

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

March 11, 1997

006347

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

DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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

March 11, 1997

MEMORANDUM

TO: Budget and Control Board Office Directors
FROM: Donna Kaminer Williams **DKW**
SUBJECT: Summary of Board Actions at March 11, 1997, Meeting

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

1. Adopted the agenda as proposed;
2. Approved the minutes of the February 11, 1997, Budget and Control Board meeting;
3. Approved the following bond counsel selection as recommended by the State Treasurer's Office:
 - a. State Treasurer's Office, refunding all outstanding bonds of the SC Resources Authority (\$46,000,000) in order to achieve savings in interest costs, Nexsen, Pruet, Jacobs & Pollard.
 - b. Assignment of the following bond counsel for JEDA conduit issues:

<u>Approx. Issue</u>	<u>Borrower</u>	<u>Bond Counsel/Firm</u>	<u>Issuer's Counsel from Rotation</u>
\$9,000,000	Aluminum Ladder	K. McKinney/Haynsworth	W. Musser/ McNair
\$8,000,000	Rockland Industries	A. Lucas/Nexsen Pruet	S. Fant/Nelson Mullins
\$7,000,000	Loris Industries, LLC	W. Musser/McNair	J. Van Duys/ Sinkler Boyd
\$5,000,000	Natl. Electrical Carbon	K. McKinney/Haynsworth	A. Lucas/ Nexsen Pruet
\$3,000,000	Kravet Fabrics, Inc.	J. Van Duys/Sinkler Boyd	K. McKinney/Haynsworth
\$16,000,000	Environ. Processing Sys	M. Johnson/Sinkler Boyd	K. McKinney/Haynsworth
\$2,885,000	David E. Tate	K. McKinney/Haynsworth	S. Fant/ Nelson Mullins
\$3,000,000	Southeastern Paperboard	K. McKinney/Haynsworth	J. Van Duys/Sinkler Boyd
\$1,200,000	Carolina Cotton Works	A. Nutley/Hunton & Williams	S. Fant/Nelson Mullins

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4. Approved the following permanent improvement project establishment requests and budget revisions, contingent upon favorable review by the JBRC:
 - a. Summary 9-97: Item 4. South Carolina State University
Project: 9513, Arts and Science Building
Request: Increase budget to \$7,220,345 (add \$655,000 excess debt service and state institutional capital project funds) to cover the base bid for construction of the 56,000-square foot Arts and Science Building.
 - b. Summary 10-97: Item 1. Department of Corrections
Project: 9594, Kershaw & Turbeville 256-bed Additions
Request: Establish project and budget (\$7,000,000 appropriated state and federal funds) to construct 256-bed additions at both the Kershaw (Lancaster County) and Turbeville (Clarendon County) institutions. The additions will be medium security and cost an estimated \$3.5 million each. A federal grant for housing violent offenders has been awarded to the Department of Corrections to fund most of this project. As of January 21, 1997, the agency has a capacity shortage of 1,455 violent offender beds.
5. In accord with Section 11-35-1210, granted procurement certification to the Department of Corrections within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$100,000; construction materials and equipment, \$100,000; information technology in accordance with the approved information technology plan, \$100,000; consultants services, \$50,000; and construction services, \$50,000;
6. Approved the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:
 - (a) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across an unnamed creek leading to the Wando River
Consideration: None -- this is a minor revision to a previously-approved easement.

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- (b) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$256

- (c) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$200

- (d) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590

- (e) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590

- (f) County Location: Spartanburg
From: Budget and Control Board
To: Spartanburg Sanitary Sewer District
Description/Purpose: To install, operate, and maintain a sewer force main line across the North Tyger River
Consideration: \$1

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Summary of BCB Actions

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

- (a) County Location: Georgetown
From: Department of Parks, Recreation and Tourism
To: US Army Corps of Engineers
Description/Purpose: To grant a perpetual easement for operations and maintenance of the Murrell's Inlet Navigation Project
Consideration: None -- PRT is to provide all lands, easements, and rights-of-way in exchange for the Corps of Engineers' continuation of the project operation and maintenance.

- (b) County Location: Jasper
From: Department of Mental Health
To: Department of Disabilities and Special Needs
Description/Purpose: To convey an easement over certain portions of DMH's property for stormwater drainage.
Consideration: \$1

- (c) County Location: Jasper
From: Department of Disabilities and Special Needs
To: Department of Mental Health
Description/Purpose: To grant an easement and right-of-way for the installation of a sewer line to connect with the municipal sewer by way of a lift station and force main that the two agencies have agreed to utilize jointly.
Consideration: \$1

- (d) County Location: Jasper
From: Department of Mental Health
To: Town of Ridgeland
Description/Purpose: To convey a deed of equipment in order to provide and ensure proper sewage disposal and to operate, maintain, and repair the equipment for the benefit of the Department of Mental Health and the Department of Disabilities and Special Needs
Consideration: \$1

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8. Approved the acceptance of the following easement in accord with § 1-11-65:

County Location:	Jasper
From:	Jasper County
To:	Department of Mental Health and Department of Disabilities and Special Needs
Description/Purpose:	To convey an easement over certain portions of Jasper County's property for stormwater drainage
Consideration:	\$1

9. Approved the following grant requests as recommended by the Office of Local Government: (a) Cherokee County/Gaffney Board of Public Works, \$49,500 to assist in the cost of water line construction; and (b) Town of Elloree, \$37,900, estimated cost of water and sewer construction;

10. Adopted a resolution approving the Laurens and Greenville Counties proposal to issue not exceeding \$500,000 special source revenue bonds on behalf of the Color Resources International, Inc. project;

11. In accord with Code Section 57-5-1610, authorized the Department of Transportation to begin letting contracts for the construction of bridges prior to the anticipated \$30,000,000 state highway bond issue in the summer of 1997, contingent upon Board approval of the issuance of the bonds and the Department's receipt of the bond proceeds;

12. Adopted a resolution approving the issuance of State Institution Bonds, Series 1997B, for Clemson University in the amount of not to exceed \$8,835,000;

13. Authorized the John de la Howe School to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans;

14. Approved the following property sales in accord with Code Sections 1-11-65 and 59-3-100:
 - a. Agency: Department of Natural Resources
 - Acreage: 15.6± acres
 - Location: South of St. George, Dorchester County
 - Purpose: To dispose of surplus real property
 - Appraised Value: \$12,500
 - Sale Price/Seller: No less than \$12,500/Department of Natural Resources

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b. Agency: Department of Parks, Recreation and Tourism
Acreage: 9.4± acres, 1.288 of which are buildable
Location: South end of Garden City, Georgetown County
Purpose: To dispose of surplus real property
Appraised Value: \$700,000
Sale Price/Seller: No less than \$700,000/PRT

15. Approved the development and construction of the lodging facility at the Clemson University Continuing Education Center Complex, currently known as the Madren Center, with the Office of General Services to administer all final approvals of documents as they are finalized, contingent upon favorable review by the Joint Bond Review Committee;
16. Approved the acquisition by donation from BellSouth Telecommunications of 1.315± acres in 3 parcels and a 53,284± square foot building located at 213 Coit Street, Florence, Florence County, to be converted for use as the Allied Health Educational Facility with the property, contingent upon favorable review by the Joint Bond Review Committee;
17. Agreed to meet at 9:30 a.m. on Tuesday, April 8, 1997, in the Governor's conference room in the Wade Hampton Office Building;
18. Increased by \$65,000 the retainer limitation for R. Kent Porth, Wilburn Brewer, and others in the law firm of Nexsen, Pruet, Jacobs and Pollard, LLP, for assistance in the defense of the *Kennedy, et al. v. SCRS and the Budget and Control Board* case;
19. Authorized the College of Charleston to enter into a personnel settlement with Dr. Harold Nations; and
20. Approved an inter-agency agreement between the Board, the Office of Information Resources, and The Citadel.

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

March 11, 1997

8:30 A. M.

The Budget and Control Board met at 8:30 a.m. on Tuesday, March 11, 1997, in the Governor's conference room in the Wade Hampton Office Building, with the following members in attendance:

Governor David M. Beasley, Chairman;
Mr. Richard A. Eckstrom, State Treasurer;
Mr. Earle E. Morris, Jr., Comptroller General;
Senator John Drummond, Chairman, Senate Finance Committee;
Representative Henry E. Brown, Jr., Chairman, Ways and Means Committee.

Also attending were Executive Director Luther F. Carter; Division Directors Richard W. Kelly, Robert C. Toomey, and Stephen C. Osborne; General Counsel Joseph D. Shine; Governor's Senior Executive Assistant Nancy Wrenn; State Treasurer's Chief of Staff James Holly; Assistant Comptroller General George M. Lusk; Finance Committee Chief of Staff Robert Merritt; Ways and Means Committee Director of Research Frank Fusco; Board Secretary Donna Kaminer Williams; and other Board staff.

Adoption of Agenda

Upon a motion by Mr. Brown, seconded by Mr. Morris, the Board adopted the agenda as proposed.

Minutes of Previous Meeting

Board members previously had been furnished a draft version of the minutes of the February 11, 1997, Budget and Control Board meeting. Upon a motion by Mr. Eckstrom, seconded by Mr. Morris, the Board approved the referenced minutes as written.

Blue Agenda

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

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State Treasurer: Bond Counsel Selection (Blue Agenda #1)

The Budget and Control Board approved the following bond counsel selection as recommended by the State Treasurer's Office:

- a. State Treasurer's Office, refunding all outstanding bonds of the SC Resources Authority (\$46,000,000) in order to achieve savings in interest costs: Nexsen, Pruet, Jacobs & Pollard.
- b. Assignment of the following bond counsel for JEDA conduit issues:

<u>Approx. Issue</u>	<u>Borrower</u>	<u>Bond Counsel/Firm</u>	<u>Issuer's Counsel from Rotation</u>
\$9,000,000	Aluminum Ladder	K. McKinney/Haynsworth	W. Musser/ McNair
\$8,000,000	Rockland Industries	A. Lucas/Nexsen Pruet	S. Fant/Nelson Mullins
\$7,000,000	Loris Industries, LLC	W. Musser/McNair	J. Van Duys/ Sinkler Boyd
\$5,000,000	Natl. Electrical Carbon	K. McKinney/Haynsworth	A. Lucas/ Nexsen Pruet
\$3,000,000	Kravet Fabrics, Inc.	J. Van Duys/Sinkler Boyd	K. McKinney/Haynsworth
\$16,000,000	Environ. Processing Sys.	M. Johnson/Sinkler Boyd	K. McKinney/Haynsworth
\$2,885,000	David E. Tate	K. McKinney/Haynsworth	S. Fant/ Nelson Mullins
\$3,000,000	Southeastern Paperboard	K. McKinney/Haynsworth	J. Van Duys/Sinkler Boyd
\$1,200,000	Carolina Cotton Works	A. Nutley/Hunton & Williams	S. Fant/Nelson Mullins

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

General Services: Permanent Improvement Projects (Blue Agenda #2)

The Budget and Control Board approved the following permanent improvement project establishment requests and budget revisions, contingent upon favorable review by the JBRC:

- a. Summary 9-97: Item 4. South Carolina State University
 Project: 9513, Arts and Science Building
 Request: Increase budget to \$7,220,345 (add \$655,000 excess debt service and state institutional capital project funds) to cover the base bid for construction of the 56,000-square foot Arts and Science Building. (Additional annual operating costs included at Attachment 1 in the agenda materials.)

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- b. Summary 10-97: Item 1. Department of Corrections
Project: 9594, Kershaw & Turbeville 256-bed Additions
Request: Establish project and budget (\$7,000,000 appropriated state and federal funds) to construct 256-bed additions at both the Kershaw (Lancaster County) and Turbeville (Clarendon County) institutions. The additions will be medium security and cost an estimated \$3.5 million each. A federal grant for housing violent offenders has been awarded to the Department of Corrections to fund most of this project. As of January 21, 1997, the agency has a capacity shortage of 1,455 violent offender beds. (Additional annual operating costs included at Attachment 2 in the agenda materials.)

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

General Services: Procurement Certification, Department of Corrections (Blue Agenda #3)

The Budget and Control Board, in accord with Section 11-35-1210, granted procurement certification to the Department of Corrections within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$100,000; construction materials and equipment, \$100,000; information technology in accordance with the approved information technology plan, \$100,000; consultants services, \$50,000; and construction services, \$50,000.

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

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General Services: Easements (Blue Agenda #4)

The Budget and Control Board approved the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:

- (a) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across an unnamed creek leading to the Wando River
Consideration: None -- this is a minor revision to a previously-approved easement.

- (b) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$256

- (c) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$200

- (d) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590

- (e) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590

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- (f) County Location: Spartanburg
From: Budget and Control Board
To: Spartanburg Sanitary Sewer District
Description/Purpose: To install, operate, and maintain a sewer force main line across the North Tyger River
Consideration: \$1

The Board concurred and acquiesced in the granting of the following easements in accord with Code Section 10-1-130:

- (a) County Location: Georgetown
From: Department of Parks, Recreation and Tourism
To: US Army Corps of Engineers
Description/Purpose: To grant a perpetual easement for operations and maintenance of the Murrell's Inlet Navigation Project
Consideration: None -- PRT is to provide all lands, easements, and rights-of-way in exchange for the Corps of Engineers' continuation of the project operation and maintenance.
- (b) County Location: Jasper
From: Department of Mental Health
To: Department of Disabilities and Special Needs
Description/Purpose: To convey an easement over certain portions of DMH's property for stormwater drainage.
Consideration: \$1
- (c) County Location: Jasper
From: Department of Disabilities and Special Needs
To: Department of Mental Health
Description/Purpose: To grant an easement and right-of-way for the installation of a sewer line to connect with the municipal sewer by way of a lift station and force main that the two agencies have agreed to utilize jointly.
Consideration: \$1

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- (d) County Location: Jasper
From: Department of Mental Health
To: Town of Ridgeland
Description/Purpose: To convey a deed of equipment in order to provide and ensure proper sewage disposal and to operate, maintain, and repair the equipment for the benefit of the Department of Mental Health and the Department of Disabilities and Special Needs
Consideration: \$1

The Board approved the acceptance of the following easement in accord with § 1-11-65:

- County Location: Jasper
From: Jasper County
To: Department of Mental Health and Department of Disabilities and Special Needs
Description/Purpose: To convey an easement over certain portions of Jasper County's property for stormwater drainage
Consideration: \$1

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

Local Government: Grant Requests (Blue Agenda #5)

The Office of Local Government advised of the following grant requests:

- (a) Grantee: Cherokee County/Gaffney Board of Public Works
Grant request: \$173,319
Purpose/description: Development of a county-owned industrial park to include the cost of constructing water, sewer, and roads
Impact: Development of an industrial site
Cost of project: \$1,373,319
LG recommendation: \$49,500 to assist in the cost of water line construction

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- (b) Grantee: Town of Ellore
 Grant request: \$38,000
 Purpose/description: Extension of water and sewer lines to the new location of
 Ellore Veneer on Snider Street
 Impact: Creation of 40 new jobs; 40 jobs retained
 Cost of project: \$51,300
 LG recommendation: \$37,900, estimated cost of water and sewer construction

The Budget and Control Board approved the following grant requests as recommended by the Office of Local Government: (a) Cherokee County/Gaffney Board of Public Works, \$49,500 to assist in the cost of water line construction; and (b) Town of Ellore, \$37,900, estimated cost of water and sewer construction.

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

Executive Director: Revenue Bond Issue (Blue Agenda #6)

The Budget and Control Board adopted a resolution approving the following proposal to issue revenue bonds:

- Issuing Authority: Laurens and Greenville Counties
Amount of Issue: Not exceeding \$500,000 Special Source Revenue Bonds
Allocation Amount: -0-
Name of Project: Color Resources International, Inc.
Employment Impact: 30 employees
Project Description: Construction of new industrial facility for the purpose of
 manufacturing and distributing pigments, dyes, and textile
 chemicals

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

Department of Transportation: Contracts for Bridge Construction (Regular Session #1)

The Board was advised that the Department of Transportation Commission anticipated issuing \$80,000,000 state highway bonds for a three-year bridge replacement program according

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to the following schedule: \$20,000,000 in July of 1995; \$30,000,000 in January of 1996; and \$30,000,000 in January of 1997.

On July 11, 1995, the Board adopted a resolution authorizing the issuance of \$20,000,000 state highway bonds; the bonds were issued on August 9, 1995. On December 12, 1995, the Board adopted a resolution authorizing the issuance of \$30,000,000 state highway bonds; the bonds were issued on February 8, 1996. The Department of Transportation anticipates a third bond resolution, for inclusion on the Board's June agenda, for the issuance of \$30,000,000 state highway bonds.

The Department anticipates letting the first contracts to be paid for with the proceeds of the final bond issue in late March of 1997. The Joint Bond Review Committee gave approval to this start date for the third group of bridges on December 3, 1996.

Because of the time between the letting of contracts for the construction of these bridges and the actual cash payment for the construction of these bridges, and, pursuant to Code Section 57-5-1610, the Department requested Budget and Control Board approval to begin letting contracts for the construction of these bridges prior to the actual issuance of the bonds.

The Department expects to use interest earnings on the two previous bond issues and the bond proceeds from the final bond issue to replace at least 63 more structurally-deficient bridges in the last year of the program. The total number of bridges to be replaced by the end of the program will be at least 232 (compared to the Department's original goal of 182 bridges).

Upon a motion by Mr. Morris, seconded by Senator Drummond, the Board, in accord with Code Section 57-5-1610, authorized the Department of Transportation to begin letting contracts for the construction of bridges prior to the anticipated \$30,000,000 state highway bond issue in the summer of 1997, contingent upon Board approval of the issuance of the bonds and the Department's receipt of the bond proceeds.

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

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Clemson University: State Institution Bonds (Regular Session #2)

The Board was asked to adopt a resolution approving the issuance of State Institution Bonds, Series 1997B, for Clemson University in the amount of not to exceed \$8,835,000. The proceeds of the bonds will be used to provide a portion of the cost of construction of an approximately 110,000-square foot Student Center on the east campus of the University and renovations and improvements to Jordan Hall, including reroofing, the repair of exterior masonry surfaces, and improvements to the fume hood system, and to pay costs of issuance of the bonds.

Upon a motion by Mr. Morris, seconded by Senator Drummond, the Board adopted a resolution approving the issuance of State Institution Bonds, Series 1997B, for Clemson University in the amount of not to exceed \$8,835,000.

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

Office of State Budget: John de la Howe School Transfer (Regular Session #3)

The John de la Howe School requested authorization to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans. Personal service funding is available as a result of employee attrition.

This transfer exceeds the School's limitation of \$50,000; previous transfers out of personal service total \$50,000. The requested transfer requires Board approval under the conditions of Proviso 72.9 of the 1996-97 Appropriations Act.

Upon a motion by Senator Drummond, seconded by Mr. Morris, the Board authorized the John de la Howe School to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans.

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

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General Services: Property Sales (Regular Session #4)

General Services recommended approval of the following property sales in accord with Code Section 1-11-65 and 59-3-100:

- a. Agency: Department of Natural Resources
Acreage: 15.6± acres
Location: South of St. George, Dorchester County
Purpose: To dispose of surplus real property
Appraised Value: \$12,500
Sale Price/Seller: No less than \$12,500/Department of Natural Resources

- b. Agency: Department of Parks, Recreation and Tourism
Acreage: 9.4± acres, 1.288 of which are buildable
Location: South end of Garden City, Georgetown County
Purpose: To dispose of surplus real property
Appraised Value: \$700,000
Sale Price/Seller: No less than \$700,000/PRT

Upon a motion by Mr. Eckstrom, seconded by Senator Drummond, the Board approved the referenced property sales in accord with Code Sections 1-11-65 and 59-3-100.

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

General Services: Clemson University Continuing Education Center (Regular Session #5)

In late 1990, Clemson University issued an RFP for the development of a continuing education center, golf course, lodging facilities, and associated amenities. The CM Group was chosen to do the project and has completed all aspects except the lodging facility. The continuing education center and the golf course, Phase I, were approved by the Board on July 14, 1993. The lodging facility was deferred until a financing plan could be developed; Clemson is now seeking approval of that financing plan.

The Madren Center is owned and operated by the University. The golf course, located on land owned or leased by the State, is leased to and operated by the Clemson University Continuing Education and Conference Center Finance Corporation, a non-profit corporation

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established for the sole purpose of facilitating the development of the golf course and lodging facility portion of the complex without any financial risk to the University. The Clemson University Foundation agreed to a \$2.2 million loan guarantee to supplement private funds used to finance the construction of the golf course. Upon the satisfaction of the loans for the golf course and the lodging facility, the Finance Corporation will dissolve and the facilities will become the property of the University.

The Corporation has negotiated a financing agreement with Wachovia Bank to complete Phase II of the project for the construction of an 88-room lodging facility with 24 suites and 64 standard overnight rooms. The Corporation will borrow \$9.1 million, including \$6 million to construct the lodging facility and \$3.1 million to refinance the golf course at an improved interest rate. Collateral for the loan will be provided by the Corporation in the form of a mortgage of its lease on the lodging facility and the golf course. The University Foundation will continue to guarantee up to \$2.2 million of the loan from the bank. Revenues from the golf course and the lodging facility will be used to pay operations and debt service. The term of the loan is expected to be approximately 17 years. No state funds will be involved in the development or operation of the lodging facility or golf course. Construction of the facility will be done by the CM Group, which was chosen under the RFP to construct the Madren Center and the golf course.

The request has been approved by the Commission on Higher Education and is submitted to the Board for approval contingent upon favorable review by the Joint Bond Review Committee. The Chairman of the JBRC has indicated his approval of this project. The JBRC is scheduled to meet at 10:00 a.m. on Tuesday, March 11.

Upon a motion by Mr. Morris, seconded by Senator Drummond, the Board approved the development and construction of the lodging facility at the Clemson University Continuing Education Center Complex, currently known as the Madren Center, with the Office of General Services to administer all final approvals of documents as they are finalized, contingent upon favorable review by the Joint Bond Review Committee.

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

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General Services: Property Acquisition, Florence-Darlington Technical College (Reg. #6)

General Services recommended approval of the following property acquisition by Florence-Darlington Technical College in accord with Code Section 1-11-65, contingent upon approval by the Joint Bond Review Committee. The Chairman of the JBRC has indicated his approval of this project. The JBRC is scheduled to meet at 10:00 a.m. on Tuesday, March 11.

Acreage:	1.315± acres in 3 parcels and a 53,284± square foot building
Location:	213 Coit Street, Florence, Florence County
Purpose:	To convert the building for use as the Allied Health Educational Facility
Appraised Value:	\$515,000
Sale Price/Seller:	Donation/BellSouth Telecommunications
Project Number:	H59-9719
Environ. Study:	Approved. The building contains minor amounts of asbestos; the cost of removal is \$32,000.
Ann. Op Cost/SOF:	\$5.7 million has been included in the proposed 1997 bond bill to renovate the building and construct a parking garage on donated land adjacent to the Facility. The estimated increase in operating costs is \$400,000 for the first year of use.
Approved by:	Project is submitted for Board approval contingent upon favorable review by the Joint Bond Review Committee.

Upon a motion by Senator Drummond, seconded by Mr. Eckstrom, the Board approved the acquisition by donation from BellSouth Telecommunications of 1.315± acres in 3 parcels and a 53,284± square foot building located at 213 Coit Street, Florence, Florence County, to be converted for use as the Allied Health Educational Facility with the property, contingent upon favorable review by the Joint Bond Review Committee.

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

Future Meeting

Upon a motion by Senator Drummond, seconded by Mr. Brown, the Board agreed to meet at 9:30 a.m. on Tuesday, April 8, 1997, in the Governor's Conference Room in the State House.

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Executive Session

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

1. Retirement Division Contractual Matter (Legal Fees)
2. Human Resources Personnel Settlement (College of Charleston)
3. The Citadel Contractual Matter and Related Legal Advice

Report on Matters Discussed in Executive Session

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

(a) Retirement Division: Contractual Matter (Legal Fees) (Executive #1)

Upon a motion by Senator Drummond, seconded by Mr. Brown, the Board increased by \$65,000 the retainer limitation for R. Kent Porth, Wilburn Brewer, and others in the law firm of Nexsen, Pruet, Jacobs and Pollard, LLP, for assistance in the defense of the *Kennedy, et al. v. SCRS and the Budget and Control Board* case.

(b) Human Resources: Personnel Settlement (College of Charleston) (Exec. #2)

Upon a motion by Senator Drummond, seconded by Mr. Morris, the Board authorized the College of Charleston to enter into a personnel settlement with Dr. Harold Nations.

(c) The Citadel: Contractual Matter and Related Legal Advice (Exec. #3)

Upon a motion by Mr. Eckstrom, seconded by Mr. Morris, the Board approved an inter-agency agreement between the Board, the Office of Information Resources, and The Citadel.

006366

Minutes of Budget and Control Board Meeting
March 11, 1997 – Page 14

Adjournment

The meeting was adjourned at 9:14 a.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 3:45 pm on Wednesday, March 5, 1997.]

006367

004 219

EXHIBIT

MAR 11 1997

1

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
ITEM NUMBER 1

AGENCY: State Treasurer

SUBJECT: Bond Counsel Selection

- a. Board approval of the assignment of the following bond counsel is requested: State Treasurer's Office, refunding all outstanding bonds of the SC Resources Authority (\$46,000,000) in order to achieve savings in interest costs, Nexsen, Pruet, Jacobs & Pollard.
- b. The State Treasurer's Office has provided notification of the assignment of the following bond counsel for Jobs-Economic Development Authority conduit issues:

<i>Approx. Issue</i>	<i>Borrower</i>	<i>Bond Counsel/Firm</i>	<i>Issuer's Counsel from Rotation</i>
\$9,000,000	Aluminum Ladder	K. McKinney/Haynsworth	W. Musser/McNair
\$8,000,000	Rockland Industries	A. Lucas/Nexsen Pruet	S. Fant/Nelson Mullins
\$7,000,000	Loris Industries, LLC	W. Musser/McNair	J. Van Duys/Sinkler Boyd
\$5,000,000	Natl. Electrical Carbon	K. McKinney/Haynsworth	A. Lucas/Nexsen Pruet
\$3,000,000	Kravet Fabrics, Inc.	J. Van Duys/Sinkler Boyd	K. McKinney/Haynsworth
\$16,000,000	Environ. Processing Sys.	M. Johnson/Sinkler Boyd	K. McKinney/Haynsworth
\$2,885,000	David E. Tate	K. McKinney/Haynsworth	S. Fant/ Nelson Mullins
\$3,000,000	Southeastern Paperboard	K. McKinney/Haynsworth	J. Van Duys/Sinkler Boyd
\$1,200,000	Carolina Cotton Works	A. Nutley/Hunton & Williams	S. Fant/Nelson Mullins

BOARD ACTION REQUESTED:

Approve the referenced bond counsel selection as recommended by the State Treasurer's Office.

