

MINUTES OF BUDGET AND CONTROL BOARD MEETING

DECEMBER 7 1973

The Budget and Control Board met at 11:00 a. m. in the Conference Room of the Governor's Office on December 7, 1973. The following Board members were in attendance.

Governor John C. West
Mr. R. J. Aycock
Mr. Henry Mills
Mr. Grady L. Patterson, Jr.

Also in attendance were Messrs. P. C. Smith and W. T. Putnam.

The following business was conducted.

PUBLIC DEFENDERS - Mr. Ralph A. Moffat, the Public Defender for Lexington County and Mr. Costa Pleicones of the Richland County Public Defender's Office appeared before the Board on behalf of the Public Defenders of the State. They were accompanied by Mr. Raymond Halford of the State Attorney General's Office.

In speaking for the group, Mr. Moffat requested that the Budget and Control Board endorse a Bill which is presently in the Judicial Committee of the House of Representatives which would double the appropriation for the defense of indigents. In this presentation, Mr. Moffat pointed out that there are presently nineteen Public Defenders offices and that in all other counties, the defense of indigents is conducted by attorneys who are individually appointed by the Courts. He further indicated that quite often State funds are exhausted and that these attorneys receive no pay for their services.

According to Mr. Pleicones, a 1972 decision of the U. S. Supreme Court requires the providing of representation for an accused in any case in which conviction might mean a jail sentence. This decision created a substantial increase in the work load of all Public Defenders but no Federal funds were made available for continuing operation.

Mr. P. C. Smith asked if merely doubling the funds for the defense of indigents would actually put money where it is most needed. He was advised by Mr. Moffat that although these additional funds would not solve all of the problems involved in the defense of indigents, it would provide substantial relief.

The Board accepted the presentation as information.

INDUSTRIAL REVENUE BONDS - In a letter dated November 28, 1973, Mr. Huger Sinkler advised the Budget and Control Board that the proposed purchaser of \$1,000,000 of Greenville County's Industrial Revenue Bonds which are to be issued on behalf of Emery Industries, Inc. had agreed to waive the requirement of a mortgage for securing payment. Mr. Sinkler asked that the Board consider this matter and take any action which it felt necessary.

Board members were of the opinion that the deletion of the provision for the mortgage would not have any detrimental affect to the State of South Carolina or to Greenville County and, therefore, concurred in the proposed change.

A copy of Mr. Sinkler's letter of November 28, 1973, has been retained in these files and is identified as Exhibit I.

POLLUTION CONTROL FACILITIES BONDS - The Budget and Control Board approved a Petition of Lancaster County for the issuance of \$3,300,000 of Pollution Control Facilities Bonds on behalf of Springs Mills, Inc.

Data pertaining to the issuance of these bonds has been retained in these files and is identified as Exhibit II.

DEPARTMENT OF MENTAL HEALTH - In a letter dated October 12, 1973, Dr. William S. Hall, Commissioner of Mental Health, called the attention of the Budget and Control Board to the fact that his Agency had accumulated over \$8,000,000 of Debt Service Funds and requested permission to use the amount, in excess of Debt Service Requirements, for permanent improvements



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of a critical nature.

The Board approved of the principle of using these excess Debt Service funds for such improvements but stipulated that each project must be handled in the normal routine and that each project would be separately approved.

A copy of Dr. Hall's letter has been retained in these files and is identified as Exhibit III.

PERSONNEL DIVISION - Dr. Jack S. Mullins, Director of the Personnel Division, appeared before the Board to present the following items.

1. DUAL EMPLOYMENT - Dr. Mullins requested and the Board approved eleven items for dual State employment. (A list of these requests has been retained and is identified as Exhibit IV.)

2. GROUP INSURANCE ENROLLMENT - Dr. Mullins recommended and the Board approved an open enrollment date be provided from January 22, 1974 to February 22, 1974 for State employees to request additional coverage for themselves or their dependents under the group insurance program. (A copy of this proposal has been retained and is identified as Exhibit V.)

BUDGET 1974-75 - Mr. P. C. Smith presented Board members with a tentative statement showing expected revenues for the fiscal year 1974-75 and a summary of appropriations as presently proposed. The appropriations included a four percent average base pay increase for State employees and teachers and resulted in a deficit balance of \$1,936,045.

Mr. Smith advised the Board that he felt that the estimated salary lapses should be increased from \$7,600,000 to \$8,200,000. The Board approved this recommendation.

Mr. Henry Mills moved that the annual salary of solicitors should

be increased to \$25,000 but after further discussion, it was unanimously agreed that this figure should be set at \$20,000.

Governor West reported that he had received complaints from some of the Institutions of Higher Learning concerning the allocation of funds to the various Colleges and Universities as a result of the Budget and Control Board's proposed reduction of the formula to 95%. Therefore, he recommended, and the Board approved, the notifying of the Commission on Higher Education of the total amount of funds to be recommended for all of the Institutions of Higher Learning and requesting that Agency to either reaffirm its position that any reduction in the formula should be equally applied or to make recommendations as to an alternate method of allocating these funds.

A copy of the financial statement which Mr. Smith furnished to the Board members has been retained and is identified as Exhibit VI.

Mr. Smith advised that two additional matters needed Board consideration but that both involved personnel. Board members unanimously voted to continue the meeting in Executive Session.

SINKLER GIBBS SIMONS & GUÉRARD
ATTORNEYS & COUNSELLORS AT LAW
PROFESSIONAL ASSOCIATION

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUÉRARD
G. DANA SINKLER
THOMAS A. HUTCHESON
ROBERT H. HOOD
CHARLES F. AILSTOCK
M. WILLIAM YOUNGBLOOD, JR.
JOHN H. WARREN, III

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

November 28, 1973

EXHIBIT I
DEC. 7, 1973
TELEPHONE 722-3366
AREA CODE 803

Honorable Pat Smith, State Auditor
P. O. Box 11333
Columbia, S.C. 29291

Gentlemen:

The Greenville County Council has heretofore approved financing by Emery Industries, Inc. of a \$1,000,000 industrial revenue note, pursuant to Act No. 103 of the 1967 Acts and Joint Resolutions of the South Carolina General Assembly. The Greenville County petition was considered and approved by the State Budget and Control Board on October 5, 1973. Notice, as required by the Act, was published on October 17, 1973.

Subsequent to official action by the State Board and by the County Council, the prospective purchaser of the Note has agreed with the Lessee, Emery Industries, to delete the requirement of a mortgage to secure payment of the Note.

Although we are of the opinion that deletion of the mortgage will not materially affect the obligation of any party to the financing, it seemed to me appropriate to bring this changed circumstance to the attention of the State Board, and to request that the Board discuss the matter at its December 4, 1973 meeting; if the financing, as now contemplated, meets with the approval of the Board, I would appreciate a letter confirming the Board's awareness of the deletion of a mortgage requirement.

Sincerely yours,

Huger

HS:mht

1610F

EXHIBIT II
DEC 7, 1973

A RESOLUTION
APPROVING THE UNDERTAKING OF LANCASTER COUNTY TO ISSUE
\$3,300,000 LANCASTER COUNTY, SOUTH CAROLINA, POLLUTION
CONTROL FACILITIES REVENUE BONDS, SERIES 1974 (SPRINGS
MILLS, INC.) PURSUANT TO ACT NO. 156 OF 1971.

WHEREAS, the Lancaster County Board of Administrators
(the County Board), pursuant to Act No. 156 of the Acts of
the General Assembly of the State of South Carolina for the
year 1971 (the Act), has petitioned the State Budget and
Control Board of South Carolina (the State Board) seeking
the approval of the State Board to an undertaking by the
County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the
issuance of \$3,300,000 Lancaster County Pollution Control
Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.)
(the Bonds) by the County Board pursuant to the Act, the
proceeds of which will be loaned to Springs Mills, Inc., a
South Carolina corporation (the Industry) and used in order
to defray the cost of acquiring and installing air and water
pollution control facilities (the Facilities) at the Industry's
Grace textile finishing plant in Lancaster County, South
Carolina; and

WHEREAS, the County and the Industry propose to
enter into a Loan Agreement pursuant to which the Industry
will agree to make payments sufficient to provide for the
payment of the Bonds above described; and

WHEREAS, the County proposes to enter into a Trust
Indenture with a Bank yet to be named as Trustee prescribing
the terms and conditions upon which the Bonds will be issued
and pledging to the payment of the Bonds the loan repayments
to be made pursuant to the Loan Agreement; and

WHEREAS, the forms of the Loan Agreement between Lancaster County and the Industry and of the Trust Indenture will be in substantially the form used in previous financings considered by this Board;

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

1. It has been found and determined by the State Board:

A. That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct.

B. That the County Board has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action to be taken by the South Carolina Department of Health and Environmental Control in connection therewith (the Certificate of the said Department having been filed with the State Board prior to this meeting), a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Trust Indenture.

C. The financing of the Facilities by the County Board through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to eliminate, mitigate or prevent air and water pollution at the Industry's plant aforesaid.

2. On the basis of the foregoing findings the proposed undertaking of the County Board (i) to enter into the Trust Indenture and issue the Bonds; (ii) to loan the proceeds thereof to the Industry for the purpose of defraying the cost of acquiring and installing the Facilities (which will be owned by the Industry and in which the County will have no interest); and (iii) to enter into a Loan Agreement with the Industry, providing for the payment of the Bonds, which shall be payable solely from the revenues to be derived by the County under the Loan Agreement, all pursuant to the

E. [REDACTED]

Act (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking) be, and the same is hereby approved, and the County Board may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of Lancaster County shall be published in "The State", a newspaper having general circulation in Lancaster County.

