0-	-0-
1. Hangar, Shop Area, Parts Storage, Office and Pilot Lounge	600,000	300,000	300,000	-0-	-0-
20. STATE PORTS AUTHORITY	56,000,000	4,000,000	22,000,000	18,000,000	12,000,000
1. Wando Terminal - Phase I	56,000,000	4,000,000	22,000,000	18,000,000	12,000,000
Total	121,682,647	28,024,271	48,123,096	30,745,280	14,790,000

STATE BUDGET AND CONTROL BOARD

MEETING OF March 15, 1978

AGENDA ITEM NUMBER 4

EXHIBIT VII
3/15/78

Agency: Finance Division, Grants and Contracts Review Unit

Subject: Federal Grant and Contract Requests

Please refer to attached package of 88 requests involving the following funds:

Federal	\$44,485,136
State	1,016,567
Other	<u>109,968</u>
Total	<u>\$45,611,671</u>

Included in this total are 9 subcontracts involving a total of \$656,984 in Federal funds.

Personnel: 77 full-time; 80 part-time.

Board Action Requested:

Approve recommendations of Grants and Contracts Review Unit.

Staff Comment:

Attachments:

Oliver 3/8/78 memo to Putnam plus summary and 88 individual analysis sheets.

MEMORANDUM

TO: Mr. William T. Putnam
State Auditor

FROM: George F. Oliver *G. Oliver*
Grants Services Administrator
Grants and Contracts Review Unit

DATE: March 8, 1978

RE: Federal Grants and Contracts Recommendation to the Budget and Control Board, March 15, 1978

The attached summary analysis of federal grants and contracts requests from state agencies is submitted for necessary action by the Budget and Control Board at the March 15, 1978, meeting.

There are 88 projects from 20 state agencies which request the following amounts from federal, state, and other sources.

Federal Funds	\$44,485,136
State Matching Funds	1,016,567
Other Matching Funds	<u>109,968</u>
Total	<u>\$45,611,671</u>

(NOTE: This total includes \$656,984 federal funds in subcontracts between 9 state agencies.)

The total number of personnel to be hired on these programs is indicated as follows:

Full-time Employees	77
Part-time Employees	<u>80</u>
Total	<u>157</u>

Your attention is directed to items #23 and #25 from the Medical University. These programs are Research Career Development Award Programs awarded by the National Institute of Health, HEW. The terms of these awards will not allow fringe benefits or indirect costs. They will only pay the salary of an investigator up to a maximum of \$30,000 per year for a five-year period.

Both of these proposals are within the salary range, but request a waiver by the Budget and Control Board for the fringe benefits and indirect cost. As you know, this request on fringe benefits can be waived by the Board if it is in the best interest of the state. The Medical University will assume these fringe costs at no additional cost for the state.

The request for J. D. Karam, 8-H51-168, is in the fifth year of the program; the request for Dr. J. G. Ondo, 8-H51-164, is new but will provide salary support for him for one year. In view of these facts, it is in the best interest of the state to approve these requests.

dc
Enclosure

SUMMARY - B & C BOARD ACTION

DATE OF ACTION	# PROJECTS	FEDERAL	STATE	OTHER	TOTAL	INDIRECT	NEW PERSONNEL	
							PERM.	TEMP.
July - December, 1977	793	858,296,056	119,268,243	54,829,256	1,032,393,555	4,039,789	2,013.14	446.33
Subcontracts	179	-45,842,898			-45,842,898			
January 9, 1978	76	20,256,672	5,546,324	1,220,685	27,023,681	520,230	126.15	88.25
Subcontracts	15	-1,449,880			-1,449,880			
January 25, 1978	40	12,001,907	17,326,499	7,287,549	36,615,955	396,875	29.41	52
Subcontracts	13	-550,345			-550,345			
February 15, 1978	148	26,971,981	11,377,228	1,401,490	39,750,699	392,802	111.43	124.72
Subcontracts	46	-1,890,598			-1,890,598			
March 1, 1978	78	11,784,538	7,344,175	2,167,144	21,295,857	290,526	73.15	37.23
Subcontracts	18	-1,511,174			-1,511,174			
SUBTOTAL	1135	929,311,154	160,862,469	66,906,124	1,157,079,747	5,613,222	2,353.28	741.03
Subcontracts	-271	-51,244,895			-51,244,895			
TOTAL		878,066,259	160,862,469	66,906,124	1,105,834,852	5,613,222	2,353.28	741.03

JULY 1977 - March 1, 1978

AGENCY NUMBER	AGENCY	# PROJECTS	FEDERAL	STATE	OTHER	TOTAL	INDIRECT	NEW PERSONNEL PERM.	TEMP.
A20	Legislative Audit Council	2	39,467			39,467		3	
B04	Judicial Dept	3	70,246	11,473		81,719			
D10	SLED	3	134,713	524		135,237			
D15	Division of Admin	46	173,330,476	954,972	3,204,338	177,489,786	204,388	9	97
D25	Health & Social Dev	3	536,635	74,886	115,770	727,291	20,815	3	
D30	Economic Opp	5	1,767,960	33,142	420,670	2,221,772	5,200	5	
D35	Disaster Preparedness	8	969,468	323,766		1,293,234	69,992		
E04	Lt. Governor's Office	2	19,003	3,635		22,638	3,395	1.5	1
E20	Attorney General	13	1,231,712	219,105	80,723	1,531,540		22.75	
F08	Research & Statistical	4	257,000			257,000	6,970	3	3.3
F16	Motor Vehicle Mgmt	2	395,079	250	83,000	478,329		6	
F24	State Personnel	6	309,356	180,718	137,140	627,214		2	
H03	Comm on Higher Educ	3	365,403	182,943	62,377	610,723	14,560	.3	4
H06	Higher Ed Tuition Grants	3	1,511,601	17,434,758	4,000	18,950,359			
H09	The Citadel	5	105,602	11,361		116,963		5	20
H12	Clemson	36	6,546,679	6,376,051	19,844	12,942,574	73,262	25.5	25
H15	College of Charleston	21	2,116,129	432,873	22,341	2,571,343	49,536	8	56
H18	Francis Marion	9	236,233	53,241	700	290,174	5,975	4.5	54
H21	Lander	4	100,422	1,824	19,523	121,769	48		
H24	S. C. State	13	986,180	9,948	101,962	1,098,090	10,789	3	1
H27	USC	93	21,412,653	5,557,459	166,365	27,136,477	551,861	147.1	88.87
H31	USC Aiken	3	53,599			53,599	11,125	.5	.83
H35	USC Coastal	4	24,729	44,582		69,311			
H39	USC Spartanburg	6	174,794	69,980		244,774	15,582	11.9	.33
H43	USC Two Yr Reg	9	116,193	17,734	2,378	136,305	10,879	1.5	4
H47	Winthrop	23	961,418	115,941	28,153	1,105,512	32,054	29.5	23
H51	MUSC	145	17,994,104	2,115,803	1,680,610	2,790,517	2,402,418	201.07	65
H55	Adv Coun, Voc & Tech Ed	1	205,436			205,436	324	1	
H59	Tech & Comp Ed	132	17,308,676	1,470,542	4,516,251	23,295,469	185,775	353	99
H63	Dept Education	65	112,556,783	20,350,325	8,049,443	140,956,551	241,167	406.01	
H67	ETV	16	137,501	145,433	2,023,838	2,306,772	56,507	13	4
H71	Opportunity School	6	146,498	9,000	15,072	170,570			
H75	School for Deaf/Blind	10	665,077	50,144		715,221	11,340	24.25	
H79	Archives & History	12	220,536	114,456	92,370	427,362		1	
H87	State Library	9	2,685,308	7,050,844		9,736,152			
H91	Arts Commission	25	1,316,522	499,393	1,053,512	2,869,427		35.5	36
H95	Museum Com	4	48,345	27,059	12,936	88,340	357	1.5	.5
J04	DMSC	97	30,347,818	9,813,933	13,687,676	53,849,427	371,506	146.2	44
J12	Mental Health	10	985,831	1,189,136		2,174,967	68,070	8	
J16	Mental Retardation	21	16,355,035	1,803,905	41,200	18,200,140	9,807	574	
J20	Alcohol & Drug Abuse	8	771,917	83,527	81,939	937,383	32,032	12	7

SUBCONTRACTS

AGENCY NUMBER	AGENCY	# PROJECTS	FEDERAL	STATE	OTHER	TOTAL	INDIRECT	NEW PERSONNEL PERM.	TEMP.
A20	Legis Audit Council	2	39,467			39,467			
B04	Judicial	3	70,246			70,246			
D10	SLED	2	132,655			132,655			
D15	DOA	3	445,294			445,294			
D25	Health & Soc Dev	2	73,937			73,937			
E04	Lt. Governor	1	240			240			
E20	Attorney General	12	1,031,712			1,031,712			
F08	Research & Statistics	1	42,000			42,000			
F16	Motor Veh Mgmt	1	63,079			63,079			
H09	Citadel	1	27,353			27,353			
H12	Clemson	7	361,981			361,981			
H15	College of Charleston	3	90,791			90,791			
H18	Francis Marion College	3	33,726			33,726			
H27	USC	9	336,268			336,268			
H43	USC 2 Yr Reg	1	32,867			32,867			
H47	Winthrop	4	40,244			40,244			
H51	MUSC	6	352,691			352,691			
H59	Tech & Comp Ed	41	6,975,107			6,975,107			
H63	Dept of Education	12	2,282,167			2,282,167			
H67	ETV	2	4,900			4,900			
H71	Opportunity School	4	80,498			80,498			
H75	Sch for Deaf/Blind	6	439,728			439,728			
H91	Arts Commission	4	376,862			376,862			
J04	DHEC	21	2,613,419			2,613,419			
J12	Mental Health	4	254,456			254,456			
J16	Mental Retardation	14	15,095,113			15,095,113			
J20	Alcohol & Drug Abuse	4	65,384			65,384			
L04	Social Services	5	297,230			297,230			
L08	Vocational Rehabilitation	4	965,476			965,476			
L12	John de la Howe	2	89,422			89,422			
L16	Foster Care for Children	3	56,696			56,696			
L24	Commission for the Blind	2	93,202			93,202			
L28	Aging	1	80,005			80,005			
N04	Corrections	36	3,668,321			3,668,321			
N12	Youth Services	9	1,257,632			1,257,632			
N16	Juvenile Plcmt & Aftercare	5	161,377			161,377			
N20	Law Enf Trng Council	4	61,032			61,032			
P08	Land Resources	7	530,579			530,579			
P28	PRT	2	88,349			88,349			
R04	Public Service Commission	1	5,147			5,147			
R36	Labor Dept	4	914,623			914,623			

AGENCY NUMBER	AGENCY	# PROJECTS	FEDERAL	STATE	OTHER	TOTAL	INDIRECT	NEW PERSONNEL	
								PERM.	TEMP.
L04	DSS	23	372,625,343	70,009,271	26,016,304	468,650,918		1	4.75
L08	Vocational Rehabilitation	13	4,964,512	54,302	25,489	5,044,303	4,042	2	
L12	John de la Howe	2	89,422			89,422			
L16	Foster Care for Children	3	56,696			56,696		4	2
L24	Comm for Blind	7	570,056	105,077		675,133	26,525	3	
L28	Aging	1	80,005			80,005			
L32	Housing Authority	1	1,249,496			1,249,496		4	
N04	Corrections	41	4,088,170	473,550	10,586	4,572,306	191,822	122	8
N12	Youth Services	11	1,359,094	325,188		1,684,282	159,239	5.8	
N16	Juvenile Plcmt & Aftercare	5	161,377	17,930		179,307		6	
N20	Law Enf Trng Council	4	61,032	13,080		74,112			
P04	Water Resources	6	203,750	83,250	25,000	312,000		2	.25
P08	Land Resources	12	779,431	82,636	47,955	910,022	15,277	26	2
P12	Forestry	10	225,735	94,005	50,200	369,940	840	2.9	
P16	Dept. of Agriculture	4	40,648	39,860		80,508	3,048		1
P24	Wildlife & Marine Res	41	3,725,883	1,245,585	269,977	5,241,445	125,384	22.5	48
P25	Coastal Council	1	609,332	133,217	19,329	761,878	22,413	1	4
P28	PKT	7	4,839,074	225,677	4,675,362	9,740,113	884	12	
P32	Development Board	2	100,000			100,000			
P36	Patriots Point	4	4,362,500	2,240,000		6,602,500			
P40	Clark Hill	1	10,000	10,000		20,000			
P48	Old Exchange Bldg	3	700,000	650,000		1,350,000			
R04	Public Service Commission	1	5,147	1,050		6,197			
R36	Labor	8	2,254,456	996,268		3,250,724	187,232	32	
R48	ABC Commission	1	22,200			22,200			
R52	Ethics	1	2,802			2,802			6
R60	Employment Security	13	27,267,307	176,922		27,444,229	410,830	28.5	1
U04	Aeronautics	3	80,029	12,595		92,624		6	0
U04	Highways & Pub Trans	16	83,259,520	7,038,340	41,791	90,339,651		4	30
	Total	1135	929,311,154	160,862,469	66,906,124	1,157,079,747	5,613,222	2,353.28	741.03
	Subcontracts	-271	-51,244,895			-51,244,895			
	TOTAL		878,066,259	160,862,469	66,906,124	1,105,834,852	5,613,222	2,353.28	741.03

AGENCY NUMBER	AGENCY	# PROJECTS	FEDERAL	STATE	OTHER	TOTAL	INDIRECT	NEW PERSONNEL PERM.	TEMP.
R4B	ABC	1	22,200			22,200			
R52	Ethics	1	2,802			2,802			
R60	Employment Sec	10	11,581,939			11,581,939			
U04	Aeronautics	1	6,678			6,678			
TOTAL		271	-51,244,895			-51,244,895			

3/15/78

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
1 The Citadel	8-H09-011	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase library materials which assists in developing the reference program	Approve	
2 Clemson University	8-H12-043	20,448	7-1-78 6-30-79	15,573 75%	4,875 24%	0	0	To establish a 2-week training program for high school girls in order to acquaint them with opportunities available in technical fields	Approve	
3 College of Charleston	8-H15-023	17,200	6-1-78 5-31-79	3,600 50%	3,600 50%	0	0	To improve undergraduate instruction through the purchase of laboratory and other special equipment	Approve	
4 College of Charleston	8-H15-024	14,886	9-19-78 5-31-79	4,936 33%	7,250 49%	2,700 18%	0	To promote objective discussion of societal changes which have greatly influenced the role of women	Approve	
5 Francis Marion College	8-H18-010	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase additional materials, books, audio-visual equipment, etc. for library	Approve	
6 Lander College	8-H21-005	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase library books, periodicals, documents, tapes, records, etc.	Approve	
7 S. C. State College	8-H24-013	778,066	10-1-77 9-30-78	778,066	0	0	0	Research of rural farm problems in predominantly black communities	Approve	
8 S. C. State College	8-H24-015	166,833	7-1-78 6-30-79	166,833 100%	0	0	9.5	To assist college in training minority students in health-related fields	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
9 University of South Carolina	8-H27-094	58,664	7-1-78 6-30-79	58,664 100%	0	0	1.5	To assist public transportation policy-making bodies in decision making	Approve	Does H+PT know about?
10 University of South Carolina	8-H27-103	41,030	9-1-78 8-31-79	21,030 51%	5,000 12%	15,000 37%	0	To purchase an image converter camera for College of Engineering	Approve	
11 University of South Carolina	8-H27-104	73,880	1-1-79 12-31-79	46,000 62%	27,380 38%	0	0	To purchase a real-time computer facility for data acquisition and process control for chemical engineering group	Approve	Bum?
12 University of South Carolina	8-H27-105	9,444	7-1-78 5-30-79	6,675 71%	2,769 29%	0	.17	To derive growth estimates for mechanical and electrical displacement fields which occur in various types of deformable material dielectrics	Approve	
13 University of South Carolina	8-H27-106	5,940	4-1-78 9-30-79	3,842 65%	2,098 35%	0	.25 PT	To provide orientation sessions for newly elected county and municipal officials	Approve	
14 University of South Carolina	8-H27-108	74,099	3-1-78 2-28-79	74,099 100%	0	0	3.2 FT 2.3 PT	To improve the design and construction of high voltage devices and components	Approve	
15 University of South Carolina	8-H27-109	15,534	1-10-78 3-30-78	5,429 35%	2,605 17%	7,500 48%	0	To provide professional plays open to the public in Longstreet Theatre	Approve	

FEDERAL
GRANTS AND CONTRACTS

Sub-committee to study for Governor

	State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
16	University of South Carolina	3-H27-111	23,585	2-15-78 10-31-78	23,585 100%	0	0	5.13 FT .29 PT	To promote employment of handicapped persons by education to employers	Approve	
17	University of South Carolina	8-H27-112	48,285	7-10-78 8-30-78	10,456 22%	36,524 75%	1,305 3%	12 PT	To conduct a 6-week day camp for developmentally disabled and multihandicapped children at USC PE Center	Approve	
18	University of South Carolina	8-H27-113	24,258	1-1-78 7-30-79	24,258 100%	0	0	1.9 FT .4 PT	To improve training programs for law enforcement personnel	Approve	CJA?
19	Winthrop College	8-H47-023	23,660	9-1-78 6-30-79	23,660 100%	0	0	0	To assist student teachers in developing an understanding of teaching as a career	Approve	
20	Winthrop College	3-H47-029	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase library books and periodicals for library	Approve	
21	Winthrop College	8-H47-034	24,200	7-1-77 6-30-78	12,100 50%	12,100 50%	0	0	To purchase instructional equipment for a food laboratory	Approve	
22	Medical University	8-H51-159	29,524	3-1-78 2-28-79	29,524 100%	0	0	1	To evaluate dental implants with porous titanium surface coatings and implants with porous high density polyethylene root coatings	Approve	
23	Medical University	8-H51-164	30,726	7-1-78 6-30-79	26,500 86%	4,226 14%	0	0	To research the reproductive process controlled by amino acid neurotransmitters on the secretion of the pituitary gland	Approve	Award provides salaries wages only; fringe and indirect costs are not authorized. Must be waived by B&C Bd. as indicated in 77-78 Appropriation Act, Sec.1

FEDERAL
GRANTS AND CONTRACTS

	State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
24	Medical University	8-H51-167	65,408	4-1-78 3-31-79	53,180 81%	12,228 19%	0	0	Research to understand the mechanisms underlying the control of synthesis of different hemoglobins in man	Approve	
25	Medical University	8-H51-168	34,593	4-1-78 3-31-79	29,655 86%	4,938 14%	0	1	Provides additional research training to improve the quality of research efforts in public health	Approve	Award provides salaries & wages only; fringe and indirect not authorized. B&C Bd. must waive as indicated in 77-78 Approp Act, Sec. 13.
26	Medical University	8-H51-169	48,950	4-1-78 3-31-79	48,285 99%	665 1%	0	1.4	To increase scientific knowledge of construction and maintenance of human red blood cell re the calcium transport system	Approve	
27	Medical University	8-H51-170	46,968	4-1-78 3-31-79	43,706 93%	3,262 7%	0	4.6	To increase understanding of effectiveness of methadone	Approve	
28	Medical University	8-H51-171	167,958	7-1-78 6-30-79	167,958 100%	0	0	8.6	To reduce severity and incidence of alcohol-related medical and psychosocial complications in communities	Approve	
29	Medical University	8-H51-172	32,515	4-1-78 3-31-79	21,134 65%	11,381 35%	0	.6 PT	To provide an innovative educational program on parenting skills to teenage mothers	Approve	
30	Medical University	8-H51-173	55,372	7-1-79 6-30-80	29,402 53%	25,970 47%	0	4 PT	Training program designed to lead to PhD degree in molecular and cellular biology and pathobiology	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
31 Medical University	8-H51-174	84,332	7-1-79 6-30-80	79,488 94%	4,844 6%	0	2 FT 6 PT	To establish a training program with emphasis on research training in diabetes, endocrinology, and metabolism	Approve	
32 Medical University	8-H51-177	55,013	7-1-79 6-30-80	44,595 81%	10,418 19%	0	.4 FT 6 PT	Training program to utilize research methods for finding cause of death, disease, and impairment arising from environmental sources	Approve	
33 Medical University	8-H51-178	139,077	12-1-78 11-30-79	139,077 100%	0	0	4.9	Research to investigate the tissue invasiveness and diarrhea producing characteristics of pathogenic strains of protozoan parasites	Approve	
34 Medical University	8-H51-179	264,373	7-1-78 6-30-79	244,794 93%	19,584 7%	0	10	Attempt to increase number of medical doctors practicing family medicine	Approve	
35 Medical University	8-H51-180	76,488	4-1-78 3-31-79	61,610 81%	14,878 19%	0	5.4	To increase scientific knowledge of function of kidneys	Approve	
36 Medical University	8-H51-181	99,438	3-1-78 12-31-78	99,438 100%	0	0	1	To provide continuing education to consumers, allied health personnel, primary care physicians, and consultants throughout SC	Approve	