ATTACHMENTS:

Requests for assignment

006368

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

Rec'd
2/14/97

February 12, 1997

Mr. James M. Holly
Deputy State Treasurer
State of South Carolina Treasurer's Office
Post Office Box 11778
Columbia, South Carolina 29211

RE: APPROVAL OF ISSUER'S COUNSEL ON INDUSTRIAL REVENUE BONDS

Dear Mr. Holly:

We have selected Issuer's Counsel on the transactions which are listed on the attached notification form per JEDA's rotation schedule. We are hereby requesting the Budget & Control Board's approval of these Law Firms to serve as Issuer's Counsel on the respective bond transactions.

Also, please be advised that we have listed, per the desires of the client, the attorneys which will serve in the capacity of Bond Counsel on the various transactions.

Enclosed is the Notification of Assignment of Bond Counsel form from the B&C Board.

Please do not hesitate to call me should you have questions.

Warmest personal regards,

Handwritten signature of Elliott E. Franks, III.

Elliott E. Franks, III

EEF/skb

Enclosure

006369

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

EXHIBIT

MAR 11 1997

1

STATE BUDGET & CONTROL BOARD

March 3, 1997

Mr. James M. Holly
Deputy State Treasurer
State of South Carolina Treasurer's Office
Post Office Box 11778
Columbia, South Carolina 29211

RE: APPROVAL OF ISSUER'S COUNSEL ON INDUSTRIAL REVENUE BOND FOR
CAROLINA COTTON WORKS, INC.

Dear Mr. Holly:

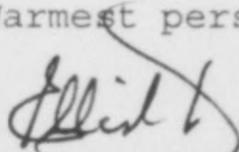
We have selected Issuer's Counsel on the transaction which is listed on the attached notification form per JEDA's rotation schedule. We are hereby requesting the Budget & Control Board's approval of this Law Firm to serve as Issuer's Counsel on the aforementioned.

Also, please be informed that we have listed, per the desires of the client, the attorney which will serve in the capacity of Bond Counsel on this transaction.

Enclosed is the Notification of Assignment of Bond Counsel form for the B&C Board.

Please do not hesitate to call me should you have questions.

Warmest personal regards,


Elliott E. Franks, III

EEF:gbs

cc: Charles Kerekes

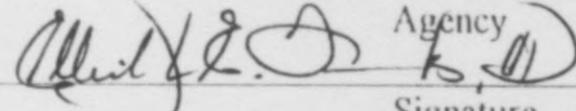
Enclosure

006370

NOTIFICATION OF ASSIGNMENT OF BOND COUNSEL
FOR JEDA / STATE HOUSING AUTHORITY CONDUIT ISSUES

TO: Richard Eckstrom, State Treasurer

FROM: SC Jobs-Economic Development Authority

SUBMITTED BY:  Agency
Signature

Chief Executive Officer (803) 737-0079 Date: 03/03/97
Title Phone

Approximate Size of Issue	Borrower	Bond Counsel Requested Name\Firm	Issuer's Counsel from Rotation Firm
1,200,000	Carolina Cotton Works, Inc.	Ashley Nutley/Hunton & Williams	Simpson Fant - Nelson Mullins

FOR STATE TREASURER'S OFFICE USE ONLY:

Request Received by State Treasurer's Office on: 3-3-97

3-3-97

Date

Reviewed by Chief of Staff or Designee

3-3-97

Date

Forwarded to The Secretary of the Budget & Control Board on:

3-3-97

Date

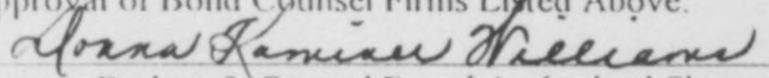
For Approval by the Budget & Control Board at its Meeting on:

3-11-97

Date


Initial

FOR BUDGET & CONTROL BOARD USE ONLY:

Approval of Bond Counsel Firms Listed Above:

Budget & Control Board Authorized Signature

3/11/97

Date

EXHIBIT

MAR 11 1997

1

STATE BUDGET & CONTROL BOARD

006371

STO/BCS

**NOTIFICATION OF ASSIGNMENT OF BOND COUNSEL
FOR JEDA / STATE HOUSING AUTHORITY CONDUIT ISSUES**

TO: Richard Eckstrom, State Treasurer

FROM: S. C. Jobs-Economic Develeopment Authority

SUBMITTED BY: Elliott E. Franko, III Agency SKB
Signature

Chief Executive Officer Title (803) 737-0079 Phone Date: 02/11/97

Approximate Size of Issue	Borrower	Bond Counsel Requested Name\Firm	Issuer's Counsel from Rotation Firm
9,000,000	Aluminum Ladder	Kathleen McKinney/Haynsworth	B. Musser - McNair
8,000,000	Rockland Industries	April Lucas/Nexsen Pruet	Simpson Fant - Nelson Mullins
7,000,000	Loris Industries, LLC	William Musser/McNair	John Van Duys - Sinkler Boyd
5,000,000	Nat'l Electrical Carbon Product	Kathleen McKinney/Haynsworth	A. Lucas - Nexsen Pruet
3,000,000	Kravet Fabrics, Inc.	John Van Duys/Sinkler Boyd	K. McKinney - Haynsworth
16,000,000	Environmental Processing Systems	Mitchell Johnson/Sinkler Boyd	K. McKinney - Haynsworth
2,885,000	David E. Tate	K. McKinney/Haynsworth	Simpson Fant - Nelson Mullins
3,000,000	Southeastern Paperboard, Inc.	K. McKinney/Haynsworth	John Van Duys - Sinkler Boyd

FOR STATE TREASURER'S OFFICE USE ONLY:

Request Received by State Treasurer's Office on: 2-14-97
Date

Reviewed by Chief of Staff or Designee for Issuer's Counsel 2-28-97
Date

Forwarded to The Secretary of the Budget & Control Board on: 2-28-97
Date

For Approval by the Budget & Control Board at its Meeting on: 3-11-97
Date

JMA
Initial

FOR BUDGET & CONTROL BOARD USE ONLY:

Approval of Bond Counsel Firms Listed Above:
Joanna Ramirez Williams 3/11/97
Budget & Control Board Authorized Signature Date

006372

EXHIBIT

MAR 11 1997

1

REQUEST FOR ASSIGNMENT OF BOND COUNSEL FOR NON-GENERAL OBLIGATION BORROWING STATE BUDGET & CONTROL BOARD

TO: Richard Eckstrom, State Treasurer

FROM: Agency # E16 Name: State Treasurer's Office

SUBMITTED BY: John Michael Powell
Signature
Deputy State Treasurer
Title Phone

Estimated Amount to be Borrowed/Issued \$ 46,000,000 ; 05/30/97
Anticipated Date Funds Required

Type of Bonds/Notes to be Issued Revenue Bonds

Purpose of Borrowing/Issue Refund all Outstanding Bonds of the Authority in order
to achieve savings in Interest costs

Bond Counsel (Firm) Tentatively Identified by the State Treasurer's Office from Rotation:
Nexsen, Pruet, Jacobs, & Pollard 02/20/97
Date

FOR STATE TREASURER'S OFFICE USE ONLY:

Request Received by State Treasurer's Office on: 02/20/97
Date

Reviewed by Chief of Staff or Designee JMA 2/24/97
Initial Date

Bond Counsel Notified of Tentative Selection on: 2/25/97
Date

Forwarded to The Secretary of the Budget & Control Board on: 2/28/97
Date

For Approval by the Budget & Control Board at its Meeting on: 3/11/97
Date

Notification of Budget & Control Board action given to
Requesting Agency on: _____
Date

Notification of Budget & Control Board action given to
Selected Bond Counsel on: _____
Date

FOR BUDGET & CONTROL BOARD USE ONLY:

Name of Bond Counsel (Firm) Approved: Nexsen, Pruet, Jacobs, & Pollard

Donna Ramirez Williams 3/11/97
Budget & Control Board Authorized Signature Date

006373

EXHIBIT

MAR 11 1997

2

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 2

AGENCY: General Services

SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following permanent improvement project establishment requests and budget revisions, contingent upon favorable review by the Joint Bond Review Committee. The Chairman of the JBRC has indicated his approval of these two projects. The JBRC is scheduled to meet at 10:00 a.m. on Tuesday, March 11.

- a. Summary 9-97: Item 4. South Carolina State University
Project: 9513, Arts and Science Building
Request: Increase budget to \$7,220,345 (add \$655,000 excess debt service and state institutional capital project funds) to cover the base bid for construction of the 56,000-square foot Arts and Science Building. Additional annual operating costs are included at Attachment 1.
- b. Summary 10-97: Item 1. Department of Corrections
Project: 9594, Kershaw & Turbeville 256-bed Additions
Request: Establish project and budget (\$7,000,000 appropriated state and federal funds) to construct 256-bed additions at both the Kershaw (Lancaster County) and Turbeville (Clarendon County) institutions. The additions will be medium security and cost an estimated \$3.5 million each. A federal grant for housing violent offenders has been awarded to the Department of Corrections to fund most of this project. As of January 21, 1997, the agency has a capacity shortage of 1,455 violent offender beds. Additional annual operating costs are included at Attachment 2.

BOARD ACTION REQUESTED:

Approve the referenced permanent improvement project establishment requests and budget revisions, contingent upon favorable review by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet; additional annual operating costs

006374

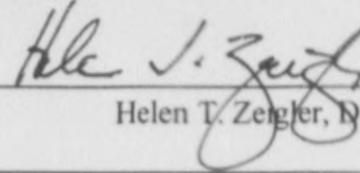
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 11, 1997

Blue Agenda

1. Submitted By:

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



Helen T. Ziegler, Director

2. Subject:

Permanent Improvement Projects

3. Summary Background Information:

- (a) Summary 9-97: Item 4. South Carolina State University
Project: 9513, Arts and Science Building
Request: Increase budget to \$7,220,345 (add \$655,000 Excess Debt Service and Other, State Institutional Capital Project funds) to cover the base bid for construction of the 56,000 square foot Arts and Science Building. (See Attachment 1 for additional annual operating costs.)
- (b) Summary 10-97: Item 1. Department of Corrections
Project: 9594, Kershaw & Turbeville 256-Bed Additions
Request: Establish project and budget (\$7,000,000 Appropriated State and Federal funds) to construct 256-bed additions at both the Kershaw (Lancaster County) and Turbeville (Clarendon County) Institutions. The additions will be medium security and cost an estimated \$3.5 million each. A federal grant for housing violent offenders has been awarded to the Department of Corrections to fund most of this project. As of January 21, 1997, the agency has a capacity shortage of 1,455 violent offender beds. (See Attachment 2 for additional annual operating costs.)

4. What is the Board asked to do?

Approve permanent improvement project establishment request and budget revision, contingent upon Joint Bond Review Committee approval.

5. What is the recommendation of General Services?

Recommend approval of permanent improvement project establishment request and budget revision, contingent upon Joint Bond Review Committee approval.

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

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

7. List of Supporting Documents:

Attached:

1. South Carolina State University Additional Annual Operating Costs.
2. Department of Corrections Additional Annual Operating Costs.

006375

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

Attachment 1

EXHIBIT

1. AGENCY
Code H24 Name SOUTH CAROLINA STATE UNIVERSITY MAR 1 1 1997 2
2. PROJECT
Project # 9513 Name ARTS & SCIENCE BUILDING STATE BUDGET & CONTROL BOARD
3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS Projected Financing Sources				
(1) Fiscal Year	(2) General Funds	(3) Federal	(4) Other	(5) Total
1) 98/99	\$ 93,000.00	\$	\$	\$ 93,000.00
2) 99/2000	\$ 95,325.00	\$	\$	\$ 95,325.00
3) 2000/2001	\$ 97,708.00	\$	\$	\$ 97,708.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).
6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?
7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. ELECTRICITY	54,000.00
2. CUSTODIAL (3-POSITIONS)	35,000.00
3. INSURANCE	4,000.00
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	93,000.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 3

9. Submitted By JB 2/17/97 [Signature] ASST. VICE PRESIDENT FOR FINANCE & MANAGEMENT 2/17/97
Signature of Authorized Official and Title Date

006376

19

EXHIBIT
ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT

MAR 11 1997

1. AGENCY
Code N04 Name South Carolina Department of Corrections STATE BUDGET & CONTROL BOARD
2. PROJECT
Project # _____ Name Kershaw and Turbeville 256-Bed Additions
3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)
 COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) FY 97-98	\$ 5,206,272	\$ -	\$ -	\$ 5,206,272
2) FY 98-99	\$ 5,857,950	\$	\$	\$ 5,857,950
3)	\$	\$	\$	\$

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

N/A

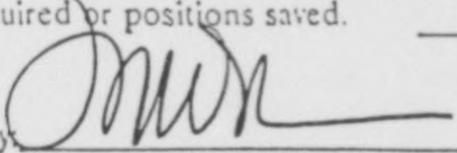
6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?

Budget Request - Appropriation Bill

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Personal Service/Contributions</u>	<u>\$ 2,907,850.00</u>
2. _____	_____
3. <u>Contract Services</u>	<u>1,795,870.00</u>
4. _____	_____
5. <u>Other Operating</u>	<u>1,154,230.00</u>
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$ 5,857,950.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 98

9. Submitted By:  006377
Signature of Authorized Official and Title Date

EXHIBIT

MAR 11 1997

3

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

MEETING OF March 11, 1997

ITEM NUMBER 3

AGENCY: General Services

SUBJECT: Procurement Certification, Department of Corrections

The Office of General Services, in accord with Section 11-35-1210, has audited the Department of Corrections and recommends its certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$100,000; construction materials and equipment, \$100,000; information technology in accordance with the approved information technology plan, \$100,000; consultants services, \$50,000; and construction services, \$50,000.

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement certification to the Department of Corrections within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$100,000; construction materials and equipment, \$100,000; information technology in accordance with the approved information technology plan, \$100,000; consultants services, \$50,000; and construction services, \$50,000.

ATTACHMENTS:

Agenda item worksheet and attachment

006378

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (revised 9/91)

For meeting scheduled for:

Blue Agenda
 Regular session
 Executive session

March 11, 1997

1. Submitted by: (a) Agency: Office of General Services
 (b) Authorized Official Signature: Helen T. Zeigler, Director *Helen T. Zeigler*

2. Subject: Procurement Certification of the South Carolina Department of Corrections

3. Summary Background Information:
 In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Office of General Services has audited the procurement system of the South Carolina Department of Corrections and recommends its certification within the parameters described in the audit report for the following limits for a period of three years:

	Current Certification Per Purchase Commitment	Certification Recommendation Per Purchase Commitment
I. Goods and Services	*\$100,000	*\$100,000
II. Construction Materials and Equipment	*\$100,000	*\$100,000
III. Information Technology in accordance with the approved Information Technology Plan	*\$100,000	*\$100,000
IV. Consultants Services	*\$ 50,000	*\$ 50,000
V. Construction Services	*\$ 50,000	*\$ 50,000

*Total potential purchase commitment whether single year or multi-term contracts are used

4. What is Board asked to do?
Grant procurement certification for the South Carolina Department of Corrections by approval of the Blue Agenda

5. What is recommendation of Board division involved?
Grant certification by approval of the Blue Agenda

6. Recommendation of other office (as required)?
 Office Name _____ Authorized Signature _____

7. Supporting Documents:
 List those attached: _____ List those not attached but available: _____

SUBARTICLE 7

Advisory Committees and Training

MAR 1 1 1997

3

STATE BUDGET & CONTROL BOARD

SECTION

- 11-35-1010. Relationship with Using Agencies.
- 11-35-1020. Advisory Groups.
- 11-35-1030. Procurement Training and Certification.

§ 11-35-1010. Relationship with Using Agencies.

The chief procurement officers shall maintain a close and cooperative relationship with the using agencies. The chief procurement officers shall afford each using agency reasonable opportunity to participate in and make recommendations with respect to procurement matters affecting the using agency.

§ 11-35-1020. Advisory Groups.

The chief procurement officers may appoint advisory groups such as user committees to assist with respect to specifications and procurement in specific areas and with respect to any other matters within the authority of the chief procurement officers. The chief procurement officers shall develop methods for obtaining necessary and relevant information from the affected agencies, whether through user committees or by surveys and other methods. The chief procurement officers shall make every reasonable effort to ensure that such contracts are developed as will best suit the interest of the State, giving due emphasis to user needs, total costs and open competitive methods of public purchasing.

§ 11-35-1030. Procurement Training and Certification.

The Division of General Services shall develop a system of training for procurement in accordance with regulations by the board. Such training shall encompass the latest techniques and methods of public procurement. If deemed appropriate by the Division of General Services, such training shall include a requirement for the certification of the procurement officer of each purchasing agency.

SUBARTICLE 9

Auditing and Fiscal Reporting

SECTION

- 11-35-1210. Certification.
- 11-25-1220. Collection of Data Concerning Public Procurement.
- 11-35-1230. Auditing and Fiscal Reporting.
- 11-35-1240. Administrative Penalties.
- 11-35-1250. Authority to Contract for Auditing Services.
- 11-35-1260. Authority to Contract for Legal Services.
- 11-35-1270. Authority to Contract for Certain Professional Services.

§ 11-35-1210. Certification.

(1) **Authority.** The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

(2) **Policy.** Authorizations granted by the board to a governmental body are subject to the following:

- (a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;
- (b) responsiveness to user needs;
- (c) obtaining of the best prices for value received.

(3) **Adherence to Provisions of the Code.** All procurements shall be subject to all the appropriate

006380

provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

§ 11-35-1220. Collection of Data Concerning Public Procurement.

The Division of General Services shall prepare statistical data concerning the procurement, use and disposition of all supplies, services and construction. All using agencies shall furnish such reports as the Division of General Services may require concerning use, needs and stocks on hand, and the chief procurement officers shall prescribe forms to be used by the using agencies in requisitioning, ordering and reporting supplies, services and construction. The chief procurement officers shall limit requests for information to those items necessary for the effective operation of the purchasing system, but using agencies shall be required to provide information as requested.

§ 11-35-1230. Auditing and Fiscal Reporting.

(1) **Auditing.** The Division of General Services through consultation with the chief procurement officers shall develop written plans for the auditing of state procurements. In procurement audits of governmental bodies thereafter, the auditors from the Division of General Services shall review the adequacy of the system's internal controls in order to ensure compliance with the requirement of this code and the ensuing regulations. Any noncompliance discovered through audit must be transmitted in management letters to the audited governmental body, the Budget and Control Board. The auditors shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations of the Division of General Services, the board may revoke certification as provided for in Section 11-35-1210 and require the governmental body to make all procurements through the office of materials management above a dollar limit set by the board until such time as the board is assured of compliance with this code and its regulations by that governmental body.

(2) **Fiscal Reporting.** Beginning with the first quarter of fiscal year 1981-82 and each quarter thereafter, in consultation with the Legislative Audit Council, the Comptroller General shall assume responsibility for operation and maintenance of the automated quarterly fiscal reporting procedures that have been developed under Section 1-1-930. The Comptroller General shall assume responsibility for providing quarterly reports to the General Assembly regarding the status of personnel positions, budgets, transfers and expenditures in all state agencies, departments and institutions in a format developed in consultation with the Legislative Audit Council. The Legislative Audit Council shall periodically review the reporting system and coordinate legislative information needs with the Office of the Comptroller General as necessary. All agencies, departments and institutions of state government shall report to the Comptroller General the information required under Section 1-1-940.

Beginning in the first quarter of fiscal year 1981-82, the Legislative Audit Council shall undertake a periodic review of the reporting and data analysis system developed by the division for reporting both commodities purchased and those not purchased through the division's central purchasing system, and shall make recommendations for incorporating these reporting procedures into the Statewide Accounting and Reporting System (STARS) as necessary to reduce unnecessary duplication and improve efficiency, effectiveness and accountability.

§ 11-35-1240. Administrative Penalties.

The board shall prescribe administrative penalties for violation of the provisions of this code and of regulations promulgated thereunder, excluding those matters under the jurisdiction of the Ethics Commission as provided by law.

Violation of these provisions shall be grounds for loss of or reduction in authority delegated by the board.

§ 11-35-1250. Authority to Contract for Auditing Services.

No contract for auditing or accounting services shall be awarded without the approval of the State Auditor except where specific statutory authority is otherwise provided.

§ 11-35-1260. Authority to Contract for Legal Services.

No contract for the services of attorneys shall be awarded without the approval of the State Attorney General except where specific statutory authority is otherwise provided.

§ 11-35-1270. Authority to Contract for Certain Professional Services.

For the purpose of procuring any professional services not included in the purchasing authority of this code and the ensuing regulations, where the person employed is customarily employed on a fee

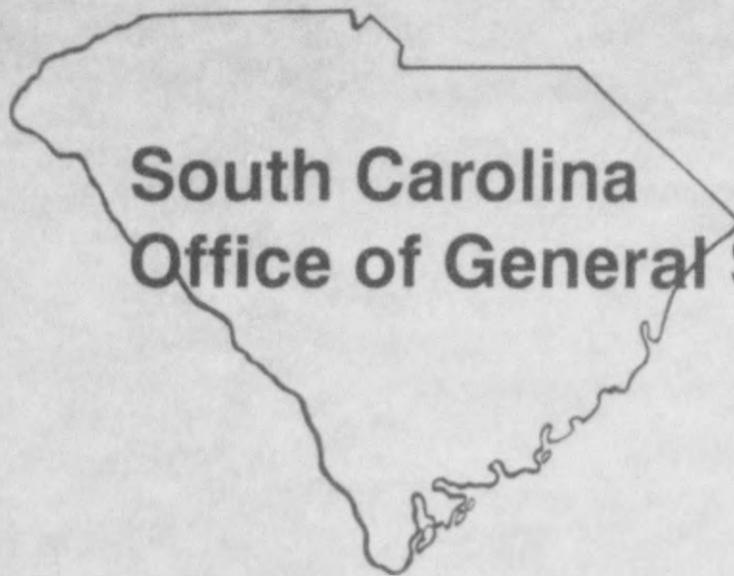
006381

EXHIBIT

MAR 11 1997

3

STATE BUDGET & CONTROL BOARD



**South Carolina
Office of General Services**

**PROCUREMENT
AUDIT AND
CERTIFICATION**

**SOUTH CAROLINA DEPARTMENT
OF CORRECTION**

AGENCY

OCTOBER 1, 1993 - JUNE 30, 1996

DATE

006382

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



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

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

HELEN T. ZEIGLER
DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

February 13, 1997

Ms. Helen T. Zeigler, Director
Office of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Helen:

I have attached the South Carolina Department of Corrections procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Department a three year certification as noted in the audit report.

Sincerely,

A handwritten signature in cursive script that reads "Voight Shealy".

R. Voight Shealy
Interim Materials Management Officer

/tl

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**SOUTH CAROLINA DEPARTMENT OF CORRECTIONS
PROCUREMENT AUDIT REPORT
OCTOBER 1, 1993 - JUNE 30, 1996**

006384

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STATE OF SOUTH CAROLINA

MAR 11 1997

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State Budget and Control Board

OFFICE OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD

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EXECUTIVE DIRECTOR1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880
(803) 737-0592 FaxHELEN T. ZEIGLER
DIRECTOR

December 11, 1996

Mr. R. Voight Shealy
Interim Materials Management Officer
Office of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have examined the procurement policies and procedures of the South Carolina Department of Corrections for the period October 1, 1993 through June 30, 1996. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and Departmental internal procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of the South Carolina Department of Corrections is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to assurance of the integrity of the procurement process

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process, that affected assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly.

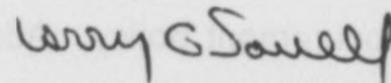
Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions, as well as our overall examination of procurement policies and procedures, were conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the South Carolina Department of Corrections in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Sincerely,



Larry G. Sorrell, Manager
Audit and Certification

EXHIBIT

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INTRODUCTION

STATE BUDGET & CONTROL BOARD

We conducted an examination of the internal procurement operating policies and procedures of the South Carolina Department of Corrections. Our on-site review was conducted August 27 through October 3, 1996, and was made under Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally our work was directed toward assisting the Department in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State
- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process

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BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Office of General Services shall review the respective governmental body's internal procurement operation, shall verify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the Board those dollar limits for the respective governmental body's procurement not under term contract.

On March 22, 1994, the Budget and Control Board granted the Department the following procurement certifications:

<u>Category</u>	<u>Limit</u>
Goods and Services	\$100,000 per commitment
Construction Materials and Equipment	\$100,000 per commitment
Information Technology in accordance with the approved Information Technology Plan	\$ 25,000 per commitment
Consultants Services	\$ 50,000 per commitment
Construction Services	\$ 50,000 per commitment

Our audit was performed primarily to determine if recertification is warranted. The Department has requested to maintain the above certification limits.

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SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of the South Carolina Department of Corrections and its related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We selected systematic samples for the period July 1, 1994 through June 30, 1996 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, a review of the following:

- (1) All sole source, emergency and trade-in sale procurements for the period October 1, 1993 through June 30, 1996
- (2) Procurement transactions for the period July 1, 1994 through June 30, 1996 as follows:
 - a) One hundred eighty-five voucher payments, each exceeding \$1,500.00
 - b) An additional block sample of six hundred twenty-eight bids and purchase orders reviewed from the following sections

Central Office	22 sealed bids
Commissary Warehouse	20 purchase orders
Prison Industries	214 purchase orders
Transportation Division	75 purchase orders
Wateree Farms	297 purchase orders
- (3) Nine professional service contracts and four construction contracts for compliance with the Manual for Planning and Execution of State Permanent Improvements
- (4) Minority Business Enterprise Plans and reports for the audit period
- (5) Information technology plans for audit period
- (6) Internal procurement procedures manual
- (7) Surplus property procedures
- (8) Real property lease approvals

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SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the South Carolina Department of Corrections, hereinafter referred to as the Department, produced findings and recommendations as follows:

	<u>PAGE</u>
I. <u>Sole Source and Emergency Procurements</u>	
A. <u>Unauthorized Emergency Procurements</u>	8
Three emergencies were not signed by the designated authority.	
B. <u>Determination Does Not Address Vendor Selection</u>	8
The emergency determinations did not address vendor selection in several cases.	
C. <u>Sole Source and Emergency Reporting</u>	9
We noted several errors in the reporting of sole sources and emergencies.	
II. <u>Compliance - General</u>	
A. <u>Sealed Bids Opened Before and After Public Opening</u>	9
We noted two bids that were opened prior to the bid opening and two bids that were opened after the public opening.	
B. <u>Multi-term Determination Not Prepared</u>	10
A two year contract was not supported by a multi-term determination.	
C. <u>Incorrect Award Made</u>	10
The Department did not consider shipping charges when making an award.	
D. <u>Vendor's Right To Protest Not Included On Intent To Award</u>	11
The Department's intent to award does not include the vendor's right to protest.	

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STATE BUDGET & CONTROL BOARD
PAGE

III. Unauthorized Procurements 11

We noted two purchases made without the prior approval authority.