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

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EXHIBIT "A"

NOTICE PURSUANT TO ACT NO. 156 OF THE
ACTS OF THE GENERAL ASSEMBLY OF THE
STATE OF SOUTH CAROLINA FOR THE YEAR
1971

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the Lancaster County Board of Administrators (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking), viz:

The issuance by the County Board of \$3,300,000 Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.) (the Bonds) pursuant to Act No. 156 of the Acts of the General Assembly of South Carolina for the year 1971 (the Act), the proceeds of which shall be loaned by Lancaster County to Springs Mills, Inc. (the Industry) and used to provide air and water pollution control facilities (the Facilities) at the Industry's Grace textile finishing plant, in Lancaster County; the execution and delivery of a Loan Agreement between Lancaster County and the Industry, pursuant to which the Industry will unconditionally agree to make payments sufficient to repay the principal and interest on the Bonds when due; and the execution and delivery of a Trust Indenture between Lancaster County and a Bank yet to be named, as Trustee, prescribing

the terms and conditions under which the Bonds will be issued and pledging to the payment of the Bonds the loan repayments to be made pursuant to the Loan Agreement.

The Facilities to be financed with the proceeds derived from the sale of the Bonds will be owned by the Industry and the County will have no interest therein.

A draft of the said Loan Agreement and the Trust Indenture is on file at the office of the County Board, located in the Lancaster County Courthouse, Lancaster, South Carolina.

The South Carolina Department of Health and Environmental Control has issued its certificate approving the facilities as required by Act No. 156 of 1971.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of (i) the action of the Pollution Control Authority as to the necessity for and adequacy of the Facilities, and (ii) the action of the State Board in approving the said undertaking of the County Board, by action de novo instituted in the Court of Common Pleas for Lancaster County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: P. C. SMITH, Secretary

PUBLICATION DATE:

_____, 1973

E-1615

STATE OF SOUTH CAROLINA,
COUNTY OF RICHLAND.

I, P. C. SMITH, 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, John C. West, Governor of South Carolina and Chairman of the Board;

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

The Honorable John Henry Mills, Comptroller General of South Carolina;

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

The Honorable Robert James Aycok, Chairman of the House Ways and Means Committee.

That due notice of 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 11 A. M., DECEMBER 17, 1973, 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:

SEN. DENNIS

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

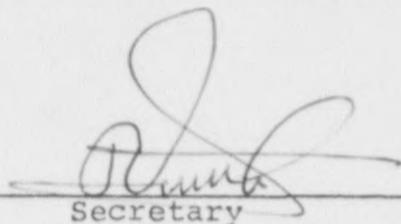
FOR MOTION

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AGAINST MOTION

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That 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.


Secretary

DECEMBER 10, 1973.

SINKLER GIBBS SIMONS & GUÉRARD
ATTORNEYS & COUNSELLORS AT LAW
PROFESSIONAL ASSOCIATION

HUGER SINKLER
CHARLES H. GIBBS
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2 PRIOLEAU STREET
CHARLESTON, S. C. 29402
POST OFFICE BOX 340

EXHIBIT II
DEC. 7, 1973
TELEPHONE 722-3366
AREA CODE 803

December 5, 1973

The Honorable P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Re: \$3,300,000 Lancaster County, South
Carolina, Pollution Control Facilities
Revenue Bonds, Series 1974 (Springs
Mills, Inc.)

Dear Mr. Smith:

Subsequent to our mailing of the proposed Resolution of the State Budget and Control Board in regard to the captioned Bond Issue, we have learned that the South Carolina Department of Health and Environmental Control has approved the project and will, prior to your meeting on Friday, December 7, 1973, file its Certificate with you. For that reason, we now enclose eight copies of a revised State Board Resolution which will not require a conditioned approval.

Thanking you for your kind consideration, I remain

Very truly yours,

Thomas A. Hutcheson
Thomas A. Hutcheson

Enclosures
TAH:jtm

1618



SPRINGS MILLS, INC.

FORT MILL, SOUTH CAROLINA 29715

J. SPRATT WHITE
Attorney

December 6, 1973

Mr. Carl Watson
Interstate Securities Corporation
12th Floor
South Carolina National Bank Building
Columbia, South Carolina

Dear Mr. Watson:

Delivered herewith by hand are duplicate originals
of each of the following:

- (a) Resolution of the Lancaster County Board entering an Interim Agreement with Springs Mills, Inc. for the financing of pollution control equipment dated November 5, 1973;
- (b) Certificate of H. J. Webb on behalf of the South Carolina Department of Health and Environment Control that the pollution control facilities are necessary and will result in the elimination, mitigation and prevention of pollution; and,
- (c) A resolution of the Lancaster County Board forwarding its Petition to the State Budget and Control Board of South Carolina pursuant to the terms of the Act.

I understand that you will have one set of these papers delivered to Pat Smith, State Auditor, who will submit them to the Budget and Control Board.

Yours very truly,

J. Spratt White

JSW:pef

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1619

TO WHOM IT MAY CONCERN:

The Lancaster County Board of Administrators and Lancaster Board of Commissions are one and the same, being the Governing Board of the county of Lancaster as that term is defined in Act No. 156 of 1971 Acts of the South Carolina General Assembly.

J. Spratt White

J. Spratt White
Attorney for Springs Mills, Inc.



1620

WHEREAS, Springs Mills, Inc., a corporation organized and existing under the laws of the State of South Carolina (the Industry) owns and operates high employment industrial facilities in Lancaster County, and

WHEREAS, the Industry has advised Lancaster County Board of Commissioners that it desires to install additional facilities to eliminate, mitigate or prevent atmospheric and water pollution, which have been necessitated to meet more stringent Federal regulations relating to discharges from industrial facilities, and has requested Lancaster County Board of Commissioners to exercise powers vested in it by Act 156 of the Acts of the General Assembly of South Carolina for the year 1971 (the Act) and make provision for the issuance of Lancaster County Pollution Control Facilities Revenue Bonds (Springs Mills, Inc.) whose proceeds would be made available to the Industry for the payment of costs and expenses incurred for such purposes, and

WHEREAS, after due consideration Lancaster County Board of Commissioners had determined to grant such assistance and to that end has agreed to enter into a contract with the Industry making provision for the issuance of bonds pursuant to the Act.

NOW, THEREFORE, BE IT RESOLVED by Lancaster County Board of Commissioners in meeting duly assembled:

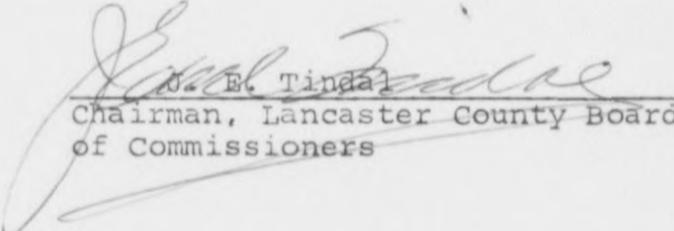
1. That Lancaster County shall issue its Lancaster County Pollution Control Facilities Revenue Bonds (Springs Mills, Inc.) in such amount up to \$3,300,000 as may prove necessary to finance pollution control facilities for the Industry for its Lancaster County industrial facilities.

2. That an agreement to that effect in substantially the form presented to this meeting (and attached hereto) shall be executed and delivered on behalf of Lancaster County by the Chairman of the Board of Commissioners under the seal of Lancaster County, the same to be duly attested by the Secretary of the Lancaster County Board of Commissioners.

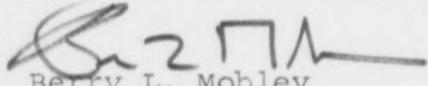
3. Resolved further that the Lancaster County Board of Commissioners and its duly elected officers, shall take any and all further action as may become necessary to effectuate the action herewith taken.

Done in meeting duly assembled this 5th day of November, 1973.

[SEAL]


J. B. Tindal
Chairman, Lancaster County Board
of Commissioners

Attest:


Berry L. Mobley
Secretary, Lancaster County
Board of Commissioners

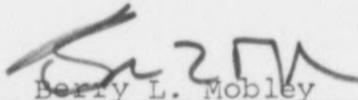
STATE OF SOUTH CAROLINA)
)
COUNTY OF LANCASTER)

I, the undersigned, Secretary of Lancaster County Board of Commissioners, State and County aforesaid, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a Resolution adopted by said Board of Commissioners at a meeting duly called and regularly held on the 5th day of November, 1973, at which the following J. Earl Tindal, Chairman; J. Erskine Thompson, Vice Chairman; Berry L. Mobley, Secretary; Robert G. Kennington, Robert H. Kirk, Jr., Robert L. Mobley and Walter W. Rollins, Members, _____, constituting all/a majority of the members of said Board of Commissioners were present, and voted unanimously in favor of the adoption of said Resolution.

That the original of said Resolution is duly entered in the permanent records of minutes of meetings of said Board of Commissioners in my custody as such Secretary.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of Lancaster County Board of Commissioners, this 5th day of November, A. D., 1973.



Berry L. Mobley
Secretary

[SEAL]



1623

INTERIM AGREEMENT

THIS AGREEMENT, made and entered into by and between LANCASTER COUNTY (the "County"), a body politic and corporate, and a political subdivision of the State of South Carolina, acting by and through its governing body as duly established by law, and SPRINGS MILLS, INC. (the "Industry"), a corporation organized and existing under the laws of the State of South Carolina, duly qualified to conduct business in the State of South Carolina.

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

Section 1.01

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

1. 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 Act No. 156 enacted at the 1971 Session of the General Assembly of South Carolina, and approved by the Governor of South Carolina on the 31st day of March 1971 (the "Acts"), to finance the acquisition of Pollution Control Facilities (as defined in the Act) by the Industry.

2. The Industry owns and operates in the County high employment industrial facilities from the processes whereof originate atmospheric pollutants and waterborne waste.

3. For many years, the Industry has consistently undertake to mitigate water and atmospheric pollution resulting from

its operations, and is in compliance with all existing State and Federal rules and regulations.

4. As of this date, the Industry proposes additional pollution control facilities as outlined in Appendix "A" which will meet the requirements of new Federal regulations relating to discharges from industrial facilities.

5. The cost of construction of the new facilities and related costs allowed to be paid from the proceeds of the bond issue by Act No. 156 is presently estimated to be approximately \$3,300,000.

6. The County has agreed to cooperate with and to assist the Industry in providing the means of funding the aforesaid water and air pollution control facilities by and through the issuance and sale of revenue bonds pursuant to the Act, the proceeds whereof would be applied to defray the cost of the acquisition and installation of such water and air pollution control facilities.