FEDERAL
GRANTS AND CONTRACTS

	State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
37	Tech. & Comp. Education YORK	8-H59-131	16,957	7-1-77 6-30-78	16,957 100%	0	0	0	To provide educational assistance to veterans	Approve	Indirect waived as project was funded 6-17-77
38	Tech. & Comp. Education YORK	8-H59-133	3,855	10-1-77 9-30-78	3,855 100%	0	0	0	To purchase books and audio-visual aids for library	Approve	
39	Tech. & Comp. Education YORK	8-H59-134	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase eligible books and audio-visual materials	Approve	
40	Tech. & Comp. Education YORK	8-H59-135	55,000	7-1-77 6-30-78	55,000 100%	0	0	0	To provide special services for disadvantaged students	Approve	
41	Tech. & Comp. Education YORK	8-H59-136	293,665	7-1-77 6-30-78	293,665 100%	0	0	0	To provide low interest loans and assistance to eligible needy students	Approve	
42	Tech. & Comp. Education YORK	8-H59-137	300,000	7-1-78 6-30-79	300,000 100%	0	0	0	To provide low interest loans and assistance to needy students	Approve	
43	Tech. & Comp. Education YORK	8-H59-138	124,102	7-1-77	100,005 80%	0	24,097 20%	0	To assist students in financial need who must earn while attending school	Approve	
44	Tech. & Comp. Education YORK	8-H59-140	33,360	7-1-77 6-30-78	33,360 100%	0	0	0	To provide supplemental education opportunity grants to needy qualified students	Approve	
45	Tech. & Comp. Education YORK	8-H59-141	24,500	7-1-78 6-30-79	24,500 100%	0	0	0	To provide supplemental education opportunity grants to needy qualified students	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
46 Tech. & Comp. Education MIDLANDS AIRPORT	8-H59-153	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
47 Tech. & Comp. Education MIDLANDS BELTLINE	8-H59-154	5,000	10-1-78	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
48 Tech. & Comp. Education WILLIAMSBURG	8-H59-155	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
49 Tech. & Comp. Education GREENVILLE	8-H59-156	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
50 Tech. & Comp. Education ORANGEBURG-CALHOUN	8-H59-157	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
51 Tech. & Comp. Education ORANGEBURG-CALHOUN	8-H59-158	11,000	8-1-78 7-30-79	11,000 100%	0	0	0	To support educational programs responsive to criminal justice personnel needs	Approve	
52 Tech. & Comp. Education GREENVILLE	8-H59-159	96,175 :	7-1-78 6-30-79	96,175 100%	0	0	0	To provide supportive services to disadvantaged students	Approve	
53 Tech. & Comp. Education TRIDENT	8-H59-160	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
54 Tech. & Comp. Education CHESTERFIELD MARLBORO	8-H59-161	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
55 Tech. & Comp. Education BEAUFORT	8-H59-163	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
56 Tech. & Comp. Education TRIDENT	8-H59-164	35,960	7-1-78 6-30-79	35,960 100%	0	0	0	To assist students enrolled in eligible law enforcement education programs through low interest loans and/or grants	Approve	
57 Tech. & Comp. Education TRIDENT	8-H59-165	20,993	7-1-78 6-30-79	13,426 64%	0	7,567 36%	0	To implement a model building laboratory course for architectural engineering students	Approve	
58 Tech. & Comp. Education ORANGEBURG CALHOUN	8-H59-166	10,000	7-1-78 6-30-80	5,000 50%	5,000 50%	0	0	To purchase scientific equipment for undergraduate instruction	Approve	
59 Tech. & Comp. Education TRI-COUNTY	8-H59-167	5,000	10-1-78 9-30-79	5,000 100%	0	0	0	To purchase books and other eligible library materials	Approve	
60 Department of Education	8-H63-068	90,000	7-1-78 6-30-79	90,000 100%	0	0	3	To fund a staff to educate school districts as to what federal programs are available	Approve	
61 Department of Education	8-H63-069	38,748,406	7-1-78 6-30-79	38,748,406 100%	0	0	0	To provide financial assistance to local educational districts for low income families, institutionalized neglected children, migrant children	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
62 Educational Television <i>Carried over</i>	8-H67-019	690,323	1-1-79 6-30-80	369,000 53%	321,323 47%	0	0	To purchase equipment to establish microwave channels to deliver TV and radio programs to several stations in statewide network	Approve	A request for \$200,000 capital bond improvement funds has not been approved by B&C Board
63 Educational Television	8-H67-020	540	2-9-78 5-8-78	540 100%	0	0	1 PT	To provide one student intern for traffic department	Approve	
64 School for Deaf/Blind	8-H75-011	97,120	10-1-77 9-30-78	97,120 100%	0	0	0	To provide free breakfast and lunch to needy children	Approve	
65 School for Deaf/Blind	8-H75-012	18,353	1-16-78 1-15-79	17,863 97%	490 3%	0	4 PT	To provide on-the-job training for 4 recipients of AFDC	Approve	
66 S. C. Arts Commission	8-H91-030	21,000	2-15-78 5-15-78	10,000 48%	1,855 9%	9,145 43%	0	To fund a series of discussions following "The Subject was Roses"	Approve	
67 S. C. Arts Commission	8-H91-031	11,750	11-1-77 4-30-78	5,850 50%	5,865 50%	35	0	To fund a writer in residence to complement arts program for special groups	Approve	Funded prior to 12-21-77
68 S. C. Arts Commission	8-H91-032	44,321	8-15-77 8-14-78	20,000 45%	11,566 26%	12,755 29%	0	To document folk culture of Low Country	Approve	Funded prior to 12-21-77
69 S. C. Arts Commission	8-H91-033	6,000	8-1-77 6-30-78	6,000 100%	0	0	0	To fund a meeting to define objectives, functions, identify successes and failures of crafts program and develop new programs	Approve	Funded prior to 12-21-77

FEDERAL
GRANTS AND CONTRACTS

	State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
70	S. C. Arts Commission	8-H91-034	25,059	11-1-77 10-30-78	12,500 50%	10,559 42%	2,000 8%	0	To assist in development of artistic skills, etc., of disenfranchised youth	Approve	Funded prior to 12-21-77
71	S. C. Arts Commission	8-H91-035	25,104	11-1-77 10-30-78	12,500 50%	12,604 50%	0	0	To provide workshops and classes in arts in the correctional institutions	Approve	Funded prior to 12-21-77
72	S. C. Arts Commission	8-H91-036	29,275	10-1-77 6-30-78	10,000 34%	17,275 59%	2,000 7%	1	To fund development of a statewide arts magazine and to assist in development of other literature programs	Approve	Funded prior to 12-21-77
73	S. C. Arts Commission	8-H91-037	18,000	10-1-77 9-30-78	9,000 50%	1,000 6%	8,000 44%	0	To stimulate growth of arts in Lancaster community through working with local writers and institutions	Approve	Funded prior to 12-21-77
74	S. C. Arts Commission	8-H91-038	42,345	7-1-77 6-30-78	21,055 50%	4,490 10%	16,800 40%	3 PT	To use arts to improve downtown environment in Lancaster involving local citizens and professional artists	Approve	Funded prior to 12-21-77
75	Health and Environmental Control	8-J04-100	450,000	7-1-78 6-30-79	450,000 100%	0	0	11	To provide services to 2,200 Supplemental Security Income Disabled Children in order to enhance self-sufficiency and self-support	Approve	
76	Health and Environmental Control	8-J04-102	10,438	2-6-78 6-30-78	9,374 90%	0	1,064 10%	5 PT	To employ 5 persons over 55 who will provide home health services (380 home visits)	Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
77 Department of Corrections	8-N04-050	68,622	5-1-78 4-30-79	45,306 66%	23,316 34%	0	0	To continue Coastal Regional Corrections Coordinating Office for coordination of facilities and programs under the regionalized concept	Approve	
78 Department of Corrections	8-N04-051	11,919	4-1-78 3-30-79	10,727 90%	1,192 10%	0	0	To purchase 2 ICC Multimode Modems which are currently being leased for Correctional Information System	Approve	Burr?
79 Department of Corrections	8-N04-052	7,825	6-1-78 5-31-79	7,042 90%	783 10%	0	0	To provide services to inmates through contractual arrangements with other state agencies and demonstrate the effectiveness of interagency cooperation	Approve	
80 Youth Services	8-N12-013	16,706	7-1-78 6-30-79	16,706 100%	0	0	0	To provide vocational education in industrial sewing	Conditionally Approve	The following Youth Services projects, 8-N12-013 through 8-N12-017, are approved on the condition that indirect costs are included as a part of the project costs.
81 Youth Services	8-N12-014	19,538	7-1-78 6-30-79	19,538 100%	0	0	0	To provide vocational education in graphic arts	Conditionally Approve	
82 Youth Services	8-N12-015	24,596	7-1-78 6-30-79	24,596 100%	0	0	0	To provide vocational education in body & fender repair	Conditionally Approve	
83 Youth Services	8-N12-016	18,370	7-1-78 6-30-79	18,370 100%	0	0	0	To provide vocational education in appliance repair	Conditionally Approve	
84 Youth Services	8-N12-017	49,299	7-1-78 6-30-79	24,645 50%	24,654 50%	0	0	To provide vocational education in electricity, plumbing, and horticulture	Conditionally Approve	

FEDERAL
GRANTS AND CONTRACTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	GCR Recommendation	Remarks
85 Youth Services	8-N12-018	202,752	3-1-78 9-30-78	202,752 100%	0	0	9	To provide transition services and career employment part-time work experience for the hard to employ juveniles	Approve	
86 Land Resources	8-P08-014	162,711	4-15-78 9-30-78	162,711 100%	0	0	35.3 PT	To employ 30 unemployed or underemployed young adults in conservation work	Approve	Regulations require that the Governor apply for the funds and once the funds are secured, they will be transferred to USDA/USDI who will administer the funds for SC. Details are being further worked out
37 Wildlife and Marine Resources	8-P24-042	950,000	7-1-78 6-30-79	597,500 63%	352,500 37%	0	0	Research and education to assess and document SC's marine resources for the planning activities of the Coastal Zone Planning and Management Council	Disapprove (indirect costs used as match)	This project requires 35% match. Under the directive of the B&C Board of 12-21-77, this project cannot be approved.
88 Development Board	8-P32-003	4,930	10-1-78 9-30-79	4,930 100%	0	0	0	To integrate the Lake Jocassee seismic station into the SC Seismic Network via telephone lines	Approve	

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: The Citadel
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 3-1-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW
Control Number: 8-H09-011 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase library materials which assist in developing the reference program needed for the growing graduate program
- b. Public Benefit: Increased library resources
- c. Permanence as to Federal Financing: To be continued

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Clemson University
Title of Project: Introduction of Women to Technical Careers
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-3-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: Appalachian Regional Commission
Control Number: 8-H12-043 Federal Catalog No. 23.012

I. Program

- a. Purpose: To establish a two-week training program for high school girls to acquaint them with opportunities available in technical fields
- b. Public Benefit: Assist 25 girls a year in exposure to and preparation for technical careers
- c. Permanence as to Federal Financing: This project is proposed for a 3-year demonstration

II. Financial

- a. Total Amount: \$ 20,448
- b. Amount Federal: \$ 15,573 76 % Amount State: \$ 4,875 24 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 4,875
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 682
- e. Indirect Cost: \$ 3,202
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 4,875
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: .3
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: College of Charleston
Title of Project: Higher Educational Instructional Equipment Grants
Proposed Dates: Beginning: 6-1-78 Ending: 5-31-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education (subgrant from S.C. Commission on Higher Education)
Control Number: 8-H15-023 Federal Catalog No. 13.518

I. Program

- a. Purpose: A program designed to improve undergraduate instruction through the purchase of laboratory and other special equipment
- b. Public Benefit: To improve the instructional capability for the college through the use of CRT displays and a graphics terminal which will be added to a DDP 11/60 minicomputer already in operation
- c. Permanence as to Federal Financing: A continuous program

II. Financial

- a. Total Amount: \$ 17,200
- b. Amount Federal: \$ 8,600 50 % Amount State: \$ 8,600 50 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 8,600
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 8,600
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: College of Charleston
Title of Project: Perspectives on Women in Transition
Proposed Dates: Beginning: 9-19-78 Ending: 5-31-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: S. C. Committee for the Humanities
Control Number: 8-H15-024 Federal Catalog No. 45.111

I. Program

- a. Purpose: A program that will be designed to promote objective discussion of societal changes which have greatly influenced the role of women
- b. Public Benefit: To increase the understanding of the women's role in the society and to provide an open forum on the changing ideas about the role of women which has generated conflict and confusion in the shaping of public policy
- c. Permanence as to Federal Financing: An 18-month program

II. Financial

- a. Total Amount: \$ 14,886
- b. Amount Federal: \$ 4,936 33 % Amount State: \$ 7,250 49 %
Amount Other: \$ 2,700 18 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 7,250
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 216
- e. Indirect Cost: \$ not authorized by SC Committee for Humanities except for matching purposes
- f. Cost Sharing: In Kind: \$ 7,250 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Francis Marion College
Title of Project: College Library Resources Program
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H18-010 Federal Catalog No. 13.406

I. Program

- a. Purpose: To provide funds to purchase additional materials, books, audio-visual equipment, periodicals, etc., for library
- b. Public Benefit: Program will strengthen the services of the library provided to students and faculty
- c. Permanence as to Federal Financing: A continuing program

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a--equipment and supplies only
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Lander College
Title of Project: College Library Resources Program
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H21-005 Federal Catalog No. 13.406

I. Program

- a. Purpose: A program to purchase library books, periodicals, documents, tapes, phonograph records, audio-visual materials, and other printed and published materials
- b. Public Benefit: Increase the capability of the library at Lander
- c. Permanence as to Federal Financing: A continuous program

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: South Carolina State College
Title of Project: Rural Agriculture Research (Land Grant Institutions)
Proposed Dates: Beginning: 10-1-77 Ending: 9-30-78
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Department of Agriculture
Control Number: 8-H24-013 Federal Catalog No. 10.200

I. Program

- a. Purpose: The U. S. Department of Agriculture provides funds under the authority of Title XIV of the Food and Agriculture Act of 1977 for research in rural areas. This program is in conjunction with Clemson University Hatch Act Program
b. Public Benefit: Provides funds for research of rural farm problems in predominantly black communities

c. Permanence as to Federal Financing: Continuous program

II. Financial

- a. Total Amount: \$ 778,066
b. Amount Federal: \$ 778,066 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
d. Fringe Benefits Included: Yes ☐ No ☐
Amount: \$ to be determined when proposal is submitted
e. Indirect Cost: \$ not authorized
f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
b. Number of personnel shifted to federal funds as a result of new program or service: 0
c. Number of new state funded positions resulting from program: 0
d. Total amount for new positions: \$ 0
e. Number of temporary positions: 0 Amount: \$ 0

NOTE: Award is made to S. C. State College for research in rural poor communities. Proposals are forwarded to S. C. State for review and awarding to principal investigators based on the high priority problems of a regional area.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: South Carolina State College
Title of Project: An Integrated Approach to Improving Science Offerings
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H24-015 Federal Catalog No. 13.880

I. Program

- a. Purpose: To provide an honors undergraduate research training program that will assist the institution in training highly selected minority students so as to increase the number of scientists and teachers in health-related fields
- b. Public Benefit: Increase the number of minority students that will be financially supported in science degree programs and provide additional support to advance degree training
- c. Permanence as to Federal Financing: 1st year of a 5-year project

II. Financial

- a. Total Amount: \$ 166,833
- b. Amount Federal: \$ 166,833 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 11,681
- e. Indirect Cost: \$ 12,358
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 4.75
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 4.75
- d. Total amount for new positions: \$ 80,585
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: The Impact of Knowledge Diffusion on State Policy Decisions
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: George F. Oliver
Federal Source: Department of Transportation
Control Number: 8-H27-094 Federal Catalog No. 20.506

I. Program

- a. Purpose: A research program that will study the feasibility of utilizing a problem solving, knowledge diffusion model to assist public transportation policy-making bodies in decision making
- b. Public Benefit: A policy process manual will be developed that would assist transportation planners in formulation of policy for public transportation
- c. Permanence as to Federal Financing: 1st year of a 3-year project

II. Financial

- a. Total Amount: \$ 58,664
- b. Amount Federal: \$ 58,664 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,743
- e. Indirect Cost: \$ 11,842
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1.5
- b. Number of personnel shifted to federal funds as a result of new program or service: 1.5
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 25,588
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Research Utilizing an Image Converter Camera
Proposed Dates: Beginning: 9-1-78 Ending: 8-31-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: National Science Foundation
Control Number: 8-H27-103 Federal Catalog No. 47.049

I. Program

- a. Purpose: To purchase an image converter camera for the College of Engineering
- b. Public Benefit: The acquisition of this equipment will increase and improve the research and development capabilities of the College of Engineering involving work regarding various high power switches, such as mercury vapor tubes, laser triggered spark gaps, etc.
- c. Permanence as to Federal Financing: A 12-month program

II. Financial

- a. Total Amount: \$ 41,030
- b. Amount Federal: \$ 21,030 51 % Amount State: \$ 5,000 12 %
Amount Other: \$ 15,000 37 % (U. S. Department of Energy)
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 5,000
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized in purchase of equipment
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 5,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

NOTE: U. S. Department of Energy has indicated they would cost share this purchase with NSF as it would assist in on-going research being conducted by the College of Engineering for the Department of Energy.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: A Real Time Facility for Support of Chemical Engineering Research
Proposed Dates: Beginning: 1-1-79 Ending: 12-31-79
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: National Science Foundation
Control Number: 3-H27-104 Federal Catalog No. 47.049

I. Program

- a. Purpose: To purchase a real-time computer facility for data acquisition and process control for the chemical engineering group
- b. Public Benefit: The system will improve the conduct of research programs in chemical engineering projects which have been federally funded for 15 years
- c. Permanence as to Federal Financing: A 12-month project

II. Financial

- a. Total Amount: \$ 73,880
- b. Amount Federal: \$ 46,000 62 % Amount State: \$ 27,880 38 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 27,880
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized on equipment purchases
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 27,880
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

NOTE: System coordinated with Computer Systems Management Division of the Budget and Control Board and is consistent with their policy.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Growth Estimates for Mechanical and Electrical Displacement Fields in Deformable Material Dielectrics
Proposed Dates: Beginning: 7-1-78 Ending: 5-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: United States Air Force--Office of Scientific Research
Control Number: 8-H27-105 Federal Catalog No. n/a

I. Program

- a. Purpose: A research project to derive growth estimates for both the mechanical and electrical displacement fields which occur in various types of deformable material dielectrics
- b. Public Benefit: Increase knowledge in the field of linear and non-linear theory of mathematics
- c. Permanence as to Federal Financing: A nine-month program

II. Financial

- a. Total Amount: \$ 9,444
- b. Amount Federal: \$ 6,675 71 % Amount State: \$ 2,769 29 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 2,769
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 545
- e. Indirect Cost: \$ 1,980
- f. Cost Sharing: In Kind: \$ 2,769 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: .17
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 3,600
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Orientation Program for Local Government Public Officials in SC
Proposed Dates: Beginning: 4-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education (subgrant from Commission on Higher Education, Title I)
Control Number: 8-H27-106 Federal Catalog No. _____

I. Program

- a. Purpose: To provide orientation sessions for newly elected county and municipal officials
- b. Public Benefit: To assist newly elected officials to learn the legal basis for their powers and duties, and provide guidance on their responsibilities. Further effort will include suggested methods for performing their various tasks efficiently
- c. Permanence as to Federal Financing: A 12-month project

II. Financial

- a. Total Amount: \$ 5,940
- b. Amount Federal: \$ 3,842 65 % Amount State: \$ 2,098 35 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 2,098
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 90
- e. Indirect Cost: \$ 285
- f. Cost Sharing: In Kind: \$ 2,098 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: .25 Amount: \$ 1,200

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Investigation of Surface Flashover Mechanisms
Proposed Dates: Beginning: 3-1-78 Ending: 2-28-79
Date of Report: 2-2-78 Prepared by: George F. Oliver
Federal Source: Department of Commerce, National Bureau of Standards
Control Number: 8-H27-108 Federal Catalog No. contract

I. Program

- a. Purpose: A research project to study the breakdown of the insulation surface of high voltage apparatus
- b. Public Benefit: Improve the design and construction of high voltage devices and components
- c. Permanence as to Federal Financing: A 12-month project

II. Financial

- a. Total Amount: \$ 74,099
- b. Amount Federal: \$ 74,099 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,654
- e. Indirect Cost: \$ 11,939
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: .4
- b. Number of personnel shifted to federal funds as a result of new program or service: .1 \$ 1,919
- c. Number of new state funded positions resulting from program: 2.8
- d. Total amount for new positions: \$ 9,224
- e. Number of temporary positions: 2.3 Amount: \$ 10,563

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina (Theatre and Speech Department)
Title of Project: The Acting Company
Proposed Dates: Beginning: 1-10-78 Ending: 3-30-78
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: South Carolina Arts Commission and National Endowment of the Arts
Control Number: 8-H27-109 Federal Catalog No. 45.008

I. Program

- a. Purpose: To provide one-half week residency for a New York acting company to produce 3 plays and provide training for theatre and speech department studies
- b. Public Benefit: To provide professional plays open to the public in the Longstreet Theatre
- c. Permanence as to Federal Financing: An annual program

II. Financial

- a. Total Amount: \$ 15,534
- b. Amount Federal: \$ 5,429 35 % Amount State: \$ 2,605 17 %
Amount Other: \$ 7,500 48 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 2,605
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 2,605 Cash: \$ 5,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Statewide Training Project to Promote Employment of the Handicapped
Proposed Dates: Beginning: 2-15-78 Ending: 10-31-78
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: Governor's Office, Manpower Division (Subcontract, CETA Title III)
Control Number: 8-H27-111 Federal Catalog No. 17.232

I. Program

- a. Purpose: To develop a training program for prospective handicapped employees to be presented to potential employers, local chapter of commerce, merchants' associations, etc.
- b. Public Benefit: To promote the employment of handicapped persons by education to employers
- c. Permanence as to Federal Financing: An 8-month program