IV. Surplus Property 12

Surplus property has not been reported within 180 days as required.

V. Time and Date Stamping of Quotations and Sealed Bids 13

The Department has not been maintaining evidence of when bids and quotations are received.

VI. Early Payment Discount Lost 13

The Division of Industries failed to take allowable discounts for timely payment of invoices.

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RESULTS OF EXAMINATION

I. Sole Source and Emergency Procurements

A. Unauthorized Emergency Procurements

The following emergency determinations were not signed by an authorized person.

<u>ITEM</u>	<u>PO</u>	<u>AMOUNT</u>	<u>DESCRIPTION</u>
1.	H-200266	\$156,845	Jackets
2.	H-200267	196,000	Jackets
3.	H-201868	2,246	Sobriety Meter

Section 11-35-1570 of the Code states in part, "Notwithstanding any other provision of this code, the chief procurement officer, the head of a purchasing agency, or a designee of either officer may make or authorize others to make emergency procurements...." Departmental policy 1100.1 delegates the authority to the three deputy directors, but none of the three authorized these emergencies. Since the determinations were not signed by an authorized person, each was unauthorized and must be ratified in accordance with Regulation 19-445.2015. The ratification request must be submitted to the Director of General Services for items 1 and 2. Item 3 must be ratified by the Department's Director.

B. Determination Does Not Address Vendor Selection

We noted several instances where the written determinations did not address the reason for the selection of the vendor. Section 11-35-1570 requires that a written determination for the basis of the emergency and for the selection of the particular contractor shall be included in the contract file. Accordingly, we recommend that the Department exercise caution to ensure that it is in compliance with this section.

C. Sole Source and Emergency Reporting

We noted several errors due to the miscoding of purchase orders which resulted in sole sources being overstated by \$10,582.41 and emergencies being understated by \$148,171.63. Section 11-35-2440 of the South Carolina Consolidated Procurement Code requires that the Department submit a quarterly listing of all sole source and emergency contracts to the Office of General Services. Due to the coding errors, the quarterly listing is inaccurate. The Department has filed amended reports as a result of our audit. However, the Department should exercise caution in coding of sole source and emergency purchase orders to ensure proper reporting.

II. Compliance-General

A. Sealed Bids Opened Before and After Public Opening

Two sealed bids were opened prior to the public opening date and two were opened after the public opening. Bid 070-063088-3/17/95-R opened on March 17, 1995. However, two bids were opened on March 15, 1995 as evidenced by the receipt date stamped on the cover letter. One bid was received on March 20, 1995, three days after the bid opening and was opened. Bid 901-269287-11/28/95-R opened on November 28, 1995. A late bid was received on November 30, 1995 and was opened.

Section 11-35-1520 (5) requires that all bids prior to the time of opening be kept secure and unopened in a locked box or safe. Regulation 19-445.2045 B. states in part, "If a sealed bid is opened by mistake, the person who opens the bid will immediately write his signature and position on the envelope and deliver it to the procurement officer. This official shall immediately write on the envelope an explanation of the opening, the date and time opened, the invitation for bids number

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and his signature, and then shall immediately reseal the envelope". The Department does not retain the envelopes in the file, thus we could not determine if the provisions of Section 11-35-1520 (5) were followed. Section 11-35-1520 (6) requires that bids be opened publicly in front of witnesses at the time and place designated in the invitation for bids. The two bids opened after the bid opening were not opened at the time and place noted in the solicitation.

We recommend the Department comply with the Code and Regulation when responses are accidentally opened prior to the bid opening date. Responses received after the official bid opening should not be opened.

B. Multi-term Determination Not Prepared

A two-year contract for reconditioned golf carts was solicited on bid 070-063088-3/17/95-R. However, the multi-term determination was not prepared. Section 11-35-2030 of the Code requires that no contract shall exceed one year unless approved in a manner prescribed by regulation of the Budget and Control Board. Regulation 19-445.2135 defines the conditions for the use of a multi-term contract. We recommend the Department prepare a determination for each multi-year contract.

C. Incorrect Award Made

Purchase order 129090 was issued February 8, 1995 for print film. Three written quotes were obtained. The award was made on the unit cost without shipping charges. The purchase order was issued FOB shipping point, prepay and add freight. The freight charge of \$202.04 made the actual cost of the purchase \$8,527.04. Another quote was for \$8,388.00 FOB destination, an amount \$139.04 less than the actual

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EXHIBIT

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award. Therefore, the award should have gone to the vendor that quoted \$8,388.00. Awards must be based on total cost that includes shipping, if applicable.

We recommend shipping cost be included in determining the lower responsible and responsive bidder.

D. Vendor's Right to Protest Statement Not Included on Intent to Award

The Department does not include the vendor's right to protest statement on the Notice of Intent to Award. Section 11-35-1520 (10) of the Code states in part, "Such mailed notice (Notice of Intent to Award) must contain a statement of the bidder's right to protest under Section 11-35-4210 (1)."

We recommend the Department add the vendor's right to protest statement on each Notice of Intent to Award.

III. Unauthorized Procurements

Two procurements were unauthorized as the items or services were obtained prior to the approval authority as designated by a purchase order. This violates the Department's internal procurement policy 1100.1 which states in part; procurement of commodities and services must be made by designated approving authorities... No expenditures/cost will be reimbursed for any purchase other than those approved in advance".

<u>ITEM</u>	<u>PO</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>RECEIVED DATES</u>	<u>DESCRIPTION</u>
1	138318	2,112	04/02/96	10/01/95-09/30/96	Optical reader maintenance
2	199164	39,907	06/30/96	07/01/95-06/30/96	Pager and beeper rentals

Item 1 was a purchase order issued April 2, 1996 for the optical mark reader maintenance contract that ran from October 1, 1995 to September 30, 1996. Internal

approval for the contract was not authorized until March 21, 1996. Item 2 was a purchase order for the rental of digital pagers and beepers for the period July 1, 1995 to June 30, 1996. The purchase order was issued at the end of the contract period on June 30, 1996, a year late. At the time of our exit from the Department on October 3, the Resource Information Management Division still had not submitted a requisition to the Purchasing branch for these rentals for FY 96/97. This needs to be done immediately.

We recommend ratification be requested on these transactions in accordance with Regulation 19-445.2015 . We also recommend the ordering section and department personnel adhere to the Director's memorandum dated August 16, 1996, addressing "Ratification of Nonconforming Purchase Orders".

IV. Surplus Property

At the time of audit, the Department had thirty-eight State surplus "turn-in-documents" (TIDs) on file in the surplus property office. These surplus items have been written up in the field but the items have never been sent to a central collection point for disposal. Regulation 19-445.2150 states in part, "All governmental bodies must identify surplus items and declare them as such... within one hundred and eighty (180) days from the date they become surplus".

We recommend the Department collect the surplus items at a central point at headquarters and (1) recycle usable items within the Department, (2) sell unwanted items through State surplus, or (3) get state approval to dispose appropriate items as junk.

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V. Time and Date Stamping of Quotations and Bids

When the purchasing office receives informal written quotations and sealed bids, the envelopes are time and date stamped and placed in a locked file until the time and date of the public opening. After the opening, the envelopes are discarded leaving the official file without any evidence of timely receipt.

We recommend the purchasing office continue to time and date stamp all envelopes when received. The office should either file the stamped envelopes or time and date stamp the quotes and bids at the time of opening. This will ensure timely receipt of responses can be verified by external audit.

VI. Early Payment Discounts Lost

The Division of Industries failed to take allowable discounts for timely payment of invoices. We noted seven vouchers where the invoice payments were made in a timely manner and early payment discounts were authorized but not taken resulting in lost discounts of \$96.47. According to Accounts Payable personnel, the Division does not monitor invoices for early payment discounts.

We recommend all invoices be reviewed for early payment discounts. All allowable payment discounts should be taken.

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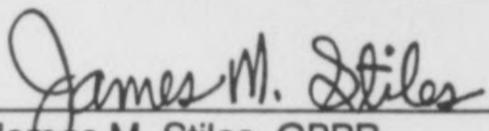
CERTIFICATION RECOMMENDATIONS STATE BUDGET & CONTROL BOARD

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the Department of Corrections in compliance with the South Carolina Consolidated Procurement Code. We will perform a follow-up review by February 28, 1997, to ensure that the Department has completed this corrective action.

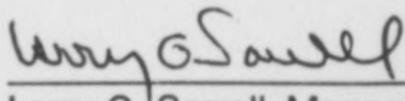
Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we will recommend the South Carolina Department of Corrections be recertified to make direct agency procurements for three years up to the limits as follows.

<u>PROCUREMENT AREAS</u>	<u>RECOMMENDED CERTIFICATION LIMITS</u>
Goods and Services	\$100,000 per commitment*
Construction Materials and Equipment	\$100,000 per commitment*
Information Technology in accordance with the approved Information Technology Plan	\$ 25,000 per commitment*
Consultants Services	\$ 50,000 per commitment*
Construction Services	\$ 50,000 per commitment*

*This means the total potential purchase commitment to the State whether single year or multi-term contracts are used.



 James M. Stiles, CPPB
 Audit Manager



 Larry G. Sorrell, Manager
 Audit and Certification

006399



south carolina
department of corrections

EXHIBIT

MAR 11 1997

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STATE BUDGET & CONTROL BOARD

P.O. BOX 21787/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221-1787
TELEPHONE (803) 896-8555
MICHAEL W. MOORE, Director

February 3, 1997

Mr. Larry G. Sorrell
Manager Audit and Certification
Office of General Services
1201 Main Street, Suite 420
Columbia, SC 29201

Dear Mr. Sorrell:

We accept the Procurement Audit Report for the period October 1, 1993 thru June 30, 1996.

Ratification letters have been submitted for cited audit exceptions.

Corrective action has been taken to ensure compliance with the S.C. Consolidated Procurement Code and SCDC 1100.1 Procurement Policy:

1. Determining vendor selection for emergencies.
2. Sole Source and Emergency reporting.
3. Opening and recording sealed bids.
4. Multi-Term determination for contracts.
5. Incorrect award made.
6. Vendor's right to protest on intent to award.
7. Time and date stamping of quotations and bids.

Surplus properties are first offered within the Agency. If the Agency cannot utilize then a TID will be prepared and the surplus items will be collected at a central point at the reporting institution. Should the State Surplus representative determine our surplus properties have value, they will arrange for pickup. Items declared junk, will be screened for recycling or disposed legally as prescribed by code.

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EXHIBIT

MAR 1 1 1997
STATE BUDGET & CONTROL BOARD



Prison Industries' Accounts Payable personnel have been counseled to review all invoices for early payment discounts and take all allowable.

We wish to thank your staff for their professionalism conducting the audit. Mr. Jim Stiles and Ms. Melissa Thurston were instrumental in instructing our procurement staff to correct audit deficiencies.

Sincerely,

Michael W. Moore
Director

006401

State Budget and Control Board

OFFICE OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
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COMPTROLLER GENERAL

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(803) 737-3880
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HELEN T. ZEIGLER
DIRECTOR

February 13, 1997

Mr. R. Voight Shealy
Interim Materials Management Officer
Materials Management Office
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have reviewed the response from the South Carolina Department of Corrections to our audit report for the period October 1, 1993 - June 30, 1996. Also we have followed the Department's corrective action during and subsequent to our field work. We are satisfied that the Department has corrected the problem areas and the internal controls over the procurement system are adequate.

Therefore, we recommend the Budget and Control Board grant the South Carolina Department Corrections the certification limits noted in our report for period of three years.

Sincerely,

Larry G. Sorrell, Manager
Audit and Certification

LGS/tl

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MAR 11 1997

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STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

MEETING OF March 11, 1997

ITEM NUMBER 4

AGENCY: General Services

SUBJECT: Easements

1. General Services recommends approval of the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:
 - (a) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across an unnamed creek leading to the Wando River
Consideration: None -- this is a minor revision to a previously-approved easement.
 - (b) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$256
 - (c) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To install a natural gas pipeline across Beresford Creek leading to the Cooper River
Consideration: \$200
 - (d) County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590
 - (e) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric & Gas Company
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River
Consideration: \$590

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STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

BLUE AGENDA STATE BUDGET & CONTROL BOARD
ITEM NUMBER 4, Page 2

AGENCY: General Services

SUBJECT: Easements

(f) County Location: Spartanburg
From: Budget and Control Board
To: Spartanburg Sanitary Sewer District
Description/Purpose: To install, operate, and maintain a sewer force main line across the North Tyger River
Consideration: \$1

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

(a) County Location: Georgetown
From: Department of Parks, Recreation and Tourism
To: US Army Corps of Engineers
Description/Purpose: To grant a perpetual easement for operations and maintenance of the Murrell's Inlet Navigation Project
Consideration: None -- PRT is to provide all lands, easements, and rights-of-way in exchange for the Corps of Engineers' continuation of the project operation and maintenance.

(b) County Location: Jasper
From: Department of Mental Health
To: Department of Disabilities and Special Needs
Description/Purpose: To convey an easement over certain portions of DMH's property for stormwater drainage.
Consideration: \$1

(c) County Location: Jasper
From: Department of Disabilities and Special Needs
To: Department of Mental Health
Description/Purpose: To grant an easement and right-of-way for the installation of a sewer line to connect with the municipal sewer by way of a lift station and force main that the two agencies have agreed to utilize jointly.
Consideration: \$1

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AGENCY: General Services

SUBJECT: Easements

(d) County Location: Jasper
From: Department of Mental Health
To: Town of Ridgeland
Description/Purpose: To convey a deed of equipment in order to provide and ensure proper sewage disposal and to operate, maintain, and repair the equipment for the benefit of the Department of Mental Health and the Department of Disabilities and Special Needs
Consideration: \$1

3. General Services recommends that the Board approve the acceptance of the following easement in accord with Code Section 1-11-65:

County Location: Jasper
From: Jasper County
To: Department of Mental Health and Department of Disabilities and Special Needs
Description/Purpose: To convey an easement over certain portions of Jasper County's property for stormwater drainage
Consideration: \$1

BOARD ACTION REQUESTED:

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

ATTACHMENTS:

006405

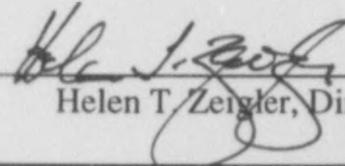
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 11, 1997

Blue Agenda

1. Submitted by:

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


Helen T. Zeigler, Director

2. Subject: EASEMENTS

3. Summary Background Information:

- (a) The Office of General Services requests approval of the following easements in accord with Code Sections 1-11-80, 1-11-90, and 1-11-100:

1. County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: None - This is a minor revision of a previously approved easement.
Description/Purpose: To install a natural gas pipeline across an unnamed creek, leading to the Wando River.

2. County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$256.00
Description/Purpose: To install a natural gas pipeline across Beresford Creek, leading to the Cooper River.

3. County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$200.00
Description/Purpose: To install a natural gas pipeline across Beresford Creek, leading to the Cooper River.

4. County Location: Berkeley
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$590.00
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River.

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EXHIBIT

MAR 11 1997

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5. County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$590.00
Description/Purpose: To provide access for construction and maintenance of a natural gas main across the Wando River.

STATE BUDGET & CONTROL BOARD

6. County Location: Spartanburg
From: Budget and Control Board
To: Spartanburg Sanitary Sewer District
Consideration: \$1.00
Description/Purpose: To install, operate and maintain a sewer force main line across the North Tyger River.

(b) The Office requests that the Board concur and acquiesce in granting the following easements in accord with Code Section 10-1-130:

1. County Location: Georgetown
From: Department of Parks, Recreation and Tourism
To: U.S. Army Corps of Engineers
Consideration: None - PRT is to provide all lands, easements and rights-of-way in exchange for the Corps of Engineers's continuation of the Murrell's Inlet Navigation Project operation and maintenance.
Description/Purpose: To grant a perpetual easement for operation and maintenance of said project.

2. County Location: Jasper
From: Department of Mental Health
To: Department of Disabilities and Special Needs
Consideration: \$1.00
Description/Purpose: To convey an easement over certain portions of DMH's property for stormwater drainage.

3. County Location: Jasper
From: Department of Disabilities and Special Needs
To: Department of Mental Health
Consideration: \$1.00
Description/Purpose: To grant an easement and right-of-way for the installation of a sewer line to connect with the municipal sewer by way of a lift station and force main that the two agencies have agreed to jointly utilize.

4. County Location: Jasper
From: Department of Mental Health
To: Town of Ridgeland
Consideration: \$1.00
Description/Purpose: To convey a deed of equipment in order to provide and insure proper sewage disposal and to operate, maintain and repair the equipment for the benefit of the Department of Mental Health and the Department of Disabilities and Special Needs.

006407

(c) The Office requests that the Board approve the acceptance of the following easement in accord with Code Section 1-11-65:

1. County Location: Jasper
- From: Jasper County
- To: Department of Mental Health and Department of Disabilities and Special Needs
- Consideration: \$1.00
- Description/Purpose: To convey an easement over certain portions of Jasper County's property for stormwater drainage.

4. What is Board asked to do?

Approve or concur and acquiesce the referenced easements.

5. What is recommendation of Board Division involved?

Recommend approval or concurrence and acquiescence of the referenced easements.

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

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

7. List of Supporting Documents:

1. Code Section 1-11-80
2. Code Section 1-11-90
3. Code Section 1-11-100
4. Code Section 10-1-130
5. Code Section 1-11-65

006408

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD

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

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

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

Cross references—

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

006409

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD

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

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

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

Cross references—

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

006410

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

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

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

Cross References—

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

Research and Practice References—

63A Am Jur 2d, Public Lands § 115.

73B CJS, Public Lands §§ 178, 180.

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

006411

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD

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

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

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

Cross references—

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

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

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

006412

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

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

006413

EXHIBIT

MAR 11 1997

4

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of FIVE HUNDRED NINETY DOLLAR(S) (\$590.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Berkeley County and lying below the mean high water line.

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

Beginning at a USGS monument (Chandler) having coordinates of northing 373975.94 and easting 2337069.83 located on the west side of Wando River approximately 2150± from the southern right-of-way of the Mark Clark Expressway (Route I-526) and more accurately shown on a plat of a 30' utility easement prepared for South Carolina Electric & Gas Co. by HGBD dated August 27, 1996; leaving the USGS monument and going north 23°-58'-46" east for a distance of 2,077.24 feet to a calculated point being the point of beginning; thence turning and running north 28°-59'-43" east for a distance of 30.27 feet along the property of Harry Frank Guggenheim Foundation to a calculated point; thence turning and running south 53°-17'-03" east for a distance of 4,287.87 feet to a calculated point; thence turning and running south 05°-44'-21" east for a distance of 4.21 feet along the property of Long Point Road, Limited partnership to a calculated point; thence turning and running south 71°-59'-00" west for a distance of 32.94 feet to a calculated point; thence turning and running north 53°-17'-03" west for a distance of 4,267.63 feet to the point of beginning; the area of the subject easement having 128,400 square feet or 2.95 acres.

The easement area is more particularly shown and delineated on a drawing entitled **PLAT OF A 30' UTILITY EASEMENT PREPARED FOR SOUTH CAROLINA ELECTRIC & GAS CO. THROUGH PROPERTY CONTROLLED BY THE STATE OF SOUTH CAROLINA, BERKELEY & CHARLESTON COUNTY, SOUTH CAROLINA**, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said gas main and shall maintain such easement area and gas main in good condition.

006415

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such gas main in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006416

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES:

Nancy B. Wheat
Melba C. Miller

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY:

David M. Beasley
Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES:

John L. Armstrong
Peret H. Prince

APPLICANT

BY:

Keller Kissam
Keller Kissam
(Print Name)

TITLE: Vice President - Gas SBU

Approved
OFFICE OF THE ATTORNEY GENERAL

BY:

Kenneth P. Woodington
Kenneth P. Woodington

DATE:

1/30/97

006417

EXHIBIT

MAR 11 1997

4

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

PERSONALLY appeared before me Nancy B WRENN and made oath that he/she saw the within named State of South Carolina, Budget and Control Board, by its Chairman, Governor David M. Beasley, sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Melba C. Willis, witnessed the execution thereof.

Nancy B Wrenn

SWORN to before me this 11th

day of March, 1997

James I. Covar (L.S.)
Notary Public for South Carolina

My Commission expires: 7-14-05



STATE OF SOUTH CAROLINA)
)
COUNTY OF BERKELEY)

PERSONALLY appeared before me Jean K. Armstrong and made oath that he/she saw the within named South Carolina Electric and Gas Company, by Keller Kissam, its Vice President - Gas SBU, sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Janet H. Prince, witnessed the execution thereof.

Jean K. Armstrong

SWORN to before me this 7th

day of February, 1997

Janet H. Prince (L.S.)
Notary Public for South Carolina

My Commission Expires September 11, 2006

My Commission expires: _____

006418

STATE OF SOUTH CAROLINA)
)
COUNTY OF BERKELEY)

EASEMENT NO. 446

THIS EASEMENT, made and entered into this _____ day of _____, 1997, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and South Carolina Electric and Gas Company as Grantee (hereinafter "GRANTEE").

WITNESSETH

WHEREAS, GRANTEE is a UTILITY COMPANY, and GRANTEE's mailing address is 3680 Leeds Avenue, Charleston, South Carolina 29405; and

WHEREAS, GRANTEE proposes to install a 10.75" OD steel natural gas pipeline across Beresford Creek, leading to the Cooper River, in Berkeley County, South Carolina. The natural gas pipeline and easement are more particularly shown and delineated on a drawing entitled MAP SHOWING A 50' PERMANENT UTILITY EASEMENT AND A 15' TEMPORARY CONSTRUCTION EASEMENT CROSSING MARSHLANDS CONTROLLED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, PREPARED FOR SOUTH CAROLINA ELECTRIC AND GAS COMPANY BY R. DAVID BRANTON PLS & PE, dated October 21, 1996, which is attached hereto and incorporated herein.

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

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

006419

EXHIBIT

MAR 11 1997

4

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of TWO HUNDRED DOLLAR(S) (\$200.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Berkeley County and lying below the mean high water line.

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

A 50' wide permanent easement running from the mean high water elevation on the east bank to the mean high water elevation on the west bank of Duck Pond Creek, Berkeley County/City of Charleston, South Carolina. The total affected area of Beresford Creek measures 0.75 acres. This easement is measured on a bearing of North 63 degrees 25 minutes 41 seconds West along the edge of the right-of-way of US Interstate-526.

The easement area is more particularly shown and delineated on a drawing entitled MAP SHOWING A 50' PERMANENT UTILITY EASEMENT AND A 15' TEMPORARY CONSTRUCTION EASEMENT CROSSING MARSHLANDS CONTROLLED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, PREPARED FOR SOUTH CAROLINA ELECTRIC AND GAS COMPANY BY R. DAVID BRANTON PLS & PE, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said natural gas pipeline and shall maintain such easement area and natural gas pipeline in good condition.

006420

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such natural gas pipeline in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006421

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES

Nancy B. Ureas
Melba C. Miller

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: David M. Beasley
Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES

Joan K. Austrom
Paul H. Rince

APPLICANT

BY: Keller Kissam
Keller Kissam
(Print Name)

TITLE: Vice President - Gas SBU

Approved
OFFICE OF THE ATTORNEY GENERAL

BY: Kenneth P. Woodington
Kenneth P. Woodington

DATE: 1/30/97

006422

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PERSONALLY appeared before me NANCY B WRENN and made oath that he/she saw the within named State of South Carolina, Budget and Control Board, by its Chairman, Governor David M. Beasley, sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Melba C. Weller, witnessed the execution thereof.

Nancy B Wrenn

SWORN to before me this 11th

day of MARCH, 1997

James J. Covan (L.S.)
Notary Public for South Carolina

My Commission expires: 7-14-05



STATE OF SOUTH CAROLINA)
COUNTY OF BERKELEY)

PERSONALLY appeared before me Jean K. Armstrong and made oath that he/she saw the within named South Carolina Electric and Gas Company, by Keller Kissam, its Vice President - Gas SBU, sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Janet H. Prince, witnessed the execution thereof.

Jean K. Armstrong

SWORN to before me this 7th

day of February, 1997

Janet H. Prince (L.S.)
Notary Public for South Carolina

My Commission expires: September 11, 2006

006423

96237

NAD 83
GEOGRAPHIC COORDINATES
LAT 32°52'13"
LONG 79°54'53"

MAP SHOWING A 50' PERMANENT
UTILITY EASEMENT AND A 15'
TEMPORARY CONSTRUCTION
EASEMENT CROSSING MARSHLANDS
CONTROLLED BY THE STATE
BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA. PREPARED
FOR SOUTH CAROLINA ELECTRIC
AND GAS COMPANY BY R. DAVID
BRANTON PLS & PE

DATE: OCTOBER 21, 1996
SCALE: 1" = 100'

R. DAVID BRANTON, PLS & PE
SC REG. NUMBER 11053

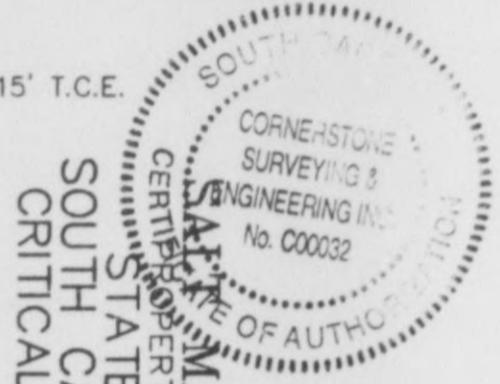
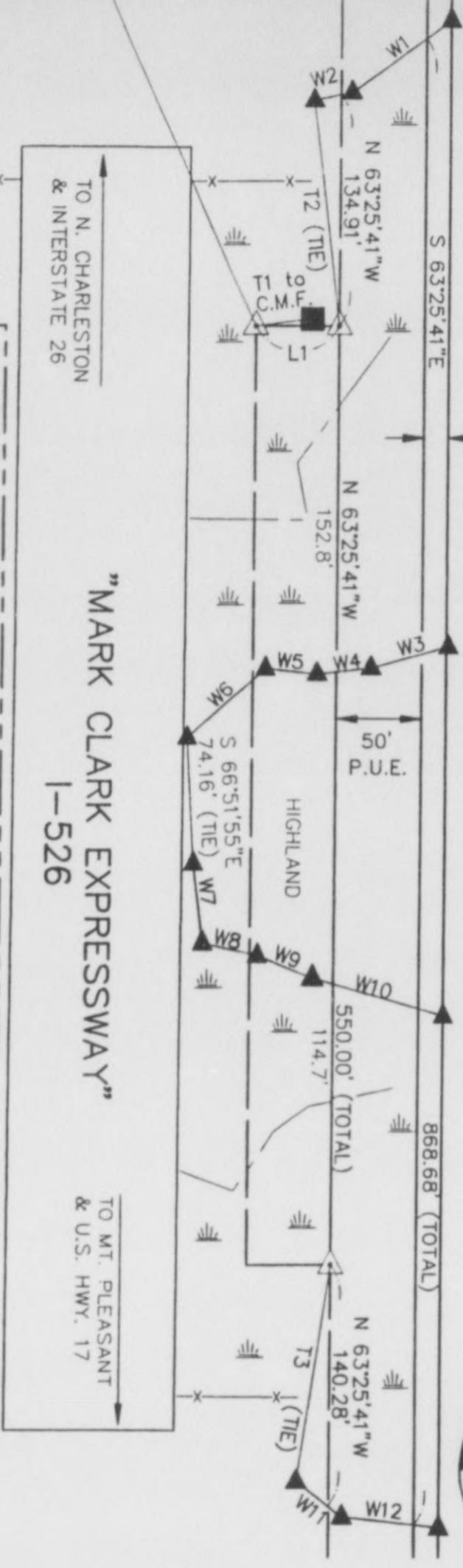
EASEMENT DATA:

AREAS:	T.C.E.	P.U.E.
SALT MARSH	9,958 SQ.FT.	32,695 SQ.FT.
HIGHLAND	3,166 SQ.FT.	9,690 SQ.FT.
TOTAL	13,124 SQ.FT.	42,385 SQ.FT.