7. On the basis of the facts above recited, the County is minded to enter into this Interim Agreement in order that the Industry may proceed with the acquisition and construction of the required Pollution Control Facilities.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

Section 2.01

The County shall forthwith authorize the issuance of its Lancaster County, South Carolina, Pollution Control Facility Revenue Bonds, Series 1973 (Springs Mills, Inc.) in the aggregate amount of \$3,300,000. Such bonds shall be issued either as a single issue or from time to time as several issues.

Section 2.02

The County will permit the Industry to attempt to market the bonds for the County, and if successful marketing arrangements can be made agreeable to the County and to the Industry, the County will adopt such proceedings as are or may be necessary, desirable or expedient, for the making of an appropriate agreement as provided and described in Section 2.05 hereof and for the issuance and securing of the bonds.

Section 2.03

If the bonds shall be sold, the County will provide that the proceeds thereof shall be applied to the payment of all costs, fees and expenses theretofore, and thereafter to be, incurred either by the County and/or the Industry in the acquisition and construction of the Pollution Control Facilities including all costs incidental thereto including the capitalization of interest on the Bonds to the extent permitted by the Act.

Section 2.04

Prior to the issuance of the Bonds aforesaid, the County will enter into an Indenture with a bank to be selected and approved by the Industry to serve as Trustee, pursuant to which Indenture the bonds shall be issued. Such Indenture shall be in a form satisfactory to the County, to the Industry and to the trustee bank.

Section 2.05

Simultaneously with the issuance of the Bonds aforesaid, the County will enter into an agreement with the Industry (the "Agreement"). Under the terms of the Agreement the County will make available to the Industry the net proceeds of the Bonds in order that the Industry may pay for and acquire the Pollution Control Facilities, and the Industry, for its part, will agree to provide and pay to the County all sums required to pay the principal, interest and premium, if any, on the said Bonds, as

and when the same become due and payable, together with any and all costs, fees or expenses which have been or may thereafter be incurred by the County in the performance of its obligations under the Agreement, to the end that the undertakings of the County will not result in any cost or charge against the County in any way.

Section 2.06

The County will perform such other acts and adopt such further proceedings and enter into such additional engagements and agreements as may be required faithfully to implement its undertakings as herein described, and if requested by the Industry, will make application to the Internal Revenue Service for such Tax Ruling, if any, as may be necessary in the opinion of the Industry. To that end, the Chairman of the County Council is authorized to execute Internal Revenue Service Power of Attorney form, naming therein, to act in the matter, counsel selected by the Industry for such purpose.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE INDUSTRY

Section 3.01

The Industry covenants and agrees forthwith to make all necessary arrangements to attempt to market the bonds on behalf of the County to the extent required to finance the acquisition and construction of the Pollution Control Facilities.

Section 3.02

If the contemplated bonds can be sold on terms satisfactory to it,

(a) the Industry will enter into the Agreement with the County referred to in Section 2.05 hereof, under the terms of which it will obligate itself to pay to or for the account of the

County all sums required to pay any and all costs, fees and expenses incident to the issuance of the bonds, the establishment of any and all reserves or sinking funds therefor, and the payment of the principal, interest and premium, if any, on the bonds as and when the same become due and payable;

(b) the Industry will indemnify and hold harmless the County from and against all pecuniary liability of any kind or nature whatsoever and irrevocably binds itself to reimburse the County for all costs and expenses to which the County may become liable or which it may incur in the fulfillment of the County's obligations under this Agreement and under the terms and provisions of the Agreement; and

(c) the Industry will perform such further and additional acts, enter into such engagements and agreements, and adopt such further proceedings as may be necessary, advisable or expedient faithfully to implement its undertakings and obligations hereunder and under this Agreement.

Section 3.03

Should the program herein described fail for any reason to materialize or to be successfully completed, the Industry agrees to indemnify and hold harmless the County from and against any and all reasonable expenses incurred by the County up to the time that the program aforesaid is terminated.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01

All obligations and commitments of the County under this Agreement and specifically under ARTICLE II hereof are contingent upon and subject expressly to the condition that nothing contained in this Agreement or in the Agreement referred

to in Section 2.05 hereof is intended, nor shall it be construed, as constituting or giving rise to any pecuniary liability whatsoever of or against the County, nor shall it constitute any charge or liability against the County's general credit or taxing powers.

Section 4.02

All undertakings, obligations and commitments of the County and/or the Industry hereunder are expressly contingent upon, and subject to the expressed condition that the County and the Industry shall and will finally agree on mutually acceptable terms and conditions of all documents, agreements, and undertakings, including the Agreement referred to in Section 2.05, the execution and delivery whereof are contemplated by or provided for herein.

Section 4.03

It is the intention of the parties hereto that this Agreement shall constitute official action on the part of the County within the meaning of the applicable regulations of the Internal Revenue Service relating to the issuance of pollution control facilities revenue bonds.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement as of November 5th, 1973, but on the respective dates indicated below each.

LANCASTER COUNTY, SOUTH CAROLINA

BY: J. E. Tindal
Chairman, Lancaster County Board
of Commissioners, Lancaster, South
Carolina

[SEAL]

Attest:

Berry L. Mobley
Secretary, Lancaster County Board
of Commissioners, Lancaster, South
Carolina

Dated November 5, 1973.

1625

SPRINGS MILLS, INC.

[SEAL]

BY: *C. F. Horton*

ITS: Executive Vice President

DATED: November 5, 1973.



EXHIBIT "A"

PROJECT I

This project covers upgrading the present waste treatment plant which treats waste from Grace textile finishing plant, the Customer Service Center, the Marketing Materials Department, and approximately fifty houses in the Grace Avenue area. The level of treatment must be raised from an 80-percent BOD removal to 96 percent removal. This means the removal of BOD from approximately 100,000 pounds per day in the influent to 4,374 pounds per day in the waste discharge. Suspended solids must be reduced to 5,832 pounds per day. The facilities necessary to accomplish this are:

1. Increased aeration by a factor of 2.
2. An additional clarifier.
3. An equalization basin.
4. A polishing pond.
5. A diffusion pipe to distribute the treated waste as it discharges through ports from a pipe installed on the bottom of the impounded reservoir into which the treated waste discharges.
6. Sludge disposal system.

The present plant consists of:

- (2) Aeration Basins, each having aerators totaling 600 hp.
- (2) 90-foot Clarifiers and a Sludge Return Pumping System.

The activated-sludge process consists of aeration, clarification, with settled sludge being returned to mix with incoming waste.

This expansion is projected through orders from the EPA and SC Department of Health and Environmental Control. It is covered under Permit No. SC-0003255 and must be operational by July 1, 1975.

EXHIBIT "A"

PROJECT II

This project will consist of the purchase and installation of air pollution control devices to collect the particulate matter (flyash) resulting from operation of four (4) coal-fired boilers, two of which produce 150,000 lbs. of steam per hour and two with 200,000-lbs/hour capacity. Steam generated from three of these boilers is used for two purposes -- power generation and for process steam used in textile finishing.

The precipitators consist of electrically charged wires spaced between steel plates. The flow of discharge gases containing particulates pass through cyclone dust collector and then through the passageways between the wires and plates. The wires carry a heavy electrical charge, which induces an opposite charge on the plates. This causes the particulate matter to accept a charge and are attracted to the plates where through a periodic rapping of the plates the particulates are dislodged and fall into a precipitator hopper. It falls from the hopper into water which is pumped as a light slurry to a disposal pond. Grace steam plant is acting under orders issued on February 15, 1973, to reduce the discharge of particulates to an acceptable level by July 1, 1974.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

CERTIFICATE

WHEREAS, Springs Mills, Inc., a South Carolina Corporation (the Company) proposed to construct and install certain air pollution control facilities and wastewater treatment facilities being more particular described on the attached Exhibit A at its textile finishing plant in Lancaster County, South Carolina; and

WHEREAS, the South Carolina Department of Health and Environmental Control became vested as of July 1, 1973, with all of the functions, powers and duties provided by law to the Pollution Control Authority of South Carolina; and

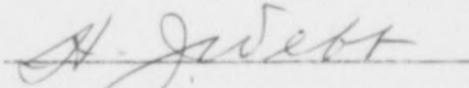
WHEREAS, the Company proposes to finance the aforesaid air pollution control facilities and wastewater treatment facilities from the proceeds of pollution control revenue bonds to be issued by Lancaster County in accordance with the provisions of Act No. 156 of 1971 and, in that connection, has requested the certification hereinafter set forth,

NOW, THEREFORE THIS IS TO CERTIFY that on behalf of the South Carolina Department of Health and Environmental Control that the air pollution control facilities and wastewater treatment facilities described on the attached exhibit "A" (I) are necessary and (II) that the design thereof will result in the elimination, mitigation and prevention of air and water pollution.

DONE at Columbia, South Carolina, this 5 day of December, A. D. 1973.

SOUTH CAROLINA DEPARTMENT OF HEALTH
AND ENVIRONMENTAL CONTROL

BY:



Its Assistant to the Commissioner
for Environmental Affairs



EXHIBIT "A"

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1. Increased aeration by a factor of 2.
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5. A diffusion pipe to distribute the treated waste as it discharges through ports from a pipe installed on the bottom of the impounded reservoir into which the treated waste discharges.
6. Sludge disposal system.

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A RESOLUTION

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF WATER AND AIR POLLUTION CONTROL FACILITIES IN LANCASTER COUNTY BY SPRINGS MILLS, INC. THROUGH THE ISSUANCE OF THREE MILLION THREE HUNDRED THOUSAND DOLLARS (\$3,300,000) OF LANCASTER COUNTY, SOUTH CAROLINA, POLLUTION CONTROL FACILITIES REVENUE BONDS, SERIES 1974 (SPRINGS MILLS, INC.); AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution, the Lancaster County Board of Administrators (the County Board) has made the following findings:

1. Springs Mills, Inc., a South Carolina corporation (the Industry), and the County Board have heretofore agreed that the County Board would undertake to finance the acquisition, construction and installation of new air and water pollution control facilities (the Facilities) to be owned by the Industry at the Industry's Grace textile finishing plant in Lancaster County, at an estimated cost of \$3,300,000, through the issuance of Lancaster County Pollution Control Facilities Revenue Bonds pursuant to the authorization of Act No. 156 of the 1971 Acts of the South Carolina General Assembly (the Act). The Industry has now advised the County Board that the cost of the Facilities will be \$3,300,000, including the costs incident to the issuance of the Bonds hereinafter described. The County Board adopts this Resolution to evidence its approval of the issuance of \$3,300,000 Lancaster County Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.) (the Bonds) to finance the Facilities and to authorize a petition to the State Budget and Control Board (the State Board) setting forth the facts required by Section 14 of the Act.