II. Financial

- a. Total Amount: \$ 23,585
- b. Amount Federal: \$ 23,585 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,103
- e. Indirect Cost: \$ 1,400 (used for administration of program)
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 2.42
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 2.71
- d. Total amount for new positions: \$ 23,280
- e. Number of temporary positions: .29 Amount: \$ 2,250

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Summer Day Camp for Developmentally Disabled and Multihandicapped Children and Adults
Proposed Dates: Beginning: 7-10-78 Ending: 8-30-78
Date of Report: 3-2-78 Prepared by: George F. Oliver
Federal Source: Subcontract, S. C. Department of Mental Retardation (Title XX)
Control Number: 8-H27-112 Federal Catalog No. n/a

I. Program

- a. Purpose: To conduct a 6-week summer day camp for developmentally disabled and multihandicapped children at the USC Physical Education Center utilizing student help for the group leaders and program specialists
- b. Public Benefit: Provide a variety of programs for handicapped to utilize existing skills and encourage progress in their physical, social, and emotional growth
- c. Permanence as to Federal Financing: ; A six-week program

II. Financial

- a. Total Amount: \$ 48,285
- b. Amount Federal: \$ 10,456 22 % Amount State: \$ 36,524 75 %
Amount Other: \$ 1,305 3 % (USDA Food Program)
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 36,524
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 314
- e. Indirect Cost: \$ 507
- f. Cost Sharing: In Kind: \$ 36,524* Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 12 Amount: \$ 5,185

*In-kind contribution of the facilities of the Sol Blatt Physical Education Center @ \$36,524

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: University of South Carolina
Title of Project: Juvenile Justice Training Program
Proposed Dates: Beginning: 1-1-78 Ending: 7-30-79
Date of Report: 2-22-78 Prepared by: George F. Oliver
Federal Source: Governor's Office of Criminal Justice (subgrant)
Control Number: 8-H27-113 Federal Catalog No. n/a

I. Program

- a. Purpose: To develop a comprehensive and uniform training program for juvenile law enforcement and detention personnel which will be made available to all law enforcement and detention agencies
- b. Public Benefit: To improve training programs for law enforcement personnel
- c. Permanence as to Federal Financing: A six-month project

II. Financial

- a. Total Amount: \$ 24,258
- b. Amount Federal: \$ 24,258 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,202
- e. Indirect Cost: \$ 2,206
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1.9
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 8,267
- e. Number of temporary positions: .4 Amount: \$ 2,250

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Winthrop College
Title of Project: Field Based Experiences in Elementary Schools and Community Agencies
Proposed Dates: Beginning: 9-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H47-023 Federal Catalog No. 13.925

I. Program

- a. Purpose: To provide an early field based experience with children, schools, and community agencies to students in the College of Education
- b. Public Benefit: To assist student teachers in developing an understanding of teaching as a career
- c. Permanence as to Federal Financing: An 8½ month program

II. Financial

- a. Total Amount: \$ 23,660
- b. Amount Federal: \$ 23,660 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ no salaries and wages for other than student help
- e. Indirect Cost: \$ 1,660
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Winthrop College
Title of Project: College Library Resources Program
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H47-029 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase library books and periodicals for the college library
- b. Public Benefit: Improve the holdings of the library
- c. Permanence as to Federal Financing: A continuous program

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized for purchase of books
- f. Cost Sharing: In Kind: \$ Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program
or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Winthrop College
Title of Project: Instructional Scientific Equipment
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: National Science Foundation
Control Number: 8-H47-034 Federal Catalog No. 47.048

I. Program

- a. Purpose: To purchase instructional equipment for a food laboratory
- b. Public Benefit: Improve instructional capability in human nutrition
- c. Permanence as to Federal Financing: A 12-month program; renewable for 12 months

II. Financial

- a. Total Amount: \$ 24,200
- b. Amount Federal: \$ 12,100 50 % Amount State: \$ 12,100 50 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 12,100
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ not authorized for equipment purchase
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 12,100
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Dental Implants with Porous Roots and Calcification
Proposed Dates: Beginning: 3-1-78 Ending: 2-28-79
Date of Report: 3-2-78 Prepared by: George F. Oliver
Federal Source: National Institute of Dental Research
Control Number: 8-H51-159 Federal Catalog No. 13.845

I. Program

- a. Purpose: Research evaluating efficacy of dental implants having porous titanium surface coatings and implants having porous high density polyethylene root coatings
- b. Public Benefit: Improved dental health care
- c. Permanence as to Federal Financing: 1st year of a 5-year research grant

II. Financial

- a. Total Amount: \$29,524
- b. Amount Federal: \$29,524 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$3,585
- e. Indirect Cost: \$not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 25,939
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Amino Acid Neurotransmitters and Reproduction
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-164 Federal Catalog No. 13.226

I. Program

- a. Purpose: To provide salary for a research career program by the public health service to further develop the professional capabilities of an eligible candidate. The research project is concerned with the reproduction process controlled by amino acid neurotransmitters on the secretion of the pituitary gland.
- b. Public Benefit: To develop more experienced faculty in the Medical University
- c. Permanence as to Federal Financing: 1st year of a 5-year program

II. Financial

- a. Total Amount: \$ 30,726
- b. Amount Federal: \$ 26,500 86 % Amount State: \$ 4,226 14 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 4,226
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 4,226--provided by state
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 4,226
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 1
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 26,500
- e. Number of temporary positions: 0 Amount: \$ 0

Career Development Award will provide salary and wages only and fringe benefits and indirect costs are not authorized.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Cell Culture Studies
Proposed Dates: Beginning: 4-1-78 Ending: 3-31-79
Date of Report: 2-21-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-167 Federal Catalog No. 13.863

I. Program

- a. Purpose: A research project to understand the mechanisms underlying the control of synthesis of different hemoglobins in man
- b. Public Benefit: To establish an experimental system that can be utilized to study the process in man
- c. Permanence as to Federal Financing: 12-month project

II. Financial

- a. Total Amount: \$ 65,408
- b. Amount Federal: \$ 53,180 81 % Amount State: \$ 12,228 19 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 12,228
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 3,596
- e. Indirect Cost: \$ 11,448
- f. Cost Sharing: In Kind: \$ 12,228 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: .35
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 21,600
- e. Number of temporary positions: 0 Amount: \$ 0
2 positions currently funded

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: DNA Replication (Development Award)
Proposed Dates: Beginning: 4-1-78 Ending: 3-31-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-168 Federal Catalog No. 13.862

I. Program

- a. Purpose: A research career and development award; 5th and final year of the award to prepare an individual for a career in research in the sciences related to health problems
- b. Public Benefit: Provides additional research training to a qualified professional in order to improve the quality of research efforts in the field of public health
- c. Permanence as to Federal Financing: Last year of a 5-year award

II. Financial

- a. Total Amount: \$ 34,593
- b. Amount Federal: \$ 29,655 86 % Amount State: \$ 4,938 14 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 4,938
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 4,938
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 4,938
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 29,655
- e. Number of temporary positions: 0 Amount: \$ 0

NOTE: Career Development Award will provide salary and wages only; fringe benefits and indirect costs are not authorized.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Interactions of Enzymes of the Erythrocyte Membrane
Proposed Dates: Beginning: 4-1-78 Ending: 3-31-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-169 Federal Catalog No. 13.226

I. Program

- a. Purpose: A research program attempting to determine the mechanism by which the intracellular calcium concentration of the human red blood cell is maintained
- b. Public Benefit: To increase the scientific knowledge of the construction and maintenance of the human red blood cell with respect to the calcium transport system
- c. Permanence as to Federal Financing: Continuation; last year of a 3-year project

II. Financial

- a. Total Amount: \$ 48,950
- b. Amount Federal: \$ 48,285 99 % Amount State: \$ 665 1 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 665
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 4,026
- e. Indirect Cost: \$ 12,826
- f. Cost Sharing: In Kind: \$ 665 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1.4
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 24,200
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Effects of Methadone on Behavior and Neurotransmitters
Proposed Dates: Beginning: 4-1-78 Ending: 3-31-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Drug Abuse
Control Number: 8-H51-170 Federal Catalog No. 13.279

I. Program

- a. Purpose: A research project that assesses the effects of methadone on behavior and neurotransmitters; to provide information regarding the influence of certain environmental and biological factors on behavioral reaction to the drug in mice.
- b. Public Benefit: To increase the understanding of the effectiveness of the drug methadone on mice in order to understand the effects on humans
- c. Permanence as to Federal Financing: Continuing; 2nd year of a 3-year award.

II. Financial

- a. Total Amount: \$ 46,968
- b. Amount Federal: \$ 43,706 93 % Amount State: \$ 3,262 7 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 3,262
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 3,508
- e. Indirect Cost: \$ 11,168
- f. Cost Sharing: In Kind: \$ 3,262 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 2.3
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 2.3
- d. Total amount for new positions: \$ 21,072
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Alcohol Training for Medical Professionals
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-171 Federal Catalog No. 13.274

I. Program

- a. Purpose: A training program designed to produce health care professionals with understanding, clinical skills, and willingness to involve themselves in services, teaching, research, and community development of alcohol problems
- b. Public Benefit: To reduce the severity and incidence of alcohol-related medical and psychosocial complications in communities
- c. Permanence as to Federal Financing: 1st year of a three-year project

II. Financial

- a. Total Amount: \$ 167,958
- b. Amount Federal: \$ 167,958 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 18,783
- e. Indirect Cost: \$ 12,441
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1.8
- b. Number of personnel shifted to federal funds as a result of new program or service: 5 @ \$80,004
- c. Number of new state funded positions resulting from program: 6.8
- d. Total amount for new positions: \$ 117,764
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Parenting Education for Teenage Mothers
Proposed Dates: Beginning: 4-1-78 Ending: 3-31-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: Office of Education (Title I, S. C. Commission on Higher Education)
Control Number: 8-H51-172 Federal Catalog No. 11.308

I. Program

- a. Purpose: To provide an innovative educational program on parenting skills to teenage mothers. Program will be adaptive to open circuit educational television
- b. Public Benefit: To attempt to overcome the lack of knowledge by teenagers on early age parenthood with the goals of improving the physical and psychological development of teenage parents and offspring
- c. Permanence as to Federal Financing: A 12-month project

II. Financial

- a. Total Amount: \$ 32,515
- b. Amount Federal: \$ 21,134 65 % Amount State: \$ 11,381 35 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 11,381
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ no salary requested (contributed time & effort and part-time student help only)
- e. Indirect Cost: \$ 1,528
- f. Cost Sharing: In Kind: \$ 11,381 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: .6 Amount: \$ 10,500

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Graduate Programs in Molecular and Cellular Biology and Pathobiology
Proposed Dates: Beginning: 7-1-79 Ending: 6-30-80
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-173 Federal Catalog No. 13.863

I. Program

- a. Purpose: A training program designed to lead to the PhD degree in molecular and cellular biology and pathobiology
- b. Public Benefit: 4 trainees will be selected from Bachelor's degree candidates in biological, chemical and physical sciences; appointment provides student stipends and tuition and fees
- c. Permanence as to Federal Financing: 1st year of a 5-year requested program

II. Financial

- a. Total Amount: \$ 55,372
- b. Amount Federal: \$ 29,402 53 % Amount State: \$ 25,970 47 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 25,970
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a--student stipends only
- e. Indirect Cost: \$ 2,178
- f. Cost Sharing: In Kind: \$ 25,970 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 4 Amount: \$ 15,600

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: National Research Service Training Award Grant
Proposed Dates: Beginning: 7-1-79 Ending: 6-30-80
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-174 Federal Catalog No. 13.847

I. Program

- a. Purpose: To establish a training program for predoctoral and postdoctoral basic science and for postdoctoral clinical science trainees. The primary emphasis is on research training in diabetes, endocrinology, and metabolism
- b. Public Benefit: Program will financially support 6 trainees: 2 predoctoral and 4 postdoctoral with stipends, fees, and tuition
- c. Permanence as to Federal Financing: 1st year of a proposed 5-year program

II. Financial

- a. Total Amount: \$ 84,332
- b. Amount Federal: \$ 79,438 94 % Amount State: \$ 4,844 6 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 4,844
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,783
- e. Indirect Cost: \$ 5,338
- f. Cost Sharing: In Kind: \$ 4,844 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 1
- d. Total amount for new positions: \$ 10,708
- e. Number of temporary positions: 6 Amount: \$ 52,200

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Biometry/Epidemiology in Environmental Health Studies
Proposed Dates: Beginning: 7-1-79 Ending: 6-30-80
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-177 Federal Catalog No. 13.371

I. Program

- a. Purpose: A training program designed to develop biometrical-environmental scientists who are able to utilize research methods for finding cause of death, disease, and impairment arising from environmental sources
- b. Public Benefit: This program provides funds for Masters level trainees in a two-year program and two doctorate level trainees for a 3-year training program
- c. Permanence as to Federal Financing: 1st year of a 5-year program

II. Financial

- a. Total Amount: \$55,013
- b. Amount Federal: \$44,595 81 % Amount State: \$ 10,418 19 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 10,418
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 666
- e. Indirect Cost: \$ 3,303
- f. Cost Sharing: In Kind: \$ 10,418 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: .4
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 4,000
- e. Number of temporary positions: 6 Amount: \$ 23,400

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Studies of Tissue Toxicity of Entamoeba Histolytica
Proposed Dates: Beginning: 12-1-78 Ending: 11-30-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-178 Federal Catalog No. 13.950

I. Program

- a. Purpose: A research project investigating the tissue invasiveness and diarrhea producing characteristics of pathogenic strains of protozoan parasites
- b. Public Benefit: To localize the sites of these parasites and to define their structure for the purpose of a better understanding of the disease
- c. Permanence as to Federal Financing: 1st year of a 4-year program

II. Financial

- a. Total Amount: \$ 139,077
- b. Amount Federal: \$ 139,077 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 10,102
- e. Indirect Cost: \$ 32,155
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1.8
- b. Number of personnel shifted to federal funds as a result of new program or service: 1.3 @ \$11,670
- c. Number of new state funded positions resulting from program: 3.1
- d. Total amount for new positions: \$ 60,670
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Program for Predoctoral Training in Family Medicine
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: Public Health Service, Bureau of Manpower
Control Number: 8-H51-179 Federal Catalog No. 13,260

I. Program

- a. Purpose: The overall objectives of the program are to encourage predoctoral students to consider primary care in general and family medicine as a career and to expose all students to the principles of family oriented care which will prove helpful in whatever field of medicine is chosen
- b. Public Benefit: An attempt to increase the number of medical doctors practicing family medicine. There is an extreme shortage in the state of family oriented doctors
- c. Permanence as to Federal Financing: 1st year request

II. Financial

- a. Total Amount: \$264,378
- b. Amount Federal: \$244,794 93 % Amount State: \$19,584 7 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$19,584
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$16,421
- e. Indirect Cost: \$19,583
- f. Cost Sharing: In Kind: \$19,584 Cash: \$0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 5
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 5
- d. Total amount for new positions: \$98,628
- e. Number of temporary positions: 0 Amount: \$0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Structural Basis of Nephron Filtration (Continuation)
Proposed Dates: Beginning: 4-1-73 Ending: 3-31-79
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-180 Federal Catalog No. 13.333

I. Program

- a. Purpose: A research project conducted on animals' kidneys to ascertain the structural change and importance of the split diaphragm complex at onset of the accumulation of protein in the tissues
- b. Public Benefit: Increases scientific knowledge of the function of the kidneys
- c. Permanence as to Federal Financing: 2nd year of a 3-year project

II. Financial

- a. Total Amount: \$ 76,438
- b. Amount Federal: \$ 61,610 81 % Amount State: \$ 14,878 19 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 14,878
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 4,993
- e. Indirect Cost: \$ 15,958
- f. Cost Sharing: In Kind: \$ 14,878 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 2.70
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 2.70
- d. Total amount for new positions: \$ 30,109
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Medical University
Title of Project: Exploratory Utilization of Satellite Technology in Facilitating Biomedical Communications
Proposed Dates: Beginning: 3-1-78 Ending: 12-31-78
Date of Report: 2-27-78 Prepared by: George F. Oliver
Federal Source: National Institute of Health
Control Number: 8-H51-181 Federal Catalog No. 13.950

I. Program

- a. Purpose: To provide 16-24 hours of continuing education to consumers, allied health personnel, primary care physicians, specialists, and consultants throughout South Carolina
- b. Public Benefit: Links 35 hospitals throughout the state on an educational television network to provide live two-way programs to provide updated information on health problems
- c. Permanence as to Federal Financing: A 10-month trial project

II. Financial

- a. Total Amount: \$ 99,438
- b. Amount Federal: \$ 99,438 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 833
- e. Indirect Cost: \$ 7,365
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 5,000
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: Veterans' Cost of Instruction Funds
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: Office of Education
Control Number: 8-H59-131 Federal Catalog No. 13.540

I. Program

- a. Purpose: To provide "in-school" instruction and assistance to veterans and to establish an outreach program to provide the use of veterans' benefits
- b. Public Benefit: Educational assistance to veterans
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$16,957
- b. Amount Federal: \$16,957 100 % Amount State: \$0 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$2,713
- e. Indirect Cost: \$0--funded 6-27-77
- f. Cost Sharing: In Kind: \$0 Cash: \$0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$0
- e. Number of temporary positions: 0 Amount: \$0

1.5 positions re-funded at \$14,244 plus fringe

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education -- York
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-77 Ending: 9-30-78
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-133 Federal Catalog No. 13.406

I. Program

- a. Purpose: To enrich the library acquisition program through the addition of books and audio-visual aids
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continupus

II. Financial

- a. Total Amount: \$ 3,855
- b. Amount Federal: \$ 3,855 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: Office of Education, DHEW
Control Number: 8-H59-134 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase eligible books and audio-visual materials for the college library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education (York)
Title of Project: Special Services for Disadvantaged Students
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: Regional Office of Education, DHEW
Control Number: 8-H59-135 Federal Catalog No. 13.482

I. Program

- a. Purpose: To provide special services to disadvantaged students, affording them the opportunity to attain essential basic skills through counselling, tutoring and individualized instruction
- b. Public Benefit: Better instruction for these students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 55,000
- b. Amount Federal: \$ 55,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 6,194
- e. Indirect Cost: \$ 4,074
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
3 positions re-funded at \$40,367 plus fringe

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: Basic Educational Opportunity Grant
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 3-2-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-136 Federal Catalog No. 13.539

I. Program

- a. Purpose: To provide low interest loans and assistance to eligible needy students who otherwise could not enter and/or continue their post-secondary educations
- b. Public Benefit: Assiting needy students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 293,665
- b. Amount Federal: \$ 293,665 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 4% administrative cost allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: Basic Educational Opportunity Grant
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-137 Federal Catalog No. 13.539

I. Program

- a. Purpose: To provide low interest loans and assistance to students who otherwise could not begin and/or continue their post-secondary educations
- b. Public Benefit: Assisting needy, worthy students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 300,000
- b. Amount Federal: \$ 300,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 4% administrative cost allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: College Work-Study Program
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-138 Federal Catalog No. 13.463

I. Program

- a. Purpose: To assist students in great financial need who must earn while going to school in order to continue in post-secondary education
- b. Public Benefit: Enables students to get an education
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 124,102
- b. Amount Federal: \$ 100,005 80 % Amount State: \$ 0 %
Amount Other: \$ 24,097 20 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 24,097
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 4% administrative cost allowed
- f. Cost Sharing: In Kind: \$ 24,097 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--York
Title of Project: Supplemental Education Opportunity Grant
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 3-2-78 Prepared by: R. Archie Ellis
Federal Source: US Office of Education, DHEW
Control Number: 8-H59-140 Federal Catalog No. 13.418

I. Program

- a. Purpose: To provide a means to assist needy qualified students who would not be able to attend school without this supplemental growth
- b. Public Benefit: Enabling needy students to get an education
- c. Permanence as to Federal Financing: Continuing

II. Financial

- a. Total Amount: \$ 33,360
- b. Amount Federal: \$ 33,360 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 4% administrative cost allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education (York)
Title of Project: Application to Participate in SEOG Program
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-141 Federal Catalog No. 13.418

I. Program

- a. Purpose: To provide a means to assist needy qualified York TEC students who would not be able to attend school without the assistance provided in the requested grant
- b. Public Benefit: Assisting needy, worthy students to get an education
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 24,500
- b. Amount Federal: \$ 24,500 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 4% administrative cost allowed
- f. Cost Sharing: In Kind: \$ Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Midlands
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-153 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase books and other eligible library materials for the Midlands TEC library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Midlands
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-154 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase books and eligible library materials for the Midlands TEC library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Williamsburg
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-155 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase books and eligible library materials for the Williamsburg TEC library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Greenville
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-156 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase books and eligible library materials for Greenville TEC library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuing

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education - Orangeburg-Calhoun
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-157 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase library books and related materials for the college
- b. Public Benefit: Enhancing the learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program
or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Orangeburg-Calhoun
Title of Project: Law Enforcement Education Program
Proposed Dates: Beginning: 8-1-78 Ending: 7-30-79
Date of Report: 2-28-79 Prepared by: R. Archie Ellis
Federal Source: U. S. Department of Justice, LEEA
Control Number: 8-H59-158 Federal Catalog No. 16.504

I. Program

- a. Purpose: To assist in the attainment of higher education by persons who are employed in the criminal justice system and to support educational programs responsive to criminal justice personnel needs
- b. Public Benefit: Better training for law enforcement personnel
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 11,000
- b. Amount Federal: \$ 11,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Greenville
Title of Project: Special Services for Disadvantaged Students
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-159 Federal Catalog No. 13.482