LEGEND:

- CENTERLINE of CREEK
- - - RIGHT-OF-WAY
- - - RIGHT-OF-WAY & GENERAL UTILITY EASEMENT
- GENERAL UTILITY EASEMENT
- TEMPORARY CONSTRUCTION EASEMENT
- ▲ CRITICAL LINE
- ▲ SALT MARSH
- ▲ COMPUTED POINT NO MONUMENT SET
- T.C.E. TEMPORARY CONSTRUCTION EASEMENT
- P.U.E. PERMANET UTILITY EASEMENT

NOTE:
THIS MAP DOES NOT, NOR IS IT INTENDED TO, CONTAIN ALL THE INFORMATION REQUIRED ON A RECORDABLE INSTRUMENT BY THE SC MINIMUM STANDARDS. THIS DOCUMENT IS TO BE USED SOLELY FOR THE PURPOSE OF OBTAINING A PERMIT FROM THE STATE BUDGET AND CONTROL BOARD TO CONSTRUCT UTILITIES WITHIN THE EASEMENT SHOWN HEREON.



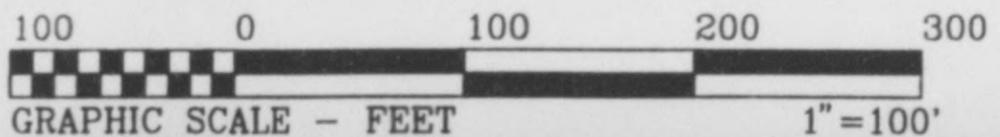
SOUTH CAROLINA
 STATE OF AUTHORITY
 CERTIFICATE OF AUTHORITY
 PROPERTY OF
 R. DAVID BRANTON, PLS & PE
 SC REG. NUMBER 11053

LINE TABLE:

COURSE	BEARING	DISTANCE
W1	S 09°24'21"E	72.32'
W2	S 14°45'54"W	22.55'
W3	S 11°12'04"W	47.91'
W4	S 19°45'51"W	31.69'
W5	S 32°38'24"W	31.10'
W6	S 15°11'29"E	61.66'
W7	S 71°10'26"E	46.32'
W8	N 39°18'04"E	32.87'
W9	N 47°40'06"E	35.64'
W10	N 41°59'19"E	80.18'
W11	N 64°42'58"E	33.64'
W12	N 32°38'42"E	57.64'
L1	N 26°34'19"E	50.00'
T1	N 19°48'13"E	34.34'
T2	N 70°11'02"W	132.57'
T3	S 54°55'24"E	126.93'



006424



CORNERSTONE
SURVEYING & ENGINEERING, INC.
1240 Bocone Bridge Rd. • Summerville • South Carolina • 29486 • Phone: 803.871.9706

EXHIBIT

MAR 1 1 1997

4

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of TWO HUNDRED FIFTY-SIX DOLLAR(S) (\$256.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Berkeley County and lying below the mean high water line.

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

A 50' wide permanent easement running from the mean high water elevation on the east bank to the mean high water elevation on the west bank of Beresford Creek, Berkeley County/City of Charleston, South Carolina. The total affected area of Beresford Creek measures 1.28 acres. This easement is measured on a bearing of North 63 degrees 25 minutes 41 seconds West along the edge of the right-of-way of US Interstate-526.

The easement area is more particularly shown and delineated on a drawing entitled MAP SHOWING A 50' PERMANENT UTILITY EASEMENT AND A 15' TEMPORARY CONSTRUCTION EASEMENT CROSSING MARSHLANDS CONTROLLED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, PREPARED FOR SOUTH CAROLINA ELECTRIC AND GAS COMPANY BY R. DAVID BRANTON PLS & PE, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said natural gas pipeline and shall maintain such easement area and natural gas pipeline in good condition.

006426

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such natural gas pipeline in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006427

EXHIBIT

MAR 11 1997

4

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the ~~STATE BUDGET & CONTROL BOARD~~ South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES

Nancy B. Wynn
Melba C. Willis

STATE OF SOUTH CAROLINA BUDGET & CONTROL BOARD

BY:

David M. Beasley
Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES

David L. Austrom
Robert H. Pridce

APPLICANT

BY:

Keller Kissam
Keller Kissam
(Print Name)

TITLE: Vice President - Gas SBU

Approved
OFFICE OF THE ATTORNEY GENERAL

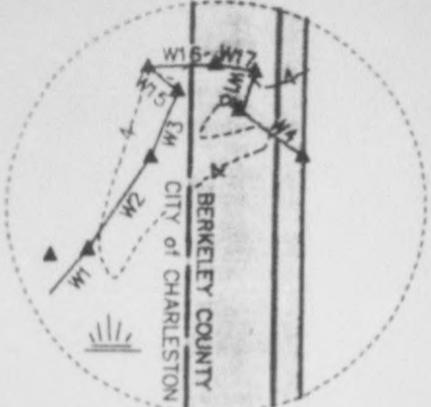
BY:

Kenneth P. Woodington
Kenneth P. Woodington

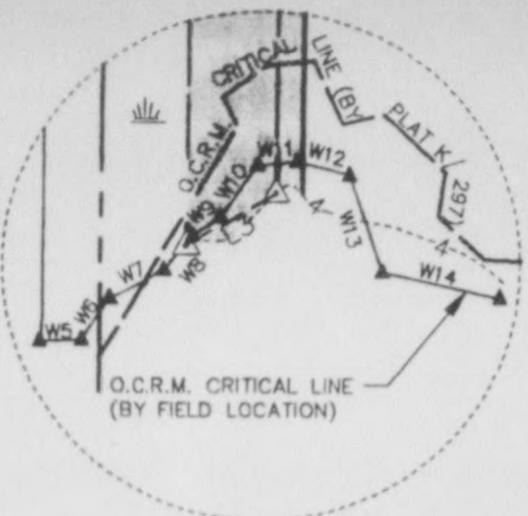
DATE:

1/30/97

006428



DETAIL 'A'



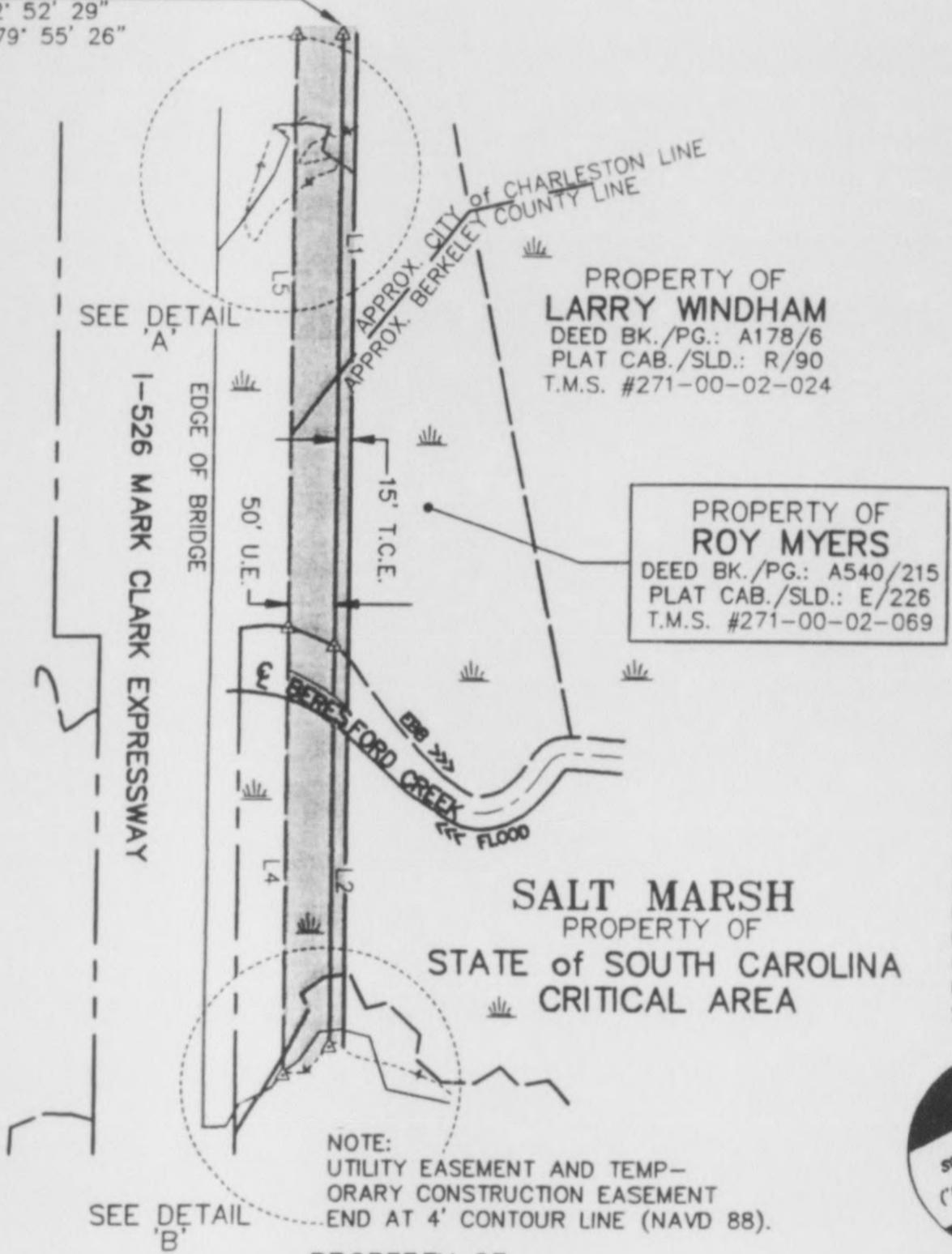
DETAIL 'B'

MAP SHOWING A 50' PERMANENT UTILITY EASEMENT AND A 15' TEMPORARY CONSTRUCTION EASEMENT CROSSING MARSHLANDS CONTROLLED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA. PREPARED FOR SOUTH CAROLINA ELECTRIC AND GAS COMPANY BY R. DAVID BRANTON PLS & PE

DATE: SEPTEMBER 10, 1996
SCALE: 1" = 200'

R. DAVID BRANTON, PLS & PE
SC REG. NUMBER 11053

NAD '83
GEOGRAPHIC COORDINATES
LAT 32° 52' 29"
LONG 79° 55' 26"



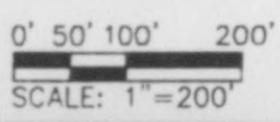
LINE TABLE:

COURSE	BEARING	DISTANCE
W1	N 22°46'38"W	34.13'
W2	N 30°49'20"W	64.64'
W3	N 42°05'57"W	41.88'
W4	N 62°49'21"E	44.16'
W5	N 24°25'55"E	25.00'
W6	N 30°57'03"W	29.40'
W7	N 01°31'11"W	35.86'
W8	N 23°28'31"W	25.82'
W9	N 09°59'30"W	18.28'
W10	N 28°55'38"W	36.90'
W11	N 20°46'48"E	22.52'
W12	N 40°46'48"E	31.24'
W13	S 81°55'14"E	59.82'
W14	N 38°30'55"E	70.23'
W15	S 66°11'56"W	22.49'
W16	N 23°34'22"E	38.25'
W17	N 38°07'02"E	23.14'
W18	S 45°54'45"E	24.95'
L1	S 63°25'41"E	658.87'
L2	S 63°25'41"E	429.60'
L3	N 05°06'25"W	58.75'
L4	N 63°25'41"W	480.16'
L5	N 63°25'41"W	639.16'

NOTE:
THIS MAP DOES NOT, NOR IS IT INTENDED TO, CONTAIN ALL THE INFORMATION REQUIRED ON A RECORDABLE INSTRUMENT BY THE SC MINIMUM STANDARDS. THIS DOCUMENT IS TO BE USED SOLELY FOR THE PURPOSE OF OBTAINING A PERMIT FROM THE STATE BUDGET AND CONTROL BOARD TO CONSTRUCT UTILITIES WITHIN THE EASEMENT SHOWN HEREON.

NOTE:
UTILITY EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT END AT 4' CONTOUR LINE (NAVD 88).

PROPERTY OF
THE HARRY FRANK GUGGENHEIM FOUNDATION
DEED: BK./PG.: 206/298
PLAT CAB.: K/297
T.M.S. #271-00-00-025



006430

CORNERSTONE
SURVEYING & ENGINEERING, INC.
240 Sacco Bridge Rd. • Summerville • South Carolina • 29686 • Phone: 803-871-9706

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of TWO HUNDRED DOLLAR(S) (\$200.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Berkeley County and lying below the mean high water line.

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

A 10' wide permanent easement running from the mean high water elevation on the northeastern bank to the mean high water elevation on the southwestern bank of an unnamed creek, Berkeley County/City of Charleston, South Carolina. The total affected area of the unnamed creek measures 0.0025 acres. This easement is measured on a bearing of South 28 degrees 28 minutes 04 seconds West, approximately 208 feet from the bridge crossing unnamed creek along SC Highway 33.

The easement area is more particularly shown and delineated on a drawing entitled PLAT FOR A 10' WIDE EASEMENT FOR A GAS LINE CROSSING A CREEK NEAR CAINHOY, PREPARED FOR SOUTH CAROLINA ELECTRIC AND GAS COMPANY, BERKELEY COUNTY, SOUTH CAROLINA, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said natural gas pipeline and shall maintain such easement area and natural gas pipeline in good condition.

006432

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such natural gas pipeline in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006433

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES

Nancy B. Whelan

Melba C. Willis

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: David M. Beasley

Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES

Joan K. Aunston

Janet H. Price

APPLICANT

BY: Keller Kissam

Keller Kissam

(Print Name)

TITLE: Vice President - Gas SBU

Approved
OFFICE OF THE ATTORNEY GENERAL

BY: Kenneth P. Woodington

Kenneth P. Woodington

DATE: 1/30/97

006434

NOTE: THIS PLAT DOES NOT REPRESENT A FIELD SURVEY TO SHOW ACCURATE LINES OF OWNERSHIP OR BOUNDARY SURVEYS FOR INDIVIDUAL TRACTS SHOWN HEREON.

N28°28'04"E
10.91'

S57°54'20"E
10.02'

PROPERTY OWNED BY
PETER O & MORGAN
LAWSON JOHNSON
TMS 262-00-00-008

N57°54'20"W
10.02'

S28°28'04"W
10.91'

LEGEND:

- — — — — WETLANDS LINE
- - - - - EDGE OF CREEK LINE
- G — — — GAS LINE
- - - - - EASEMENT LINE

PROPOSED 15' TEMPORARY
CONSTRUCTION EASEMENT

PROPOSED 25' PERMANENT
SCE&G AND CPW EASEMENT

WETLANDS LINE

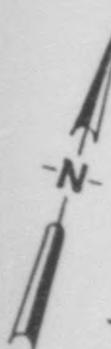
FENCE

N34°59'54"W

PROPOSED 10' PERMANENT
S.C.E. & G. EASEMENT



006486



CAINHOY RD.
70' R/W

EXISTING S.C.E. & G. EASEMENT

207.59'

EDGE OF CREEK

GUY WIRE

WETLANDS LINE

REVISED 1/16/97: CHANGED
EASEMENT WIDTHS, CHANGED
GAS LINE LOCATION

PROPERTY OWNED BY
ADELINE MURPHY
TMS 263-00-02-003

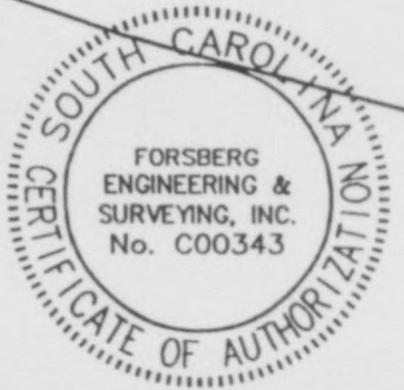
PHONE BOX

SIGN (TYP)

WOOD RAIL (S-8-33)

I, SAMUEL B. BETHAY A REGISTERED LAND SURVEYOR OF THE STATE OF SOUTH CAROLINA DO HEREBY CERTIFY, TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF THAT THE EASEMENT SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE SOUTH CAROLINA MINIMUM STANDARDS MANUAL, PER ARTICLE A REGULATION 420-F; THAT THIS PLAT IS INTENDED ONLY TO SHOW THE LOCATION OF A UTILITY EASEMENT; THAT EASEMENT LINES SHOWN ARE BASED ON ACTUAL FIELD EVIDENCE WHICH MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS A SURVEY AS SPECIFIED THEREIN.

Samuel C. Bethay
SAMUEL C. BETHAY, P.E. & R.L.S. No. 11900



PLAT
FOR A 10' WIDE EASEMENT
FOR A GAS LINE CROSSING
A CREEK NEAR CAINHOY
PREPARED FOR SOUTH CAROLINA
ELECTRIC AND GAS COMPANY
BERKELEY COUNTY, SOUTH CAROLINA
SCALE: 1" = 50' JANUARY 13, 1993
FORSBERG ENGINEERING
& SURVEYING, INC.

P.O. BOX 30575
CHARLESTON, SOUTH CAROLINA 29417
803/571-2822

007102

EXHIBIT

MAR 1 1 1997

4

STATE BUDGET & CONTROL BOARD

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of FIVE HUNDRED NINETY DOLLAR(S) (\$590.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Charleston County and lying below the mean high water line.

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

Beginning at a USGS monument (Chandler) having coordinates of northing 373975.94 and easting 2337069.83 located on the west side of Wando River approximately 2150± from the southern right-of-way of the Mark Clark Expressway (Route I-526) and more accurately shown on a plat of a 30' utility easement prepared for South Carolina Electric & Gas Co. by HGBD dated August 27, 1996; leaving the USGS monument and going north 23°-58'-46" east for a distance of 2,077.24 feet to a calculated point being the point of beginning; thence turning and running north 28°-59'-43" east for a distance of 30.27 feet along the property of Harry Frank Guggenheim Foundation to a calculated point; thence turning and running south 53°-17'-03" east for a distance of 4,287.87 feet to a calculated point; thence turning and running south 05°-44'-21" east for a distance of 4.21 feet along the property of Long Point Road, Limited partnership to a calculated point; thence turning and running south 71°-59'-00" west for a distance of 32.94 feet to a calculated point; thence turning and running north 53°-17'-03" west for a distance of 4,267.63 feet to the point of beginning; the area of the subject easement having 128,400 square feet or 2.95 acres.

The easement area is more particularly shown and delineated on a drawing entitled **PLAT OF A 30' UTILITY EASEMENT PREPARED FOR SOUTH CAROLINA ELECTRIC & GAS CO. THROUGH PROPERTY CONTROLLED BY THE STATE OF SOUTH CAROLINA, BERKELEY & CHARLESTON COUNTY, SOUTH CAROLINA**, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said gas main and shall maintain such easement area and gas main in good condition.

006438

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such gas main in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006439

EXHIBIT

MAR 1 1 1997

4

IN WITNESS WHEREOF, this instrument is being executed in accordance with the provisions of the South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES:

Nancy B. Whinn
Melba C. Miller

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: David M. Beasley
Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES:

Jack K. Austerson
Robert H. Rice

APPLICANT

BY: Keller Kissam
Keller Kissam
(Print Name)

TITLE: Vice President - Gas SBU

Approved
OFFICE OF THE ATTORNEY GENERAL

BY: Kenneth P. Woodington
Kenneth P. Woodington

DATE: 1/30/91

006440

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

COUNTY OF SPARTANBURG)

EASEMENT NO. 445

THIS EASEMENT, made and entered into this _____ day of _____, 1997, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and Spartanburg Sanitary Sewer District as Grantee (hereinafter "GRANTEE").

WITNESSETH

WHEREAS, GRANTEE is a political entity, and GRANTEE's mailing address is Post Office Box 251, Spartanburg, South Carolina 29304; and

WHEREAS, GRANTEE proposes to install, operate and maintain a 10" sewer force main line across the North Tyger River in Spartanburg County, South Carolina. The sewer force main line and easement are more particularly shown and delineated on a drawing entitled, **EASEMENT MAP PREPARED FOR SPARTANBURG SANITARY SEWER DISTRICT, NEAR SPARTANBURG, SPARTANBURG COUNTY, S.C.**, dated August 26, 1996, which is attached hereto and incorporated herein.

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

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

006442

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of ONE DOLLAR(S) (\$1.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Spartanburg County and lying below the mean high water line.

This easement of right-of-way shall be used solely for the purposes incidental with the installation, operation and maintenance of the 10" sewer force main line across the North Tyger River. The easement area is more particularly described as follows:

A permanent sanitary sewer easement, twenty-five (25) feet in width, with a centerline beginning at the mean high water mark on the south side of North Tyger River at a point twenty-four and forty-seven one hundredths (24.47) feet southeast of an iron dividing the lands of RICKY E. & DIANE L. BARTLETT from the lands of DAVID W. & TERESA M. DEMAREST; thence N08°-57'-09"W for sixty-seven and seventy one hundredths (67.70) feet; thence terminating at the mean high water mark on the north side of the North Tyger River.

The easement area is more particularly shown and delineated on a drawing entitled **EASEMENT MAP PREPARED FOR SPARTANBURG SANITARY SEWER DISTRICT, NEAR SPARTANBURG, SPARTANBURG COUNTY, S.C.**, attached hereto and incorporated herein.

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

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

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said sewer force main line across the Middle Tyger River and shall maintain such easement area and sewer force main line in good condition.

006443

GRANTEE further agrees and covenants that GRANTEE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs of attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Department of Health and Environmental Control shall be notified in writing prior thereto.

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

This easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if GRANTEE, its successors and assigns: (1) quits and abandons all use of such sewer force main line in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

006444

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 11th day of March, 1997.

WITNESSES:

Nancy B. Wherry
Melba C. Williams

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY:

David M. Beasley
Governor David M. Beasley
Chairman, Budget and Control Board

WITNESSES:

Dennis Tucker
Susan L. Remil

APPLICANT

BY:

Graham W. Rich
GRAHAM W. RICH
(Print Name)

TITLE: GENERAL MANAGER

Approved
OFFICE OF THE ATTORNEY GENERAL

BY: Kenneth P. Woodington
Kenneth P. Woodington

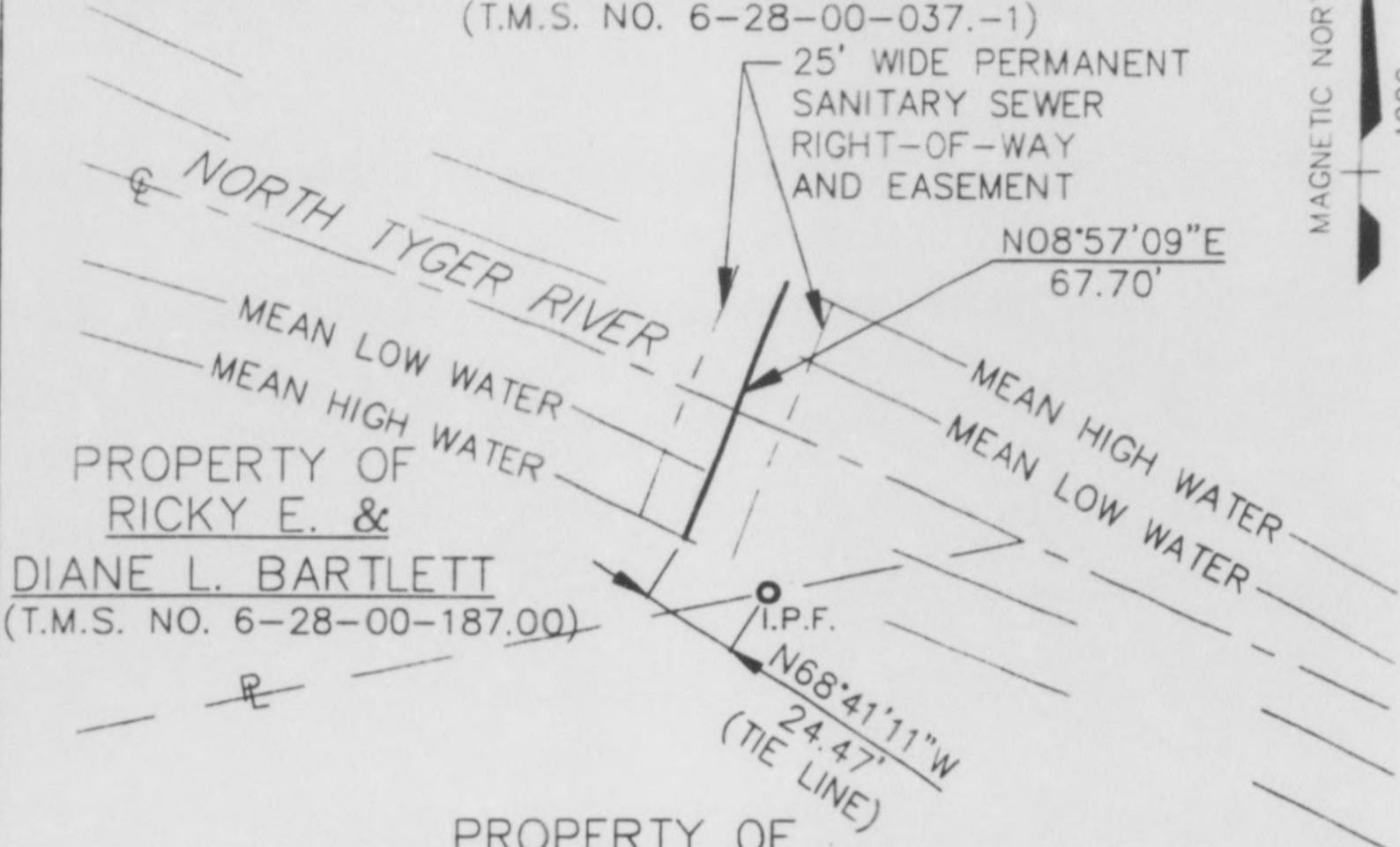
DATE: 1/20/97

006445

PROPERTY OF
SPARTANBURG SANITARY
SEWER DISTRICT

(T.M.S. NO. 6-28-00-037.-1)

25' WIDE PERMANENT
SANITARY SEWER
RIGHT-OF-WAY
AND EASEMENT



PROPERTY OF
RICKY E. &
DIANE L. BARTLETT
(T.M.S. NO. 6-28-00-187.00)

PROPERTY OF
DAVID W. &
TERESA M. DEMAREST
(T.M.S. NO. 6-28-00-003.04)

LEGEND

- P.....PROPERTY LINE
- C.....CENTERLINE
- I.P.F.....IRON PIPE FOUND

NOTES:

1. REFERENCE IS MADE TO THE FOLLOWING:
 - a. PROPERTY LINE LOCATION BASED UPON SPARTANBURG COUNTY RECORDS SPECIFICALLY REFERENCED HEREON AND DATA OBTAINED BY FIELD SURVEY OF THE SEWER SYSTEM. NO OVERALL BOUNDARY SURVEYING OF THE



006447

STATE OF SOUTH CAROLINA)
) PERPETUAL EASEMENT
COUNTY OF GEORGETOWN)

KNOW ALL MEN BY THESE PRESENTS THAT the South Carolina Department of Parks, Recreation and Tourism, with an address of 1205 Pendleton Street, Columbia, South Carolina 29201, ATTN: Steve McCalla, hereinafter referred to as the Grantor, for the hereinbelow stated consideration, the receipt and sufficiency of which are hereby acknowledged, does grant, bargain, sell and release unto the United States of America, c/o U.S. Army Corps of Engineers, Savannah District, ATTN: CESAS-RE-RP, P.O. Box 889, Savannah, Georgia 31402-0889, hereinafter referred to as the Grantee, the hereinbelow described property on the following terms and conditions, to wit:

WITNESSETH:

WHEREAS, the Grantee has need for the easement hereinafter described for use in connection with the Murrell's Inlet Navigation Project, Georgetown County, South Carolina; and,

WHEREAS, the Grantor is the non-federal sponsor for said Murrell's Inlet Navigation Project, and as such, is to provide to the Grantee all lands, easements and rights-of-way necessary for the project in exchange for the Grantee's continuation of project operation and maintenance; and,

WHEREAS, the Grantor is the owner in fee simple of said property and has agreed to convey this easement to the Grantee, and execution of this instrument has been duly approved;

NOW THEREFORE, for the aforestated consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does hereby grant, bargain, sell and release unto the Grantee and its assigns a perpetual and assignable easement in, on, over and across the land described in

006448

Exhibit "A", attached hereto and made a part hereof, to construct and maintain any slopes and/or embankments necessary in connection with the operation and maintenance of the Murrell's Inlet Navigation Project, as authorized by the Act of Congress, Public Law 89-298, as amended, and Public Law 94-587; to intermittently overflow, flood, submerge, saturate, percolate and erode said land; the right to clear, cut, fell, remove and dispose of any and all timber, trees, underbrush, debris, buildings, improvements and/or other natural or artificial structures or obstructions therefrom, to place thereon such revetting material or other bank protective structures as deemed necessary; to place dredged material and to borrow said material; to excavate, dredge, cut away and remove any or all of said land as may be required in connection with said project; and to implement floatplant during dredging maintenance operations for said project;

RESERVING to the Grantor, its successors and assigns, all such rights and privileges as may used and enjoyed without interfering with or abridging the rights and easement herein granted, provided, however, that any structures constructed or maintained on the land must be approved in writing by the representative of the Grantee in charge of the project;

SUBJECT to existing easements for public roads and highways, public utilities, railroads and pipelines.