2. The County Board has determined that the Facilities are necessary and that the issuance of the Bonds to finance the Facilities will not give rise to any pecuniary liability of Lancaster County or a charge against its general credit or taxing power; and that the Bonds shall be payable solely out of the moneys to be derived by the County pursuant to the Loan Agreement hereinafter described.

3. The amount necessary to finance the Facilities is Three Million Three Hundred Thousand Dollars (\$3,300,000).

4. The proceeds derived from the sale of the Bonds will be loaned by the County to the Industry, and the Industry has submitted to the County Board an outline of the proposed Loan Agreement, under which the Industry will agree to repay such loan by making payments in the amount necessary to provide the annual payments of principal and interest on the Bonds as the same become due.

5. In the Loan Agreement the Industry will agree to effect the completion of the Facilities if the proceeds of the Bonds prove insufficient and the Industry will further obligate itself to make payments which shall be sufficient to pay the principal of and interest on the Bonds as they become due and payable, the cost of maintaining the Facilities in good repair, and the cost of keeping the Facilities properly insured. The Loan Agreement, as permitted by the Act, will provide that the Facilities shall be the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

6. The Bonds will be issued pursuant to a Trust Indenture (the Indenture) between Lancaster County and First Union National Bank of North Carolina as Trustee (the Trustee), prescribing the terms and conditions of the Bonds

and the security therefor. The Bonds will be dated January 1, 1974, as more fully set forth in the Indenture and will bear interest at the rate of 5 3/4% per annum and will mature in accordance with the following schedule:

\$150,000 in each of the years
1975 through 1988, inclusive; and

\$200,000 in each of the years
1989 through 1994, inclusive.

7. The Industry is making application to the South Carolina Department of Health and Environmental Control for a finding that the Facilities are in furtherance of the purpose of abating or controlling air and water pollution. In the event such a finding has been made by the South Carolina Department of Health and Environmental Control a certificate to that effect will be forwarded to the State Board.

8. In view of the well established credit of the Industry, it is unnecessary to establish reserve funds for the payment of principal and interest on the Bonds.

9. The Industry has advised the County Board that the Industry has arranged for the sale of the Bonds with Interstate Securities Corporation, Charlotte, North Carolina.

10. The Bonds will be issued as tax exempt Bonds pursuant to the provisions of Section 103(c)(4)(F) of the Internal Revenue Code of 1954.

NOW, THEREFORE, BE IT RESOLVED BY THE LANCASTER COUNTY BOARD, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such



basis determined to finance the Facilities above described,
and to authorize the sale of the Bonds by Lancaster County
as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached
hereto be presented to the State Board to seek the approval
required by Section 14 of the Act; and that said Petition
shall be duly executed by the Chairman of the County Board
and attested by its Clerk.

(SEAL)

Paul J. ...

 Chairman

Franklin Thompson

W. H. ...

W. H. ...

Robert ...

Robert ...

Constituting the members of the
 Lancaster County Board of
 Administrators

Bar ...

Attest:

Bar ...

 Clerk of the Lancaster County
 Board of Administrators

E- [REDACTED]

STATE OF SOUTH CAROLINA
COUNTY OF LANCASTER

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Lancaster County Board of Administrators (the County Board) pursuant to Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, and in particular Section 14 thereof, respectfully shows:

1. The County Board is the governing body of Lancaster County, and as such is the "Governing Board" of Lancaster County referred to in Act No. 156 of 1971 aforesaid (the Act).

2. The Act authorizes the County Board, subject to obtaining the approval and finding from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, required by Sections 14 and 7 of the Act, respectively, to enter into agreements with any industry to construct pollution control facilities, to enter into loan agreements with such industry prescribing the terms and conditions of the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on bonds issued pursuant to the Act; and to issue bonds for the purpose of defraying the cost of acquiring pollution control facilities.

3. The County Board has heretofore on or about November 1, 1973, agreed with Springs Mills, Inc., a South Carolina corporation (the Industry) which owns and operates its Grace textile finishing plant, in Lancaster County, South Carolina, that the County Board will

undertake to finance the acquisition and construction of air and water pollution control facilities to be installed at the said plant for the purpose of removing particulates before discharge into the atmosphere and providing secondary water treatment, with the result that the air and water pollution resulting from the operation of the said plant will be considerably reduced in compliance with the applicable statutes, rules and regulations.

4. The County Board is advised by the Industry that the cost of acquiring and installing the said air and water pollution control facilities (the Pollution Control Facilities), including the cost of issuing the bonds hereinafter described, will be \$3,300,000, and that it will therefore be necessary that the County Board issue \$3,300,000 Lancaster County Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills Inc.) (the Bonds) the proceeds of which shall be loaned to the Industry and used to defray the cost of acquiring and installing the Pollution Control Facilities.

5. The Industry has advised the County Board that the Industry is making application to the South Carolina Department of Health and Environmental Control for the finding required by Section 7 of the Act, and in that connection there will be forwarded to the State Budget and Control Board of South Carolina the finding by the Pollution Control Authority relating to the Pollution Control Facilities.

6. For the reasons set forth above and hereinafter disclosed, the County Board has found as follows:

A. The Pollution Control Facilities will result in the elimination, mitigation and prevention of air and water pollution resulting from

the operation of the Industry's Grace textile finishing plant in Lancaster County, South Carolina, and the financing of the Pollution Control Facilities will serve the purposes of the Act.

B. By reason of the financing of the Pollution Control Facilities no pecuniary liability will result to the County nor will there be any charge against the County's general credit or taxing power.

C. The Loan Agreement to be entered into between the County and the Industry will contain a covenant obligating the Industry to effect the completion of the Pollution Control Facilities if the proceeds of the Bonds prove insufficient, and further obligating the Industry (a) to pay the principal of and interest on the Bonds; and (b) to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured. In view of the well established credit of the Industry, there is no need to establish and maintain any reserves in connection with the issuance of the Bonds.

D. The Loan Agreement will further provide, as permitted by the Act, that the Pollution Control Facilities will be owned by the Industry upon the acquisition thereof, and the County shall have no interest therein.

E. The principal, interest and premium, if any, on the Bonds shall be secured by a pledge of the revenues payable to the County pursuant to the Loan Agreement, and neither the Bonds nor any coupons attached thereto shall ever constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation, nor ever constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

A. The Pollution Control Facilities to be financed out of the proceeds of the Bonds consist of facilities designed for the elimination, mitigation and prevention of air and water pollution at the Industry's plant above described.

B. Pursuant to the request of the Industry, the Pollution Control Authority has issued permits for the Pollution Control Facilities.

C. The cost of the Pollution Control Facilities is \$3,300,000, including acquisition and installation costs, financing costs, and all other expenses to be incurred in connection therewith and in connection with the issuance of the Bonds.

D. The proposed Loan Agreement will provide in general:

(a) To finance the cost of the acquisition and installation of the Pollution Control Facilities, the County will issue \$3,300,000 of Bonds which will be secured by a pledge of the payments to be made by the Industry pursuant to a Loan Agreement, and will be issued pursuant to a Trust Indenture, as authorized by Section 5 of the Act, between the County and First Union National Bank of North Carolina, as Trustee.

(b) Proceeds derived from the sale of the Bonds will be deposited with the Trustee under the said Trust Indenture and will be applied solely for the payment of the costs incident to the acquisition and installation of the Pollution Control Facilities (including the repayment to the Industry of any loans incurred or advances made for such purpose) and the issuance of the Bonds.

(c) Under the terms of the Loan Agreement, the Industry will obligate itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bonds prove insufficient, to pay the amount necessary to meet the payments of principal and interest and premium, if any, on the Bonds as the same become due, and to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured.

(d) As permitted by the Act, the Loan Agreement will provide that the Pollution Control Facilities shall become the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

(e) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

8. The proposed Trust Indenture will be in conventional form and will prescribe the terms and conditions upon which the Bonds will be issued. The Trust Indenture will make provision of the issuance initially of the Bonds in the amount of \$3,300,000 pursuant thereto. It will provide for the payment and redemption of the Bonds, the establishment of a Bond Fund in which the proceeds of the payments made by the Industry pursuant to the Loan Agreement are placed, and for the use of the said fund for the payment of the Bonds. The Trust

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Indenture will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

9. It is the intent of the County Board that the Loan Agreement and Trust Indenture shall be finally executed and delivered in substantially the form of those documents to be forwarded to the Budget and Control Board, and, although changes may be made in the forms, it is not expected that there will be any changes which will substantially affect the undertaking of the County as now outlined herein.

Upon the basis of the foregoing, the County Board respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents enclosed herewith above described, and that the State Board do as soon as practical make such investigation as it deems advisable, and that if it finds that the Pollution Control Facilities are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bonds pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County, and give published notice of its approval in the manner set forth in Section 14 of the Act.

December 3, 1973

Respectfully submitted,

LANCASTER COUNTY, SOUTH CAROLINA

(SEAL)

By Paul J. [Signature]
Chairman of the Lancaster County
Board of Administrators

Attest:

[Signature]
Clerk of the Lancaster County
Board of Administrators

WHEREAS, Springs Mills, Inc., a corporation organized and existing under the laws of the State of South Carolina (the Industry) owns and operates high employment industrial facilities in Lancaster County, and

WHEREAS, the Industry has advised Lancaster County Board of Commissioners that it desires to install additional facilities to eliminate, mitigate or prevent atmospheric and water pollution, which have been necessitated to meet more stringent Federal regulations relating to discharges from industrial facilities, and has requested Lancaster County Board of Commissioners to exercise powers vested in it by Act 156 of the Acts of the General Assembly of South Carolina for the year 1971 (the Act) and make provision for the issuance of Lancaster County Pollution Control Facilities Revenue Bonds (Springs Mills, Inc.) whose proceeds would be made available to the Industry for the payment of costs and expenses incurred for such purposes, and

WHEREAS, after due consideration Lancaster County Board of Commissioners had determined to grant such assistance and to that end has agreed to enter into a contract with the Industry making provision for the issuance of bonds pursuant to the Act.