I. Program

- a. Purpose: To provide supportive services to students which will give them the opportunity to obtain the basic skills required for post-secondary education
- b. Public Benefit: Enabling disadvantaged students to obtain an education
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 96,175
- b. Amount Federal: \$ 96,175 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 12,737
- e. Indirect Cost: \$ 7,124
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
- 5 positions re-funded at \$83,501 including fringe benefits

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Trident
Title of Project: College Library Resources Grant
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-23-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-160 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase books and other eligible library materials for Trident TEC library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Chesterfield-Marlboro
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-161 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase library books and eligible materials for the Chesterfield-Marlboro Technical College library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Beaufort
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-163 Federal Catalog No. 13.406

I. Program

- a. Purpose: To purchase eligible library materials under Title II-A of the Higher Education Act of 1965
- b. Public Benefit: Better instruction and resources for the students
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$5,000
- b. Amount Federal: \$5,000 100 % Amount State: \$0 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$n/a
- e. Indirect Cost: \$0
- f. Cost Sharing: In Kind: \$0 Cash: \$0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$0
- e. Number of temporary positions: 0 Amount: \$0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education (Trident)
Title of Project: Law Enforcement Education Program
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Department of Justice
Control Number: 8-H59-164 Federal Catalog No. 16.504

I. Program

- a. Purpose: To render assistance to students enrolled in eligible law enforcement education programs through low interest rate loans and/or grants
- b. Public Benefit: To enable students interested in law enforcement to begin and/or continue their educations
- c. Permanence as to Federal Financing: Request for one-year funding

II. Financial

- a. Total Amount: \$ 35,960
- b. Amount Federal: \$ 35,960 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0--only a minimal administrative cost allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Trident
Title of Project: Architectural Egnineering Technology Models Building Lab Project
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-27-78 Prepared by: R. Archie Ellis
Federal Source: National Science Foundation
Control Number: 8-H59-165 Federal Catalog No. 47.049

I. Program

- a. Purpose: To implement a model building laboratory course to enable Trident's architectural engineering students to be kept as current as possible in to-date design, construction needs and trends, allowing them to visualize the structural processes and materials utilization
b. Public Benefit: Better instruction for students

c. Permanence as to Federal Financing: A pne-year project request

II. Financial

- a. Total Amount: \$ 20,993
b. Amount Federal: \$ 13,426 64 % Amount State: \$ 0 %
Amount Other: \$ 7,567 36 %
c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 7,567
d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,887
e. Indirect Cost: \$ 3,998
f. Cost Sharing: In Kind: \$ 7,568 Cash: \$ 0
g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
b. Number of personnel shifted to federal funds as a result of new program or service: .5
c. Number of new state funded positions resulting from program: 0
d. Total amount for new positions: \$ 11,101
e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprehensive Education--Orangeburg-Calhoun
Title of Project: Instructional Scientific Equipment
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-80
Date of Report: 3-2-78 Prepared by: R. Archie Ellis
Federal Source: National Science Foundation
Control Number: 8-H59-166 Federal Catalog No. 47.033

I. Program

- a. Purpose: To facilitate the implementation of a well-planned new or improved undergraduate instructional program in one or more of the sciences by providing matching support for the purchase of necessary scientific equipment
- b. Public Benefit: Better instruction
- c. Permanence as to Federal Financing: A one-time request covering 24 months

II. Financial

- a. Total Amount: \$ 10,000
- b. Amount Federal: \$ 5,000 50 % Amount State: \$ 5,000 50 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 5,000
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 5,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Technical and Comprhenesive Education --Tri-County
Title of Project: College Library Resources
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 3-3-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Office of Education, DHEW
Control Number: 8-H59-167 Federal Catalog No. 13.401

I. Program

- a. Purpose: To purchase books and other eligible library materials for Tri-County Technical College library
- b. Public Benefit: Better learning resources for faculty and students
- c. Permanence as to Federal Financing: Continuqus

II. Financial

- a. Total Amount: \$ 5,000
- b. Amount Federal: \$ 5,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ n/a
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Education
Title of Project: Program Dissemination of Educational Programs
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H63-068 Federal Catalog No. 13.574

I. Program

- a. Purpose: To provide funds for a staff to visit school districts in SC to educate school district personnel as to what federal programs are available to them and how these programs would assist their particular districts
- b. Public Benefit: Increase school district personnel knowledge of available federal programs
- c. Permanence as to Federal Financing: A continuing program

II. Financial

- a. Total Amount: \$ 90,000
- b. Amount Federal: \$ 90,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 7,058
- e. Indirect Cost: \$ 9,350
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 3
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 43,704
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Education
Title of Project: Title I, Elementary and Secondary Education Act
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H63-069 Federal Catalog No. 13.428

I. Program

- a. Purpose: This program provides financial assistance to local education districts for low income families, institutionalized neglected children (John de la Howe), delinquent children (Youth Services), Department of Corrections, Mental Retardation, and migrant children to improve educational capabilities to meet the needs of children
- b. Public Benefit: Improve the educational opportunities for low income, handicapped, delinquent children in Youth Services and correctional institutions
- c. Permanence as to Federal Financing: ;
A continuous program

II. Financial

- a. Total Amount: \$ 38,748,406
- b. Amount Federal: \$ 38,748,406 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ to be determined when contract established
- e. Indirect Cost: \$ to be determined when contracts are established
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

Number of personnel to be continued on federal funds; no new personnel to be added

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Educational Television Commission
Title of Project: Non-Commercial Television Broadcast Facilities
Proposed Dates: Beginning: 1-1-79 Ending: 6-30-80
Date of Report: 3-3-78 Prepared by: George F. Oliver
Federal Source: U. S. Office of Education
Control Number: 8-H67-019 Federal Catalog No. 13.413

I. Program

- a. Purpose: To purchase necessary equipment to establish microwave channels to deliver educational television and radio programs to several stations in the statewide network
- b. Public Benefit: Improve the delivery capability of ETV and improve reception in statewide system
- c. Permanence as to Federal Financing: An 18-month program

II. Financial

- a. Total Amount: \$690,323
- b. Amount Federal: \$369,000 53 % Amount State: \$321,323 47 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$200,000 requested capital improvement bond*
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$n/a
- e. Indirect Cost: \$ not authorized for purchase of equipment
- f. Cost Sharing: In Kind: \$ 121,323 Cash: \$ 200,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

NOTE: \$200,000 capital bond improvement funds are requested but not approved by the Budget and Control Board

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Educational Television Commission
Title of Project: Intern Program
Proposed Dates: Beginning: 2-9-78 Ending: 5-8-78
Date of Report: 2-28-78 Prepared by: George F. Oliver
Federal Source: Division of Administration, Governor's Office (subcontract)
Control Number: 8-H67-020 Federal Catalog No. subcontract

I. Program

- a. Purpose: To provide one student intern for a period of 12 weeks to train in the ETV Traffic Department
- b. Public Benefit: Provides practical experience to a student on the function of Educational Television's traffic control division
- c. Permanence as to Federal Financing: A 3-month program

II. Financial

- a. Total Amount: \$ 540
- b. Amount Federal: \$ 540 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 31
- e. Indirect Cost: \$ not authorized
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 1 Amount: \$ 509

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: School for the Deaf and the Blind
Title of Project: USDA Food and Nutrition Grant
Proposed Dates: Beginning: 10-1-77 Ending: 9-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: USDA, Food and Nutrition Science
Control Number: 8-H75-011 Federal Catalog No. 10.558

I. Program

- a. Purpose: To provide breakfast and lunch at no cost to needy children and to encourage a greater consumption of milk
- b. Public Benefit: Promoting the health and general well-being of needy children
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 97,120
- b. Amount Federal: \$ 97,120 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: School for the Deaf and the Blind
Title of Project: Work Incentive Program
Proposed Dates: Beginning: 1-16-78 Ending: 1-15-79
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: Employment Security Commission subcontract
Control Number: 8-H75-012 Federal Catalog No. 17.226

I. Program

- a. Purpose: To provide on-the-job training for four persons who are recipients of AFDC looking forward toward permanent employment
- b. Public Benefit: An effort to relieve the AFDC rolls through the provision of meaningful employment
- c. Permanence as to Federal Financing: A ten-month request

II. Financial

- a. Total Amount: \$ 18,353
- b. Amount Federal: \$ 17,863 97 % Amount State: \$ 490 3 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 490
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,189
- e. Indirect Cost: \$ not allowable
- f. Cost Sharing: In Kind: \$ 490 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 4 Amount: \$ 17,863

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Concept vs Communication: Identifying Alternatives in the Family Framework
Proposed Dates: Beginning: 2-15-78 Ending: 5-15-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: S. C. Committee for the Humanities
Control Number: 8-H91-030 Federal Catalog No. 45.008

I. Program

- a. Purpose: To fund a series of stimulating discussions scheduled following the presentations of "The Subject was Roses"
- b. Public Benefit: To allow the interested public to participate in a discussion of one phase of the arts
- c. Permanence as to Federal Financing: A 3-month request

II. Financial

- a. Total Amount: \$21,000
- b. Amount Federal: \$10,000 48 % Amount State: \$1,855 9 %
Amount Other: \$9,145 43 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$1,855
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$1,855 Cash: \$9,145
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Writer in Residence for Special Audiences
Proposed Dates: Beginning: 11-1-77 Ending: 4-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-031 Federal Catalog No. 54.004

I. Program

- a. Purpose: This project is for the purpose of complementing the arts program for special groups such as senior citizens and inmates in correctional facilities
- b. Public Benefit: Serving those segments of the population to expand their use of language arts experience
- c. Permanence as to Federal Financing: A six-months project

II. Financial

- a. Total Amount: \$11,750
- b. Amount Federal: \$5,850 50 % Amount State: \$5,865 50 %
Amount Other: \$35 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$6,000
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$121
- e. Indirect Cost: \$funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$865 Cash: \$5,035
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$0
- e. Number of temporary positions: 0 Amount: \$0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: The Folk Arts Media Project
Proposed Dates: Beginning: 8-15-77 Ending: 8-14-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-032 Federal Catalog No. 45.011

I. Program

- a. Purpose: To document the folk culture of the Low Country through the Charleston Communication Center of the Arts Commission. The folklorist will use his skills to develop a broader funding base for the center and make its work more evident to a broader part of the community
- b. Public Benefit: The preservation of the folklore of the Low Country
- c. Permanence as to Federal Financing: A request for one-year funding for a project already in existence

II. Financial

- a. Total Amount: \$ 44,321
- b. Amount Federal: \$ 20,000 45 % Amount State: \$ 11,566 26 %
Amount Other: \$ 12,755 29 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 11,566
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 3,059
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 11,566 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
- One position re-funded at \$14,654

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: National Crafts Meeting
Proposed Dates: Beginning: 8-1-77 Ending: 6-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-033 Federal Catalog No. 45.007

I. Program

- a. Purpose: To fund a meeting to define objectives and functions, identify successes and failures of the crafts program and to develop new programs. This meeting was requested by the State Arts Agencies Federation and the NEA crafts program coordinator.
- b. Public Benefit: A planning session for a better arts program
- c. Permanence as to Federal Financing: A one-time request

II. Financial

- a. Total Amount: \$ 6,000
- b. Amount Federal: \$ 6,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Arts For Teens
Proposed Dates: Beginning: 11-1-77 Ending: 10-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-034 Federal Catalog No. 45.010

I. Program

- a. Purpose: To assist in the development of the artistic skills and creative abilities of culturally disenfranchised youth in such institutions as juvenile centers, half-way houses, etc.
- b. Public Benefit: Assisting this segment of the population in an appreciation of the arts and the application of their talents to the arts
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 25,059
- b. Amount Federal: \$ 12,500 50 % Amount State: \$ 10,559 42 %
Amount Other: \$ 2,000 8 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 10,559
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,020
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 1,459 Cash: \$ 9,100
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
1 position re-funded at \$12,093 plus fringe

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Arts in the Prisons
Proposed Dates: Beginning: 11-1-77 Ending: 10-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-035 Federal Catalog No. 45.010

I. Program

- a. Purpose: To provide workshops and classes in the visual, performing and literary arts in the correctional institutions of the state. In addition, short term classes and demonstrations are provided in each center
- b. Public Benefit: Assisting this segment of population to be aware of their cultural surroundings
- c. Permanence as to Federal Financing: Continuous

II. Financial

- a. Total Amount: \$ 25,104
- b. Amount Federal: \$ 12,500 50 % Amount State: \$ 12,604 50 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 12,604
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,899
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 3,729 Cash: \$ 8,375
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
- 6 part-time positions re-funded at \$11,373 plus fringe benefits

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Writer/Editor in Residence, S. C. Arts Commission
Proposed Dates: Beginning: 10-1-77 Ending: 6-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-036 Federal Catalog No. 45.004

I. Program

- a. Purpose: To fund the development of a statewide arts magazine and to assist in the development of other literature programs
- b. Public Benefit: Furthering the benefits of the arts to the public
- c. Permanence as to Federal Financing: One-year request

II. Financial

- a. Total Amount: \$ 29,275
- b. Amount Federal: \$ 10,000 34 % Amount State: \$ 17,275 59 %
Amount Other: \$ 2,000 7 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 17,275
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,596
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 4,275 Cash: \$ 13,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 15,650
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Writer/Editor in Residence, S. C. Arts Commission
Proposed Dates: Beginning: 10-1-77 Ending: 6-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-036 Federal Catalog No. 45.004

I. Program

- a. Purpose: To fund the development of a statewide arts magazine and to assist in the development of other literature programs
- b. Public Benefit: Furthering the benefits of the arts to the public
- c. Permanence as to Federal Financing: One-year; request

II. Financial

- a. Total Amount: \$ 29,275
- b. Amount Federal: \$ 10,000 34 % Amount State: \$ 17,275 59 %
Amount Other: \$ 2,000 7 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 17,275
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,596
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$ 4,275 Cash: \$ 13,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 1
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 15,650
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Writer in Residence, Lancaster
Proposed Dates: Beginning: 10-1-77 Ending: 9-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-037 Federal Catalog No. 45.004

I. Program

- a. Purpose: To work with local writers and institutions in the continuation of a local arts journal and to work to stimulate the growth of the arts in the community generally
- b. Public Benefit: Extending the influence and assistance of the arts programs
- c. Permanence as to Federal Financing: A one-year request for funding; the second year of the project

II. Financial

- a. Total Amount: \$18,000
- b. Amount Federal: \$9,000 50 % Amount State: \$1,000 6 %
Amount Other: \$8,000 44 % (Springs Mills)
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$9,000
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$n/a
- e. Indirect Cost: \$ funded prior to 12-21-77
- f. Cost Sharing: In Kind: \$1,000 Cash: \$8,000
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$0
- e. Number of temporary positions: 0 Amount: \$0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. Arts Commission
Title of Project: Environmental Improvement Project, Lancaster
Proposed Dates: Beginning: 7-1-77 Ending: 6-30-78
Date of Report: 3-1-78 Prepared by: R. Archie Ellis
Federal Source: National Endowment for the Arts
Control Number: 8-H91-038 Federal Catalog No. 45.011

I. Program

- a. Purpose: To utilize the arts to improve the downtown environment in Lancaster and to involve local citizens and professional artists in a community mural/park project which will improve one block in the downtown area
b. Public Benefit: Assisting a local community to improve the environment

c. Permanence as to Federal Financing: A one-year project

II. Financial

- a. Total Amount: \$ 42,345
b. Amount Federal: \$ 21,055 50 % Amount State: \$ 4,490 10 %
Amount Other: \$ 16,800 40 % (local funds)
c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 17,290
d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 1,120
e. Indirect Cost: \$ funded prior to 12-21-77
f. Cost Sharing: In Kind: \$ 4,490 Cash: \$ 16,800
g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
b. Number of personnel shifted to federal funds as a result of new program or service: 0
c. Number of new state funded positions resulting from program: 0
d. Total amount for new positions: \$ 0
e. Number of temporary positions: 3 Amount: \$ 14,230

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Health and Environmental Control
Title of Project: Supplemental Security Income--Disabled Children
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-1-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW
Control Number: 8-J04-100 Federal Catalog No. 13.807

I. Program

- a. Purpose: To provide more comprehensive services to 2,200 SSI eligible children and to ensure that each child receives all of the eligible services to enhance self-sufficiency and self-support
- b. Public Benefit: Provision and coordination of necessary services to disabled children
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 450,000
- b. Amount Federal: \$ 450,000 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 17,943
- e. Indirect Cost: \$ 12,132
- f. Cost Sharing: In Kind: \$ 0 Cash: \$
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 11
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 101,953
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Health and Environmental Control
Title of Project: Title IX Homemaker Service
Proposed Dates: Beginning: 2-6-78 Ending: 6-30-78
Date of Report: 3-3-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: U. S. Department of Labor through Office of Manpower through Commission
on Aging through S. C. Appalachian Council of Governments
Control Number: 8-J04-102 Federal Catalog No. 17.235

I. Program

- a. Purpose: To employ persons over the age of 55 in order to provide personal home health services to 60 persons with 880 home visits
- b. Public Benefit: Decrease premature or inappropriate institutionalization of the elderly, disabled, injured, or ill which are confined to their homes
- c. Permanence as to Federal Financing: One-time funding; could be renewed

II. Financial

- a. Total Amount: \$ 10,438
- b. Amount Federal: \$ 9,374 90 % Amount State: \$ 0 %
Amount Other: \$ 1,064 10 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,417
- e. Indirect Cost: \$ 0--not allowed
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 5 Amount: \$ 6,957

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Corrections
Title of Project: Coastal Regional Corrections Coordinating Office
Proposed Dates: Beginning: 5-1-78 Ending: 4-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: LEAA through OCJP subgrant
Control Number: 8-NO4-050 Federal Catalog No. 16.502

I. Program

- a. Purpose: To continue the Coastal Regional Corrections Coordinating Office which is responsible for the development, coordination, and implementation of facilities and programs under the regionalized concept.
- b. Public Benefit: Improved administration of the correctional system through the regionalized concept
- c. Permanence as to Federal Financing: 2nd year of a 3-year federal participation

II. Financial

- a. Total Amount: \$ 68,622
- b. Amount Federal: \$ 45,306 66 % Amount State: \$ 23,316 34 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 23,316
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 3,853
- e. Indirect Cost: \$ 9,119
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 23,316
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

Total of 2 personnel funded

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Corrections
Title of Project: Purchase of Modems--CIS
Proposed Dates: Beginning: 4-1-78 Ending: 3-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: LEAA through OCJP Subgrant
Control Number: 8-N04-051 Federal Catalog No. 16.502

I. Program

- a. Purpose: To purchase two ICC Multimode Modems which are currently being leased for the Correctional Information System
- b. Public Benefit: Estimated savings of \$15,000 over a five year period
- c. Permanence as to Federal Financing: One-time funding

II. Financial

- a. Total Amount: \$ 11,919
- b. Amount Federal: \$ 10,727 90 % Amount State: \$ 1,192 10 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 1,192 (OCJP buy-in)
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 2,399
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 1,192
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Corrections
Title of Project: Community Based Program Services
Proposed Dates: Beginning: 6-1-78 Ending: 5-31-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: LEAA through OCJP subgrant
Control Number: 8-N04-052 Federal Catalog No. 16.502

I. Program

- a. Purpose: To provide services to inmates through contractual arrangements with other state agencies and demonstrate the effectiveness of interagency cooperation in providing services to inmates
- b. Public Benefit: Provision of services to inmates through interagency cooperation
- c. Permanence as to Federal Financing: One-time funding; the project is expected to generate cooperation between agencies to provide services.