TOGETHER with all and singular the rights, members, hereditaments and appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the above described easement to the Grantee and its assigns for the purposes aforesaid forever, and the Grantor hereby binds itself and its successors and assigns to warrant and forever defend all and singular the said premises unto the said Grantee and its assigns against the Grantor and the Grantor's successors and assigns against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

006449

EXHIBIT

MAR 11 1997

4

IN WITNESS WHEREOF, the Grantor has hereunto caused this STATE BUDGET & CONTROL BOARD instrument to be executed and its seal affixed on this 31st day of DECEMBER, 1996.

SOUTH CAROLINA DEPARTMENT OF
PARKS, RECREATION AND TOURISM
(SEAL)

BY:

TITLE: Director

[Signature]
Witness

[Signature]
Witness

In accordance with provisions of 1-11-65 and 10-1-130 Code of Laws of South Carolina, as amended at its meeting held on March 11, 1997, approval is given by the STATE BUDGET AND CONTROL BOARD to the easement herein.

S/ [Signature]
Donna K. Williams, Secretary for the Board

006450

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF RICHLAND)

PERSONALLY appeared the undersigned witness and made oath that (s)he saw the within named Grantor, by and through its duly authorized officer(s) or agents(s), sign, seal, and as the Grantor's act and deed deliver the within Perpetual Easement and that deponent, with the other witness subscribed above, witnessed the execution thereof.

Steve McCull
Witness

SWORN TO before me this
31st day of DECEMBER 1996

Mary McNeill
Notary Public for South Carolina

My Commission Expires: 12-14-04

006451

PROJECT: MURRELLS INLET NAV. PROJECT DATE: 12 FEBRUARY 1996

LOCATION: GEORGETOWN COUNTY, SOUTH CAROLINA

OWNER: SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION AND
TOURISM

ACREAGE: 4.55

All that tract of land situate in Tax District No. 41, Georgetown County, South Carolina being bound now or formerly on all sides by other land of the South Carolina Department of Parks, Recreation and Tourism and being more particularly described as follows:

BEGINNING at a point located S 29°57'02" W 196.39 feet, S 24°47'19" E 299.51 feet and S 82°01'16" W 58.91 feet from SCCC Monument 4900 B (1990), said monument having a coordinate value of N 624,454.40 feet and E 2,600,312.02 feet;

Thence, from said point of beginning and along new lines through the land of South Carolina Department of Parks, Recreation and Tourism S 07°58'44" E 300.00 feet to a point, S 82°01'16" W 660.00 feet to a point, N 07°58'44" W 300.00 feet to a point and N 82°01'16" E 660.00 feet to the point of beginning and containing 4.55 acres, more or less.

The bearings and coordinates used in the above description are based on the South Carolina State Plane Coordinate System (South Zone), NAD 83.

The above described land is a portion of the same land as that conveyed by Inlet Realty Company, Inc. to South Carolina Department of Parks, Recreation and Tourism by deed dated 14 September 1973 and recorded in Deed Book 115, Page 744 of the records of Georgetown County, South Carolina.

EXHIBIT A

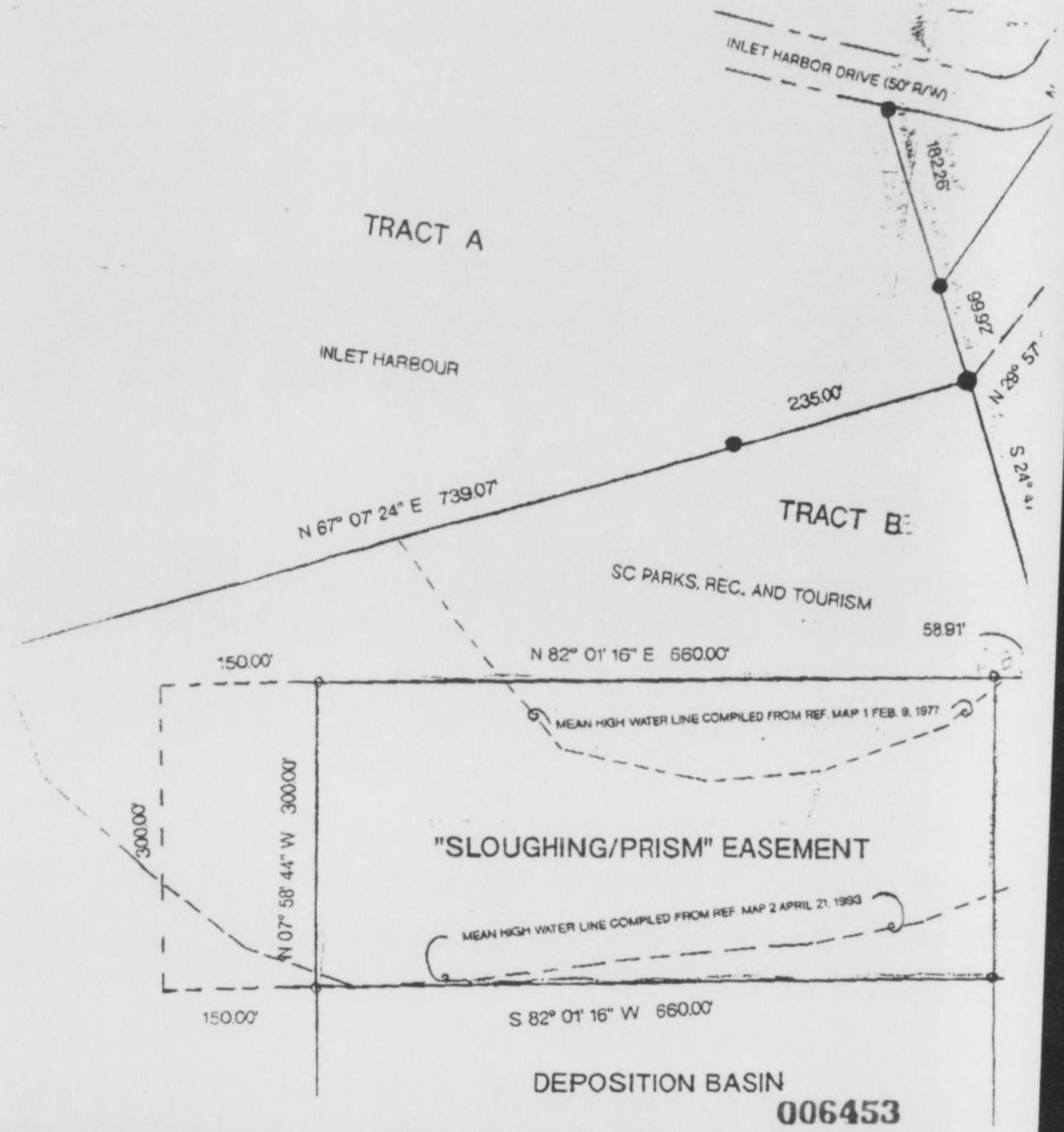
006452

EXHIBIT

MAR 11 1997

4

STATE BUDGET & CONTROL BOARD



DEPOSITION BASIN

006453

STATE OF SOUTH CAROLINA)
)
COUNTY OF JASPER)

DEED OF EQUIPMENT
WITH OPERATION AND
MAINTENANCE AGREEMENT

WHEREAS, the South Carolina Department of Mental Health (SCDMH) is the owner of a tract of land known as Tract C pursuant to that certain Deed recorded in the Jasper County Clerk of Court's Office in Deed Book 130 at Page 119, said tract of land being shown on a plat recorded in Plat Book 20 at Page 281;

WHEREAS, the South Carolina Department of Disabilities and Special Needs (SCDDSN) f/k/a South Carolina Department of Mental Retardation is owner of a tract of land in Jasper County which is located adjacent to and north of SCDMH, such tract being more fully described as "Tract B" on a Survey prepared by Johnson-Trogdon Surveyors, dated June 15, 1992 and filed in the Office of the Clerk of Court for Jasper County in Plat Book 19 at Page 440;

WHEREAS, the elevation and slope of both properties mentioned above require the use of a lift station and force main to connect to the nearest municipal sewer line in order to provide for proper sewage disposal for the two properties;

WHEREAS, the SCDDSN has constructed a sewage disposal system upon its property and has granted an Easement and Right of Way and a Deed of Equipment to the Town of Ridgeland, such documents having been respectively filed in the Office of the Clerk of Court on August 4, 1995 in Deed Book 148 at Page 231 and Deed Book 148 at Page 225;

WHEREAS, the SCDMH has an ownership interest in the equipment because it has agreed to contribute funds to SCDDSN for the construction of the sewage disposal system in return for the granting of a sewer easement to the liftstation and unimpeded access and use of the sewage disposal equipment; and

WHEREAS, the Town of Ridgeland desires to obtain title to the equipment in order to provide and insure proper sewage disposal and to operate, maintain and repair the equipment for the benefit of the SCDMH and SCDDSN.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the South Carolina Department of Mental Health (Grantor) for and in consideration of (a) One (\$1.00) Dollar to it in hand paid before the delivery of this Deed, the receipt and sufficiency of which is hereby acknowledged and (b) the Town of Ridgeland's promises to operate, maintain and repair the sewage disposal equipment at its own cost and save the Grantor from any liability whatsoever stemming from the operation, maintenance and repair of the equipment, has granted, bargained, sold and released and by this Deed does grant, bargain, sell and release unto the Town of Ridgeland (Grantee) the following equipment:

006454

EXHIBIT

MAR 11 1997

4

Butkus, Ph.D., as State Director of the South Carolina Department of Disabilities and Special Needs, to execute this grant in its name, recognizing that the approval of the State Budget and Control Board will be obtained by the South Carolina Department of Mental Health;

STATE BUDGET & CONTROL BOARD

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the South Carolina Department of Disabilities and Special Needs herein the Grantor, for and in consideration of One (\$1.00) Dollar to it in hand paid before the sealing and delivery of these presents, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and released and by these presents does grant, bargain, sell and release unto the South Carolina Department of Mental Health, herein the Grantee, upon terms and conditions described below, the following Easement and Right-of-Way:

Commencing at a new iron located Two and Seventy-One Hundredths (2.71') feet from an old iron located at the Southwest corner of Tract B, owned by the South Carolina Department of Disabilities and Special Needs and more particularly shown by the aforementioned plat by Johnson-Trogdon Surveyors dated June 15, 1992, and filed in Plat Book 19 at Page 440 in the Clerk of Court's Office for Jasper County, and thence N. 76 degrees 29' 00" E. One Hundred Fifty-Four and Eighty-Six Hundredths (154.86') feet to the POINT OF BEGINNING on the common boundary between the Grantor and Grantee, thence N. 38 degrees 11' 35" E. Forty-Six and Eight-Seven Hundredths (46.87') feet to a point; thence S. 51 degrees 48' 25" E. Twenty and No Hundredths (20.00') feet to a point; thence S. 38 degrees 11' 35" W. Twenty-One and Fifty-Four Hundredths (21.54') feet to a point on the common boundary; thence along the boundary S. 76 degrees 29' 00" E. Thirty-two and Twenty-eight Hundredths (32.28') feet to the POINT OF BEGINNING. This grant is more clearly shown on the attached Exhibit A.

SUBJECT, however, to the following terms and conditions:

1. Use. The Grantee may use this easement only to place therein a sewer line to connect its facility with the municipal sewer line via the aforementioned lift station and force main.
2. Improvements. This easement is not exclusive and the Grantor, its assigns or successors shall have the right to use the lands within the Easement or Right-of-Way for any purpose not inconsistent with the operation, maintenance, inspection, repair

006458

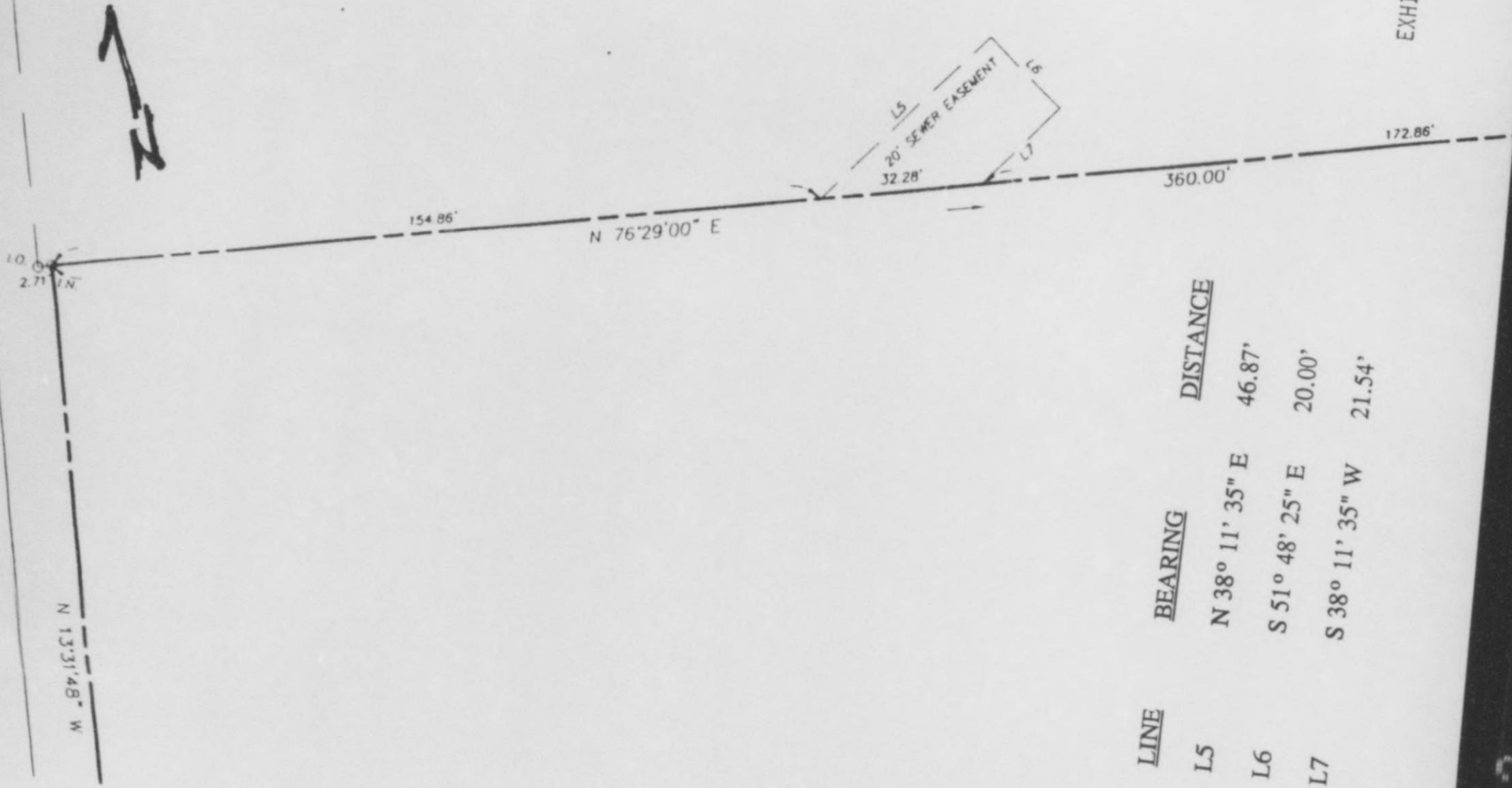
TWO S
BARBED WIRE
ALONG PROPERTY

N/F JASPER COUNTY
MENTAL RETARDATION BOARD
TRACT B

006461

EXHIBIT "A"

50' R/W
S-27-362



LINE	BEARING	DISTANCE
L5	N 38° 11' 35" E	46.87'
L6	S 51° 48' 25" E	20.00'
L7	S 38° 11' 35" W	21.54'

2.00 ACRES
TRACT C

201 510

STATE OF SOUTH CAROLINA)
)
COUNTY OF JASPER)

EASEMENT
AND
RIGHT OF WAY

THIS EASEMENT AND RIGHT OF WAY ("Easement") is effective this 15 day of MAY 1996, by and between JASPER COUNTY ("Grantor") THE SOUTH CAROLINA DEPARTMENT OF MENTAL HEALTH (SCDMH) as Agent for the State of South Carolina ("Grantees") and the SOUTH CAROLINA DEPARTMENT OF MENTAL RETARDATION, now known as the SOUTH CAROLINA DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS (SCDDSN) pursuant to Act No. 496, 1990 of the South Carolina General Assembly.

WHEREAS, SCDDSN is the owner of a tract of land known as Tract B and located in Jasper County pursuant to that certain Deed recorded in the Jasper County Clerk of Court's Office in Deed Book 124 at Page 168, said tract of land being shown on a Plat recorded in Plat Book 19 at Page 440;

WHEREAS, the tract of land south of and adjacent to Grantee's property is owned by SCDMH pursuant to that certain Deed recorded in the Jasper County Clerk of Court's Office in Deed Book 130 at Page 119, said tract of land being shown as Tract C on a plat recorded in Plat Book 20 at Page 281;

WHEREAS, the tract of land south of and adjacent to the property of SCDMH known as Tract D is owned by Jasper County pursuant to that certain deed from Thelma Z. Woods recorded in the Jasper County Clerk of Court's Office in Deed Book 64 at Page 139 on January 23, 1969;

WHEREAS, the Grantor and Grantees are in the process of constructing community facilities on adjoining properties near the Lowcountry Hospital in Ridgeland, South Carolina;

WHEREAS, the SCDDSN requires the means of stormwater overflow runoff at the low elevation of their property from the stormwater retention pond and SCDMH has need of a means of eliminating stormwater from their site; and

WHEREAS, the SCDMH has convenient access to Jasper County's forty (40') foot drainage right-of-way which is parallel to and approximately seventy (70') feet from the southern boundary of SCDMH;

WHEREAS, Grantor has agreed to convey an Easement over certain portions of Grantor's property for the use and enjoyment of the Grantees subject to certain terms and conditions;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Grantor for and in consideration of the sum of One and No/100 Dollars (\$1.00) to it in hand paid before the sealing of these presents by Grantees in the State aforesaid, the receipt and sufficiency of

006462

EXHIBIT

MAR 11 1997

4

which is hereby acknowledged, has granted, bargained, sold and released and by these presents does grant, bargain, sell and release unto Grantees, upon the terms and conditions described below, the following Easement:

Beginning at the "Point of Beginning", (so noted on a plat of a "Boundary Survey of 2.00 acres, Tract C, S. C. Highway 362 located in Jasper County, South Carolina, said plat bearing the date of April 16, 1993 and prepared by Surveying Consultants, a portion of said Plat being attached hereto as "Exhibit A"); thence, S 13°31'48" E forty and no/100ths (40.00') feet to an old concrete monument; thence S 76°28'22" W twenty and no/100ths (20.00') feet along the southern boundary of a 40' drainage R/W and the common boundary of Jasper County and Thelma Z. Woods to a point; thence, N 13°31'48" approximately one hundred nine and 11/100ths (109.11') feet to a point on the common boundary of Jasper County and SCDMH; thence, N 76°29'00" E twenty and no/100ths (20.00') feet to a new iron at the northeastern corner of Tract D; thence, S 13°31'48" E sixty-nine and 11/100ths (69.11') feet to the Point of Beginning.

SUBJECT, however, to the following terms and conditions:

1. Use. This Easement is nonexclusive and the Grantor and its successors shall have the right to use the lands within the Easement for any purpose not inconsistent with stormwater drainage, but may not erect within the right-of-way any permanent building which will interfere with access to the drainage ditch, and may not plant trees in the Easement. The Grantee, its agents, servants, employees and contractors shall have the right of access to said drainage Easement or along such other route as may appear to them to do the least damage to the Grantor's contemporaneous use of any property of the Grantor adjoining or near the right-of-way, to inspect or maintain the Easement and to cut trees and other growth endangering drainage. The Grantee will be responsible to the Grantor for damages done to fences, improvements, growing crops and timber outside the right-of-way as a result of such entry. Grantee, after completion of the construction of its facility, may not by any act increase the amount of natural water runoff entering into and flowing across the Easement.

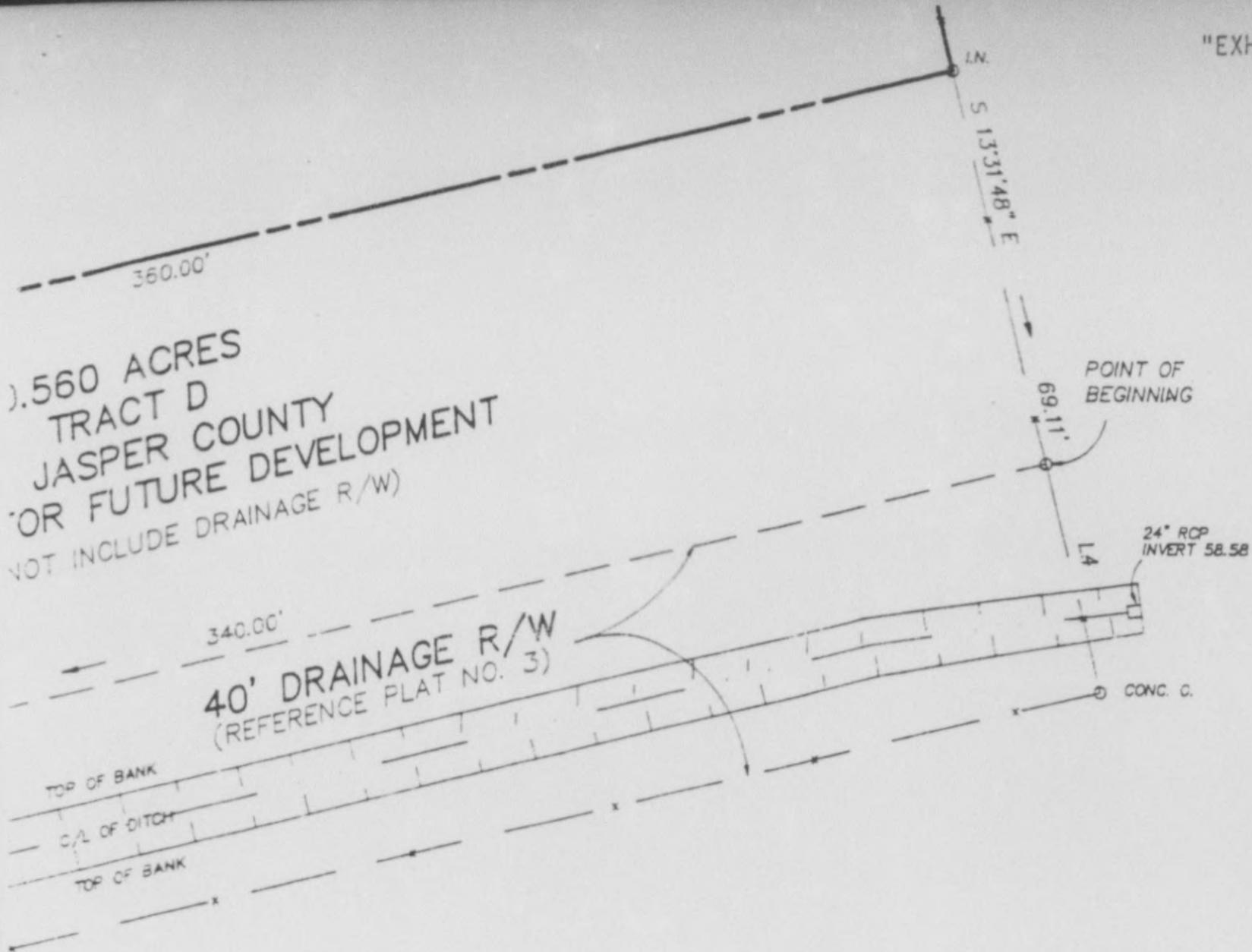
2. Improvements. No structures or vertical or horizontal improvements of any kind (other than landscaping, utilities and paving) may be placed, used, constructed or situated by Grantor or Grantee within any portion of the easement.