NOW, THEREFORE, BE IT RESOLVED by Lancaster County Board of Commissioners in meeting duly assembled:

1. That Lancaster County shall issue its Lancaster County Pollution Control Facilities Revenue Bonds (Springs Mills, Inc.) in such amount up to \$3,300,000 as may prove necessary to finance pollution control facilities for the Industry for its Lancaster County industrial facilities.

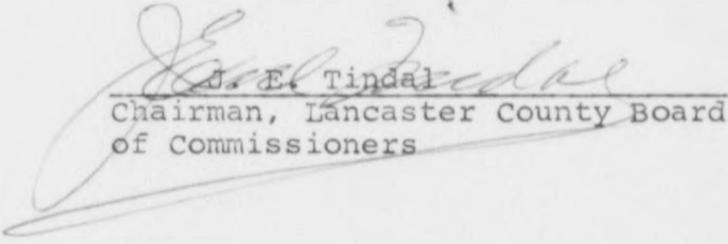


2. That an agreement to that effect in substantially the form presented to this meeting (and attached hereto) shall be executed and delivered on behalf of Lancaster County by the Chairman of the Board of Commissioners under the seal of Lancaster County, the same to be duly attested by the Secretary of the Lancaster County Board of Commissioners.

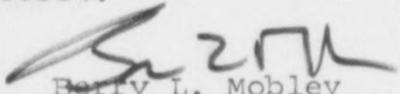
3. Resolved further that the Lancaster County Board of Commissioners and its duly elected officers, shall take any and all further action as may become necessary to effectuate the action herewith taken.

Done in meeting duly assembled this 5th day of November, 1973.

[SEAL]


J. E. Tindal
Chairman, Lancaster County Board
of Commissioners

Attest:


Berry L. Mobley
Secretary, Lancaster County
Board of Commissioners

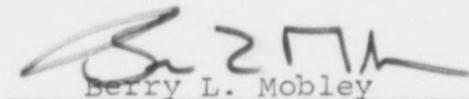
STATE OF SOUTH CAROLINA)
)
COUNTY OF LANCASTER)

I, the undersigned, Secretary of Lancaster County Board of Commissioners, State and County aforesaid, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a Resolution adopted by said Board of Commissioners at a meeting duly called and regularly held on the 5TH day of November, 1973, at which the following J. Earl Tindal, Chairman; J. Erskine Thompson, Vice Chairman; Berry L. Mobley, Secretary; Robert G. Kennington, Robert H. Kirk, Jr., Robert L. Mobley and Walter W. Rollins, Members, _____, constituting all/a majority of the members of said Board of Commissioners were present, and voted unanimously in favor of the adoption of said Resolution.

That the original of said Resolution is duly entered in the permanent records of minutes of meetings of said Board of Commissioners in my custody as such Secretary.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of Lancaster County Board of Commissioners, this 5TH day of November, A. D., 1973.


Berry L. Mobley
Secretary

[SEAL]

INTERIM AGREEMENT

THIS AGREEMENT, made and entered into by and between LANCASTER COUNTY (the "County"), a body politic and corporate, and a political subdivision of the State of South Carolina, acting by and through its governing body as duly established by law, and SPRINGS MILLS, INC. (the "Industry"), a corporation organized and existing under the laws of the State of South Carolina, duly qualified to conduct business in the State of South Carolina.

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

Section 1.01

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

1. 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 Act No. 156 enacted at the 1971 Session of the General Assembly of South Carolina, and approved by the Governor of South Carolina on the 31st day of March 1971 (the "Acts"), to finance the acquisition of Pollution Control Facilities (as defined in the Act) by the Industry.

2. The Industry owns and operates in the County high employment industrial facilities from the processes whereof originate atmospheric pollutants and waterborne waste.

3. For many years, the Industry has consistently undertake to mitigate water and atmospheric pollution resulting from

its operations, and is in compliance with all existing State and Federal rules and regulations.

4. As of this date, the Industry proposes additional pollution control facilities as outlined in Appendix "A" which will meet the requirements of new Federal regulations relating to discharges from industrial facilities.

5. The cost of construction of the new facilities and related costs allowed to be paid from the proceeds of the bond issue by Act No. 156 is presently estimated to be approximately \$3,300,000.

6. The County has agreed to cooperate with and to assist the Industry in providing the means of funding the aforesaid water and air pollution control facilities by and through the issuance and sale of revenue bonds pursuant to the Act, the proceeds whereof would be applied to defray the cost of the acquisition and installation of such water and air pollution control facilities.

7. On the basis of the facts above recited, the County is minded to enter into this Interim Agreement in order that the Industry may proceed with the acquisition and construction of the required Pollution Control Facilities.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

Section 2.01

The County shall forthwith authorize the issuance of its Lancaster County, South Carolina, Pollution Control Facility Revenue Bonds, Series 1973 (Springs Mills, Inc.) in the aggregate amount of \$3,300,000. Such bonds shall be issued either as a single issue or from time to time as several issues.

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Section 2.02

The County will permit the Industry to attempt to market the bonds for the County, and if successful marketing arrangements can be made agreeable to the County and to the Industry, the County will adopt such proceedings as are or may be necessary, desirable or expedient, for the making of an appropriate agreement as provided and described in Section 2.05 hereof and for the issuance and securing of the bonds.

Section 2.03

If the bonds shall be sold, the County will provide that the proceeds thereof shall be applied to the payment of all costs, fees and expenses theretofore, and thereafter to be, incurred either by the County and/or the Industry in the acquisition and construction of the Pollution Control Facilities including all costs incidental thereto including the capitalization of interest on the Bonds to the extent permitted by the Act.

Section 2.04

Prior to the issuance of the Bonds aforesaid, the County will enter into an Indenture with a bank to be selected and approved by the Industry to serve as Trustee, pursuant to which Indenture the bonds shall be issued. Such Indenture shall be in a form satisfactory to the County, to the Industry and to the trustee bank.

Section 2.05

Simultaneously with the issuance of the Bonds aforesaid, the County will enter into an agreement with the Industry (the "Agreement"). Under the terms of the Agreement the County will make available to the Industry the net proceeds of the Bonds in order that the Industry may pay for and acquire the Pollution Control Facilities, and the Industry, for its part, will agree to provide and pay to the County all sums required to pay the principal, interest and premium, if any, on the said Bonds, as

and when the same become due and payable, together with any and all costs, fees or expenses which have been or may thereafter be incurred by the County in the performance of its obligations under the Agreement, to the end that the undertakings of the County will not result in any cost or charge against the County in any way.

Section 2.06

The County will perform such other acts and adopt such further proceedings and enter into such additional engagements and agreements as may be required faithfully to implement its undertakings as herein described, and if requested by the Industry, will make application to the Internal Revenue Service for such Tax Ruling, if any, as may be necessary in the opinion of the Industry. To that end, the Chairman of the County Council is authorized to execute Internal Revenue Service Power of Attorney form, naming therein, to act in the matter, counsel selected by the Industry for such purpose.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE INDUSTRY

Section 3.01

The Industry covenants and agrees forthwith to make all necessary arrangements to attempt to market the bonds on behalf of the County to the extent required to finance the acquisition and construction of the Pollution Control Facilities.

Section 3.02

If the contemplated bonds can be sold on terms satisfactory to it,

(a) the Industry will enter into the Agreement with the County referred to in Section 2.05 hereof, under the terms of which it will obligate itself to pay to or for the account of the

County all sums required to pay any and all costs, fees and expenses incident to the issuance of the bonds, the establishment of any and all reserves or sinking funds therefor, and the payment of the principal, interest and premium, if any, on the bonds as and when the same become due and payable;

(b) the Industry will indemnify and hold harmless the County from and against all pecuniary liability of any kind or nature whatsoever and irrevocably binds itself to reimburse the County for all costs and expenses to which the County may become liable or which it may incur in the fulfillment of the County's obligations under this Agreement and under the terms and provisions of the Agreement; and

(c) the Industry will perform such further and additional acts, enter into such engagements and agreements, and adopt such further proceedings as may be necessary, advisable or expedient faithfully to implement its undertakings and obligations hereunder and under this Agreement.

Section 3.03

Should the program herein described fail for any reason to materialize or to be successfully completed, the Industry agrees to indemnify and hold harmless the County from and against any and all reasonable expenses incurred by the County up to the time that the program aforesaid is terminated.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01

All obligations and commitments of the County under this Agreement and specifically under ARTICLE II hereof are contingent upon and subject expressly to the condition that nothing contained in this Agreement or in the Agreement referred

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to in Section 2.05 hereof is intended, nor shall it be construed, as constituting or giving rise to any pecuniary liability whatsoever of or against the County, nor shall it constitute any charge or liability against the County's general credit or taxing powers.

Section 4.02

All undertakings, obligations and commitments of the County and/or the Industry hereunder are expressly contingent upon, and subject to the expressed condition that the County and the Industry shall and will finally agree on mutually acceptable terms and conditions of all documents, agreements, and undertakings, including the Agreement referred to in Section 2.05, the execution and delivery whereof are contemplated by or provided for herein.

Section 4.03

It is the intention of the parties hereto that this Agreement shall constitute official action on the part of the County within the meaning of the applicable regulations of the Internal Revenue Service relating to the issuance of pollution control facilities revenue bonds.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement as of November 5th, 1973, but on the respective dates indicated below each.