II. Financial

- a. Total Amount: \$ 7,825
- b. Amount Federal: \$ 7,042 90 % Amount State: \$ 783 10 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$ 783 (OCJP buy-in)
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 1,575
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 783
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Youth Services
Title of Project: Vocational Education--Special Needs
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW through Department of Education
Control Number: 8-N12-013 Federal Catalog No. 13.499

I. Program

- a. Purpose: To provide vocational training in industrial sewing to children institutionalized with Department of Youth Services
- b. Public Benefit: Provision of a job-oriented education to clients in order to improve their capabilities of finding jobs
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 16,706
- b. Amount Federal: \$ 16,706 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,175
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

One person funded for \$12,991

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Youth Services
Title of Project: Vocational Education--Special Needs
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW through State Department of Education
Control Number: 8-N12-014 Federal Catalog No. 13.499

I. Program

- a. Purpose: To provide vocational training in graphic arts to children institutionalized with Department of Youth Services
- b. Public Benefit: Provision of a job oriented education to clients in order to improve their capabilities of finding jobs
- c. Permanence as to Federal Financing: ; Expected to continue

II. Financial

- a. Total Amount: \$ 19,588
- b. Amount Federal: \$ 19,588 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,387
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

One person funded at \$14,257

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Youth Services
Title of Project: Vocational Education--Special Needs
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW through State Department of Education
Control Number: 8-N12-015 Federal Catalog No. 13.499

I. Program

- a. Purpose: To provide vocational training in body and fender repair to children institutionalized with Department of Youth Services
- b. Public Benefit: Provision of a job-oriented education to clients in order to improve their capabilities of finding jobs
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 24,596
- b. Amount Federal: \$ 24,596 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 3,177
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0
- One person funded at \$18,976

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Youth Services
Title of Project: Vocational Education--Special Needs
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW through Department of Education
Control Number: 8-N12-016 Federal Catalog No. 13.499

I. Program

- a. Purpose: To provide vocational training in appliance repair to the children institutionalized with the Department of Youth Services
- b. Public Benefit: Provision of a job-oriented education to clients in order to improve their capabilities of finding jobs
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 18,370
- b. Amount Federal: \$ 18,370 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 2,440
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

One person funded at \$14,530

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Department of Youth Services
Title of Project: Vocational Education--Disadvantaged
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 3-2-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: HEW through Department of Education
Control Number: 8-N12-017 Federal Catalog No. 13.499

I. Program

- a. Purpose: To provide vocational training in electricity, plumbing, and horticulture to children institutionalized with Department of Youth Services
- b. Public Benefit: Provision of a job oriented education to clients in order to improve their capabilities of finding jobs
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 49,299
- b. Amount Federal: \$ 24,645 50 % Amount State: \$ 24,654 50 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 6,471
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

Total of 3 persons funded for \$38,653

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Youth Services
Title of Project: Transition Services and Career Employment Experience
Proposed Dates: Beginning: 3-1-78 Ending: 9-30-78
Date of Report: 3-3-78 Prepared by: Elmer C. Whitten, Jr.
Federal Source: U. S. Department of Labor, through Office of Manpower, through
Department of Education
Control Number: 8-N12-018 Federal Catalog No. 17.232

I. Program

- a. Purpose: To provide career employment part-time work experience for the hard to employ to employ 16 to 19 year old juveniles who are institutionalized
- b. Public Benefit: Increase employability of young persons
- c. Permanence as to Federal Financing: Expected to continue

II. Financial

- a. Total Amount: \$ 202,752
- b. Amount Federal: \$ 202,752 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 9,822
- e. Indirect Cost: \$ 0 (the allowable 15% administrative costs are utilized)
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 9
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 52,434
- e. Number of temporary positions: 0 Amount: \$ 0

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Land Resources Conservation Commission
Title of Project: Young Adult Conservation Corps (YACC)
Proposed Dates: Beginning: 4-15-78 Ending: 9-30-78
Date of Report: 3-2-78 Prepared by: R. Archie Ellis
Federal Source: Governor's Office, Manpower Planning subgrant from USDA
Control Number: 8-P08-014 Federal Catalog No. 17.232

I. Program

- a. Purpose: The employment of 30 young adults, unemployed or underemployed, at the minimum wage for accomplishing needed conservation work and other projects of a public nature on non-federal lands and waters
- b. Public Benefit: Assisting those to be employed and improving the lands within the state
- c. Permanence as to Federal Financing: A six-month project

II. Financial

- a. Total Amount: \$ 162,711
- b. Amount Federal: \$ 162,711 100 % Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$ 11,962
- e. Indirect Cost: \$ 16,271
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 35.3 Amount: \$ 97,662 plus fringe
Temporary positions include: 30 enrollees, 3 supervisory staff, 1,3 secretaries, 1 accountant

NOTE: Regulations require that the Governor apply for the funds and once the funds are secured, they will be transferred to USDA/USDI who will administer the funds for SC. Details are being further worked out.

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: Wildlife and Marine Resources Department --Marine Resources Division
Title of Project: Sea Grant Support
Proposed Dates: Beginning: 7-1-78 Ending: 6-30-79
Date of Report: 2-27-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Department of Commerce
Control Number: 8-P24-042 Federal Catalog No. 11.417

I. Program

- a. Purpose: To assess and document the state's marine resources for the planning activities of the state coastal zone planning and management council through research and education; majority of projects are subcontracted to colleges and universities
- b. Public Benefit: The enhancement of the economic return and employment opportunities of the state while maintaining appropriate environmental quality
- c. Permanence as to Federal Financing: Continuous; funding request for one year

II. Financial

- a. Total Amount: \$950,000
- b. Amount Federal: \$597,500 63 % Amount State: \$352,500 37 %
Amount Other: \$0 %
- c. Funds Available to Match Program: Yes ☒ No ☐
Amount: \$352,500
- d. Fringe Benefits Included: Yes ☒ No ☐
Amount: \$68,843
- e. Indirect Cost: \$ 0 (\$212,765 in indirect charges used by the agency for state matching purposes)
- f. Cost Sharing: In Kind: \$ 343,221 Cash: \$ 9,279
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

2 positions re-funded at \$37,000; graduate students and pre-baccalaureate students are to be employed at \$442,713

STATE AUDITOR'S OFFICE
GRANTS AND CONTRACTS REVIEW SUMMARY SHEET

Name of Agency: S. C. State Development Board
Title of Project: Integration of the Lake Jocassee Seismic Station into the SC Seismic Network
Proposed Dates: Beginning: 10-1-78 Ending: 9-30-79
Date of Report: 2-28-78 Prepared by: R. Archie Ellis
Federal Source: U. S. Geological Survey
Control Number: 8-P32-003 Federal Catalog No. n/a

I. Program

- a. Purpose: To integrate the Lake Jocassee seismic station, which now must be manually checked periodically, into the SC Seismic Network via telephone line to provide continuously recorded high quality data at the central recording facility at USC
- b. Public Benefit: This is the only seismic station in Northwestern SC; the constant monitoring will assist Dept. of Geology at USC in disseminating this important information to all SC
- c. Permanence as to Federal Financing: A one-year project

II. Financial

- a. Total Amount: \$ 4,930
- b. Amount Federal: \$ 4,930 100% Amount State: \$ 0 %
Amount Other: \$ 0 %
- c. Funds Available to Match Program: Yes ☐ No ☒
Amount: \$ n/a
- d. Fringe Benefits Included: Yes ☐ No ☒
Amount: \$ n/a
- e. Indirect Cost: \$ 0
- f. Cost Sharing: In Kind: \$ 0 Cash: \$ 0
- g. Amount of state dollars freed up as a result of receipt of federal dollars:
\$ 0

III. Personnel

- a. Number of new federally funded personnel: 0
- b. Number of personnel shifted to federal funds as a result of new program or service: 0
- c. Number of new state funded positions resulting from program: 0
- d. Total amount for new positions: \$ 0
- e. Number of temporary positions: 0 Amount: \$ 0

STATE BUDGET AND CONTROL BOARD

MEETING OF March 15, 1978

AGENDA ITEM NUMBER

EXHIBIT VIII

3/15/78

5

Agency: Educational Television Commission

Subject: Implementation of Grade Reallocations

Board Action Requested:

Act on this matter which was carried over for examination by a subcommittee at the 2/15/78 meeting.

Staff Comment:

Attachments:



South Carolina ETV Network

drawer L 2712 millwood avenue columbia, south carolina 29250

HENRY J. CAUTHEN
president and general manager

February 17, 1978

Mr. William T. Putnam
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Bill:

As you know, at the Budget and Control Board meeting on February 15, 1978, our request to implement the State Personnel recommendation to allocate positions at ETV was passed to the Board's subcommittee for action.

These personnel changes are crucially needed. We are losing staff to much higher paying jobs of equal responsibility within private enterprise and other educational broadcasting organizations.

The history and logic behind our specific request (my letter to you of January 19, 1978) to transfer unused funds for this purpose are as follows:

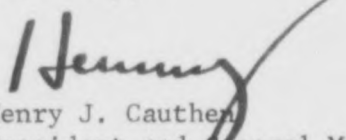
In September 1976, we submitted our proposed budget to the Budget and Control Board for fiscal year 1977-78. This proposed budget contained the \$269,730 allocated to this agency as our "piece of the pie." It was suggested that our budget be restructured to "hold" funds that might be required for a possible 8% telephone rate increase -- a rate increase which has not materialized. This adjustment of the ETV budget was made by making drastic cuts in other categories of the remainder of our budget (reducing our "piece of the pie," to \$71,020, as compared with the original figure of \$269,730). Let me reiterate that the funds for the potential telephone tariff 8% increase were transferred from other sections of the ETV budget and were not given to us as additional funds specifically for the increase.

Mr. William T. Putnam
February 17, 1978
Page 2

We therefore feel it is proper to take these funds off "hold" and readjust them back into our budget since the rate increase has not come about.

Any assistance you can recommend in this matter will be appreciated. Would you please advise us of how to proceed to work with the subcommittee to secure Board understanding and approval of our request?

Sincerely,



Henry J. Cauthen
President and General Manager

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STATE BUDGET AND CONTROL BOARD

MEETING OF March 15, 1978

AGENDA ITEM NUMBER

EXHIBIT IX
3/15/78
6

Agency: Clemson University

Subject: Selection of A&E Firms

Firms have been selected for a Tillman Hall Renovation project and a New Student Housing Facilities project. Clemson University Vice President Barnette advises that the selection procedure has been followed and that the documentation will be supplied prior to the Wednesday meeting.

Because of the urgency attached to securing Board approval at this meeting by Clemson, this item has been included. The usual documentation is to be available at the meeting.

Board Action Requested:

If the documentation is in order, approve the selections of A&E firms for the referenced projects.

Staff Comment:

Attachments:

MEETING OF March 15, 1978AGENDA ITEM NUMBER 6

Agency: Clemson University

Subject: Selection of A&E Firms

Clemson University Vice President Melvin Barnette advises that the following firms, listed in preference order, have been selected for the referenced projects:

A. New Student Housing Facilities (250 or more sleeping rooms):

- (1) Craig, Gaulden and Davis, Greenville;
- (2) Neal Associates, Greenville; and
- (3) Prather-Thomas-Campbell-Pridgeon, Inc.

B. Tillman Hall Renovation:

- (1) Westmoreland-McGarity-Pitts, Spartanburg;
- (2) Freeman, Wells and Major, Greenville; and
- (3) Clark Associates, Anderson

The required selection procedure has been followed.

Board Action Requested:

Approve the selection of (A) Craig, Gaulden and Davis for the New Student Housing Facilities Project and (B) Westmoreland-McGarity-Pitts for the Tillman Hall Renovation Project, as requested by Clemson University.

Staff Comment:

The New Student Housing Facilities Project is estimated to cost \$6,000,000. It is proposed that the Project will be financed by \$4,000,000 of excess reserves, including investment earnings, to be released by refunding all outstanding Student and Faculty Housing Revenue Bonds and by issuing \$2,000,000 additional Student and Faculty Housing Revenue Bonds.

Attachments:

Barnette 3/13/78 letters (2) to Putnam plus attachments.



VICE PRESIDENT FOR BUSINESS AND FINANCE

March 13, 1978

Mr. W. T. Putnam, State Auditor
State Budget & Control Board
P. O. Box 11333
Columbia, S. C. 29211

Dear Mr. Putnam:

RE: Renovation of Tillman Hall

Enclosed are the necessary documents for the Budget and Control Board's approval of the architectural-engineering contract for this project, in accordance with Mr. McPherson's memorandum to state agencies on August 10, 1977.

If additional information is needed, please contact me.

Sincerely,

Melvin E. Barnette
Vice President for Business & Finance

MEB:RR:pdh

Enclosures 5

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MAR 14 1978

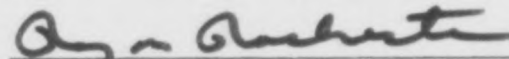
STATE BUDGET AND
CONTROL BOARD

B.

ARCHITECTURAL FIRMS INTERVIEWED FOR
RENOVATION OF TILLMAN HALL
Clemson University

1. Westmoreland-McGarity-Pitts
Spartanburg, S. C.
2. Freeman, Wells and Major
Greenville, S. C.
3. Clark Associates
Anderson, S. C.

In selecting these firms consideration was given
to the amount of State projects the firms have had
in the past two years.


Chairman, Selection Committee

PPD - 3/13/78

THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document B141

Standard Form of Agreement Between Owner and Architect

*THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH
AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION*

AGREEMENT

made this _____ day of _____ in the year of Nineteen
Hundred and seventy-eight

BETWEEN the Owner: Clemson University
Clemson, South Carolina

and the Architect: Westmoreland-McGarity-Pitts
Spartanburg, South Carolina 29304

For the following Project:
(Include detailed description of Project location and scope)

Renovation of Tillman Hall

The Owner and the Architect agree as set forth below.

FIXED FEE

I. THE ARCHITECT shall provide professional services for the Project in accordance with the Terms and Conditions of this Agreement.

II. THE OWNER shall compensate the Architect, in accordance with the Terms and Conditions of this Agreement.

A. FOR BASIC SERVICES, as described in Paragraph 1.1, Basic Compensation shall be computed on the basis of a FIXED FEE one hundred thirty-two thousand dollars (\$ 132,000.00).

B. FOR ADDITIONAL SERVICES, as described in Paragraph 1.3, compensation computed as follows:

1. Principals' time at the fixed rate of thirty-five dollars (\$ 35.00) per hour. For the purpose of this Agreement, the Principals are:

James B. Westmoreland
M. Carlisle McGarity, Jr.
C. Irvin Pitts

2. Employees' time (other than Principals) ~~at a rate of~~ twenty dollars per hour plus ~~the employees' Direct Personnel Expense as defined in Article 4.~~

3. Services of professional consultants at a multiple of (1.4) times the amount billed to the Architect for such services.

C. AN INITIAL PAYMENT of NO INITIAL PAYMENT REQUIRED dollars (\$) shall be made upon the execution of this Agreement and credited to the Owner's account.

D. FOR REIMBURSABLE EXPENSES, amounts expended as defined in Article 5.

III. THE OWNER AND ARCHITECT agree in accordance with the Terms and Conditions of this Agreement that:

A. IF SCOPE of the Project is changed materially, compensation shall be the subject to renegotiation.

B. Scope is defined as that work outlined in "Report of University Committee for Renovation of Tillman Hall" to President Robert C. Edwards and dated January 30, 1978.

The lump sum fee is based on the construction cost for the renovation of Tillman Hall to be between \$1,500,000 and \$2,000,000. With the scope being adjusted to keep said renovation within \$2,000,000.00 total project cost.

These adjustments in scope are to be made after measured drawings have been prepared, building and structural system have been investigated and during or after schematic drawings have been prepared with the final adjustments in scope being made upon completion of preliminary drawings and estimate of cost.

Should the scope of work have to be adjusted beyond the point of being within the total project cost to satisfy the program or should after the building and structural systems have been investigated, it is found that the structural system has to be replaced or changed substantially to satisfy the program; this shall be interpreted as a material change in the scope and the fee subject to renegotiation.

ARCHITECTS/ENGINEERS QUALIFICATION REQUEST

Clemson University requests resumes of qualifications from firms interested in providing architectural/engineering services for the following projects:

1. Renovation of Tillman Hall
2. New Student Housing

Tillman Hall, an existing building, is located on the Clemson University campus. The new student housing, a new facility, will be located on the same campus. The scope of the projects are as follows:

Tillman Hall: A major renovation of a historically significant landmark that is steeped in the tradition of Clemson University. The renovated structure will house principal departments, administrative offices, and teaching facilities for the College of Education.

New Student Housing: 500 or more beds in units not larger than 120 to 170 students with necessary program space, utilities and administrative areas.

Firms should designate the project or projects in which they have interest.

A separate firm will be selected for each project.

Firms submitting resumes of qualifications shall include a list of all contracts, including construction costs, that the firm has executed on state work in the past two years. Resumes must be received in the office of Melvin E. Barnette, Vice President for Business and Finance, Clemson University, Clemson, South Carolina 29631, not later than February 8, 1978.

1/10/78

ARCHITECTS/ENGINEERS QUALIFICATION REQUEST

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New Student Housing: 500 or more beds in units not larger than 120 to 170 students with necessary program space, utilities and administrative areas.

Firms should designate the project or projects in which they have interest. A separate firm will be selected for each project.

Firms submitting resumes of qualifications shall include a list of all contracts, including construction jobs, that the firm has executed on site work in the past two years. Resumes must be received in the office of Melvin E. Barnette, Vice President for Business and Finance, Clemson University, Clemson, South Carolina 29631, not later than February 8, 1978.

COLUMBIA NEWSPAPERS, INC.

Columbia, South Carolina

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Publishers of

The State

Mornings and Sunday

AND

The Columbia Record

Evenings except Sunday

OF SOUTH CAROLINA
COUNTY OF RICHLAND

Personally appeared before me Carl M. Regal, Retail Advertising Manager
of THE STATE, and makes oath that the advertisement,

Architects/Engineers Qualification Request

a clipping of which is attached hereto, was printed in THE STATE,
a daily newspaper of general circulation published in the City
of Columbia, State and County aforesaid, in the issues of

January 22, 23, 24, 1978

Carl M. Regal

Subscribed and sworn to before me
this 24th day of January 1978.

Ernest Lee Laidlin Notary Public

TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT

ARTICLE 1

ARCHITECT'S SERVICES

1.1 BASIC SERVICES

The Architect's Basic Services consist of the five phases described below and include normal structural, mechanical and electrical engineering services and any other services included in Article 14 as Basic Services.

SCHEMATIC DESIGN PHASE

1.1.1 The Architect shall review the program furnished by the Owner to ascertain the requirements of the Project and shall confirm such requirements to the Owner.

1.1.2 Based on the mutually agreed upon program, the Architect shall prepare Schematic Design Studies consisting of drawings and other documents illustrating the scale and relationship of Project components for approval by the Owner.

1.1.3 The Architect shall submit to the Owner a Statement of Probable Construction Cost based on current area, volume or other unit costs.

DESIGN DEVELOPMENT PHASE

1.1.4 The Architect shall prepare from the approved Schematic Design Studies, for approval by the Owner, the Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to structural, mechanical and electrical systems, materials and such other essentials as may be appropriate.

1.1.5 The Architect shall submit to the Owner a further Statement of Probable Construction Cost.

CONSTRUCTION DOCUMENTS PHASE

1.1.6 The Architect shall prepare from the approved Design Development Documents, for approval by the Owner, Drawings and Specifications setting forth in detail the requirements for the construction of the entire Project including the necessary bidding information, and shall assist in the preparation of bidding forms, the Conditions of the Contract, and the form of Agreement between the Owner and the Contractor.

1.1.7 The Architect shall advise the Owner of any adjustments to previous Statements of Probable Construction Cost indicated by changes in requirements or general market conditions.

1.1.8 The Architect shall assist the Owner in filing the required documents for the approval of governmental authorities having jurisdiction over the Project.

BIDDING OR NEGOTIATION PHASE

1.1.9 The Architect, following the Owner's approval of the Construction Documents and of the latest Statement

of Probable Construction Cost, shall assist the Owner in obtaining bids or negotiated proposals, and in awarding and preparing construction contracts.

CONSTRUCTION PHASE — ADMINISTRATION OF THE CONSTRUCTION CONTRACT

1.1.10 The Construction Phase will commence with the award of the Construction Contract and will terminate when the final Certificate for Payment is issued to the Owner.

1.1.11 The Architect shall provide Administration of the Construction Contract as set forth in AIA Document A201, General Conditions of the Contract for Construction, and the extent of his duties and responsibilities and the limitations of his authority as assigned thereunder shall not be modified without his written consent.

1.1.12 The Architect, as the representative of the Owner during the Construction Phase, shall advise and consult with the Owner and all of the Owner's instructions to the Contractor shall be issued through the Architect. The Architect shall have authority to act on behalf of the Owner to the extent provided in the General Conditions unless otherwise modified in writing.

1.1.13 The Architect shall at all times have access to the Work wherever it is in preparation or progress.

1.1.14 The Architect shall make periodic visits to the site to familiarize himself generally with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Documents. On the basis of his on-site observations as an architect, he shall endeavor to guard the Owner against defects and deficiencies in the Work of the Contractor. The Architect shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. The Architect shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, and he shall not be responsible for the Contractor's failure to carry out the Work in accordance with the Contract Documents.

1.1.15 Based on such observations at the site and on the Contractor's Applications for Payment, the Architect shall determine the amount owing to the Contractor and shall issue Certificates for Payment in such amounts. The issuance of a Certificate for Payment shall constitute a representation by the Architect to the Owner, based on the Architect's observations at the site as provided in Subparagraph 1.1.14 and the data comprising the Application for Payment, that the Work has progressed to the point indicated; that to the best of the Architect's knowledge, information and belief, the quality of the Work is in accordance with the Contract Documents (subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to the results of any subsequent tests required by the Contract

Documents, to minor deviations from the Contract Documents correctable prior to completion, and to any specific qualifications stated in the Certificate for Payment); and that the Contractor is entitled to payment in the amount certified. By issuing a Certificate for Payment, the Architect shall not be deemed to represent that he has made any examination to ascertain how and for what purpose the Contractor has used the moneys paid on account of the Contract Sum.

1.1.16 The Architect shall be, in the first instance, the interpreter of the requirements of the Contract Documents and the impartial judge of the performance thereunder by both the Owner and Contractor. The Architect shall make decisions on all claims of the Owner or Contractor relating to the execution and progress of the Work and on all other matters or questions related thereto. The Architect's decisions in matters relating to artistic effect shall be final if consistent with the intent of the Contract Documents.

1.1.17 The Architect shall have authority to reject Work which does not conform to the Contract Documents. Whenever, in his reasonable opinion, he considers it necessary or advisable to insure the proper implementation of the intent of the Contract Documents, he will have authority to require special inspection or testing of any Work in accordance with the provisions of the Contract Documents whether or not such Work be then fabricated, installed or completed.

1.1.18 The Architect shall review and approve shop drawings, samples, and other submissions of the Contractor only for conformance with the design concept of the Project and for compliance with the information given in the Contract Documents.

1.1.19 The Architect shall prepare Change Orders.

1.1.20 The Architect shall conduct inspections to determine the Dates of Substantial Completion and final completion, shall receive and review written guarantees and related documents assembled by the Contractor, and shall issue a final Certificate for Payment.

1.1.21 The Architect shall not be responsible for the acts or omissions of the Contractor, or any Subcontractors, or any of the Contractor's or Subcontractors' agents or employees, or any other persons performing any of the Work.