3. Landscaping. As a term and condition of this Easement, the Grantor shall have the sole responsibility for landscaping the Easement property in a reasonable manner.

4. Modification. This Easement may be modified at any time by mutual consent in a written instrument which refers to this Easement and which is duly recorded in the Office of the Clerk of Court for Jasper County, South Carolina.

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the above Easement.

006463



0.560 ACRES
TRACT D
JASPER COUNTY
OR FUTURE DEVELOPMENT
NOT INCLUDE DRAINAGE R/W

40' DRAINAGE R/W
(REFERENCE PLAT NO. 3)

THELMA Z. WOODS

BOUNDARY
SURVEY OF

2.00 ACRES, TRACT C, S.C. HWY. 362

A SECTION OF

JASPER COUNTY HOSPITAL TRACT, U.S. HWY. 278

RIDGELAND, JASPER COUNTY, SOUTH CAROLINA

SCALE: 1" = 30'

DATE: 4/16/93

JOB NO: 91375D

006467



SURVEYING CONSULTANTS

49E Bow Circle, Park Place, Hilton Head Island, SC 29928
Telephone: (803) 842-3304 FAX: (803) 785-7866

Beginning at an iron which is located at the most southeastern corner of property owned by the Grantor and shown on the above referenced plat of the Grantor; thence, N 13°31'48" W two hundred forty two and No/100ths (242.00') feet to an iron at a common corner of the Grantor and Grantee; thence, S 76°29'00" W twenty and No/100ths (20.00') feet to a point located on the common boundary of the Grantor and Grantee; thence, S 13°31'48" E two hundred forty two and no/100ths (242.00') feet to a point on the boundary of the Grantor; thence N 76°29'00" E twenty and no/100ths (20.00') feet to the point of beginning.

SUBJECT, however, to the following terms and conditions:

1. Use. This Easement is nonexclusive and the Grantor and its successors shall have the right to use the lands within the Easement for any purpose not inconsistent with stormwater drainage, but may not erect within the right-of-way any permanent building which will interfere with access to the drainage ditch, and may not plant trees in the Easement. The Grantee, its agents, servants, employees and contractors shall have the right of access to said drainage Easement or along such other route as may appear to them to do the least damage to the Grantor's contemporaneous use of any property of the Grantor adjoining or near the right-of-way, to inspect or maintain the Easement and to cut trees and other growth endangering drainage. The Grantee will be responsible to the Grantor for damages done to fences, improvements, growing crops and timber outside the right-of-way as a result of such entry. Grantee may not by any act increase the amount of natural water runoff entering into and flowing across the Easement.

2. Improvements. No structures or vertical or horizontal improvements of any kind (other than landscaping, utilities and paving) may be placed, used, constructed or situated by Grantor or Grantee within any portion of the easement.

3. Landscaping. As a term and condition of this Easement, the Grantor shall have the sole responsibility for landscaping the Easement property in a reasonable manner.

4. Maintenance. Grantor agrees to conduct all maintenance to all the Easement property unless the need for maintenance is caused by the Grantee. Such maintenance shall be conducted so the Easement property appearance coordinates with surrounding lands.

5. Modification. This Easement may be modified at any time by mutual consent in a written instrument which refers to this Easement and which is duly recorded in the Office of the Clerk of Court for Jasper County, South Carolina.

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the above Easement.

TO HAVE AND TO HOLD said right-of-way and Easement unto the said Grantee, its successors and assigns forever, and the undersigned hereby binds itself, its successors and assigns to warrant and forever defend all and singular said premises unto the Grantee, its successors and assigns, against itself.

006469

IN WITNESS WHEREOF, Grantor has caused these presents to be executed in its name on this 5th day of FEBRUARY in the Year of our Lord One Thousand Nine Hundred and Ninety-Seven.

WITNESSES:

THE SOUTH CAROLINA DEPARTMENT
OF MENTAL HEALTH.

As Agent for the State of South Carolina

Miriam M. Beard

Leresa E. Cain

By: John A. Morris, Jr.

John A. Morris, Jr., M.S.W.

Its: Interim State Director and Executive
Secretary of Mental Health

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

PROBATE

PERSONALLY appeared before me the undersigned witness who, on oath, says that s/he saw the within-named THE SOUTH CAROLINA DEPARTMENT OF MENTAL HEALTH, as Agent for the State of South Carolina, by John A. Morris, Jr., sign, seal and as its act and deed, deliver the within written Easement and that s/he, together with the other witness subscribing above, witnessed the execution thereof.

SWORN to before me this 5th
day of February, 1997.

Barbara B. Clary (SEAL)

Notary Public for South Carolina.

My Commission Expires: 9-19-2000

Leresa E. Cain
Witness

STATE BUDGET AND CONTROL BOARD APPROVAL

In accordance with provisions of 1-11-65 and 10-1-130 Code of Laws of South Carolina, as amended, at its meeting held on March 11, 1997, approval is given by the STATE BUDGET AND CONTROL BOARD to the Easement herein.

Donna K. Williams

DONNA K. WILLIAMS

SECRETARY FOR THE BOARD

006470

S.C. ATTORNEY GENERAL APPROVAL

In accordance with S.C. Code Ann. § 44-11-110 (Law. Co-op. 1976), approval is given by the S.C. Attorney General this 27th day of January, 1997.

Kenneth B. Woodruff
(Name)

Sr. Asst. Atty. Gen.
(Title)

006471

EXHIBIT

MAR 11 1997

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STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

MEETING OF March 11, 1997

ITEM NUMBER 5

AGENCY: Local Government

SUBJECT: Grant Requests

The Office of Local Government advises of the following grant requests:

- (a) Grantee: Cherokee County/Gaffney Board of Public Works
Grant request: \$173,319
Purpose/description: Development of a county-owned industrial park to include the cost of constructing water, sewer, and roads
Impact: Development of an industrial site
Cost of project: \$1,373,319
LG recommendation: \$49,500 to assist in the cost of water line construction
- (b) Grantee: Town of Ellore
Grant request: \$38,000
Purpose/description: Extension of water and sewer lines to the new location of Ellore Veneer on Snider Street
Impact: Creation of 40 new jobs; 40 jobs retained
Cost of project: \$51,300
LG recommendation: \$37,900, estimated cost of water and sewer construction

BOARD ACTION REQUESTED:

Approve the following grant requests as recommended by the Office of Local Government:
(a) Cherokee County/Gaffney Board of Public Works, \$49,500 to assist in the cost of water line construction; and (b) Town of Ellore, \$37,900, estimated cost of water and sewer construction.

ATTACHMENTS:

006472

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (02784) CONTROL BOARD

Meeting Scheduled for: *March 11, 1997*

Agenda: *Blue*

1. Submitted By:

(a) Agency: *B&C Bd. - Local Government*

(b) Authorized Official Signature: _____

Nancy W. Zennis

2. Subject:

Budget and Control Board Grant Program request by Cherokee County on behalf of the Gaffney Board of Public Works

3. Summary and Background Information:

Grantee: Cherokee County/Gaffney Board of PW

Grant Request: \$173,319

Purpose/Description: Development of a county owned industrial park to include the cost of constructing water, sewer and roads.

Impact of Project: Development of an industrial site.

Cost of Project: \$1,373,319

OLG Recommendation: \$49,500 to assist in the cost of water construction.

4. What is Board asked to do?

Approve request in the amount of \$49,500

5. What is recommendation of Board Division involved?

Approve request in the amount of \$49,500 to assist in the cost of water construction.

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents

(a) List Those Attached:

Cherokee County-- Grant Agreement No.813

(b) List Those Not Attached But Available From Submitter:

006473

CERTIFIED
No 813

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF LOCAL GOVERNMENT



GRANT AGREEMENT

RECEIVED

SEP 20 1996

LDW

This grant agreement is entered into this _____ day of _____ 19____, between the South Carolina State Budget and Control Board, through the Division of Local Government, an agency of the State of South Carolina (the "State") and Cherokee County a _____ County of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manager certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Division of Local Government ("DLG").

ARTICLE 2 GRANT CONDITIONS

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for developing infrastructure for a County owned industrial site for the construction of a 50,000 sq. ft. spec building.

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5 Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Division of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of _____% per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of _____% per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

MAR 1 1 1997

STATE BUDGET & CONTROL BOARD

Section 4.5. Ownership: Title to property acquired in whole or in part by the State shall be vested in the Project Sponsor, subject to divestment by State, where its use for project or other approved activities is discontinued. Project Sponsor should exercise caution in the use, maintenance, protection, and preservation of such property during the period of project use. The Project Sponsor must file with the State a property inventory statement (in a form acceptable to the State) within thirty (30) days of receipt of the final disbursement by the Project Sponsor and must agree to be subject to audit by State or its duly authorized representatives for verification of the information contained in the property inventory form.

Section 4.6. Applicable Law: This Agreement is made under and shall be construed in accordance with the laws of the State of South Carolina. By accepting this grant, the Project Sponsor also agrees to submit to the jurisdiction of the courts of the State of South Carolina for all matters arising or to the arise hereunder, including but not limited to, performance of said grant and the payment of licenses and taxes of whatever kind of nature applicable hereto.

Section 4.7. Amendments: Any changes to this grant award affecting the scope of work of the project must be approved, in writing, by the State and shall be incorporated in written amendment(s) to this Agreement.

IN WITNESS WHEREOF, The Project Sponsor and the State have caused these presents to be signed, sealed and delivered all as of the date hereon.

(SEAL)

(Project Sponsor)

By L. Hoke Parris

Its Chairman, Cherokee County Council

Attest:

Deirdre Pearson
Its Clerk to Council

South Carolina State Budget and Control Board

By _____

In accordance with Proviso 14.91 of the 1990-1991 State Appropriations Act, I hereby attest to have reviewed this Grant Agreement for the herein named project.

Samuel A. Peeler (Senator)

E. Lynn McLean (House Member)

APPENDIX "A"

PROJECT SPONSOR: Cherokee County Council

GRANT NUMBER: 813

SCOPE OF WORK

	<u>Description</u>	<u>Budget</u>	<u>Grant Funds Requested</u>
1.	<u>Acq. of Land</u>	\$ <u>200,000</u>	<u>-0-</u>
2.	<u>Site Prep</u>	<u>15,200</u>	\$ <u>15,200</u> X
3.	<u>Storm Sewer</u>	<u>30,400</u>	<u>30,400</u> X
4.	<u>Sanitary Sewer 8"</u>	<u>27,925</u>	<u>27,925</u>
5.	<u>Water Line 8"</u>	<u>49,525</u>	<u>49,525</u>
6.	<u>Paving, Curb & Gutter</u>	<u>28,013</u>	<u>28,013</u> X
7.	<u>Roadway Striping</u>	<u>1,500</u>	<u>1,500</u> X
8.	<u>Erosion Control</u>	<u>5,000</u>	<u>5,000</u> X
9.	<u>Building Construction</u>	<u>1,000,000</u>	<u>-0-</u>
10.	<u>Contingency</u>	<u>15,756</u>	<u>15,756</u> X
11.	<u></u>	\$ <u>1,373,319</u>	\$ <u>173,319</u>
12.	<u></u>	<u></u>	<u></u>
13.	<u>Eligible Costs:</u>	<u></u>	<u></u>
14.	<u>sanitary sewer</u>	<u></u>	<u>27,925</u>
15.	<u>water line</u>	<u></u>	<u>49,525</u>
16.	<u>total eligible</u>	<u></u>	<u>77,450</u>
17.	<u></u>	<u></u>	<u></u>
18.	<u></u>	<u></u>	<u></u>
19.	<u></u>	<u></u>	<u></u>
20.	<u></u>	<u></u>	<u></u>

APPENDIX "B"

The Project shall consist of the following:

Cherokee County needs funds to help develop an industrial site within a proposed Industrial Park. The ten (9.99) acre site has been donated to Cherokee County and a developer has agreed to build a 50,000 square foot spec building on the site if Cherokee County can provide a road and utilities to the site. Once this building is sold and occupied by an industry, the developer has committed funds to build another building and to always keep at least one spec building available in the park at all times. Cherokee County would continue to provide infrastructure for the park through "C" Funds and through Special Source Revenue Bonds. The county needs a grant in the amount of \$173,319 as "seed" money to get the project started.

Source of Funding of Project:

Federal Funds	-0-
State Funds	-0-
Local Funds	-0-
Other Funds	\$ 1,200,000
Budget and Control Board Funds	173,319
Total Project Funds	\$ 1,373,319

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (12/84) STATE BUDGET & CONTROL BOARD

Meeting Scheduled for: *March 11, 1997*

Agenda: *Blue*

1. Submitted By:

(a) Agency: *B&C Bd. - Local Government*

(b) Authorized Official Signature: *Nancy W. Dennis*

2. Subject:

Budget and Control Board Grant Program request by the Town of Elloree

3. Summary and Background Information:

<i>Grantee:</i>	Town of Elloree
<i>Grant Request:</i>	\$38,000
<i>Purpose/Description:</i>	Extension of water and sewer lines to the new location of Elloree Veneer on Snider Street.
<i>Impact of Project:</i>	Creation of 40 new jobs; 40 jobs retained.
<i>Cost of Project:</i>	\$51,300
<i>OLG Recommendation:</i>	\$37,900 Estimated cost of water and sewer construction.

4. What is Board asked to do?

Approve request in the amount of \$37,900

5. What is recommendation of Board Division involved?

Approve request in the amount of \$37,900 for water and sewer construction costs

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

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

7. Supporting Documents

(a) List Those Attached:
Town of Elloree-- Grant Agreement No.889

(b) List Those Not Attached But Available From Submitter:

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF LOCAL GOVERNMENT



FEB 14 1997

GRANT AGREEMENT

ldm

This grant agreement is entered into this 3RD day of FEBRUARY 1997, between the South Carolina State Budget and Control Board, through the Division of Local Government, an agency of the State of South Carolina (the "State") and TOWN OF ELLOREE a TOWN of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manager certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Division of Local Government ("DLG").

006481

ARTICLE 2

GRANT CONDITIONS

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for EXTENDING WATER AND SEWERAGE TO NEW ELLOREE VENEER SITE ON SNIDER STREET.

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5 Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Division of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of N/A % per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of N/A % per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

Section 4.5. Ownership: Title to property acquired in whole or in part with grant funds shall be vested in the Project Sponsor, subject to divestment by State, where its use for project or other approved activities is discontinued. Project Sponsor should exercise caution in the use, maintenance, protection, and preservation of such property during the period of project use. The Project Sponsor must file with the State a property inventory statement (in a form acceptable to the State) within thirty (30) days of receipt of the final disbursement by the Project Sponsor and must agree to be subject to audit by State or its dully authorized representatives for verification of the information contained in the property inventory form.

Section 4.6. Applicable Law: This Agreement is made under and shall be construed in accordance with the laws of the State of South Carolina. By accepting this grant, the Project Sponsor also agrees to submit to the jurisdiction of the courts of the State of South Carolina for all matters arising or to the arise hereunder, including but not limited to, performance of said grant and the payment of licenses and taxes of whatever kind of nature applicable hereto.

Section 4.7. Amendments: Any changes to this grant award affecting the scope of work of the project must be approved, in writing, by the State and shall be incorporated in written amendment(s) to this Agreement.

IN WITNESS WHEREOF, The Project Sponsor and the State have caused these presents to be signed, sealed and delivered all as of the date hereon.

(SEAL)

(Project Sponsor)

By R. Vernon Shurin

Its Mayor

TOWN OF ELLOREE
P. O. BOX 28
ELLOREE, S.C. 29047

Attest:

Margaret E. Duffin
Its Town Clerk / Treasurer

South Carolina State Budget and Control Board

By _____

In accordance with Proviso 14.91 of the 1990-1991 State Appropriations Act, I hereby attest to have reviewed this Grant Agreement for the herein named project.

John W. Mathis (Senator)
John H. Zeller (House Member)

EXHIBIT

APPENDIX "A"

MAR 11 1997

5

PROJECT SPONSOR: Town of Ellore

STATE BUDGET & CONTROL BOARD

GRANT NUMBER: 889

SCOPE OF WORK

	Description	Budget	Grant Funds Requested	
Water	1. <u>600 LF - 10" PVC</u>	<u>\$ 7,800</u>	<u>\$ 7,800</u>	
	2. <u>2-10" GV (w) Box</u>	<u>\$ 1,700</u>	<u>\$ 1,700</u>	
	3. <u>HYDRANT ASSEMBLY</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	
	4. <u>6" STUBS w/VALVE</u>	<u>\$ 1,300</u>	<u>\$ 1,300</u>	
	5. <u>GRASSING, TRAFFIC CONTROL</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	water 14,800.00
sewer	6. <u>291 LF - 8" PVC SEWER</u>	<u>\$ 8,148</u>	<u>\$ 8,148</u>	
	7. <u>3 MH</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	
	8. <u>PAVEMENT REPLACEMENT</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	
	9. <u>12" STEEL CASING + BORE</u>	<u>\$ 4,952</u>	<u>\$ 4,952</u>	
	10. <u>GRASSING</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	sewer
	11. <u>CONNECTION TO PUMP STATION</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	23,100
	12. <u>CONTINGENCIES (10%)</u>	<u>\$ 3,800</u>	<u>\$ 3,800</u>	37,900
	13. <u>ENGINEERING + LEGAL FEES</u>	<u>\$ 9,600</u>		3,800
	14. <u>TOTAL</u>			9,600
				51,300
16.	<u>PLEASE SEE ATTACHED</u>			
17.				
18.				
19.				
20.				

EXHIBIT

APPENDIX "B"

MAR 11 1997

5.

STATE BUDGET & CONTROL BOARD

The Project shall consist of the following:

INSTALLATION OF APPROXIMATELY 600 LF OF 10" PVC
WATER MAIN, ONE HYDRANT AND ALL NECESSARY
APPURTENANCES FOR A POTABLE WATER SOURCE AND
INSTALLATION OF APPROXIMATELY 291 LF OF 8"
PVC GRAVITY SEWER, 3 MANHOLES AND RELATED
APPURTENANCES TO SERVE NEW ELLDREE VENEER
SITE.

Source of Funding of Project:

Federal Funds

State Funds

Local Funds

_____ \$ 13,300 _____

Other Funds

Budget and Control Board Funds

_____ \$ 38,000 _____

Total Project Funds

_____ \$ 51,300 _____

EXHIBIT

MAR 11 1997

6

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 6

AGENCY: Executive Director

SUBJECT: Revenue Bond Issue

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

Issuing Authority: Laurens and Greenville Counties
Amount of Issue: Not exceeding \$500,000 Special Source Revenue Bonds
Allocation Amount: -0-
Name of Project: Color Resources International, Inc.
Employment Impact: 30 employees
Project Description: Construction of new industrial facility for the purpose of manufacturing and distributing pigments, dyes, and textile chemicals

BOARD ACTION REQUESTED:

Adopt a resolution approving the Laurens and Greenville Counties proposal to issue not exceeding \$500,000 special source revenue bonds on behalf of the Color Resources International, Inc. project.

ATTACHMENTS:

Resolution

006487

A RESOLUTION APPROVING THE ISSUANCE BY LAURENS COUNTY, SOUTH CAROLINA AND GREENVILLE COUNTY, SOUTH CAROLINA OF A NOT EXCEEDING \$500,000 PRINCIPAL AMOUNT SPECIAL SOURCE REVENUE BOND (COLOR RESOURCES INTERNATIONAL, INC. PROJECT) PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Councils of Laurens County, South Carolina and Greenville County, South Carolina (the "Governing Boards"), have heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Laurens County and Greenville County (the "Counties") pursuant to the Act of Special Source Revenue Bond (Color Resources International, Inc. Project) in the aggregate principal amount of not exceeding \$500,000 (the "Bond");

WHEREAS, the Counties propose to issue the Bond for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and infrastructure or improvements to real estate constituting infrastructure, capitalized interest and costs of issuance, all as defined in the Act (the "Project");

WHEREAS, the Project will be owned by Laurens County and made available to Color Resources International, Inc. (the "Company") for acquisition and construction of an industrial facility for the purpose of manufacturing and distribution of pigments, dyes and textile chemicals.

WHEREAS, the Bond will be payable from and secured by certain fees-in-lieu of taxes with respect to certain property included in the Joint County Industrial Park Agreement dated August 27, 1993, by and between the County and Greenville County, as amended as of May 9, 1995; and

WHEREAS, the Counties have submitted a copy of a resolution and the Counties have submitted a petition, each of which was adopted by the County Council of Laurens County on January 14, 1997 and adopted by the County Council of Greenville County on February 4, 1997.

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

Section 1. The Board reviewed the matters set forth in the Petition as it deems appropriate, and it is hereby found, determined and declared:

006488

EXHIBIT

MAR 1 1 1997

6

STATE BUDGET & CONTROL BOARD

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

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

Section 2. In consequence of the foregoing, the proposal of the Counties to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bond, in substantially the form set forth in the Special Source Revenue Bond Ordinances, secured by an assignment of the certain fees-in-lieu of taxes, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the Count so long as such changes do not impose a pecuniary liability upon the Counties or its general credit or taxing power, are approved by the County Councils and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Special Source Revenue Bond Ordinances and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the Counties shall be published in *Advertiser*, which is a newspaper having general circulation in Laurens County and in the *Greenville News*, which is a newspaper having general circulation in Greenville County.

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

Section 5. This Resolution shall take effect immediately.

006489

EXHIBIT

MAR 11 1997

6

EXHIBIT A

STATE BUDGET & CONTROL BOARD

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

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Laurens County, South Carolina, has given its approval to the following undertaking by Laurens County, South Carolina:

The issuance by Laurens County, South Carolina of a Special Source Revenue Bond (Color Resources International, Inc. Project) in the original principal amount of not exceeding \$500,000 (the "Bond"), to defray the costs of acquiring, by construction and purchase, certain land improvements and infrastructure thereon, by Color Resources International, Inc., a South Carolina corporation, to be used for the acquisition and construction of an industrial facility for the purpose of manufacturing and distribution of pigments, dyes and textile chemicals (the "Project") to be located in Laurens County. The Project will be leased to Color Resources International, Inc. which will unconditionally covenant to make its payments in lieu of taxes and its lease payments. Laurens County has covenanted and dedicated its fee-in-lieu of tax payments from Color Resources International, Inc. to pay the principal and interest on the Bond. The Bond will be payable solely and exclusively out of payments to be made by Color Resources International, Inc.

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

STATE BUDGET AND CONTROL BOARD

BY: DONNA KAMINER WILLIAMS,
Assistant Executive Director

Dated: March 11, 1997

006490

MAR 11 1997 6

TRANSMITTAL FORM, REVENUE BONDS

STATE BUDGET & CONTROL BOARD

TO: Donna Kaminer Williams,
Asst. Executive Director
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

DATE: February 21, 1997

Submitted for BCB Meeting on:
March 11, 1997

OR P.O. Box 12444, Columbia, SC 29211

FROM:

Haynsworth Marion McKay & Guérard, LLP

RE:

Not Exceeding \$500,000

Name of Law Firm

Amount of Issue

Two Insignia Financial Plaza, 11th Floor

Laurens County, SC and Greenville
County, SC

Street Address/Box Number

Name of Issuing Authority

Greenville, SC 29601

Special Source Revenue Bonds

City, State, Zip Code

Type of Bonds or Notes

(864) 240-3213

April, 1997

Area Code/Telephone Number

Projected Issue Date

Project Name: Color Resources International, Inc.

Project Description: Color Resources International, Inc.

Construction of New Industrial Facility for the purpose of manufacturing and distributing
pigments, dyes, and textile chemicals.

Employment as a result of the project: 30 Employees

Ceiling Allocation Required

Refunding Involved

Project Approved Previously

Yes (\$)) X No

Yes (\$)) X No

Yes (\$)) X No

Amount

Amount

Amount

Documents enclosed (executed original and two copies of each):

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

- A. X Petition
B. X Resolution or Ordinance (Will be executed on February 25, 1997)
C. X Inducement Resolution or comparable preliminary approval
D. Department of Health and Environmental Control Certificate if required
E. X Budget and Control Board Resolution and Public Notice (original)
Plus 5 copies for certification and return to bond counsel
F. X Draft bond counsel opinion letter
G. X Processing Fee

006491

Amount: \$ 2,000 Check No: 1717

Payor: Applied Business Management, Inc.

Bond Counsel: J. Wesley Crum, Esquire

By:

J. Wesley Crum



EXHIBIT

MAR 11 1997

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STATE BUDGET & CONTROL BOARD

The State of South Carolina
OFFICE OF THE ATTORNEY GENERAL

CHARLES MOLONY CONDON
ATTORNEY GENERAL

February 27, 1997

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, SC 29211

Re: Laurens County and Greenville County
N/E \$5,000,000 Special Source Revenue Bonds
Color Resources International, Inc. Project

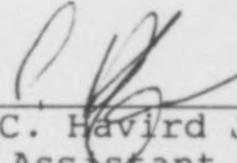
Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval. The documents appear to comply with the requirements of the referenced Code sections in the submitted material that certain specific information be addressed in these documents.

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

Office of the Attorney General

By: _____


C. Havird Jones, Jr.

Senior Assistant Attorney General

CHJJr/rho

006492

EXHIBIT

STATE OF SOUTH CAROLINA

MAR 11 1997

6

State Budget and Control Board
OFFICE OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. HECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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

HELEN T. ZEIGLER
DIRECTOR

March 3, 1997

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

RE: Laurens and Greenville County
N/E \$500,000 Special Source Revenue bonds
Color Resources international, Inc. project

Dear Mrs. Williams:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Wayne F. Rush".

Wayne F. Rush
General Counsel

006493

A RESOLUTION APPROVING THE ISSUANCE BY LAURENS COUNTY, SOUTH CAROLINA AND GREENVILLE COUNTY, SOUTH CAROLINA OF A NOT EXCEEDING \$500,000 PRINCIPAL AMOUNT SPECIAL SOURCE REVENUE BOND (COLOR RESOURCES INTERNATIONAL, INC. PROJECT) PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Councils of Laurens County, South Carolina and Greenville County, South Carolina (the "Governing Boards"), have heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Laurens County and Greenville County (the "Counties") pursuant to the Act of Special Source Revenue Bond (Color Resources International, Inc. Project) in the aggregate principal amount of not exceeding \$500,000 (the "Bond");

WHEREAS, the Counties propose to issue the Bond for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and infrastructure or improvements to real estate constituting infrastructure, capitalized interest and costs of issuance, all as defined in the Act (the "Project");

WHEREAS, the Project will be owned by Laurens County and made available to Color Resources International, Inc. (the "Company") for acquisition and construction of an industrial facility for the purpose of manufacturing and distribution of pigments, dyes and textile chemicals.