LANCASTER COUNTY, SOUTH CAROLINA

BY: J. E. Tindal
Chairman, Lancaster County Board
of Commissioners, Lancaster, South
Carolina

[SEAL]

Attest:

Berry L. Mobley
Secretary, Lancaster County Board
of Commissioners, Lancaster, South
Carolina

Dated November 5, 1973.

SPRINGS MILLS, INC.

[SEAL]

BY: *C. F. Hosten*
ITS: Executive Vice President

DATED: November 5, 1973.

EXHIBIT "A"

PROJECT I

This project covers upgrading the present waste treatment plant which treats waste from Grace textile finishing plant, the Customer Service Center, the Marketing Materials Department, and approximately fifty houses in the Grace Avenue area. The level of treatment must be raised from an 80-percent BOD removal to 96 percent removal. This means the removal of BOD from approximately 100,000 pounds per day in the influent to 4,374 pounds per day in the waste discharge. Suspended solids must be reduced to 5,832 pounds per day. The facilities necessary to accomplish this are:

1. Increased aeration by a factor of 2.
2. An additional clarifier.
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5. A diffusion pipe to distribute the treated waste as it discharges through ports from a pipe installed on the bottom of the impounded reservoir into which the treated waste discharges.
6. Sludge disposal system.

The present plant consists of:

- (2) Aeration Basins, each having aerators totaling 600 hp.
- (2) 90-foot Clarifiers and a Sludge Return Pumping System.

The activated-sludge process consists of aeration, clarification, with settled sludge being returned to mix with incoming waste.

This expansion is projected through orders from the EPA and SC Department of Health and Environmental Control. It is covered under Permit No. SC-0003255 and must be operational by July 1, 1975.

EXHIBIT "A"

PROJECT II

This project will consist of the purchase and installation of air pollution control devices to collect the particulate matter (flyash) resulting from operation of four (4) coal-fired boilers, two of which produce 150,000 lbs. of steam per hour and two with 200,000-lbs/hour capacity. Steam generated from three of these boilers is used for two purposes -- power generation and for process steam used in textile finishing.

The precipitators consist of electrically charged wires spaced between steel plates. The flow of discharge gases containing particulates pass through cyclone dust collector and then through the passageways between the wires and plates. The wires carry a heavy electrical charge, which induces an opposite charge on the plates. This causes the particulate matter to accept a charge and are attracted to the plates where through a periodic rapping of the plates the particulates are dislodged and fall into a precipitator hopper. It falls from the hopper into water which is pumped as a light slurry to a disposal pond. Grace steam plant is acting under orders issued on February 15, 1973, to reduce the discharge of particulates to an acceptable level by July 1, 1974.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

CERTIFICATE

WHEREAS, Springs Mills, Inc., a South Carolina Corporation (the Company) proposed to construct and install certain air pollution control facilities and wastewater treatment facilities being more particular described on the attached Exhibit A at its textile finishing plant in Lancaster County, South Carolina; and

WHEREAS, the South Carolina Department of Health and Environmental Control became vested as of July 1, 1973, with all of the functions, powers and duties provided by law to the Pollution Control Authority of South Carolina; and

WHEREAS, the Company proposes to finance the aforesaid air pollution control facilities and wastewater treatment facilities from the proceeds of pollution control revenue bonds to be issued by Lancaster County in accordance with the provisions of Act No. 156 of 1971 and, in that connection, has requested the certification hereinafter set forth,

NOW, THEREFORE THIS IS TO CERTIFY that on behalf of the South Carolina Department of Health and Environmental Control that the air pollution control facilities and wastewater treatment facilities described on the attached exhibit "A" (I) are necessary and (II) that the design thereof will result in the elimination, mitigation and prevention of air and water pollution.

DONE at Columbia, South Carolina, this 5 day of December, A. D. 1973.

SOUTH CAROLINA DEPARTMENT OF HEALTH
AND ENVIRONMENTAL CONTROL

BY: *A. J. Webb*

Its Assistant to the Commissioner
for Environmental Affairs

EXHIBIT "A"

PROJECT I

This project covers upgrading the present waste treatment plant which treats waste from Grace textile finishing plant, the Customer Service Center, the Marketing Materials Department, and approximately fifty houses in the Grace Avenue area. The level of treatment must be raised from an 80-percent BOD removal to 96 percent removal. This means the removal of BOD from approximately 100,000 pounds per day in the influent to 4,374 pounds per day in the waste discharge. Suspended solids must be reduced to 5,832 pounds per day. The facilities necessary to accomplish this are:

1. Increased aeration by a factor of 2.
2. An additional clarifier.
3. An equalization basin.
4. A polishing pond.
5. A diffusion pipe to distribute the treated waste as it discharges through ports from a pipe installed on the bottom of the impounded reservoir into which the treated waste discharges.
6. Sludge disposal system.

The present plant consists of:

- (2) Aeration Basins, each having aerators totaling 600 hp.
- (2) 90-foot Clarifiers and a Sludge Return Pumping System.

The activated-sludge process consists of aeration, clarification, with settled sludge being returned to mix with incoming waste.

This expansion is projected through orders from the EPA and SC Department of Health and Environmental Control. It is covered under Permit No. SC-0003255 and must be operational by July 1, 1975.

EXHIBIT "A"

PROJECT II

This project will consist of the purchase and installation of air pollution control devices to collect the particulate matter (flyash) resulting from operation of four (4) coal-fired boilers, two of which produce 150,000 lbs. of steam per hour and two with 200,000-lbs/hour capacity. Steam generated from three of these boilers is used for two purposes -- power generation and for process steam used in textile finishing.

The precipitators consist of electrically charged wires spaced between steel plates. The flow of discharge gases containing particulates pass through cyclone dust collector and then through the passageways between the wires and plates. The wires carry a heavy electrical charge, which induces an opposite charge on the plates. This causes the particulate matter to accept a charge and are attracted to the plates where through a periodic rapping of the plates the particulates are dislodged and fall into a precipitator hopper. It falls from the hopper into water which is pumped as a light slurry to a disposal pond. Grace steam plant is acting under orders issued on February 15, 1973, to reduce the discharge of particulates to an acceptable level by July 1, 1974.

A RESOLUTION

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF WATER AND AIR POLLUTION CONTROL FACILITIES IN LANCASTER COUNTY BY SPRINGS MILLS, INC. THROUGH THE ISSUANCE OF THREE MILLION THREE HUNDRED THOUSAND DOLLARS (\$3,300,000) OF LANCASTER COUNTY, SOUTH CAROLINA, POLLUTION CONTROL FACILITIES REVENUE BONDS, SERIES 1974 (SPRINGS MILLS, INC.); AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution, the Lancaster County Board of Administrators (the County Board) has made the following findings:

1. Springs Mills, Inc., a South Carolina corporation (the Industry), and the County Board have heretofore agreed that the County Board would undertake to finance the acquisition, construction and installation of new air and water pollution control facilities (the Facilities) to be owned by the Industry at the Industry's Grace textile finishing plant in Lancaster County, at an estimated cost of \$3,300,000, through the issuance of Lancaster County Pollution Control Facilities Revenue Bonds pursuant to the authorization of Act No. 156 of the 1971 Acts of the South Carolina General Assembly (the Act). The Industry has now advised the County Board that the cost of the Facilities will be \$3,300,000, including the costs incident to the issuance of the Bonds hereinafter described. The County Board adopts this Resolution to evidence its approval of the issuance of \$3,300,000 Lancaster County Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.) (the Bonds) to finance the Facilities and to authorize a petition to the State Budget and Control Board (the State Board) setting forth the facts required by Section 14 of the Act.

2. The County Board has determined that the Facilities are necessary and that the issuance of the Bonds to finance the Facilities will not give rise to any pecuniary liability of Lancaster County or a charge against its general credit or taxing power; and that the Bonds shall be payable solely out of the moneys to be derived by the County pursuant to the Loan Agreement hereinafter described.

3. The amount necessary to finance the Facilities is Three Million Three Hundred Thousand Dollars (\$3,300,000).

4. The proceeds derived from the sale of the Bonds will be loaned by the County to the Industry, and the Industry has submitted to the County Board an outline of the proposed Loan Agreement, under which the Industry will agree to repay such loan by making payments in the amount necessary to provide the annual payments of principal and interest on the Bonds as the same become due.

5. In the Loan Agreement the Industry will agree to effect the completion of the Facilities if the proceeds of the Bonds prove insufficient and the Industry will further obligate itself to make payments which shall be sufficient to pay the principal of and interest on the Bonds as they become due and payable, the cost of maintaining the Facilities in good repair, and the cost of keeping the Facilities properly insured. The Loan Agreement, as permitted by the Act, will provide that the Facilities shall be the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

6. The Bonds will be issued pursuant to a Trust Indenture (the Indenture) between Lancaster County and First Union National Bank of North Carolina as Trustee (the Trustee), prescribing the terms and conditions of the Bonds

and the security therefor. The Bonds will be dated January 1, 1974, as more fully set forth in the Indenture and will bear interest at the rate of 5 3/4% per annum and will mature in accordance with the following schedule:

\$150,000 in each of the years
1975 through 1988, inclusive; and

\$200,000 in each of the years
1989 through 1994, inclusive.

7. The Industry is making application to the South Carolina Department of Health and Environmental Control for a finding that the Facilities are in furtherance of the purpose of abating or controlling air and water pollution. In the event such a finding has been made by the South Carolina Department of Health and Environmental Control a certificate to that effect will be forwarded to the State Board.

8. In view of the well established credit of the Industry, it is unnecessary to establish reserve funds for the payment of principal and interest on the Bonds.

9. The Industry has advised the County Board that the Industry has arranged for the sale of the Bonds with Interstate Securities Corporation, Charlotte, North Carolina.

10. The Bonds will be issued as tax exempt Bonds pursuant to the provisions of Section 103(c)(4)(F) of the Internal Revenue Code of 1954.

NOW, THEREFORE, BE IT RESOLVED BY THE LANCASTER COUNTY BOARD, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such

basis determined to finance the Facilities above described,
and to authorize the sale of the Bonds by Lancaster County
as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached
hereto be presented to the State Board to seek the approval
required by Section 14 of the Act; and that said Petition
shall be duly executed by the Chairman of the County Board
and attested by its Clerk.