1.2 PROJECT REPRESENTATION BEYOND BASIC SERVICES

~~1.2.1 - If more extensive representation at the site than is described under Subparagraphs 1.1.10 through 1.1.21 inclusive is required, and if the Owner and Architect agree, the Architect shall provide one or more Full-Time Project Representatives to assist the Architect.~~

~~1.2.2 - Such Full-Time Project Representatives shall be selected, employed and directed by the Architect, and the Architect shall be compensated therefor as mutually agreed between the Owner and the Architect as set forth in an exhibit appended to this Agreement.~~

~~1.2.3 - The duties, responsibilities and limitations of authority of such Full-Time Project Representatives shall be set forth in an exhibit appended to this Agreement.~~

1.2.4 Through the on-site observations by Full-Time Project Representatives of the Work in progress, the Architect shall endeavor to provide further protection for the Owner against defects in the Work, but the furnishing of such project representation shall not make the Architect responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs, or for the Contractor's failure to perform the Work in accordance with the Contract Documents.

1.3 ADDITIONAL SERVICES

The following Services shall be provided when authorized in writing by the Owner, and they shall be paid for by the Owner as hereinbefore provided.

1.3.1 Providing analyses of the Owner's needs, and programming the requirements of the Project.

1.3.2 Providing financial feasibility or other special studies.

1.3.3 Providing planning surveys, site evaluations, environmental studies or comparative studies of prospective sites.

1.3.4 Providing design services relative to future facilities, systems and equipment which are not intended to be constructed as part of the Project.

~~1.3.5 - Providing services to investigate existing conditions at facilities or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by the Owner.~~

1.3.6 Preparing documents for alternate bids or out-of-sequence services requested by the Owner.

1.3.7 Providing Detailed Estimates of Construction Cost or detailed quantity surveys or inventories of material, equipment and labor.

1.3.8 Providing interior design and other services required for or in connection with the selection of furniture and furnishings.

1.3.9 Providing services for planning tenant or rental spaces.

1.3.10 Making revisions in Drawings, Specifications or other documents when such revisions are inconsistent with written approvals or instructions previously given and are due to causes beyond the control of the Architect.

~~1.3.11 - Providing appraising data and other services in connection with Change Orders if the change in the Basic Compensation resulting from the adjusted Contract Sum is not commensurate with the services required of the Architect.~~

1.3.12 Making investigations involving detailed appraisals and valuations of existing facilities, and surveys or inventories required in connection with construction performed by the Owner.

1.3.13 Providing consultation concerning replacement of any Work damaged by fire or other cause during construction, and furnishing professional services of the type

set forth in Paragraph 1.1 as may be required in connection with the replacement of such Work.

1.3.14 Providing professional services made necessary by the default of the Contractor or by major defects in the Work of the Contractor in the performance of the Construction Contract.

1.3.15 ~~Preparing a set of reproducible second prints of drawings showing significant changes in the Work made during the construction process, based on marked-up prints, drawings and other data furnished by the Contractor to the Architect.~~

1.3.16 Providing extensive assistance in the utilization of any equipment or system such as initial start-up or testing, adjusting and balancing, preparation of operation and maintenance manuals, training personnel for operation and maintenance, and consultation during operation.

1.3.17 Providing services after issuance to the Owner of the final Certificate for Payment.

1.3.18 Preparing to serve or serving as an expert witness in connection with any public hearing, arbitration proceeding or legal proceeding.

1.3.19 Providing services of professional consultants for other than the normal structural, mechanical and electrical engineering services for the Project.

1.3.20 Providing any other services not otherwise included in this Agreement or not customarily furnished in accordance with generally accepted architectural practice.

ARTICLE 2

THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information, including a complete program, regarding his requirements for the Project.

2.2 The Owner shall designate, when necessary, a representative authorized to act in his behalf with respect to the Project. The Owner shall examine documents submitted by the Architect and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Architect's services.

2.3 The Owner shall furnish a certified land survey of the site giving, as applicable, grades and lines of streets, alleys, pavements and adjoining property; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and complete data pertaining to existing buildings, other improvements and trees; and full information concerning available service and utility lines both public and private, above and below grade, including inverts and depths.

2.4 The Owner shall furnish the services of a soils engineer or other consultant when such services are deemed necessary by the Architect, including reports, test borings, test pits, soil bearing values, percolation tests, air and water pollution tests, ground corrosion and resistivity tests and other necessary operations for determining subsoil, air and water conditions, with appropriate professional recommendations.

2.5 The Owner shall furnish structural, mechanical, chemical and other laboratory tests, inspections and reports as required by law or the Contract Documents.

2.6 The Owner shall furnish such legal, accounting, and insurance counseling services as may be necessary for the Project, and such auditing services as he may require to ascertain how or for what purposes the Contractor has used the moneys paid to him under the Construction Contract.

2.7 The services, information, surveys and reports required by Paragraphs 2.3 through 2.6 inclusive shall be furnished at the Owner's expense, and the Architect shall be entitled to rely upon the accuracy and completeness thereof.

2.8 If the Owner becomes aware of any fault or defect in the Project or non-conformance with the Contract Documents, he shall give prompt written notice thereof to the Architect.

2.9 The Owner shall furnish information required of him as expeditiously as necessary for the orderly progress of the Work.

ARTICLE 3

CONSTRUCTION COST

3.1 If the Construction Cost is to be used as the basis for determining the Architect's Compensation for Basic Services, it shall be the total cost or estimated cost to the Owner of all Work designed or specified by the Architect. The Construction Cost shall be determined as follows, with precedence in the order listed:

3.1.1 For completed construction, the cost of all such Work, including costs of managing construction;

3.1.2 For Work not constructed, (1) the lowest bona fide bid received from a qualified bidder for any or all of such Work, or (2) if the Work is not bid, the bona fide negotiated proposal submitted for any or all of such Work; or

3.1.3 For Work for which no such bid or proposal is received, (1) the latest Detailed Estimate of Construction Cost if one is available, or (2) the latest Statement of Probable Construction Cost.

3.2 Construction Cost does not include the compensation of the Architect and his consultants, the cost of the land, rights-of-way, or other costs which are the responsibility of the Owner as provided in Paragraphs 2.3 through 2.6 inclusive.

3.3 The cost of labor, materials and equipment furnished by the Owner for the Project shall be included in the Construction Cost at current market rates including a reasonable allowance for overhead and profit.

3.4 Statements of Probable Construction Cost and Detailed Cost Estimates prepared by the Architect represent his best judgment as a design professional familiar with the construction industry. It is recognized, however, that neither the Architect nor the Owner has any control over the cost of labor, materials or equipment, over the contractors' methods of determining bid prices, or over competitive bidding or market conditions. Accordingly, the

Architect cannot and does not guarantee that bids will not vary from any Statement of Probable Construction Cost or other cost estimate prepared by him.

3.5 When a fixed limit of Construction Cost is established as a condition of this Agreement, it shall be in writing signed by the parties and shall include a bidding contingency of ten percent unless another amount is agreed upon in writing. When such a fixed limit is established, the Architect shall be permitted to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, and to make reasonable adjustments in the scope of the Project to bring it within the fixed limit. The Architect may also include in the Contract Documents alternate bids to adjust the Construction Cost to the fixed limit.

3.5.1 If the Bidding or Negotiating Phase has not commenced within six months after the Architect submits the Construction Documents to the Owner, any fixed limit of Construction Cost established as a condition of this Agreement shall be adjusted to reflect any change in the general level of prices which may have occurred in the construction industry for the area in which the Project is located. The adjustment shall reflect changes between the date of submission of the Construction Documents to the Owner and the date on which proposals are sought.

3.5.2 When a fixed limit of Construction Cost, including the Bidding contingency (adjusted as provided in Subparagraph 3.5.1, if applicable), is established as a condition of this Agreement and is exceeded by the lowest bona fide bid or negotiated proposal, the Detailed Estimate of Construction Cost or the Statement of Probable Construction cost, the Owner shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding the Project within a reasonable time, or (3) cooperate in revising the Project scope and quality as required to reduce the Probable Construction Cost. In the case of (3) the Architect, without additional charge, shall modify the Drawings and Specifications as necessary to bring the Construction Cost within the fixed limit. The providing of such service shall be the limit of the Architect's responsibility in this regard, and having done so, the Architect shall be entitled to compensation in accordance with this Agreement.

ARTICLE 4

DIRECT PERSONNEL EXPENSE

Direct Personnel Expense is defined as the salaries of professional, technical and clerical employees engaged on the Project by the Architect, and the cost of their mandatory and customary benefits such as statutory employee benefits, insurance, sick leave, holidays, vacations, pensions and similar benefits.

ARTICLE 5

REIMBURSABLE EXPENSES

5.1 Reimbursable Expenses are in addition to the Compensation for Basic and Additional Services and include actual expenditures made by the Architect, his employ-

ees, or his professional consultants in the interest of the Project for the expenses listed in the following Subparagraphs:

5.1.1 Expense of transportation and living when traveling in connection with the Project, long distance calls and telegrams, and fees paid for securing approval of authorities having jurisdiction over the Project.

5.1.2 Expense of reproduction, postage and handling of Drawings and Specifications excluding duplicate sets at the completion of each Phase for the Owner's review and approval.

5.1.3 If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates and expense of renderings or models for the Owner's use.

5.1.4 Expense of computer time for professional services when included in Paragraph II.

5.1.5 Expense of computer time when used in connection with Additional Services.

ARTICLE 6

PAYMENTS TO THE ARCHITECT

6.1 Payments on account of the Architect's Basic Services shall be made as follows:

6.1.1 ~~An initial payment as set forth in Paragraph II is the minimum payment under this Agreement.~~

6.1.2 Subsequent payments for Basic Services shall be made monthly in proportion to services performed so that the compensation at the completion of each Phase, except when the compensation is on the basis of a Multiple of Direct Personnel Expense, shall equal the following percentages of the total Basic Compensation:

Schematic Design Phase	15%
Design Development Phase	35%
Construction Documents Phase ...	75%
Bidding or Negotiation Phase	80%
Construction Phase	100%

6.1.3 If the Contract Time initially established in the Construction Contract is exceeded by more than thirty days through no fault of the Architect, compensation for Basic Services performed by Principals, employees and professional consultants required to complete the Administration of the Construction Contract beyond the thirtieth day shall be computed as set forth in Paragraph II for Additional Services.

6.2 Payments for Additional Services of the Architect as defined in Paragraph 1.3, and for Reimbursable Expenses as defined in Article 5, shall be made monthly upon presentation of the Architect's statement of services rendered.

6.3 No deductions shall be made from the Architect's compensation on account of penalty, liquidated damages, or other sums withheld from payments to contractors.

6.4 If the Project is suspended for more than three months or abandoned in whole or in part, the Architect

shall be paid his compensation for services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Expenses then due and all termination expenses as defined in Paragraph 8.3 resulting from such suspension or abandonment. If the Project is resumed after being suspended for more than three months, the Architect's compensation shall be subject to renegotiation.

6.5 Payments due the Architect under this Agreement shall bear interest at the legal rate commencing sixty days after the date of billing.

ARTICLE 7

ARCHITECT'S ACCOUNTING RECORDS

Records of Reimbursable Expenses and expenses pertaining to Additional Services on the Project and for services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on a generally recognized accounting basis and shall be available to the Owner or his authorized representative at mutually convenient times.

ARTICLE 8

TERMINATION OF AGREEMENT

8.1 This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

8.2 In the event of termination due to the fault of parties other than the Architect, the Architect shall be paid his compensation for services performed to termination date, including Reimbursable Expenses then due and all termination expenses.

8.3 Termination Expenses are defined as Reimbursable Expenses directly attributable to termination, plus an amount computed as a percentage of the total compensation earned to the time of termination, as follows:

- 20 percent if termination occurs during the Schematic Design Phase; or
- 10 percent if termination occurs during the Design Development Phase; or
- 5 percent if termination occurs during any subsequent phase.

ARTICLE 9

OWNERSHIP OF DOCUMENTS

Drawings and Specifications as instruments of service are and shall remain the property of the Architect whether the Project for which they are made is executed or not. They are not to be used by the Owner on other projects or extensions to this Project except by agreement in writing and with appropriate compensation to the Architect.

ARTICLE 10

SUCCESSORS AND ASSIGNS

The Owner and the Architect each binds himself, his partners, successors, assigns and legal representatives to

the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Architect shall assign, sublet or transfer his interest in this Agreement without the written consent of the other.

ARTICLE 11

ARBITRATION

11.1 All claims, disputes and other matters in question between the parties to this Agreement, arising out of, or relating to this Agreement or the breach thereof shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration arising out of, or relating to this Agreement, shall include, by consolidation, joinder or in any other manner, any additional party not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by all the parties hereto. Any consent to arbitration involving an additional party or parties shall not constitute consent to arbitration of any dispute not described therein or with any party not named or described therein. This Agreement to arbitrate and any agreement to arbitrate with an additional party or parties duly consented to by the parties hereto shall be specifically enforceable under the prevailing arbitration law.

11.2 Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

11.3 The award rendered by the arbitrators shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE 12

EXTENT OF AGREEMENT

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

ARTICLE 13

GOVERNING LAW

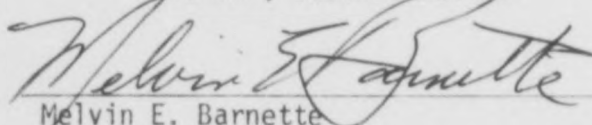
Unless otherwise specified, this Agreement shall be governed by the law of the principal place of business of the Architect.

ARTICLE 14
OTHER CONDITIONS OR SERVICES

See attached

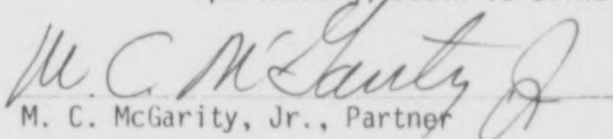
This Agreement executed the day and year first written above.

OWNER Clemson University
Clemson, South Carolina



Melvin E. Barnette
Vice President for
Business and Finance

ARCHITECT Westmoreland-McGarity-Pitts
Spartanburg, South Carolina



M. C. McGarity, Jr., Partner

ARTICLE 14

OTHER CONDITIONS OR SERVICES

In the TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT add to or delete from as follows:

- 14.1 Add new Subparagraph 1.1.3.1. as follows:

"1.1.3.1 Upon completion of SCHEMATIC DESIGN PHASE, the DESIGN, OUTLINE SPECIFICATIONS, and PROBABLE CONSTRUCTION COST shall be approved by the OWNER in writing."

- 14.2 Add new Subparagraph 1.1.5.1 as follows:

"1.1.5.1 Upon completion of DESIGN DEVELOPMENT PHASE, the DESIGN and PROBABLE CONSTRUCTION COST shall be approved by the OWNER in writing."

- 14.3 Add new Subparagraph 1.1.8.1. as follows:

"Prior to advertising for bids for construction, the Architect shall obtain written approval from the OWNER of the PROJECT DESIGN AND PROBABLE CONSTRUCTION COST."

- 14.4 Following Subparagraph 1.1.9 add the following:

"ADDITIONAL BASIC SERVICES"

"1.1.9 Review Documents as required by OWNER in Subparagraph 1.1.3.1, 1.1.5.1. and 1.1.8.1. shall also be submitted to the State Engineer's Office for approval."

"1.1.9.1 Prior to advertising for bids for construction, the Architect shall obtain written approval of the PROJECT DESIGN from the STATE ENGINEER"

"1.1.9.2 Ownership of Documents shall be as described in Article 9."

"1.1.9.2.1 Upon completion of the CONSTRUCTION PHASE, the ARCHITECT shall correct the original drawing to "record drawings" showing all significant changes in the Work made during construction. Such changes to the drawings shall be made in a professional manner, and drawings shall be stamped and signed by the ARCHITECT as said drawings being "record drawings", based on marked-up prints, drawings and other data furnished by the CONTRACTOR and/or representative of the OWNER and/or ARCHITECT."

"1.1.9.2.2 The ARCHITECT will deliver a final report, all warranties, operating manuals, materials lists, and other similar items as may be outlined in the contract specifications to the OWNER prior to application for final payment to the ARCHITECT."

"1.1.9.3 One month prior to the expiration of the one-year warranty period as called for in the CONSTRUCTION DOCUMENTS, the ARCHITECT shall inspect the project for any deficiencies that may have developed under the one-year warranty. Upon completion of inspection a written report shall be furnished to the OWNER, the STATE ENGINEER and the CONTRACTOR, and the ARCHITECT shall assist the OWNER in taking necessary action to see that the deficiencies are corrected."

- 14.5 In subparagraph 1.1.14, fifth line following "---on site" delete "Observations and substitute therefor "inspections".

- 14.6 Add new Subparagraph 1.1.14.1, 1.1.14.2, and 1.1.14.3 as follows:

"1.1.14.1 Periodic visit by the ARCHITECT may vary with the progress of the work and other conditions, but shall average not less than one visit by the ARCHITECT or his representative of the project per week during the course of construction. The ARCHITECT shall submit to the OWNER a written report of his periodic visit, at least once a month, of his findings and progress of the project."

"1.1.14.2 The ARCHITECT and his electrical and mechanical engineers shall make at least one joint visit to the job site each month and file a written report of that visit with the OWNER."

"1.1.14.3 Should the CONTRACTOR fall behind in his construction schedule by more than four weeks, the ARCHITECT shall notify the OWNER in writing."

- 14.7 In Subparagraph 1.1.15, first line following "based on such" delete "observations" and substitute therefor "inspections."

- 14.7.1 In Subparagraph 1.1.15 seventh line following "Architects" delete "observations" and substitute therefor "inspections".

- 14.8 Delete Subparagraph 1.1.16 in its entirety and substitute therefor new Subparagraph 1.1.16 as follows:

"1.1.16 The ARCHITECT shall be the interpreter of the requirements of the CONTRACT DOCUMENTS and judge of the performance thereunder by both the OWNER and the CONTRACTOR. The ARCHITECT shall render written interpretations necessary for the proper execution or progress of the work within fifteen days on written request of either the OWNER or the CONTRACTOR, unless such interpretation can only be made after testing, in which case an interpretation must be rendered within fifteen days after completion of such test, and shall render written decisions, within fifteen days, on all claims, disputes and other matters in question between the OWNER and the CONTRACTOR relating to the execution or progress of the work or the interpretation of the CONTRACT DOCUMENTS."

- 14.9 In subparagraph 1.1.18, following "--Contract Documents" add new sentence:

"Such action shall be taken with reasonable promptness so as not to delay the project."

- 14.10 Delete subparagraphs 1.2.1, 1.2.2 and 1.2.3 in their entirety and substitute the following
- "1.2.1 The ARCHITECT agrees that a full time RESident Inspector, satisfactory to both OWNER and ARCHITECT, shall be obtained by the OWNER and furnished to the ARCHITECT for his supervision under the conditions outlined in A.I.A. Document B352, latest edition, and to reimburse Clemson University one third off the cost of the salary of a full-time Resident Inspector, but not to exceed \$8,750.00."
- 14.11 Under paragraph 1.3, delete subparagraph 1.3.15, in its entirety.
- 14.12 Delete subparagraph 1.3.11 in its entirety and substitute therefor new subparagraph 1.3.11 as follows:
- "1.3.11 Preparing supporting data, and other services in connection with change orders requested by the OWNER. Where a change order is required because of a design error, the change order shall be prepared at no cost to the OWNER."
- 14.13 Add new subparagraph 3.1.3.1 as follows:
- "3.1.3.1 Compensation to the Architect shall be as set forth in Paragraph II. When compensation is based on "Percentage of Construction cost," the establishing of the percentage shall be the amount of the Construction Contract awarded. Once established, the same percentage figure shall apply to any recomputation of fee occasioned by Change Order, and only Change Orders that increase the Contract Amount shall be used in recomputation. Where a Change Order is required because of a design error, the amount of that Change Order shall not apply toward computation of Architect's compensation."
- 14.14 Add new subparagraph 3.5.0.1 as follows:
- "Fixed limit of Construction Cost shall be Probable Construction Cost as defined in Subparagraph 1.1.8.1"
- 14.15 Delete subparagraphs 5.1.1 and 5.1.2 in their entirety and substitute the following:
- "5.1.1 The Architect is to furnish without extra charge as many sets of Contract Documents as may be required to serve all prospective bidders and Clemson University's reviewing and approving agencies not to exceed all necessary check sets and 25 completed set; as well as furnish to Clemson University without extra charge one colored artist's rendering of the project suitably framed for display."
- 14.16 In subparagraph 6.1.3 add new sentence as follows:
- "No additional compensation will be paid for services in connection with semi-final and final inspection."
- 14.17 In Paragraph 6.4, page 7 fourth line following --- then due add "." (period) and delete remaining of sentence.
- 14.17.1 In Paragraph 6.4, page 7, delete last line in its entirety and substitute therefor the following:

"Compensation may be subject to negotiation."

- 14.18 Delete paragraph 6.5 in its entirety and substitute new paragraph 6.5 as follows:

"6.5 Payment due the Architect under this Agreement shall bear interest at six percent annum commencing forty-five days after date of billing."

- 14.19 In Paragraph 8.2 in fourth line following Reimbursable Expense add "." (period) and delete remaining of sentence.

- 14.20 In Article 9 - OWNERSHIP OF DOCUMENTS delete in its entirety and add new Article 9 as follows:

"ARTICLE 9"

"OWNERSHIP OF DOCUMENTS"

"9.1 The Owner shall have unlimited rights in the ownership of all drawings, designs, specifications, notes and other work developed in the performance of the AGREEMENT, including the right to use same on any other Owner's projects without additional cost to the Owner, and with respect thereto the Architect agrees to and does hereby grant to the Owner a royalty-free license to all such data which he may cover by copy right and to all designs as to which he may assert any rights or establish any claim under the design patent or copy right laws."

"9.2 In the case of future reuse of the documents the Owner reserves the right to negotiate with the Architect for compensation for the acceptance of any professional liability."