WHEREAS, the Bond will be payable from and secured by certain fees-in-lieu of taxes with respect to certain property included in the Joint County Industrial Park Agreement dated August 27, 1993, by and between the County and Greenville County, as amended as of May 9, 1995; and

WHEREAS, the Counties have submitted a copy of a resolution and the Counties have submitted a petition, each of which was adopted by the County Council of Laurens County on January 14, 1997 and adopted by the County Council of Greenville County on February 4, 1997.

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

Section 1. The Board reviewed the matters set forth in the Petition as it deems appropriate, and it is hereby found, determined and declared:

006495

EXHIBIT

MAR 11 1997

6

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

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

Section 2. In consequence of the foregoing, the proposal of the Counties to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bond, in substantially the form set forth in the Special Source Revenue Bond Ordinances, secured by an assignment of the certain fees-in-lieu of taxes, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the Count so long as such changes do not impose a pecuniary liability upon the Counties or its general credit or taxing power, are approved by the County Councils and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Special Source Revenue Bond Ordinances and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the Counties shall be published in *Advertiser*, which is a newspaper having general circulation in Laurens County and in the *Greenville News*, which is a newspaper having general circulation in Greenville County.

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

Section 5. This Resolution shall take effect immediately.

006496

EXHIBIT A

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

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Laurens County, South Carolina, has given its approval to the following undertaking by Laurens County, South Carolina:

The issuance by Laurens County, South Carolina of a Special Source Revenue Bond (Color Resources International, Inc. Project) in the original principal amount of not exceeding \$500,000 (the "Bond"), to defray the costs of acquiring, by construction and purchase, certain land improvements and infrastructure thereon, by Color Resources International, Inc., a South Carolina corporation, to be used for the acquisition and construction of an industrial facility for the purpose of manufacturing and distribution of pigments, dyes and textile chemicals (the "Project") to be located in Laurens County. The Project will be leased to Color Resources International, Inc. which will unconditionally covenant to make its payments in lieu of taxes and its lease payments. Laurens County has covenanted and dedicated its fee-in-lieu of tax payments from Color Resources International, Inc. to pay the principal and interest on the Bond. The Bond will be payable solely and exclusively out of payments to be made by Color Resources International, Inc.

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

STATE BUDGET AND CONTROL BOARD

BY: DONNA KAMINER WILLIAMS,
Assistant Executive Director

Dated: March 11, 1997

006497

employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the Counties or a charge against its general credit or taxing power; (iv) the principal amount of the Bond required to finance the Project is expected to be not exceeding \$500,000; (v) the Counties may establish a reserve fund in connection with the retirement of the proposed Bond and the maintenance of the Project; (vi) the terms under which the Project is to be made available to the Company provide that the Company shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Councils will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Bond proposed to be issued to defray the cost of the Project; and (vii) any portion of the Project to be leased by the Counties to the Company shall contain a provision requiring the Company to make payments in lieu of taxes to Laurens County or other political subdivision or unit wherein the Project will be located in such amounts as would result from taxes levied on the Project by such entities if the Project were owned by the Company but with appropriate reductions similar to the tax exemption if any, which would be offered to the Company if it were owner of the Project as may be otherwise provided by South Carolina Code of Laws, 1976, Section 4-12-10.

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

(a) The Project, will include land acquisition, security financing, capitalized interest, costs of issuance and other related infrastructure to be owned or controlled by Laurens County. It is anticipated that, upon completion, the Project will result in the establishment of an industrial facility of the Company which will provide directly 30 additional full-time jobs in the Counties and neighboring areas and that the facility will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues. The issuance of the bonds for the Project has induced the Company to locate its facility in the Counties.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be not exceeding \$500,000.

(c) Copies of the Ordinance and any proposed Lease Agreement between Laurens County and the Company (the "Lease Agreement") are available from Laurens County. The following summary of their terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) If any portion of the Project is leased to the Company, the proposed Lease Agreement by and between the Company and Laurens County will provide in general:

(A) Proceeds derived from the placement of the Bond will be used and applied by Laurens County for the payment of the costs of

infrastructure (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Company obligates itself to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Lease Agreement.

(C) The Counties do not incur any pecuniary liability or charge upon its general credit or taxing powers.

(D) The Company agrees to make payments in lieu of taxes in accordance with Sections 4-29-60 and 4-29-67 of the Act and Article VIII, Section 13 of the South Carolina Constitution.

(ii) The proposed Ordinance to be adopted by the Counties provide in general:

(A) An irrevocable pledge and assignment for the benefit of the purchaser of the Bond or its assigns as holder of the Bond of the Counties' right, title and interest in and to payments in lieu of taxes to be received by the Counties under the Agreement for Development for Joint County Industrial Park (the "Park Agreement") between the County and Greenville County dated August 27, 1993, and amended on May 9, 1995.

(B) The terms of the Bond, the provisions for exchange and transfer of the Bond, the prepayment provisions, the means of disbursement, default provisions and remedies therefor and various other matters relating to the Bond.

(C) The adoption of the Ordinance or the execution of the Park Agreement and any lease agreement between the Company and the County imposes no pecuniary liability on either Counties and does not create a charge upon the general credit or taxing power of the Counties.

7. The approvals granted in connection with the Bond have not been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

8. The Project is located in a joint county industrial/business park as defined in Section 4-1-170 and authorized under Section 13 of Article VIII of the Constitution of this State.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Bond by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

GREENVILLE COUNTY, SOUTH CAROLINA

Paul B. Wickensimer

Paul B. Wickensimer, Chairman of County Council,
Greenville, South Carolina

Gerald Seals
Gerald Seals, Administrator
Greenville, South Carolina

ATTEST:

Elizabeth M. Hanzey
Elizabeth M. Hanzey, Clerk to County
Council, Greenville, South Carolina

Dated: February 4, 1997

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Bond by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

LAURENS COUNTY COUNCIL

Diane B. Anderson
Diane B. Anderson, Councilwoman

James A. Coleman
James A. Coleman, Councilman

Joe V. Edwards Jr
Joe V. Edwards, Councilman, Chairman

Edward A. McDaniel
Edward A. McDaniel, Councilman

Michael A. Pitts
Michael A. Pitts, Councilman, Vice Chairman

Ernest G. Trammell
Ernest G. Trammell, Councilman

Jay F. Weisner
Jay F. Weisner, Councilman

I ATTEST:

Betty C. Walsh
Betty C. Walsh, Clerk
County Council of Laurens County

DATED: January 14, 1997

006502

221-554

EXHIBIT

RESOLUTION

MAR 11 1997

61

STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY LAURENS COUNTY, SOUTH CAROLINA AND GREENVILLE COUNTY, SOUTH CAROLINA, OF A SPECIAL SOURCE REVENUE BOND (COLOR RESOURCES INTERNATIONAL, INC. PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$500,000.

WHEREAS, Laurens County, South Carolina (the "County"), acting by and through its County Council and in conjunction with Greenville County, South Carolina (jointly hereinafter the "Counties"), is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 and Section 4-1-175 (1976), as amended (collectively the "Act"), to issue special source revenue bonds whereby the economic development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the Counties are further authorized by the Act to issue special source revenue bonds, as provided in the Act, secured and payable from all or a part of that portion of revenues which the Counties are entitled to retain pursuant to the agreement required by Section 4-1-170 and for the purposes set forth in Section 4-29-68; and

WHEREAS, the County and Greenville County have entered into an Agreement for Development for Joint County Industrial Park (the "Park Agreement") dated August 27, 1993 and amended on May 9, 1995 pursuant to Section 13 of Article VIII of the Constitution of the State and Section 4-1-170 in order to implement the public purposes enumerated in the Act; and

WHEREAS, in furtherance thereof, the Counties propose to issue, subject to the approval of the State Budget and Control Board of South Carolina, their Special Source Revenue Bond (Color Resources International, Inc. Project), Series 1997 (the "Bond") in the aggregate principal amount of not exceeding \$500,000 to defray the costs of designing, acquiring, constructing, improving or expanding infrastructure, as defined in Section 4-29-68(A)(2) (the "Project") in order to induce Color Resources International, Inc. (the "Company") to locate an industrial facility in the industrial park (the "Park") established pursuant to the Park Agreement; and

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

006503

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

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

(a) The proceeds of the Bond will be used to defray the cost of the Project and the issuance of the Bond in the principal amount of not exceeding \$500,000 to defray the cost of the Project and the cost of issuance and capitalized interest will subserve the purposes and in all respects conform to the provisions and requirements of the Act applicable to the Bond.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project and the new industrial facility of the Company, and by providing additional permanent employment for approximately Thirty (30) people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

(c) Neither the Project, the Bond proposed to be issued by the Counties to defray the cost of the Project, nor any documents or agreements entered into by the Counties in connection therewith will constitute or give rise to a charge against any of the Counties general credit or taxing power.

(d) The issuance of the Bond by the Counties in the principal amount of not exceeding \$500,000 will be required to defray the cost of the Project by the construction of needed infrastructure, including a water tower, and induce the Company to locate in the Park.

(e) Any portion of the Project to be made available to the Company will be leased by the County to the Company upon terms which will require the Company, at its own expense, to maintain such portion of the Project in good repair and to carry all proper insurance with respect thereto.

(f) Any portion of the Project to be leased by the County to the Company shall contain a provision requiring the Company to make payments in lieu of taxes to the County or other political subdivision or unit wherein the Project will be located in such amounts as would result from taxes levied on the Project by such entities if the Project were owned by the Company but with appropriate reductions similar to the tax exemption if any, which would be offered to the Company if it were owner of the Project.

(g) The amount necessary in each year to pay the principal of and interest on the Bond is set forth in an Ordinance to be adopted by the Counties; and

(h) The approvals granted in connection with the Bond have not been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 2. There be and is hereby authorized and directed the submission on behalf of the Counties, a Petition requesting the approval by the State Budget and Control Board of the proposal of the Counties to issue the Bond pursuant to the provisions of Section 4-29-140

006504

of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

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

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

Passed and approve January 14, 1997.

LAURENS COUNTY COUNCIL

Diane B. Anderson
Diane B. Anderson, Councilwoman

James A. Coleman
James A. Coleman, Councilman

Joe V. Edwards
Joe V. Edwards, Councilman, Chairman

Edward A. McDaniel
Edward A. McDaniel, Councilman

Michael A. Pitts
Michael A. Pitts, Councilman, Vice Chairman

Ernest G. Trammell
Ernest G. Trammell, Councilman

Jay F. Weisner
Jay F. Weisner, Councilman

I ATTEST:

Betty C. Walsh
Betty C. Walsh, Clerk
County Council of Laurens County

DATED: 1/14/97

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND AMONG LAURENS COUNTY, SOUTH CAROLINA AND GREENVILLE COUNTY, SOUTH CAROLINA, AND COLOR RESOURCES INTERNATIONAL, INC. WHEREBY, UNDER CERTAIN CONDITIONS, LAURENS COUNTY WILL EXECUTE A LEASE AGREEMENT(S) FOR A PROJECT(S) INVOLVING NOT LESS THAN FIVE MILLION DOLLARS (\$5,000,000) INVESTMENT AND A NOT EXCEEDING \$750,000 SPECIAL SOURCE REVENUE BOND.

WHEREAS, Laurens County, South Carolina (the "County"), acting by and through its County Council (the "County Council") and in conjunction with Greenville County, South Carolina ("Greenville"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 12, Code of Laws of South Carolina, 1976, as amended (the "Filot Act"), to acquire, or cause to be acquired, properties (which such properties constitute infrastructure as defined in the Filot Act) and to enter into agreements with any industry to construct, operate, maintain and improve such infrastructure; to enter into or allow financing agreements with respect to such projects; and, to accept any grants for such infrastructure through which powers the economic development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State and benefit the general public welfare of Laurens County by providing services, employment, recreation or other public benefits not otherwise provided locally; and

WHEREAS, the County is authorized by the Filot Act to execute a lease agreement, as defined in the Filot Act, with respect to such infrastructure; and

WHEREAS, Color Resources International, Inc., a corporation organized and existing under the laws of the State of South Carolina (the "Company"), has requested the County to participate in executing an Inducement Agreement, a Lease Agreement, a Millage Rate Agreement, and a Fee-In-Lieu-of-Tax Agreement (Color Resources International, Inc. Project) pursuant to the Filot Act for the purpose of authorizing and of acquiring by purchase and construction certain land, buildings, machinery, apparatus, and equipment, for the purpose of the development, manufacturing and distribution of pigments, dyes and textile chemicals (the "Project"), all as more fully set forth in the Inducement Agreement attached hereto; and

WHEREAS, the County has determined that the Project would benefit the general public welfare of Laurens County by providing service, employment, recreation or other public benefits not otherwise provided locally; and, that the Project gives rise to no pecuniary liability of the County or incorporated municipality or a charge against the general credit or taxing power of either; and that the purposes to be accomplished by the Project, i.e., economic development, creation of jobs, and addition to the tax base of the County, are proper governmental and public purposes and that the inducement of the location or expansion of the Project within the County

EXHIBIT
MAR 11 1997

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STATE BUDGET & CONTROL BOARD

and State is of paramount importance and that the benefits of the Project will be greater than the costs; and

WHEREAS, the Company has requested the County issue a Special Source Revenue Bond (hereinafter referred to as the "Special Source Bond") pursuant to Sections 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (jointly the "Special Source Bond Act") for the purpose of enhancing the infrastructure for the Project all as more fully set forth in the Inducement Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Company that the Project would be a "project" as that term is defined in the Filot Act and that the Project would subserve the purposes of the Filot Act.

NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Filot Act and for the purpose of authorizing a Fee-In-Lieu-of-Tax Agreement (as described in the Filot Act) for the Project, there is hereby authorized to be executed a lease agreement between the County and the Company pertaining to the Color Resources International, Inc. project involving investment in the principal amount of not less than Five Million Dollars (\$5,000,000) (the "Lease Agreement").

Section 2. Pursuant to the authority of the Special Source Bond Act and subject to the approval of the State Budget and Control Board, and for the purpose of providing infrastructure to the Project, there is hereby authorized to be issued a Special Source Bond to provide infrastructure funds after the payment of capitalized interest and costs of issuance. The final determination of the amount of the Special Source Bond is to be determined pursuant to Section 1.1 (e) of the Amended Inducement Agreement. The Special Source Bonds will be payable exclusively from payments in lieu of tax the County receives and retains (i) from the Company under the Lease authorized in Section 1 hereof, (ii) from the fee in lieu of tax due from the Project as it is located in a joint county industrial park existing between the County and Greenville County and (iii) from other security (if any) arranged by the Company. The County, with the assistance of the Company, will arrange for the sale of the Special Source Bonds to a financial institution or other institutional purchaser which agrees to acquire the Special Source Bonds as an investment and without a view to resale. If successful marketing arrangements can be made by the Company, the County will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Special Source Bonds. The Special Source Bonds shall not constitute a general obligation or indebtedness of the County nor a pledge of the full faith and credit or the taxing power of the County and this shall be prominently stated in the form of the Special Source Bond.

Section 3. The provisions, terms and conditions of the Lease Agreement by and between the County and the Company, and the form, details, and maturity provisions, if any, of the Lease Agreement shall be prescribed by subsequent ordinance of the County Council.

Section 4. The County Council is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name of and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the County Council is hereby further authorized and directed to deliver said executed Inducement Agreement to the Company.

Section 5. Prior to the execution of the Lease Agreement, the County Council will comply with the provisions of the Home Rule Pilot Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 6. All orders, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

Section 7. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County relating to the inducement of the Project.

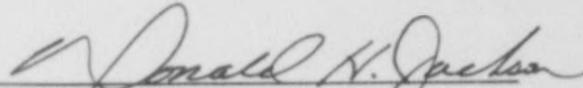
Done in meeting duly assembled the 10th day of December, 1996

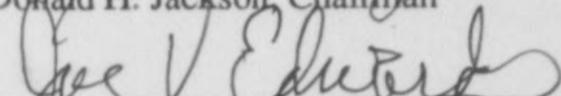
EXHIBIT

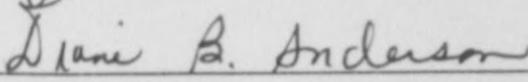
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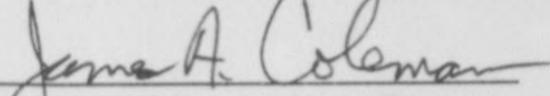
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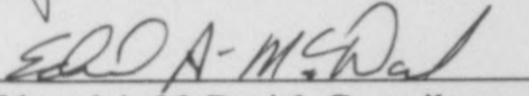
STATE BUDGET & CONTROL BOARD LAURENS COUNTY COUNCIL

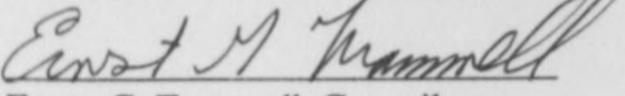

Donald H. Jackson, Chairman

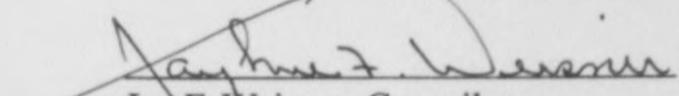

Joe V. Edwards, Vice Chairman


Diane B. Anderson, Councilwoman

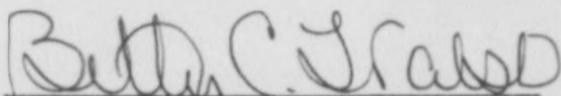

James A. Coleman, Councilman


Edward A. McDaniel, Councilman


Ernest G. Trammell, Councilman


Jay F. Weisner, Councilman

I ATTEST:


Betty C. Walsh, Clerk
County Council of Laurens County

DATED: 12/10/96

224 524

**INDUCEMENT AGREEMENT
AND MILLAGE RATE AGREEMENT**

THIS INDUCEMENT AGREEMENT made and entered into by and between Laurens County, South Carolina, and Greenville County, South Carolina, bodies politic and corporate and political subdivisions of the State of South Carolina (jointly hereinafter the "Counties"), and Color Resources International, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina.

W I T N E S S E T H :

ARTICLE I.

RECITATION OF FACTS

Section 1.1. 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:

- (a) Laurens County is authorized and empowered by the provisions of Title 4, Chapter 12, Code of Laws of South Carolina, 1976, as amended (the "Filot Act") to acquire, enlarge, improve, expand, equip, furnish, own, lease, and dispose of properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State and benefit the general public welfare of Laurens County by providing services, employment, recreation or other public benefits not otherwise provided locally.
- (b) The Company is considering the acquisition and construction of facilities and capabilities to be used in the development, manufacturing and distribution of pigments, dyes and textile chemicals (the "Project") in Laurens County. The Project would involve an investment of at least Five Million Dollars within the meaning of Section 4-12-10 of the Filot Act.
- (c) The Company has requested Laurens County to assist it (i) through the acquisition by Laurens County of the Project and the leasing of the Project to the Company; and (ii) through the incentive of a payment in lieu of ad valorem taxes as authorized by Section 4-12-30 of the Filot Act.
- (d) The Counties have given due consideration to the economic development impact of the Project, has found that the Project and the payments in lieu of ad valorem taxes set forth herein are beneficial to the Project and that the Project would benefit the general public welfare of Laurens County by providing service, employment, recreation or other

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STATE BUDGET & CONTROL BOARD

public benefits not otherwise provided locally; and, that the Project gives rise to no pecuniary liability of the Company or incorporated municipality or a charge against the general credit or taxing power of either; and, that the purposes to be accomplished by the Project, i.e., economic development, creation of jobs, and addition to the tax base of Laurens County, are proper governmental and public purposes and that the inducement of the location or expansion of the Project within Laurens County and State is of paramount importance and that the benefits of the Project will be greater than the costs; and, has agreed to effect the issuance and delivery of this Agreement, pursuant to the Pilot Act, and on the terms and conditions hereafter set forth.

(e) The Counties will issue Special Source Revenue Bonds in the maximum amount that may be amortized over the initial ten (10) year period by the proceeds of not more than thirty-five (35%) percent of the fees in lieu of taxes allocated to Laurens County and Greenville County taxing entities pursuant to the Laurens County and Greenville County, South Carolina Joint County Industrial and Business Park Agreement (the "Park Agreement") from the first ten years of the Project into the infrastructure of the Project. The Counties have determined to fund this infrastructure improvement by the issuance of a Special Source Revenue Bond (the "Special Source Bond") within the meaning of Title 4, Chapter 1, Section 175 and Title 4, Chapter 29, Section 68, Code of Laws of South Carolina, 1976, as amended (the "Special Source Bond Act"). Upon request of the Company, the Counties will issue a Special Source Revenue Bond to a lending institution (to be determined at later date) which lending institution shall purchase the Special Source Bond by competitive bid in such form and with such terms as the Counties may from time to time specify in any such request.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

Laurens County agrees as follows:

Section 2.1. Laurens County, subject to the limits set forth herein, will accept title from and lease to the Company in one or more series of leases within five (5) years of the date of this Agreement, the project, representing an investment in an aggregate principal amount of not less than Five Million Dollars (\$5,000,000). The Project will be constructed or installed by the Company on the sites now owned or hereafter acquired by the Company. In connection with the acquisition and construction of the Project, title to the Project will be transferred to Laurens County and the Project shall be leased to the Company. The Lease Agreement will contain suitable provisions for acquisition and construction of the project by the Company at the completion or earlier termination of the lease.

Section 2.2. The Lease Agreement will be issued at such times and upon such acceptable terms as the Company shall request subject to Section 4.2 herein.

Section 2.3. The terms and provisions of the Lease Agreement by and between Laurens County and the Company shall be substantially in the form generally utilized in connection with the Filot Act as agreed upon by Laurens County and the Company. Such Lease Agreement shall contain, in substance, the following provisions:

(a) The term of the Lease Agreement will coincide with the maximum term of the negotiated fee pursuant to the Filot Act.

(b) The Basic Rent payable under the Lease Agreement, not including any fee-in-lieu of ad valorem tax payments or any indemnity payments, will at the option of the Company be paid directly to such financial institution(s) as have provided financing for the acquisition and/or construction of the Project (the "Bank") or to a corporate trustee to be named by the Company for the benefit of the Bank at such times and in such amounts as shall be timely and sufficient to pay the principal of, and the interest on, the debt of the Company to the Bank, if any, as the same becomes due and payable. The obligation of the Company to make all payments required under the Lease Agreement shall be absolute and unconditional upon the delivery of the financing referenced above.

(c) The Company will maintain the Project and will (i) keep the Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company and will carry public liability insurance covering personal injury, death or property damage with respect to the Project; or (ii) self-insure with respect to such risks in the same manner as it does with respect to similar property owned by the Company; or (iii) maintain a combination of insurance coverage and self-insurance as to such risks.

(d) The Lease Agreement shall provide that, in the performance of the agreements contained therein on the part of Laurens County, any obligations the County may incur for the payment of money shall not create a pecuniary liability of Laurens County nor create a general obligation on its part or by the State of South Carolina or any incorporated municipality, but shall be payable solely from the payments received under such Lease Agreement and, under certain circumstances, insurance proceeds and condemnation awards.

(e) The Lease Agreement shall contain agreements providing for the indemnification of Laurens County and the individual officers, agents and employees thereof for all expenses incurred by them and for any claim of loss suffered or damaged to property or any injury or death of any person occurring in connection with the planning, design, acquisition, construction and carrying out of the Project.

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(f) The Lease Agreement shall contain a provision requiring the Company to make payments in lieu of taxes. Pursuant to Section 4-12-30 of the Filot Act, such payments shall continue for a period of up to twenty (20) years from the date of the Lease Agreement, the annual capital investments made under the Lease Agreement for the first five years, and any amendments or supplements to the Lease Agreement to the extent permitted by law. The amounts of such payments shall be determined by using an assessment ratio of 6.0%, a millage rate based on the June 30, 1996 millage rate which millage rate shall be adjusted every fifth year of the Lease Agreement as provided in Section 30(D)(2)(b), and the fair market value (which values are not subject to reassessment as provided in the Filot Act) as determined by using original cost for any real property and original cost less allowable depreciation for any personal property in accordance with Title 12, Chapter 37, Code of Laws of South Carolina 1976, as amended.

(g) The Lease Agreement shall provide that at the end of the lease term or upon earlier termination of the Lease Agreement, and upon payment of all outstanding indebtedness incurred thereunder, if any, the Company shall have the absolute right, at its option to purchase the Project for one dollar (\$1.00).

(h) Laurens County and the Company agree, in accordance with the Filot Act, that the Company may dispose of property subject to fee payments, as set forth in this Section.

(1) When the Company disposes of property subject to the fee, the fee payment must be reduced by the amount of the fee payment applicable to that property.

(2) Property shall be considered disposed of for purposes of this Section only when it is scrapped or sold in accordance with the Lease Agreement.

Section 2.4. Upon the request of the Company, Laurens County will permit the planning, design, acquisition, construction and carrying out of the Project to commence prior to the execution and delivery of the Lease Agreement. Contracts for construction and for purchase of machinery, equipment and related real and personal property deemed necessary under the Lease Agreement may be let by the Company.

Section 2.5. Laurens County Council agrees that this constitutes a Millage Rate Agreement providing the Company with the millage rate legally levied and applicable on June 30, 1996, which millage rate shall be adjusted every fifth year of the Lease Agreement as provided in Section 30(D)(2)(b).

Section 2.6. (a) Laurens County Council and Greenville County Council do hereby agree, subject to the requirements of Section 68 of the Special Source Bond Act, to undertake the preparation and adoption of an ordinance authorizing an issue of Special Source Bonds to

pay a portion of the costs of infrastructure improvements (within the meaning of Section 68 of the Special Source Bond Act) for the Project. The amount of Special Source Bonds to be issued by the Counties will be limited such that the total amount of scheduled principal and interest payments over the life of such issue will not exceed thirty-five (35%) percent of the fee-in-lieu of tax payments to be retained by the Counties during the first ten years of the Project. The Special Source Revenue Bonds will be payable exclusively from payments the Counties receive and retain from the Company in lieu of taxes under the Lease authorized in Section 2.3 hereof and from other security (if any) arranged by the Company. The Company will arrange for the sale of the Special Source Bonds to a financial institution or other institutional purchaser which agrees to acquire the Special Source Bonds as an investment and without a view of resale. If successful marketing arrangements can be made by the Company, the Counties will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Special Source Bonds. The Special Source Bonds shall not constitute a general obligation of indebtedness of the Counties nor a pledge of the full faith and credit or the taxing power of the Counties and this shall be prominently stated in the form of the Special Source Bonds.