(SEAL)

[Signature]

 Chairman

[Signature]

 J. Estlin Thompson

[Signature]

 W. W. G. Miller

[Signature]

 R. H. King

[Signature]

 Robert Stearns

[Signature]

 Robert H. Miller

Constituting the members of the
 Lancaster County Board of
 Administrators

[Signature]

Attest

[Signature]

 Clerk of the Lancaster County
 Board of Administrators

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the Lancaster County Board of Administrators (the County Board) pursuant to Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, and in particular Section 14 thereof, respectfully shows:

1. The County Board is the governing body of Lancaster County, and as such is the "Governing Board" of Lancaster County referred to in Act No. 156 of 1971 aforesaid (the Act).

2. The Act authorizes the County Board, subject to obtaining the approval and finding from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, required by Sections 14 and 7 of the Act, respectively, to enter into agreements with any industry to construct pollution control facilities, to enter into loan agreements with such industry prescribing the terms and conditions of the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on bonds issued pursuant to the Act; and to issue bonds for the purpose of defraying the cost of acquiring pollution control facilities.

3. The County Board has heretofore on or about November 1, 1973, agreed with Springs Mills, Inc., a South Carolina corporation (the Industry) which owns and operates its Grace textile finishing plant, in Lancaster County, South Carolina, that the County Board will

undertake to finance the acquisition and construction of air and water pollution control facilities to be installed at the said plant for the purpose of removing particulates before discharge into the atmosphere and providing secondary water treatment, with the result that the air and water pollution resulting from the operation of the said plant will be considerably reduced in compliance with the applicable statutes, rules and regulations.

4. The County Board is advised by the Industry that the cost of acquiring and installing the said air and water pollution control facilities (the Pollution Control Facilities), including the cost of issuing the bonds hereinafter described, will be \$3,300,000, and that it will therefore be necessary that the County Board issue \$3,300,000 Lancaster County Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills Inc.) (the Bonds) the proceeds of which shall be loaned to the Industry and used to defray the cost of acquiring and installing the Pollution Control Facilities.

5. The Industry has advised the County Board that the Industry is making application to the South Carolina Department of Health and Environmental Control for the finding required by Section 7 of the Act, and in that connection there will be forwarded to the State Budget and Control Board of South Carolina the finding by the Pollution Control Authority relating to the Pollution Control Facilities.

6. For the reasons set forth above and hereinafter disclosed, the County Board has found as follows:

A. The Pollution Control Facilities will result in the elimination, mitigation and prevention of air and water pollution resulting from

the operation of the Industry's Grace textile finishing plant in Lancaster County, South Carolina, and the financing of the Pollution Control Facilities will serve the purposes of the Act.

B. By reason of the financing of the Pollution Control Facilities no pecuniary liability will result to the County nor will there be any charge against the County's general credit or taxing power.

C. The Loan Agreement to be entered into between the County and the Industry will contain a covenant obligating the Industry to effect the completion of the Pollution Control Facilities if the proceeds of the Bonds prove insufficient, and further obligating the Industry (a) to pay the principal of and interest on the Bonds; and (b) to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured. In view of the well established credit of the Industry, there is no need to establish and maintain any reserves in connection with the issuance of the Bonds.

D. The Loan Agreement will further provide, as permitted by the Act, that the Pollution Control Facilities will be owned by the Industry upon the acquisition thereof, and the County shall have no interest therein.

E. The principal, interest and premium, if any, on the Bonds shall be secured by a pledge of the revenues payable to the County pursuant to the Loan Agreement, and neither the Bonds nor any coupons attached thereto shall ever constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation, nor ever constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

A. The Pollution Control Facilities to be financed out of the proceeds of the Bonds consist of facilities designed for the elimination, mitigation and prevention of air and water pollution at the Industry's plant above described.

B. Pursuant to the request of the Industry, the Pollution Control Authority has issued permits for the Pollution Control Facilities.

C. The cost of the Pollution Control Facilities is \$3,300,000, including acquisition and installation costs, financing costs, and all other expenses to be incurred in connection therewith and in connection with the issuance of the Bonds.

D. The proposed Loan Agreement will provide in general:

(a) To finance the cost of the acquisition and installation of the Pollution Control Facilities, the County will issue \$3,300,000 of Bonds which will be secured by a pledge of the payments to be made by the Industry pursuant to a Loan Agreement, and will be issued pursuant to a Trust Indenture, as authorized by Section 5 of the Act, between the County and First Union National Bank of North Carolina, as Trustee.

(b) Proceeds derived from the sale of the Bonds will be deposited with the Trustee under the said Trust Indenture and will be applied solely for the payment of the costs incident to the acquisition and installation of the Pollution Control Facilities (including the repayment to the Industry of any loans incurred or advances made for such purpose) and the issuance of the Bonds.

(c) Under the terms of the Loan Agreement, the Industry will obligate itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bonds prove insufficient, to pay the amount necessary to meet the payments of principal and interest and premium, if any, on the Bonds as the same become due, and to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured.

(d) As permitted by the Act, the Loan Agreement will provide that the Pollution Control Facilities shall become the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

(e) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

8. The proposed Trust Indenture will be in conventional form and will prescribe the terms and conditions upon which the Bonds will be issued. The Trust Indenture will make provision of the issuance initially of the Bonds in the amount of \$3,300,000 pursuant thereto. It will provide for the payment and redemption of the Bonds, the establishment of a Bond Fund in which the proceeds of the payments made by the Industry pursuant to the Loan Agreement are placed, and for the use of the said fund for the payment of the Bonds. The Trust



Indenture will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

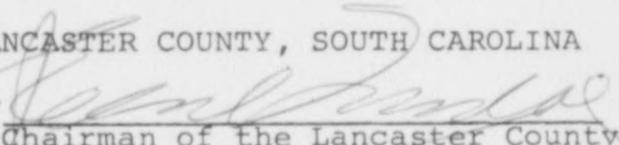
9. It is the intent of the County Board that the Loan Agreement and Trust Indenture shall be finally executed and delivered in substantially the form of those documents to be forwarded to the Budget and Control Board, and, although changes may be made in the forms, it is not expected that there will be any changes which will substantially affect the undertaking of the County as now outlined herein.

Upon the basis of the foregoing, the County Board respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents enclosed herewith above described, and that the State Board do as soon as practical make such investigation as it deems advisable, and that if it finds that the Pollution Control Facilities are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bonds pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County, and give published notice of its approval in the manner set forth in Section 14 of the Act.

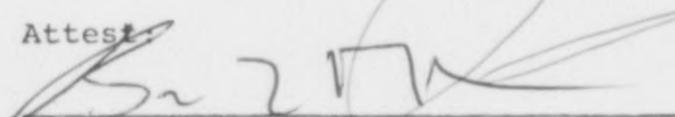
December 3, 1973

Respectfully submitted,
LANCASTER COUNTY, SOUTH CAROLINA

(SEAL)

By 
Chairman of the Lancaster County
Board of Administrators

Attest


Clerk of the Lancaster County
Board of Administrators

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A RESOLUTION
APPROVING THE UNDERTAKING OF LANCASTER COUNTY TO ISSUE
\$3,300,000 LANCASTER COUNTY, SOUTH CAROLINA, POLLUTION
CONTROL FACILITIES REVENUE BONDS, SERIES 1974 (SPRINGS
MILLS, INC.) PURSUANT TO ACT NO. 156 OF 1971.

WHEREAS, the Lancaster County Board of Administrators
(the County Board), pursuant to Act No. 156 of the Acts of
the General Assembly of the State of South Carolina for the
year 1971 (the Act), has petitioned the State Budget and
Control Board of South Carolina (the State Board) seeking
the approval of the State Board to an undertaking by the
County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the
issuance of \$3,300,000 Lancaster County Pollution Control
Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.)
(the Bonds) by the County Board pursuant to the Act, the
proceeds of which will be loaned to Springs Mills, Inc., a
South Carolina corporation (the Industry) and used in order
to defray the cost of acquiring and installing air and water
pollution control facilities (the Facilities) at the Industry's
Grace textile finishing plant in Lancaster County, South
Carolina; and

WHEREAS, the County and the Industry propose to
enter into a Loan Agreement pursuant to which the Industry
will agree to make payments sufficient to provide for the
payment of the Bonds above described; and

WHEREAS, the County proposes to enter into a Trust
Indenture with a Bank yet to be named as Trustee prescribing
the terms and conditions upon which the Bonds will be issued
and pledging to the payment of the Bonds the loan repayments
to be made pursuant to the Loan Agreement; and

WHEREAS, the forms of the Loan Agreement between Lancaster County and the Industry and of the Trust Indenture will be in substantially the form used in previous financings considered by this Board;

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

1. It has been found and determined by the State Board:

A. That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct.

B. That the County Board has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Trust Indenture.

C. The financing of the Facilities by the County Board through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to eliminate, mitigate or prevent air and water pollution at the Industry's plant aforesaid.

2. On the basis of the foregoing findings the proposed undertaking of the County Board (i) to enter into the Trust Indenture and issue the Bonds; (ii) to loan the proceeds thereof to the Industry for the purpose of defraying the cost of acquiring and installing the Facilities (which will be owned by the Industry and in which the County will have no interest); and (iii) to enter into a Loan Agreement with the Industry, providing for the payment of the Bonds, which shall be payable solely from the revenues to be derived by the County under the Loan Agreement, all pursuant to the Act (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking) be, and the same is hereby approved, and the County Board may proceed therewith.

3. Upon receipt by this Board of notice that the Facilities have been approved by the South Carolina Department of Health and Environmental Control, notice of the action taken by the State Board in giving approval to the above described undertaking of Lancaster County shall be published in "The State", a newspaper having general circulation in Lancaster County.