"9.3 In the event the Owner does not exercise the option to negotiate with the Architect for the Architect's acceptance of any professional liability, it is understood that the Architect is no longer liable in the reuse of the documents."

- 14.21 Delete Article 11 - Arbitration in its entirety.

- 14.22 Under Article 13 - Governing Laws second line following "---law of", delete remaining of sentence and substitute therefor the following:

"----- South Carolina."



VICE PRESIDENT FOR BUSINESS AND FINANCE

March 13, 1978

Mr. W. T. Putnam, State Auditor
State Budget & Control Board
P. O. Box 11333
Columbia, S. C. 29211

Dear Mr. Putnam:

RE: New Student Housing

Enclosed are the necessary documents for the Budget and Control Board's approval of the architectural-engineering contract for this project, in accordance with Mr. McPherson's memorandum to state agencies on August 10, 1977.

If additional information is needed, please contact me.

Sincerely,

Melvin E. Barnette
Vice President for Business & Finance

MEB:RR:pdh

Enclosures 5

RECEIVED

MAR 14 1978

S. C. BUDGET AND
CONTROL BOARD

ARCHITECTURAL FIRMS INTERVIEWED FOR
NEW STUDENT HOUSING
Clemson University

1. Craig, Gaulden and Davis
Greenville, S. C.
2. Neal Associates
Greenville, S. C.
3. Prather-Thomas-Campbell-Pridgeon, Inc.
Spartanburg, S. C.

In selecting these firms consideration was given
to the amount of State projects the firms have had
in the past two years.


Chairman, Selection Committee

PPD-3/13/78

THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document B141

Standard Form of Agreement Between Owner and Architect

*THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH
AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION*

AGREEMENT

made this Thirteenth (13th) day of March in the year of Nineteen
Hundred and Seventy Eight (1978)

BETWEEN the Owner: Clemson University
Clemson, South Carolina

and the Architect: Craig, Gaulden and Davis, Architects, Inc.
12 Washington Park, East Washington Street
Greenville, South Carolina

For the following Project:
(Include detailed description of Project location and scope)

New Student Housing Complex
Clemson University
Clemson, South Carolina

The Owner and the Architect agree as set forth below.

FIXED FEE

- I. THE ARCHITECT shall provide professional services for the Project in accordance with the Terms and Conditions of this Agreement.
- II. THE OWNER shall compensate the Architect, in accordance with the Terms and Conditions of this Agreement.
 - A. FOR BASIC SERVICES, as described in Paragraph 1.1, Basic Compensation shall be computed on the basis of a FIXED FEE two hundred seventy-nine thousand, two hundred forty-five dollars (\$279,245.00).
 - B. FOR ADDITIONAL SERVICES, as described in Paragraph 1.3, compensation computed as follows:
 1. Principals' time at the fixed rate of forty dollars (\$ 40.00) per hour.
For the purpose of this Agreement, the Principals are:
Kirk R. Craig, A.I.A.
F. Earle Gaulden, A.I.A.
William T. Davis, A.I.A.
 2. Employees' time (other than Principals) at a multiple of two and one-half (2.5) times the employees' Direct Personnel Expense as defined in Article 4.
 3. Services of professional consultants at a multiple of one and one quarter (1.25) times the amount billed to the Architect for such services.
 - C. AN INITIAL PAYMENT of _____ dollars (\$ _____) shall be made upon the execution of this Agreement and credited to the Owner's account.
 - D. FOR REIMBURSABLE EXPENSES, amounts expended as defined in Article 5, , plus 10%.
- III. THE OWNER AND ARCHITECT agree in accordance with the Terms and Conditions of this Agreement that:
 - A. IF SCOPE of the Project is changed materially, compensation shall be the subject to renegotiation.
 - B. IF THE SERVICES covered by this Agreement have not been completed within thirty-six (36) months of the date hereof, the amounts of compensation, rates and multiples set forth in Paragraph II shall be subject to renegotiation.
 - C. The Owner and Architect agree that the Architect will design the connection of OFF SITE UTILITIES to on site utilities for an additional compensation of ten thousand two hundred eighty dollars (\$10,280.00) provided the Owner accepts this provision prior to advertisement for bid.

ARCHITECTS/ENGINEERS QUALIFICATION REQUEST

Clemson University requests resumes of qualifications from firms interested in providing architectural/engineering services for the following projects:

1. Renovation of Tillman Hall
2. New Student Housing

Tillman Hall, an existing building, is located on the Clemson University campus. The new student housing, a new facility, will be located on the same campus. The scope of the projects are as follows:

Tillman Hall: A major renovation of a historically significant landmark that is steeped in the tradition of Clemson University. The renovated structure will house principal departments, administrative offices, and teaching facilities for the College of Education.

New Student Housing: 500 or more beds in units not larger than 120 to 170 students with necessary program space, utilities and administrative areas.

Firms should designate the project or projects in which they have interest.

A separate firm will be selected for each project.

Firms submitting resumes of qualifications shall include a list of all contracts, including construction costs, that the firm has executed on state work in the past two years. Resumes must be received in the office of Melvin E. Barnette, Vice President for Business and Finance, Clemson University, Clemson, South Carolina 29631, not later than February 8, 1978.

1/10/78

**ARCHITECTS/ENGINEERS
QUALIFICATION REQUEST**

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Firms should designate the project or projects in which they have interest. Separate firm will be selected for each project.

Firms submitting resumes of qualifications shall include a list of all contracts, including construction costs, that the firm has executed on site work in the past two years. Resumes must be received in the office of Melvin E. Barnette, Vice President for Business and Finance, Clemson University, Clemson, South Carolina 29631, not later than February 8, 1978.

COLUMBIA NEWSPAPERS, INC.

Columbia, South Carolina

RECEIVED
BUSINESS
D. FINA
JAN 25 11 10 AM '78

Publishers of

The State

Mornings and Sunday

AND

The Columbia Record

Evenings except Sunday

**OF SOUTH CAROLINA
COUNTY OF RICHLAND**

Personally appeared before me Carl M. Regal, Retail Advertising Manager
of THE STATE, and makes oath that the advertisement,

Architects/Engineers Qualification Request

a clipping of which is attached hereto, was printed in THE STATE,
a daily newspaper of general circulation published in the City
of Columbia, State and County aforesaid, in the issues of

January 22, 23, 24, 1978

Carl M. Regal

Subscribed and sworn to before me
this 24th day of January 1978.

Ernest Lee Saudin Notary Public

ARCHITECTS-ENGINEERS SUBMITTING RESUMES
(1) NEW STUDENT HOUSING, (2) RENOVATION OF TILLMAN HALL

<u>Firm and Amt. of State Work</u>	<u>New Student Housing</u>	<u>Renovation of Tillman Hall</u>
1. Alexander-Moormann & Associates \$2,107,879	X	X
2. Carson & Williams 0	X	0
3. Draft & Jumper 0	X	X
4. ADEP 0	X	X
5. Neal Architects \$1,300,000	X	0
6. MBTB \$10,000,000	X	0
7. J. E. Sirrine Co. n/a	X	X
8. Wm. S. Dowis, Jr. \$209,850	X	X
9. Craig and Gaulden \$459,959	X	X
10. Fellers and Associates \$9,000,000	X	0
11. Prather Thomas \$535,000	X	X
12. Blume, Cannon and Ott n/a	X	X
13. Johnson Pace Associates 0	X	X
14. Triad Architectural Assoc. \$1,395,000	0	X
15. Carlisle Associates \$44,100.00	X	0
16. Jackson Miller Wilds \$1,136,108	X	0
17. Freeman Wells & Major \$1,247,700	X	X
18. CEDA, Inc. \$3,000,000	0	X
19. Piedmont Engineers \$500,948	0	X
20. Westmoreland McGarity Pitts 0	X	X
21. Clark Associates 0	X	X
22. Wilbur Smith & Associates \$64,300,000	X	X
23. James Parrish Brown 0	X	X
24. W. E. Gilbert \$750,000	0	X
25. Michael McMillan 0	X	X
26. William O. Fulmer \$4,843	X	X
27. Stevens & Wilkinson 0	X	X

	New Student Housing	Renovation of Tillman Hall
28. Coulter Gasque Associates \$300,000	X	X
29. Odell Associates 0	X	X
30. Lucas&Stubbs \$3,010,847 Enwright Associates	X	0
31. Design Collaborative, Inc. 0	X	X

CLEMSON UNIVERSITY
CONSTRUCTION PROJECTS SINCE JANUARY 1, 1974

Date of E-1	Proj. No.	Name	Original Contract Amt.	Architects	Nature of Project
9/10/74	9-110	Renov. & Addition to Agric. Engr. Bldg.	\$2,236,126	J. E. Sirrine Co. Greenville, S. C.	office & teaching
6/19/74*	9-112	Nursing Building	\$2,349,120	Riley Bultman Coulter Columbia, S. C.	office & teaching
*Original letter of agreement dated 11/22/71					
10/11/74	9-114	Renovation of Sirrine Hall	\$ 800,000 (est.)	McMillan, Bunes, Town- send, and Bowen, Greenville	office & teaching
		1/ Continuing Education Center	\$6,000,000	Craig & Gaulden Greenville	continuing education activities
7/24/75	9-120	Incinerator & Postmortem Facility	\$ 219,440	Pearlstine-Anderson Columbia, S. C.	Postmortem facility for Livestock-Poultry Health
7/6/76	9-127	University Golf Course	\$1,000,000 (est.)	George W. Cobb Greenville, S. C.	18-hole golf course
n/a	n/a	Consulting Engineering Assistance to Physical Plant	n/a	Peritus Engineers Greenville, S. C.	Additions, modifica- tions, and renovations of various utility systems
n/a	n/a	Aerial Topographic & Civil Engineering Assistance to Physical Plant	n/a	Farmer and Simpson	Aerial topo work for golf course and other civil engineering assistance
7/23/76	9-130	Service & Support Facility	\$ 585,000	Piedmont Engineers Greenville, S. C.	offices & storage
7/23/76	9-131	Support Facility for Daniel Auditorium	\$ 150,000	Craig & Gaulden	Practice & auditorium support facility
12/8/77	H-12-006	Pee Dee Educ. & Research	\$ 93,000	Gill, Wilkins & Wood Florence, S.C.	Educ.-research complex

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

TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT

ARTICLE 1

ARCHITECT'S SERVICES

1.1 BASIC SERVICES

The Architect's Basic Services consist of the five phases described below and include normal structural, mechanical and electrical engineering services and any other services included in Article 14 as Basic Services.

SCHEMATIC DESIGN PHASE

1.1.1 The Architect shall review the program furnished by the Owner to ascertain the requirements of the Project and shall confirm such requirements to the Owner.

1.1.2 Based on the mutually agreed upon program, the Architect shall prepare Schematic Design Studies consisting of drawings and other documents illustrating the scale and relationship of Project components for approval by the Owner.

1.1.3 The Architect shall submit to the Owner a Statement of Probable Construction Cost based on current area, volume or other unit costs.

DESIGN DEVELOPMENT PHASE

1.1.4 The Architect shall prepare from the approved Schematic Design Studies, for approval by the Owner, the Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to structural, mechanical and electrical systems, materials and such other essentials as may be appropriate.

1.1.5 The Architect shall submit to the Owner a further Statement of Probable Construction Cost.

CONSTRUCTION DOCUMENTS PHASE

1.1.6 The Architect shall prepare from the approved Design Development Documents, for approval by the Owner, Drawings and Specifications setting forth in detail the requirements for the construction of the entire Project including the necessary bidding information, and shall assist in the preparation of bidding forms, the Conditions of the Contract, and the form of Agreement between the Owner and the Contractor.

1.1.7 The Architect shall advise the Owner of any adjustments to previous Statements of Probable Construction Cost indicated by changes in requirements or general market conditions.

1.1.8 The Architect shall assist the Owner in filing the required documents for the approval of governmental authorities having jurisdiction over the Project.

BIDDING OR NEGOTIATION PHASE

1.1.9 The Architect, following the Owner's approval of the Construction Documents and of the latest Statement

of Probable Construction Cost, shall assist the Owner in obtaining bids or negotiated proposals, and in awarding and preparing construction contracts.

CONSTRUCTION PHASE — ADMINISTRATION OF THE CONSTRUCTION CONTRACT

1.1.10 The Construction Phase will commence with the award of the Construction Contract and will terminate when the final Certificate for Payment is issued to the Owner.

1.1.11 The Architect shall provide Administration of the Construction Contract as set forth in AIA Document A201, General Conditions of the Contract for Construction, and the extent of his duties and responsibilities and the limitations of his authority as assigned thereunder shall not be modified without his written consent.

1.1.12 The Architect, as the representative of the Owner during the Construction Phase, shall advise and consult with the Owner and all of the Owner's instructions to the Contractor shall be issued through the Architect. The Architect shall have authority to act on behalf of the Owner to the extent provided in the General Conditions unless otherwise modified in writing.

1.1.13 The Architect shall at all times have access to the Work wherever it is in preparation or progress.

1.1.14 The Architect shall make periodic visits to the site to familiarize himself generally with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Documents. On the basis of his on-site observations as an architect, he shall endeavor to guard the Owner against defects and deficiencies in the Work of the Contractor. The Architect shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. The Architect shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, and he shall not be responsible for the Contractor's failure to carry out the Work in accordance with the Contract Documents.

1.1.15 Based on such observations at the site and on the Contractor's Applications for Payment, the Architect shall determine the amount owing to the Contractor and shall issue Certificates for Payment in such amounts. The issuance of a Certificate for Payment shall constitute a representation by the Architect to the Owner, based on the Architect's observations at the site as provided in Subparagraph 1.1.14 and the data comprising the Application for Payment, that the Work has progressed to the point indicated; that to the best of the Architect's knowledge, information and belief, the quality of the Work is in accordance with the Contract Documents (subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to the results of any subsequent tests required by the Contract

Documents, to minor deviations from the Contract Documents correctable prior to completion, and to any specific qualifications stated in the Certificate for Payment); and that the Contractor is entitled to payment in the amount certified. By issuing a Certificate for Payment, the Architect shall not be deemed to represent that he has made any examination to ascertain how and for what purpose the Contractor has used the moneys paid on account of the Contract Sum.

1.1.16 The Architect shall be, in the first instance, the interpreter of the requirements of the Contract Documents and the impartial judge of the performance thereunder by both the Owner and Contractor. The Architect shall make decisions on all claims of the Owner or Contractor relating to the execution and progress of the Work and on all other matters or questions related thereto. The Architect's decisions in matters relating to artistic effect shall be final if consistent with the intent of the Contract Documents.

1.1.17 The Architect shall have authority to reject Work which does not conform to the Contract Documents. Whenever, in his reasonable opinion, he considers it necessary or advisable to insure the proper implementation of the intent of the Contract Documents, he will have authority to require special inspection or testing of any Work in accordance with the provisions of the Contract Documents whether or not such Work be then fabricated, installed or completed.

1.1.18 The Architect shall review and approve shop drawings, samples, and other submissions of the Contractor only for conformance with the design concept of the Project and for compliance with the information given in the Contract Documents.

1.1.19 The Architect shall prepare Change Orders.

1.1.20 The Architect shall conduct inspections to determine the Dates of Substantial Completion and final completion, shall receive and review written guarantees and related documents assembled by the Contractor, and shall issue a final Certificate for Payment.

1.1.21 The Architect shall not be responsible for the acts or omissions of the Contractor, or any Subcontractors, or any of the Contractor's or Subcontractors' agents or employees, or any other person performing any of the Work.

1.2 PROJECT REPRESENTATION BEYOND BASIC SERVICES

1.2.1 If more extensive representation at the site than is described under Subparagraphs 1.1.10 through 1.1.21 inclusive is required, and if the Owner and Architect agree, the Architect shall provide one or more Full-Time Project Representatives to assist the Architect.

1.2.2 Such Full-Time Project Representatives shall be selected, employed and directed by the Architect, and the Architect shall be compensated therefor as mutually agreed between the Owner and the Architect as set forth in an exhibit appended to this Agreement.

1.2.3 The duties, responsibilities and limitations of authority of such Full-Time Project Representatives shall be set forth in an exhibit appended to this Agreement.

1.2.4 Through the on-site observations by Full-Time Project Representatives of the Work in progress, the Architect shall endeavor to provide further protection for the Owner against defects in the Work, but the furnishing of such project representation shall not make the Architect responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs, or for the Contractor's failure to perform the Work in accordance with the Contract Documents.

1.3 ADDITIONAL SERVICES

The following Services shall be provided when authorized in writing by the Owner, and they shall be paid for by the Owner as hereinbefore provided.

1.3.1 Providing analyses of the Owner's needs, and programming the requirements of the Project.

1.3.2 Providing financial feasibility or other special studies.

1.3.3 Providing planning surveys, site evaluations, environmental studies or comparative studies of prospective sites.

1.3.4 Providing design services relative to future facilities, systems and equipment which are not intended to be constructed as part of the Project.

1.3.5 Providing services to investigate existing conditions or facilities or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by the Owner.

1.3.6 Preparing documents for alternate bids or out-of-sequence services requested by the Owner.

1.3.7 Providing Detailed Estimates of Construction Cost or detailed quantity surveys or inventories of material, equipment and labor.

1.3.8 Providing interior design and other services required for or in connection with the selection of furniture and furnishings.

1.3.9 Providing services for planning tenant or rental spaces.

1.3.10 Making revisions in Drawings, Specifications or other documents when such revisions are inconsistent with written approvals or instructions previously given and are due to causes beyond the control of the Architect.

~~**1.3.11** Preparing supporting data and other services in connection with Change Orders if the change in the Basic Compensation resulting from the adjusted Contract Sum is not commensurate with the services required of the Architect.~~

1.3.12 Making investigations involving detailed appraisals and valuations of existing facilities, and surveys or inventories required in connection with construction performed by the Owner.

1.3.13 Providing consultation concerning replacement of any Work damaged by fire or other cause during construction, and furnishing professional services of the type

set forth in Paragraph 1.1 as may be required in connection with the replacement of such Work.

1.3.14 Providing professional services made necessary by the default of the Contractor or by major defects in the Work of the Contractor in the performance of the Construction Contract.

~~**1.3.15** Preparing a set of reproducible record prints of drawings showing significant changes in the Work made during the construction process, based on marked-up prints, drawings and other data furnished by the Contractor to the Architect.~~

1.3.16 Providing extensive assistance in the utilization of any equipment or system such as initial start-up or testing, adjusting and balancing, preparation of operation and maintenance manuals, training personnel for operation and maintenance, and consultation during operation.

1.3.17 Providing services after issuance to the Owner of the final Certificate for Payment.

1.3.18 Preparing to serve or serving as an expert witness in connection with any public hearing, arbitration proceeding or legal proceeding.

1.3.19 Providing services of professional consultants for other than the normal structural, mechanical and electrical engineering services for the Project.

1.3.20 Providing any other services not otherwise included in this Agreement or not customarily furnished in accordance with generally accepted architectural practice.

ARTICLE 2

THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information, including a complete program, regarding his requirements for the Project.

2.2 The Owner shall designate, when necessary, a representative authorized to act in his behalf with respect to the Project. The Owner shall examine documents submitted by the Architect and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Architect's services.

2.3 The Owner shall furnish a certified land survey of the site giving, as applicable, grades and lines of streets, alleys, pavements and adjoining property; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and complete data pertaining to existing buildings, other improvements and trees; and full information concerning available service and utility lines both public and private, above and below grade, including inverts and depths.

2.4 The Owner shall furnish the services of a soils engineer or other consultant when such services are deemed necessary by the Architect, including reports, test borings, test pits, soil bearing values, percolation tests, air and water pollution tests, ground corrosion and resistivity tests and other necessary operation for determining subsoil, air and water conditions, with appropriate professional recommendations.

2.5 The Owner shall furnish structural, mechanical, chemical and other laboratory tests, inspections and reports as required by law or the Contract Documents.

2.6 The Owner shall furnish such legal, accounting, and insurance counseling services as may be necessary for the Project, and such auditing services as he may require to ascertain how or for what purposes the Contractor has used the moneys paid to him under the Construction Contract.

2.7 The services, information, surveys and reports required by Paragraphs 2.3 through 2.6 inclusive shall be furnished at the Owner's expense, and the Architect shall be entitled to rely upon the accuracy and completeness thereof.

2.8 If the Owner becomes aware of any fault or defect in the Project or non-conformance with the Contract Documents, he shall give prompt written notice thereof to the Architect.

2.9 The Owner shall furnish information required of him as expeditiously as necessary for the orderly progress of the Work.

ARTICLE 3

CONSTRUCTION COST

3.1 If the Construction Cost is to be used as the basis for determining the Architect's Compensation for Basic Services, it shall be the total cost or estimated cost to the Owner of all Work designed or specified by the Architect. The Construction Cost shall be determined as follows, with precedence in the order listed:

3.1.1 For completed construction, the cost of all such Work, including costs of managing construction;

3.1.2 For Work not constructed, (1) the lowest bona fide bid received from a qualified bidder for any or all of such Work, or (2) if the Work is not bid, the bona fide negotiated proposal submitted for any or all of such Work; or

3.1.3 For Work for which no such bid or proposal is received, (1) the latest Detailed Estimate of Construction Cost if one is available, or (2) the Latest Statement of Probable Construction Cost.

3.2 Construction Cost does not include the compensation of the Architect and his consultants, the cost of the land, rights-of-way, or other costs which are the responsibility of the Owner as provided in Paragraphs 2.3 through 2.6 inclusive.

3.3 The cost of labor, materials and equipment furnished by the Owner for the Project shall be included in the Construction Cost at current market rates including a reasonable allowance for overhead and profit.