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

NOTICE PURSUANT TO ACT NO. 156 OF THE
ACTS OF THE GENERAL ASSEMBLY OF THE
STATE OF SOUTH CAROLINA FOR THE YEAR
1971

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the Lancaster County Board of Administrators (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking), viz:

The issuance by the County Board of \$3,300,000 Pollution Control Facilities Revenue Bonds, Series 1974 (Springs Mills, Inc.) (the Bonds) pursuant to Act No. 156 of the Acts of the General Assembly of South Carolina for the year 1971 (the Act), the proceeds of which shall be loaned by Lancaster County to Springs Mills, Inc. (the Industry) and used to provide air and water pollution control facilities (the Facilities) at the Industry's Grace textile finishing plant, in Lancaster County; the execution and delivery of a Loan Agreement between Lancaster County and the Industry, pursuant to which the Industry will unconditionally agree to make payments sufficient to repay the principal and interest on the Bonds when due; and the execution and delivery of a Trust Indenture between Lancaster County and a Bank yet to be named, as Trustee, prescribing

the terms and conditions under which the Bonds will be issued and pledging to the payment of the Bonds the loan repayments to be made pursuant to the Loan Agreement.

The Facilities to be financed with the proceeds derived from the sale of the Bonds will be owned by the Industry and the County will have no interest therein.

A draft of the said Loan Agreement and the Trust Indenture is on file at the office of the County Board, located in the Lancaster County Courthouse, Lancaster, South Carolina.

The South Carolina Department of Health and Environmental Control has issued its certificate approving the facilities as required by Act No. 156 of 1971.

NOTICE IS FURTHER GIVEN than any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of (i) the action of the Pollution Control Authority as to the necessity for and adequacy of the Facilities, and (ii) the action of the State Board in approving the said undertaking of the County Board, by action de novo instituted in the Court of Common Pleas for Lancaster County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: P. C. SMITH, Secretary

PUBLICATION DATE:

_____, 1973

STATE OF SOUTH CAROLINA,
COUNTY OF RICHLAND.

I, P. C. SMITH, 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, John C. West, Governor of South Carolina and Chairman of the Board;

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

The Honorable John Henry Mills, Comptroller General of South Carolina;

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

The Honorable Robert James Aycock, Chairman of the House Ways and Means Committee.

That due notice of 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., _____, 1973, 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 exeiption 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 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.

Secretary

, 1973.



South Carolina Department of Mental Health

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 256-9911

William S. Hall, M.D.
State Commissioner of Mental Health

October 12, 1973

The Honorable P. C. Smith
State Auditor and Secretary
State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

In response to your letter of September 19, 1973, regarding the allocation of Capital Improvement Bond Funds for the fiscal year 1973-74, serious problems have been created for the Department of Mental Health. As you know, the Department is facing the possibility of losing accreditation by the Joint Commission on Accreditation of Hospitals unless certain conditions of life safety and right to privacy and dignity is provided. Accreditation is necessary for the Department to receive Medicare Funds and this amounts to approximately \$400,000 per year.

Since Capital Improvement Bond Funds will apparently not be available during this fiscal year for approved projects not yet under contract, our Commission has approved the use of accumulated revenues of the Commission in the Special Fund Account with the State Treasurer.

Our records reveal the following conditions concerning the Account:

Paying Patient Account	\$6,535,310	7,155,488 22
Medicare Account	1,504,778	
Total		\$8,040,088
Payment due fiscal year 1973-74 (includes bonding allotted by Budget and Control Board action of September, 1973.)		1,622,579
Maximum annual debt service requirement for any succeeding year (based upon \$18,219,000 outstanding and proposed bonds, with expected increase to bond limit to \$30,000,000).		3,000,000
Remaining total funds available		3,417,509

The Honorable P. C. Smith
October 12, 1973
Page Two

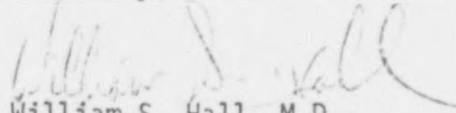
It would be greatly appreciated if you would favorably consider and seek the State Budget and Control Board's approval to use the accumulated cash funds for the Capital Improvement Projects listed below:

- | | | | |
|--|-------------|-----------|-----------|
| 1. Project #26-81
Information Center and Fire Alarm System | \$1,140,000 | 1,077,500 | 62,500 |
| 2. Campus Improvements, S. C. State Hospital
(upgrading of Thompson, Allan, Cooper,
Preston and Saunders for accreditation) | 1,350,000 | 1,350,000 | |
| 3. Campus Improvements, Crafts Farrow State
Hospital, (upgrading for accreditation) | 500,000 | 500,000 | |
| 4. Renovation and Addition to Warehouse
(total project cost for Phase I and II
\$750,000, of which \$400,000 was Capital
Improvement Bond authorized in the
1973-74 State Appropriations Act.) | 350,000 | 350,000 | |
| | | 2,927,500 | |
| | | | 350 |
| | | | 3,277,500 |

When approval is granted to use the accumulated funds for Capital Improvements, we will submit appropriate applications for a Permanent Improvement Project for the campus improvements at S. C. State Hospital and Crafts Farrow State Hospital.

Your assistance and continued interest in the Department of Mental Health is greatly appreciated.

Sincerely,



William S. Hall, M.D.,
State Commissioner of Mental Health

WSH:RBP:csc

1677

EXHIBIT IV
DEC 7, 1973

EXHIBIT IV
DEC. 7, 1973

1678

REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

December 7, 1973

<u>REQUESTING (SECONDARY) AGENCY</u>	<u>NAME OF APPLICANT AND PRESENT CLASSIFICATION</u>	<u>EMPLOYING (PRIMARY) AGENCY</u>	<u>DESCRIPTION OF EMPLOYMENT</u>	<u>AMOUNT & TERMS OF COMPENSATION</u>	<u>PRESENT SALARY</u>
1. University of South Carolina	Hubert A. Eaker Chief Psychologist	S. C. Department of Mental Health (Comm. Mental Health)	Part-time Instructor, Psychology	\$1,300, Tues & Thurs 11:00 - 12:15 A.M. Sept 4-Dec 31, 1973	\$18,919.00
2. University of South Carolina	S. Robert Young Teaching Geneticist	S. C. Department of Mental Health (Wm. S. Hall Inst.)	Teacher, Anthropology	\$1,500, Tues & Thurs 11:00 - 12:15 A.M. Jan 9-May 7, 1974	\$16,854.00
3. S. C. Department of Education	Ashriel T. Mose Dean of School	S. C. State College	Service as Committee Member for Evaluation of Teacher Education Program at Winthrop Col.	Travel & Subsistence Nov 13-14, 1973	\$24,000.00
" "	Harold Landrith Dean of School	Clemson University	(Same as Above)	(Same as Above)	\$27,000.00
" "	W. O. Corder Assoc. Professor	Clemson University	(Same as Above)	(Same as Above)	\$19,522.00
" "	Keith Berkeley Assoc. Professor	University of South Carolina	(Same as Above)	(Same as Above)	\$23,294.00
4. S. C. Department of Education	Harry P. Irwin Professor of Educ.	Lander College	Service as Committee Member for Evaluation of Teacher Education Program at Bob Jones University	Travel & Subsistence Dec 10-11, 1973	\$13,910.00
" "	James W. Potterfield Chairman, Dept. of Educ.	Francis Marion State College	(Same as Above)	(Same as Above)	\$25,727.00



REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

December 7, 1973

1679

<u>REQUESTING (SECONDARY) AGENCY</u>	<u>NAME OF APPLICANT AND PRESENT CLASSIFICATION</u>	<u>EMPLOYING (PRIMARY) AGENCY</u>	<u>DESCRIPTION OF EMPLOYMENT</u>	<u>AMOUNT & TERMS OF COMPENSATION</u>	<u>PRESENT SALARY</u>
4. S. C. Department of Education	Helen Loftis Professor, Home Economics	Winthrop College	Service as Committee Member for Evaluation of Teacher Education Program at Bob Jones University	Travel & Subsistance Dec 10-11, 1973	\$21,800.00
" "	P. I. Clifford Chairman, Dept. of Psychology	S. C. State College	(Same as Above)	(Same as Above)	\$26,400.00
" "	Bob Van Doren Professor of Music	University of South Carolina	(Same as Above)	(Same as Above)	\$26,579.00

EXHIBIT V
DEC. 7, 1973

TO: The South Carolina Budget and Control Board
FROM: Jack S. Mullins
DATE: December 6, 1973
SUBJECT: Proposed Open Enrollment for Group Insurance Program

Paragraph 2 of Schedule A in the application of the Master Group Contract provides for a reopening date under conditions that are mutually agreed upon in writing by Blue Cross-Blue Shield and the South Carolina State Budget and Control Board.

We recommend that an open enrollment date for the State group be held from January 22, 1974, to February 22, 1974.

Eligible employees and or dependents who wish to change their health insurance coverage or membership and dependent life insurance coverage may do so during the open enrollment period for an effective date of April 1, 1974. The only waiting period required will be a 270 day waiting period for maternity cases and any condition arising out of pregnancy.

Your approval is requested so that necessary materials may be printed and provided to every State employee informing them of this open enrollment period.

DEC. 7, 1973

1974-75 BUDGET

<u>Revenue</u> -- General Fund	809,292,000	
-- Revenue Sharing	<u>28,715,000</u>	
		<u>838,007,000</u>
<u>Appropriations</u>		
As proposed Nov. 26	837,852,659	
Less: Equipment items, to be appropriated directly from Surplus	<u>24,682,621</u>	
	813,170,038	
Add:		
(1) 4% (including retirement and social security) - Employees	10,190,260	
Teachers	9,935,040	
(2) Other Increases - Clemson (Public Service)	750,000	
Wildlife	750,000	
Mental Health	2,500,000	
Technical Education	1,000,000	
Health and Environ. Control	1,000,000	
Youth Services	300,000	
Public Railway Com.	285,000	
Agency Heads (Est.)	125,000	
Dept. of Education	60,000	
Deaf and Blind School	50,000	
Other (Net)	<u>(172,293)</u>	
		<u>839,943,045</u>
Balance		<u>(1,936,045)</u>

SURPLUS FUNDS

Per Statement of November 26	57,701,517
Less: Reserve	<u>25,000,000</u>
	32,701,517
Less: Equipment Items	<u>24,682,621</u>
Balance	<u>8,018,896</u>