3.4 Statements of Probable Construction Cost and Detailed Cost Estimates prepared by the Architect represent his best judgment as a design professional familiar with the construction industry. It is recognized, however, that neither the Architect nor the Owner has any control over the cost of labor, materials or equipment, over the contractors' methods of determining bid prices, or over competitive bidding or market conditions. Accordingly, the

Architect cannot and does not guarantee that bids will not vary from any Statement of Probable Construction Cost or other cost estimate prepared by him.

3.5 When a fixed limit of Construction Cost is established as a condition of this Agreement, it shall be in writing signed by the parties and shall include a bidding contingency of ten percent unless another amount is agreed upon in writing. When such a fixed limit is established, the Architect shall be permitted to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, and to make reasonable adjustments in the scope of the Project to bring it within the fixed limit. The architect may also include in the Contract Documents alternate bids to adjust the Construction Cost to the fixed limit.

3.5.1 If the Bidding or Negotiating Phase has not commenced within six months after the Architect submits the Construction Documents to the Owner, any fixed limit of Construction Cost established as a condition of this Agreement shall be adjusted to reflect any change in the general level of prices which may have occurred in the construction industry for the area in which the Project is located. The adjustment shall reflect changes between the date of submission of the Construction Documents to the Owner and the date on which proposals are sought.

3.5.2 When a fixed limit of Construction Cost, including the Bidding contingency (adjusted as provided in Subparagraph 3.5.1, if applicable), is established as a condition of this Agreement and is exceeded by the lowest bona fide bid or negotiated proposal, the Detailed Estimate of Construction Cost or the Statement of Probable Construction cost, the Owner shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding the Project within a reasonable time, or (3) cooperate in revising the Project scope and quality as required to reduce the Probable Construction Cost. In the case of (3) the Architect, without additional charge, shall modify the Drawings and Specifications as necessary to bring the Construction Cost within the fixed limit. The providing of such service shall be the limit of the Architect's responsibility in this regard, and having done so, the Architect shall be entitled to compensation in accordance with this Agreement.

ARTICLE 4

DIRECT PERSONNEL EXPENSE

Direct Personnel Expense is defined as the salaries of professional, technical and clerical employees engaged on the Project by the Architect, and the cost of their mandatory and customary benefits such as statutory employee benefits, insurance, sick leave, holidays, vacations, pensions and similar benefits.

ARTICLE 5

REIMBURSABLE EXPENSES

5.1 Reimbursable Expenses are in addition to the Compensation for Basic and Additional Services and include actual expenditures made by the Architect, his employ-

ees, or his professional consultants in the interest of the Project for the expenses listed in the following Subparagraphs:

~~5.1.1 Expense of transportation and living when traveling in connection with the Project; long distance calls and telegrams; and fees paid for securing approval of authorities having jurisdiction over the Project.~~

~~5.1.2 Expense of reproductions, postage and handling of Drawings and Specifications excluding duplicate sets at the completion of each Phase for the Owner's review and approval.~~

5.1.3 If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates and expense of renderings or models for the Owner's use.

5.1.4 Expense of computer time for professional services when included in Paragraph II.

5.1.5 Expense of computer time when used in connection with Additional Services.

ARTICLE 6

PAYMENTS TO THE ARCHITECT

6.1 Payments on account of the Architect's Basic Services shall be made as follows:

~~6.1.1 An initial payment as set forth in Paragraph II is the minimum payment under this Agreement.~~

6.1.2 Subsequent payments for Basic Services shall be made monthly in proportion to services performed so that the compensation at the completion of each Phase, except when the compensation is on the basis of a Multiple of Direct Personnel Expense, shall equal the following percentages of the total Basic Compensation:

Schematic Design Phase	15%
Design Development Phase	35%
Construction Documents Phase ...	75%
Bidding or Negotiation Phase	80%
Construction Phase	100%

6.1.3 If the Contract Time initially established in the Construction Contract is exceeded by more than thirty days through no fault of the Architect, compensation for Basic Services performed by Principals, employees and professional consultants required to complete the Administration of the Construction Contract beyond the thirtieth day shall be computed as set forth in Paragraph II for Additional Services.

6.2 Payments for Additional Services of the Architect as defined in Paragraph 1.3, and for Reimbursable Expenses as defined in Article 5, shall be made monthly upon presentation of the Architect's statement of services rendered.

6.3 No deductions shall be made from the Architect's compensation on account of penalty, liquidated damages, or other sums withheld from payments to contractors.

6.4 If the Project is suspended for more than three months or abandoned in whole or in part, the Architect

shall be paid his compensation for services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Expenses then due ~~and all termination expenses as defined in Paragraph 8.3 resulting from such suspension or abandonment.~~ If the Project is resumed after being suspended for more than three months, the Architect's compensation shall be subject to renegotiation.

~~6.5 Payments due the Architect under this Agreement shall bear interest at the legal rate commencing sixty days after the date of billing.~~

ARTICLE 7

ARCHITECT'S ACCOUNTING RECORDS

Records of Reimbursable Expenses and expenses pertaining to Additional Services on the Project and for services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on a generally recognized accounting basis and shall be available to the Owner or his authorized representative at mutually convenient times.

ARTICLE 8

TERMINATION OF AGREEMENT

8.1 This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

8.2 In the event of termination due to the fault of parties other than the Architect, the Architect shall be paid his compensation for services performed to termination date, including Reimbursable Expenses, ~~then due and all termination expenses.~~

8.3 Termination Expenses are defined as Reimbursable Expenses directly attributable to termination, plus an amount computed as a percentage of the total compensation earned to the time of termination, as follows:

- 20 percent if termination occurs during the Schematic Design Phase; or
- 10 percent if termination occurs during the Design Development Phase; or
- 5 percent if termination occurs during any subsequent phase.

ARTICLE 9

OWNERSHIP OF DOCUMENTS

~~Drawings and Specifications as instruments of service are and shall remain the property of the Architect whether the Project for which they are made is executed or not. They are not to be used by the Owner on other projects or extensions to this Project except by agreement in writing and with appropriate compensation to the Architect.~~

ARTICLE 10

SUCCESSORS AND ASSIGNS

The Owner and the Architect each binds himself, his partners, successors, assigns and legal representatives to

the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Architect shall assign, sublet or transfer his interest in this Agreement without the written consent of the other.

ARTICLE 11

ARBITRATION

~~11.1 All claims, disputes and other matters in question between the parties to this Agreement, arising out of, or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration, arising out of, or relating to this Agreement, shall include, by consolidation, joinder or in any other manner, any additional party not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by all the parties hereto. Any consent to arbitration involving an additional party or parties shall not constitute consent to arbitration of any dispute not described therein or with any party not named or described therein. This Agreement to arbitrate and any agreement to arbitrate with an additional party or parties duly consented to by the parties hereto shall be specifically enforceable under the prevailing arbitration law.~~

~~11.2 Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.~~

~~11.3 The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.~~

ARTICLE 12

EXTENT OF AGREEMENT

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

ARTICLE 13

GOVERNING LAW

Unless otherwise specified, this Agreement shall be governed by the law of the principal place of business of the Architect.

ARTICLE 14
OTHER CONDITIONS OR SERVICES

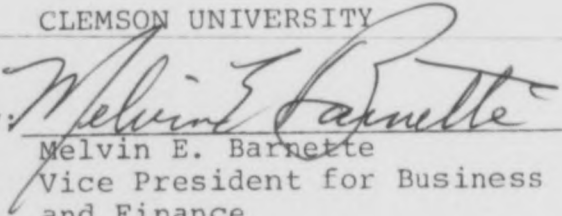
See attached.

This Agreement executed the day and year first written above.

OWNER

CLEMSON UNIVERSITY

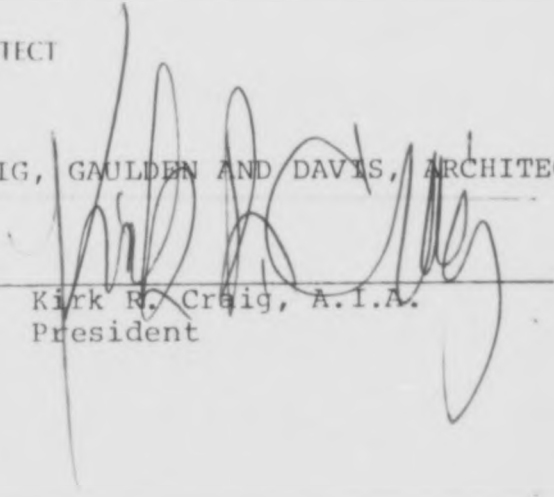
By:


Melvin E. Barnette
Vice President for Business
and Finance

ARCHITECT

CRAIG, GAULDEN AND DAVIS, ARCHITECTS, INC.

By:


Kirk R. Craig, A.I.A.
President

ARTICLE 14

OTHER CONDITIONS OR SERVICES

In the TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT add to or delete from as follows:

14.1 Add new Subparagraph 1.1.3.1 as follows:

"1.1.3.1 Upon completion of SCHEMATIC DESIGN PHASE, the DESIGN, OUTLINE SPECIFICATIONS, and PROBABLE CONSTRUCTION COST shall be approved by the OWNER in writing"

14.2 Add new Subparagraph 1.1.5.1 as follows:

"1.1.5.2 Upon completion of DESIGN DEVELOPMENT PHASE, the DESIGN and PROBABLE CONSTRUCTION COST shall be approved by the OWNER in writing."

14.3 Add new Subparagraph 1.1.8.1 as follows:

"Prior to advertising for bids for construction, the Architect shall obtain written approval from the OWNER of the PROJECT DESIGN AND PROBABLE CONSTRUCTION COST."

14.4 Following Subparagraph 1.1.9 add the following:

"ADDITIONAL BASIC SERVICES

"1.1.9 Review Documents as required by OWNER in Subparagraphs 1.1.3.1, 1.1.5.1 and 1.1.8.1 shall also be submitted to the State Engineer's Office for approval.

"1.1.9.1 Prior to advertising for bids for construction, the Architect shall obtain written approval of the PROJECT DESIGN from the STATE ENGINEER.

"1.1.9.2 Ownership of Documents shall be as described in Article 9.

"1.1.9.2.1 Upon completion of the CONSTRUCTION PHASE, the ARCHITECT shall correct the original drawing to "record drawings" showing all significant changes in the Work made during construction. Such changes to the drawings shall be made in a professional manner, and drawings shall be stamped and signed by the ARCHITECT as said drawings being "record drawings", based on marked-up prints, drawings and other data furnished by the CONTRACTOR and/or representative of the OWNER and/or ARCHITECT.

"1.1.9.3 One month prior to the expiration of the one-year warranty period as called for in the CONSTRUCTION DOCUMENTS,

the ARCHITECT shall inspect the project for any deficiencies that may have developed under the one-year warranty. Upon completion of inspection a written report shall be furnished to the OWNER, the STATE ENGINEER and the CONTRACTOR, and the ARCHITECT shall assist the OWNER in taking necessary action to see that the deficiencies are corrected."

- 14.5 Add new Subparagraph 1.1.14.1 and 1.1.14.2 as follows:

"1.1.14.1 Periodic visit by the ARCHITECT may vary with the progress of the work and other conditions, but shall average not less than one visit by the ARCHITECT or his representative to the project per week during the course of construction. The ARCHITECT shall submit to the OWNER a written report of his periodic visit, at least once a month, of his findings and progress of the project.

"1.1.14.2 Should the CONTRACTOR fall behind in his construction schedule by more than four weeks, the ARCHITECT shall notify the OWNER in writing.

- 14.6 Delete Subparagraph 1.1.16 in its entirety and substitute therefor new Subparagraph 1.1.16 as follows:

"1.1.16 The ARCHITECT shall be the interpreter of the requirements of the CONTRACT DOCUMENTS and judge of the performance thereunder by both the OWNER and the CONTRACTOR. The ARCHITECT shall render written interpretations necessary for the proper execution or progress of the work within fifteen days on written request of either the OWNER or the CONTRACTOR, unless such interpretation can only be made after testing, in which case an interpretation must be rendered within fifteen days after completion of such test, and shall render written decisions, within fifteen days, on all claims, disputes and other matters in question between the OWNER and the CONTRACTOR relating to the execution or progress of the work or the interpretation of the CONTRACT DOCUMENTS.

- 14.7 In Subparagraph 1.1.18, following "---Contract Documents" add new sentence:

"Such action shall be taken with reasonable promptness so as not to delay the project.

- 14.8 Under Paragraph 1.3, delete Sub-paragraph 1.3.15 in its entirety.

- 14.9 Delete Subparagraph 1.3.11 in its entirety and substitute therefor new Subparagraph 1.3.11 as follows:

"1.3.11 Preparing supporting data, and other services in connection with change orders requested by the OWNER. Where

a change order is required because of a design error, the change order shall be prepared at no cost to the OWNER.

14.10 Add new Subparagraph 3.1.3.1 as follows:

"3.1.3.1 Compensation to the Architect shall be as set forth in Paragraph II. When compensation is based on "Percentage of Construction Cost," the establishing of the percentage shall be the amount of the Construction Contract awarded. Once established, the same percentage figure shall apply to any recomputation of fee occasioned by Change Order, and only Change Orders that increase the contract amount shall be used in recomputation. Where a Change Order is required because of a design error, the amount of that Change Order shall apply toward computation of Architect's compensation."

14.11 Add new Subparagraph 3.5.0.1 as follows:

"Fixed limit of Construction Cost shall be the Probable Construction Cost as defined in Subparagraph 1.1.8.1"

14.12 In Subparagraph 6.1.3 add new sentence as follows:

"No additional compensation will be paid for services in connection with semi-final and final inspections."

14.13 In Paragraph 6.4, page 7, fourth line following-----then due, add "." (period) and delete remaining of sentence.

14.13.1 In Paragraph 6.4, page 7, delete last line in its entirety and substitute therfor the following:

"Compensation may be subject to negotiation."

14.14 Delete Paragraph 6.5 in its entirety and substitute new Paragraph 6.5 as follows:

"6.5 Payment due the Architect under this Agreement shall bear interest at six percent per annum commencing forty-five days after date of billing.

14.15 In Paragraph 8.2 in fourth line following Reimbursable Expense add "." (period) and delete remaining of sentence.

14.16 In Article 9 - OWNERSHIP OF DOCUMENTS delete in its entirety and add new Article 9 as follows:

"ARTICLE 9"

"OWNERSHIP OF DOCUMENTS"

"9.1 The Owner shall have unlimited rights in the ownership of all drawings, designs, specifications, notes and other

work developed in the performance of the AGREEMENT, including the right to use same on any other Owner's projects without additional cost to the Owner, and with respect thereto the Architect agrees to and does hereby grant to the Owner a royalty-free license to all such data which he may cover by copyright and to all designs as to which he may assert any rights or establish any claim under the design patent or copyright laws.

"9.2 In the case of future reuse of the documents the Owner reserves the right to negotiate with the Architect for compensation for the acceptance of any professional liability."

"9.3 In the event the Owner does not exercise the option to negotiate with the Architect for the Architect's acceptance of any professional liability, it is understood that the Architect is no longer liable in the reuse of the documents.

14.17 Delete Article 11 - Arbitration in its entirety.

14.18 Under Article 13 - Governing Laws second line following "----law of", delete remaining of sentence and substitute therefor the following:

"-----South Carolina."

14.19 Special Considerations

The following provisions supersede, change and modify any contrary provisions contained in other articles of this agreement.

14.19.1 Supplement to Article 1.2: Project Representative:

The Owner and Architect agree that the Owner will provide a full-time Project Representative at the site during the Construction Phase of this project, in accordance with A.I.A. Document B352 (see Exhibit B, attached).

The Owner will reimburse the Architect their Direct Personnel Expense of this representative; the Architect's share of this expense shall be 33-1/3%, not to exceed \$10,000.00. The office/trailer, furnishings, supplies, utilities, and telephone services shall be furnished by the Owner. Long distance calls shall be covered by the Architect's Basic Service.

14.19.2 Amend Article 1.3.8:

The Architect will also provide landscape design services for this project as Additional Services.

14.19.3 The Architect further agrees:

14.19.3.1 to furnish without extra charge as many sets of contract documents as may be required to serve all prospective bidders and Clemson University's reviewing and approving agencies not to exceed all necessary check sets and twenty-five (25) complete sets.

14.19.3.2 to furnish to Clemson University without extra charge one colored, artist's rendering of the project suitably framed for display.

14.19.3.3 that on completion of the project to furnish to Clemson University without extra charge a complete set of reproducible "record drawings" which will not deteriorate with age. Based on marked-up prints, drawings, and other data furnished by the Contractor, and/or representative of the Owner and/or Architect, the exact locations of water mains, hot and chilled water mains, sewer mains, storm drains and electrical service mains as built, shall be shown or noted on these drawings and prints of all supplementary drawings prepared during construction, which show changes from the original drawings, shall be attached. If the Owner wishes more extensive drawings, the Architect is to prepare them at the Owner's expense.

14.19.3.4 that he and his electrical and mechanical engineers shall make at least one joint visit to the job site each month

CONTINUATION OF ARTICLE 14

and file a written report of that visit with Clemson University.

- 14.19.3.5 that he will deliver a final report, all warranties, operating manuals, materials lists, and other similar items as may be outlined in the contract specifications to Clemson University before approval of Contractor's final Application and Certificate for Payment.
- 14.19.3.6 if the lowest bona fide bid, a detailed cost estimate or the statement of probable construction cost should exceed the limit of construction cost set by the client (including the bidding contingency), the client should (1) give approval of an increase in such fixed limit, (2) authorize rebidding the project within a reasonable time, or (3) cooperate in revising the project scope and quality as required to reduce the probable construction cost. In the case of (3), the Architect, without additional charge, should modify the drawings and specifications as necessary to bring the construction cost within the fixed limit.

ARCHITECTS-ENGINEERS SUBMITTING RESUMES
(1) NEW STUDENT HOUSING, (2) RENOVATION OF TILLMAN HALL

<u>Firm and Amt. of State Work</u>	<u>New Student Housing</u>	<u>Renovation of Tillman Hall</u>
1. Alexander-Moormann & Associates \$2,107,879	X	X
2. Carson & Williams 0	X	0
3. Draft & Jumper 0	X	X
4. ADEP 0	X	X
5. Neal Architects \$1,300,000	X	0
6. MBTB \$10,000,000	X	0
7. J. E. Serrine Co. n/a	X	X
8. Wm. S. Dowis, Jr. \$209,850	X	X
9. Craig and Gaulden \$459,959	X	X
10. Fellers and Associates \$9,000,000	X	0
11. Prather Thomas \$535,000	X	X
12. Blume, Cannon and Ott n/a	X	X
13. Johnson Pace Associates 0	X	X
14. Triad Architectural Assoc. \$1,395,000	0	X
15. Carlisle Associates \$44,100.00	X	0
16. Jackson Miller Wilds \$1,136,108	X	0
17. Freeman Wells & Major \$1,247,700	X	X
18. CEDA, Inc. \$3,000,000	0	X
19. Piedmont Engineers \$500,948	0	X
20. Westmoreland McGarity Pitts 0	X	X
21. Clark Associates 0	X	X
22. Wilbur Smith & Associates \$64,300,000	X	X
23. James Parrish Brown 0	X	X
24. W. E. Gilbert \$750,000	0	X
25. Michael McMillan 0	X	X
26. William O. Fulmer \$4,843	X	X
27. Stevens & Wilkinson 0	X	X

	New Student Housing	Renovation of Tillman Hall
28. Coulter Gasque Associates \$300,000	X	X
29. Odell Associates 0	X	X
30. Lucas&Stubbs \$3,010,847 Enwright Associates	X	0
31. Design Collaborative, Inc. 0	X	X

CLEMSON UNIVERSITY
CONSTRUCTION PROJECTS SINCE JANUARY 1, 1974

Date of E-1	Proj. No.	Name	Original Contract Amt.	Architects	Nature of Project
9/10/74	9-110	Renov. & Addition to Agric. Engr. Bldg.	\$2,236,126	J. E. Sirrine Co. Greenville, S. C.	office & teaching
6/19/74*	9-112	Nursing Building *Original letter of agreement dated 11/22/71	\$2,349,120	Riley Bultman Coulter Columbia, S. C.	office & teaching
10/11/74	9-114	Renovation of Sirrine Hall	\$ 800,000 (est.)	McMillan, Bunes, Town- send, and Bowen, Greenville	office & teaching
		1/ Continuing Education Center	\$6,000,000	Craig & Gaulden Greenville	continuing education activities
7/24/75	9-120	Incinerator & Postmortem Facility	\$ 219,440	Pearlstine-Anderson Columbia, S. C.	Postmortem facility for Livestock-Poultry Health
7/6/76	9-127	University Golf Course	\$1,000,000 (est.)	George W. Cobb Greenville, S. C.	18-hole golf course
n/a	n/a	Consulting Engineering Assistance to Physical Plant	n/a	Peritus Engineers Greenville, S. C.	Additions, modifica- tions, and renovations of various utility systems
n/a	n/a	Aerial Topographic & Civil Engineering Assistance to Physical Plant	n/a	Farmer and Simpson	Aerial topo work for golf course and other civil engineering assistance
7/23/76	9-130	Service & Support Facility	\$ 585,000	Piedmont Engineers Greenville, S. C.	offices & storage
7/23/76	9-131	Support Facility for Daniel Auditorium	\$ 150,000	Craig & Gaulden	Practice & auditorium support facility
12/8/77	H-12-006	Pee Dee Educ. & Research	\$ 93,000	Gill, Wilkins & Wood Florence, S.C.	Educ.-research complex

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