(b) Prior to issuing the Special Source Bonds, the Counties may enter a mortgage or security agreement with a trustee to be selected by the Company or with the purchasers of the Special Source Bonds, pursuant to which the Special Source Bonds will be secured and issued. Such document shall be in such form as is acceptable to the Counties and its counsel and shall constitute a lien on the fees in lieu of taxes received by Laurens County under the Lease of the Project, and may constitute a first mortgage on Laurens County's fee interest in the Land, to secure the payment of the Special Source Bonds.

(c) The Counties will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE COMPANY

Section 3.1. Prior to execution of the Lease Agreement and subsequent to this Agreement, the Company may advance any acquisition or construction funds required in connection with the planning, design, acquisition, construction and carrying out of the Project and be entitled to subject the constructed or acquired property to the Lease Agreement by transferring such property to Laurens County.

Section 3.2. The Counties will have no obligation to assist the Company in finding a bank and the Company may endeavor to finance the Project to the extent required to finance the cost of the acquisition and installation of the Project and the costs of the lease transaction.

Section 3.3. If the Project proceeds as contemplated, the Company further agrees as follows:

- (a) To acquire title to the assets constituting the Project and to convey the assets to Laurens County;
- (b) To enter into the Lease Agreement, under the terms of which it will obligate itself to pay to Laurens County sums sufficient to pay Basic Rent payments, including, if any, the principal of and interest to any financing of any Bank, as, to the extent and when the same may become due and payable, the Lease Agreement to be in form and to contain such provisions, consistent with those set forth in Section 2.3 hereof as shall be satisfactory to Laurens County and to the Company;
- (c) To obligate itself to make the additional payments required by the Pilot Act including, but not limited to, payments in lieu of taxes at rates calculated in accordance with Section 2.3 (f) hereof;
- (d) To indemnify, defend, and hold Laurens County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement and in the implementation of its terms and provisions;
- (e) To perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing;
- (f) To apply for, and use its best efforts to obtain, all permits, licenses, authorizations and approvals required by all governmental authorities in connection with the acquisition, construction, operation and use of the Project; and
- (g) To indemnify, defend and hold Laurens County and the individual directors, officers, agents and employees thereof harmless against any claim or loss or damage to property or any injury or death of any person or persons occurring in connection with the planning, design, acquisition, construction, leasing and carrying out of the Project. The Company also agrees to reimburse or otherwise pay, on behalf of Laurens County, any and all expenses not hereinbefore mentioned incurred by Laurens County in connection with the Project. This indemnity shall be superseded by a similar indemnity in the Lease Agreement.
- (h) To invest not less than Five Million Dollars (\$5,000,000) in the Project by the fifth anniversary of the Lease date.

ARTICLE IVGENERAL PROVISIONS

Section 4.1. All commitments of the Counties under Article II hereof are subject to all of the provisions of the Special Source Bond Act, including, without limitation, the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the Counties or any incorporated municipality or a charge against the general credit or taxing powers of either.

Section 4.2. All commitments of the Counties and the Company hereunder are subject to the condition that the Counties and the Company agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.3. If for any reason this Agreement is not executed and delivered by the Company on or before January 31, 1997 the provisions of this Agreement shall be cancelled and neither party shall have any rights against the other and no third parties shall have any rights against either party except:

- (a) Laurens County will convey to the Company any title it may have acquired to the Project, to the extent of its ownership therein, if any;
- (b) The Company will pay Laurens County for all expenses which have been authorized by the Company and incurred by Laurens County in connection with the planning, design, acquisition, construction and carrying out of the Project and for all expenses incurred by Laurens County in connection with the authorization and approval of the Lease or this Agreement;
- (c) The Company will assume and be responsible for all contracts for construction or purchase of the Project entered into by Laurens County at the request or direction of the Company in connection with the Project; and
- (d) The Company will pay the out-of-pocket expenses of officers, agents and employees of the Counties and Counsel for the Counties incurred in connection with the Project and the execution of the Lease, and will pay fees for legal services related to the Project and the execution of the Lease.

Section 4.4. The parties understand that the Company may choose not to proceed with the Project, in which event this Agreement shall be cancelled and, subject to parties' obligations described in Section 4.3, neither party shall have any further rights against the other, and no third party shall have any rights against either party.

Section 4.5 To the maximum extent allowable under the Filot Act and Special Source Bond Act, the Company may, with the prior consent of the County, assign (including, without limitation, absolute, collateral, and other Assignments) all of a part of its rights and/or obligations under this Inducement Agreement, the Lease Agreement, or any other Agreement related hereto or thereto, to one or more other entities without adversely affecting the benefits to the Company or its Assignees pursuant to any such Agreement, the Filot Act or the Special Source Bond Act.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Inducement Agreement on the respective dates indicated below.

LAURENS COUNTY COUNCIL

Diane B. Anderson
Diane B. Anderson, Councilwoman

James A. Coleman
James A. Coleman, Councilman

Joe V. Edwards
Joe V. Edwards, Councilman, Chairman

Edward A. McDaniel
Edward A. McDaniel, Councilman

Michael A. Pitts
Michael A. Pitts, Councilman, Vice Chairman

Ernest G. Trammell
Ernest G. Trammell, Councilman

Jay F. Weisner
Jay F. Weisner, Councilman

I ATTEST:

Betty C. Walsh
Betty C. Walsh, Clerk
County Council of Laurens County

DATED: December 10, 1996

COLOR RESOURCES INTERNATIONAL, INC.

By: Ronald W. Jones

Date: Feb 13, 1997

EXHIBIT

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STATE BUDGET & CONTROL BOARD

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND AMONG LAURENS COUNTY, SOUTH CAROLINA AND GREENVILLE COUNTY, SOUTH CAROLINA, AND COLOR RESOURCES INTERNATIONAL, INC. WHEREBY, UNDER CERTAIN CONDITIONS, LAURENS COUNTY WILL EXECUTE A LEASE AGREEMENT(S) FOR A PROJECT(S) INVOLVING NOT LESS THAN FIVE MILLION DOLLARS (\$5,000,000) INVESTMENT AND A NOT EXCEEDING \$500,000 SPECIAL SOURCE REVENUE BOND.

WHEREAS, Greenville County, South Carolina (the "County"), acting by and through its County Council (the "County Council") and in conjunction with Laurens County, South Carolina ("Laurens"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 1, Code of Laws of South Carolina, 1976, as amended (the "SSRB Act"), to acquire, or cause to be acquired, properties (which such properties constitute infrastructure as defined in the SSRB Act) and to enter into agreements with any industry to construct, operate, maintain and improve such infrastructure; to enter into or allow financing agreements with respect to such infrastructure; and, to accept any grants for such projects through which powers the economic development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State and benefit the general public welfare of Greenville County by providing services, employment, recreation or other public benefits not otherwise provided locally; and

WHEREAS, the County is authorized by the SSRB Act to issue a Bond as defined in the SSRB Act, with respect to such infrastructure; and

WHEREAS, the Company has requested the County issue a Special Source Revenue Bond (hereinafter referred to as the "Bond") pursuant to Sections 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (jointly the "Act") for the purpose of enhancing the infrastructure for the Project all as more fully set forth in the Inducement Agreement attached hereto; and

WHEREAS, Color Resources International, Inc., a corporation organized and existing under the laws of the State of South Carolina (the "Company"), has requested the County to participate in executing an Inducement Agreement and Bond (Color Resources International, Inc. Project) pursuant to the SSRB Act for the purpose of authorizing and of acquiring by purchase and construction certain infrastructure constituting land, buildings, machinery, apparatus, and equipment, for the purpose of the development, manufacturing and distribution of pigments, dyes and textile chemicals (the "Project"), all as more fully set forth in the Inducement Agreement attached hereto; and

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WHEREAS, the County has determined that the Project would benefit the general public welfare of Greenville County by providing service, employment, recreation or other public benefits not otherwise provided locally; and, that the Bond gives rise to no charge against the general credit or taxing power of the County; and that the purposes to be accomplished by the Project, i.e., economic development, creation of jobs, and addition to the tax base of the County, are proper governmental and public purposes and that the inducement of the location or expansion of the Project within the County and State is of paramount importance and ~~the~~ the benefits of the Project will be greater than the costs; and

NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Act and subject to the approval of the State Budget and Control Board, and for the purpose of providing infrastructure to the Project, there is hereby authorized to be issued a Bond to provide infrastructure funds after the payment of capitalized interest and costs of issuance. The final determination of the amount of the Bond is to be determined pursuant to Section 1.1 (e) of the Inducement Agreement. The Bond will be payable exclusively from payments in lieu of tax the County and Laurens receives and retains (i) from the fee in lieu of tax due from the Project as it is located in a joint county industrial park existing between the County and Laurens and (ii) from other security (if any) arranged by the Company. The Company will arrange for the sale of the Bond to a financial institution or other institutional purchaser which agrees to acquire the Bond as an investment and without a view to resale. If successful marketing arrangements can be made by the Company, the County will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bond. The Bond shall not constitute a general obligation or indebtedness of the County or Laurens nor a pledge of the full faith and credit or the taxing power of the County or Laurens and this shall be prominently stated in the form of the Bond.

Section 2. The Chairman of County Council and the County Administrator are hereby authorized and directed to execute the Inducement Agreement attached hereto in the name of and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the County Council is hereby further authorized and directed to deliver said executed Inducement Agreement to the Company.

Section 3. Prior to the execution of the Bond, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

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

Section 5. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County relating to the inducement of the Project.

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Done in meeting duly assembled this ^{4th} day of ~~January~~ ^{February}, ~~STATE~~ BUDGET & CONTROL BOARD

GREENVILLE COUNTY, SOUTH CAROLINA

By: Paul B. Wickensimer
Paul B. Wickensimer, Chairman of County Council
Greenville County, South Carolina

By: Gerald Seals
Gerald Seals, County Administrator
Greenville County, South Carolina

ATTEST:

By: Elizabeth M. Hanzey
Elizabeth M. Hanzey, Clerk to County
Council of Greenville County, South Carolina

INDUCEMENT AGREEMENT
AND MILLAGE RATE AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS INDUCEMENT AGREEMENT made and entered into by and between Laurens County, South Carolina, and Greenville County, South Carolina, bodies politic and corporate and political subdivisions of the State of South Carolina (jointly hereinafter the "Counties"), and Color Resources International, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina.

WITNESSETH:

ARTICLE I.

RECITATION OF FACTS

Section 1.1. 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:

(a) Laurens County is authorized and empowered by the provisions of Title 4, Chapter 12, Code of Laws of South Carolina, 1976, as amended (the "Filot Act") to acquire, enlarge, improve, expand, equip, furnish, own, lease, and dispose of properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State and benefit the general public welfare of the Laurens County by providing services, employment, recreation or other public benefits not otherwise provided locally.

(b) The Company is considering the acquisition and construction of facilities and capabilities to be used in the development, manufacturing and distribution of pigments, dyes and textile chemicals (the "Project") in Laurens County. The Project would involve an investment of at least Five Million Dollars within the meaning of Section 4-12-10 of the Filot Act.

(c) The Company has requested Laurens County to assist it (i) through the acquisition by Laurens County of the Project and the leasing of the Project to the Company; and (ii) through the incentive of a payment in lieu of ad valorem taxes as authorized by Section 4-12-30 of the Filot Act.

(d) The Counties have given due consideration to the economic development impact of the Project, has found that the Project and the payments in lieu of ad valorem taxes set forth herein are beneficial to the Project and that the Project would benefit the general public welfare of Laurens County by providing service, employment, recreation or other

public benefits not otherwise provided locally; and, that the Project gives rise to no pecuniary liability of the Company or incorporated municipality or a charge against the general credit or taxing power of either; and, that the purposes to be accomplished by the Project, i.e., economic development, creation of jobs, and addition to the tax base of Laurens County, are proper governmental and public purposes and that the inducement of the location or expansion of the Project within Laurens County and State is of paramount importance and that the benefits of the Project will be greater than the costs; and, has agreed to effect the issuance and delivery of this Agreement, pursuant to the Pilot Act, and on the terms and conditions hereafter set forth.

(e) The Counties will issue Special Source Revenue Bonds in the maximum amount that may be amortized over the initial ten (10) year period by the proceeds of not more than thirty-five (35%) percent of the fees in lieu of taxes allocated to Laurens County and Greenville County taxing entities pursuant to the Laurens County and Greenville County, South Carolina Joint County Industrial and Business Park Agreement (the "Park Agreement") from the first ten years of the Project into the infrastructure of the Project. The Counties have determined to fund this infrastructure improvement by the issuance of a Special Source Revenue Bond (the "Special Source Bond") within the meaning of Title 4, Chapter 1, Section 175 and Title 4, Chapter 29, Section 68, Code of Laws of South Carolina, 1976, as amended (the "Special Source Bond Act"). Upon request of the Company, the Counties will issue a Special Source Revenue Bond to a lending institution (to be determined at later date) which lending institution shall purchase the Special Source Bond by competitive bid in such form and with such terms as the Counties may from time to time specify in any such request.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE LAURENS COUNTY

Laurens County agrees as follows:

Section 2.1. Laurens County, subject to the limits set forth herein, will accept title from and lease to the Company in one or more series of leases within five (5) years of the date of this Agreement, the project, representing an investment in an aggregate principal amount of not less than Five Million Dollars (\$5,000,000). The Project will be constructed or installed by the Company on the sites now owned or hereafter acquired by the Company. In connection with the acquisition and construction of the Project, title to the Project will be transferred to Laurens County and the Project shall be leased to the Company. The Lease Agreement will contain suitable provisions for acquisition and construction of the project by the Company at the completion or earlier termination of the lease.

Section 2.2. The Lease Agreement will be issued at such times and upon such acceptable terms as the Company shall request subject to Section 4.2 herein.

Section 2.3. The terms and provisions of the Lease Agreement by and between Laurens County and the Company shall be substantially in the form generally utilized in connection with the Pilot Act as agreed upon by Laurens County and the Company. Such Lease Agreement shall contain, in substance, the following provisions:

- (a) The term of the Lease Agreement will coincide with the maximum term of the negotiated fee pursuant to the Pilot Act.
- (b) The Basic Rent payable under the Lease Agreement, not including any fee-in-lieu of ad valorem tax payments or any indemnity payments, will at the option of the Company be paid directly to such financial institution(s) as have provided financing for the acquisition and/or construction of the Project (the "Bank") or to a corporate trustee to be named by the Company for the benefit of the Bank at such times and in such amounts as shall be timely and sufficient to pay the principal of, and the interest on, the debt of the Company to the Bank, if any, as the same becomes due and payable. The obligation of the Company to make all payments required under the Lease Agreement shall be absolute and unconditional upon the delivery of the financing referenced above.
- (c) The Company will maintain the Project and will (i) keep the Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company and will carry public liability insurance covering personal injury, death or property damage with respect to the Project; or (ii) self-insure with respect to such risks in the same manner as it does with respect to similar property owned by the Company; or (iii) maintain a combination of insurance coverage and self-insurance as to such risks.
- (d) The Lease Agreement shall provide that, in the performance of the agreements contained therein on the part of Laurens County, any obligations the County may incur for the payment of money shall not create a pecuniary liability of Laurens County nor create a general obligation on its part or by the State of South Carolina or any incorporated municipality, but shall be payable solely from the payments received under such Lease Agreement and, under certain circumstances, insurance proceeds and condemnation awards.
- (e) The Lease Agreement shall contain agreements providing for the indemnification of Laurens County and the individual officers, agents and employees thereof for all expenses incurred by them and for any claim of loss suffered or damaged to property or any injury or death of any person occurring in connection with the planning, design, acquisition, construction and carrying out of the Project.
- (f) The Lease Agreement shall contain a provision requiring the Company to make payments in lieu of taxes. Pursuant to Section 4-12-30 of the Pilot Act,

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such payments shall continue for a period of up to twenty (20) years from the date of the Lease Agreement, the annual capital investments made under the Lease Agreement for the first five years, and any amendments or supplements to the Lease Agreement to the extent permitted by law. The amounts of such payments shall be determined by using an assessment ratio of 6.0%, a millage rate based on the June 30, 1996 millage rate which millage rate shall be adjusted every fifth year of the Lease Agreement as provided in Section 30(D)(2)(b), and the fair market value (which values are not subject to reassessment as provided in the Filot Act) as determined by using original cost for any real property and original cost less allowable depreciation for any personal property in accordance with Title 12, Chapter 37, Code of Laws of South Carolina 1976, as amended.

(g) The Lease Agreement shall provide that at the end of the lease term or upon earlier termination of the Lease Agreement, and upon payment of all outstanding indebtedness incurred thereunder, if any, the Company shall have the absolute right, at its option to purchase the Project for one dollar (\$1.00).

(h) Laurens County and the Company agree, in accordance with the Filot Act, that the Company may dispose of property subject to fee payments, as set forth in this Section.

(1) When the Company disposes of property subject to the fee, the fee payment must be reduced by the amount of the fee payment applicable to that property.

(2) Property shall be considered disposed of for purposes of this Section only when it is scrapped or sold in accordance with the Lease Agreement.

Section 2.4. Upon the request of the Company, Laurens County will permit the planning, design, acquisition, construction and carrying out of the Project to commence prior to the execution and delivery of the Lease Agreement. Contracts for construction and for purchase of machinery, equipment and related real and personal property deemed necessary under the Lease Agreement may be let by the Company.

Section 2.5. Laurens County Council agrees that this constitutes a Millage Rate Agreement providing the Company with the millage rate legally levied and applicable on June 30, 1996, which millage rate shall be adjusted every fifth year of the Lease Agreement as provided in Section 30(D)(2)(b).

Section 2.6. (a) Laurens County Council and Greenville County Council do hereby agree, subject to the requirements of Section 68 of the Special Source Bond Act, to undertake the preparation and adoption of an ordinance authorizing an issue of Special Source Bonds to pay a portion of the costs of infrastructure improvements (within the meaning of Section 68 of the Special Source Bond Act) for the Project. The amount of Special Source Bonds to be issued

by the Counties will be limited such that the total amount of scheduled principal and interest payments over the life of such issue will not exceed thirty-five (35%) percent of the fee-in-lieu of tax payments to be retained by the Counties during the first ten years of the Project. The Special Source Revenue Bonds will be payable exclusively from payments the Counties receive and retain from the Company in lieu of taxes under the Lease authorized in Section 2.3 hereof and from other security (if any) arranged by the Company. The Company will arrange for the sale of the Special Source Bonds to a financial institution or other institutional purchaser which agrees to acquire the Special Source Bonds as an investment and without a view of resale. If successful marketing arrangements can be made by the Company, the Counties will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Special Source Bonds. The Special Source Bonds shall not constitute a general obligation of indebtedness of the Counties nor a pledge of the full faith and credit or the taxing power of the Counties and this shall be prominently stated in the form of the Special Source Bonds.

(b) Prior to issuing the Special Source Bonds, the Counties may enter a mortgage or security agreement with a trustee to be selected by the Company or with the purchasers of the Special Source Bonds, pursuant to which the Special Source Bonds will be secured and issued. Such document shall be in such form as is acceptable to the Counties and its counsel and shall constitute a lien on the fees in lieu of taxes received by Laurens County under the Lease of the Project, and may constitute a first mortgage on the Laurens County's fee interest in the Land, to secure the payment of the Special Source Bonds.

(c) The Counties will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE COMPANY

Section 3.1. Prior to execution of the Lease Agreement and subsequent to this Agreement, the Company may advance any acquisition or construction funds required in connection with the planning, design, acquisition, construction and carrying out of the Project and be entitled to subject the constructed or acquired property to the Lease Agreement by transferring such property to Laurens County.

Section 3.2. The Counties will have no obligation to assist the Company in finding a bank and the Company may endeavor to finance the Project to the extent required to finance the cost of the acquisition and installation of the Project and the costs of the lease transaction.

Section 3.3. If the Project proceeds as contemplated, the Company further agrees as follows:

- (a) To acquire title to the assets constituting the Project and to convey the assets to Laurens County;
- (b) To enter into the Lease Agreement, under the terms of which it will obligate itself to pay to Laurens County sums sufficient to pay Basic Rent payments, including, if any, the principal of and interest to any financing of any Bank, as, to the extent and when the same may become due and payable, the Lease Agreement to be in form and to contain such provisions, consistent with those set forth in Section 2.3 hereof as shall be satisfactory to Laurens County and to the Company;
- (c) To obligate itself to make the additional payments required by the Pilot Act including, but not limited to, payments in lieu of taxes at rates calculated in accordance with Section 2.3 (f) hereof;
- (d) To indemnify, defend, and hold Laurens County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement and in the implementation of its terms and provisions;
- (e) To perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing;
- (f) To apply for, and use its best efforts to obtain, all permits, licenses, authorizations and approvals required by all governmental authorities in connection with the acquisition, construction, operation and use of the Project; and
- (g) To indemnify, defend and hold Laurens County and the individual directors, officers, agents and employees thereof harmless against any claim or loss or damage to property or any injury or death of any person or persons occurring in connection with the planning, design, acquisition, construction, leasing and carrying out of the Project. The Company also agrees to reimburse or otherwise pay, on behalf of Laurens County, any and all expenses not hereinbefore mentioned incurred by Laurens County in connection with the Project. This indemnity shall be superseded by a similar indemnity in the Lease Agreement.
- (h) To invest not less than Five Million Dollars (\$5,000,000) in the Project by the fifth anniversary of the Lease date.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1. All commitments of the Counties under Article II hereof are subject to all of the provisions of the Special Source Bond Act, including, without limitation, the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the Counties or any incorporated municipality or a charge against the general credit or taxing powers of either.

Section 4.2. All commitments of the Counties and the Company hereunder are subject to the condition that the Counties and the Company agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.3. If for any reason this Agreement is not executed and delivered by the Company on or before January 31, 1997 the provisions of this Agreement shall be cancelled and neither party shall have any rights against the other and no third parties shall have any rights against either party except:

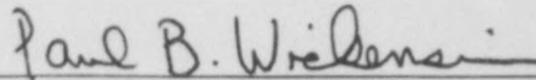
- (a) Laurens County will convey to the Company any title it may have acquired to the Project, to the extent of its ownership therein, if any;
- (b) The Company will pay Laurens County for all expenses which have been authorized by the Company and incurred by Laurens County in connection with the planning, design, acquisition, construction and carrying out of the Project and for all expenses incurred by Laurens County in connection with the authorization and approval of the Lease or this Agreement;
- (c) The Company will assume and be responsible for all contracts for construction or purchase of the Project entered into by Laurens County at the request or direction of the Company in connection with the Project; and
- (d) The Company will pay the out-of-pocket expenses of officers, agents and employees of the Counties and Counsel for the Counties incurred in connection with the Project and the execution of the Lease, and will pay fees for legal services related to the Project and the execution of the Lease.

Section 4.4. The parties understand that the Company may choose not to proceed with the Project, in which event this Agreement shall be cancelled and, subject to parties' obligations described in Section 4.3, neither party shall have any further rights against the other, and no third party shall have any rights against either party.

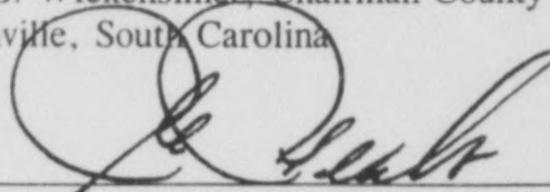
Section 4.5. To the maximum extent allowable under the Filot Act and Special Source Bond Act, the Company may, with the prior consent of the Counties, assign (including, without limitation, absolute, collateral, and other Assignments) all or a part of its rights and/or obligations under this Inducement Agreement, the Lease Agreement, or any other Agreement related hereto or thereto, to one or more other entities without adversely affecting the benefits to the Company or its Assignees pursuant to any such Agreement, the Filot Act or the Special Source Bond Act.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Inducement Agreement on the respective dates indicated below.

GREENVILLE COUNTY, SOUTH CAROLINA

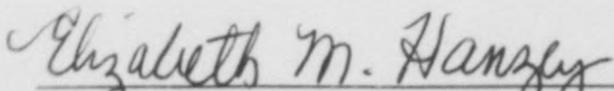


Paul B. Wickensimer, Chairman County Council
Greenville, South Carolina



Gerald Seals, County Administrator
Greenville, South Carolina

ATTEST:



Elizabeth M. Hanzey, Clerk to County
Council, Greenville, South Carolina

Dated: ~~January~~ ^{February} 7, 1997

006529

COLOR RESOURCES INTERNATIONAL, INC.

By: Ronald W. Jones

Date: Feb 13, 1997

006530

EXHIBIT

DRAFT

MAR 1 1 1997

6

STATE BUDGET & CONTROL BOARD

March __, 1997

Color Resources International, Inc.
Post Office Box 29914
Greenville, South Carolina 29616

County Council of Greenville County
301 University Ridge
Greenville, South Carolina 29601

County Council of Laurens County
3 Catherine Street
Laurens, South Carolina 29360

Re: Not Exceeding \$500,000 Greenville County, South Carolina and Laurens County, South Carolina, Special Source Revenue Bond (Color Resources International, Inc. Project), Series 1997

We have acted as bond counsel for Greenville County, South Carolina and Laurens County, South Carolina (the "Counties"), in connection with the issuance of a \$_____ Special Source Revenue Bond (Color Resources International, Inc. Project), Series 1997 (the "Bond") purchased by _____ (the "Bond Purchaser"). The Bond is issued in fully registered form only; initially dated the date of delivery; is in the denomination of \$_____; bears interest payable semiannually on _____ 1 and _____ 1 of each year commencing ____ 1, 199_, at a rate of interest per annum of ____ percent; and principal is due and payable on _____ 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1998		2003	
1999		2004	
2000		2005	
2001		2006	
2002		2007	

006531

EXHIBIT

MAR 11 1997

6

STATE BUDGET & CONTROL BOARD

_____, 1996
Page 2

The Bond is subject to redemption prior to maturity in the manner and upon the terms and conditions and at the prices set forth therein.

The Bond recites that it is authorized to be issued and is issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Title 4, Chapter 1 and Chapter 29, of the Code of Laws of South Carolina, 1976, as amended (collectively the "Act"), and Special Source Revenue Bond Ordinance of Greenville County, South Carolina duly enacted on _____, 1997 and Special Source Revenue Bond Ordinance of Laurens County duly enacted on _____, 1997 (the "Bond Ordinances").

We have examined, (i) the Constitution and laws of the State of South Carolina; (ii) certified copies of proceedings of the county councils of the Counties authorizing the issuance of the Bond; (iii) the Bond Ordinance, (iv) the Lease Agreement entered into by and between Laurens County and Color Resources International, Inc. dated March 1, 1997 (the "Lease"), (v) the Indenture entered into by and among the Laurens County, South Carolina, Color Resources International, Inc. and the Bond Purchaser, and (vi) such other papers, instruments and documents in this matter as we have deemed necessary or advisable.

Based on the foregoing, and except as herein below provided, we are of the opinion that:

1. The Bond has been duly authorized, executed and delivered and issued in accordance with the Constitution and laws of the State of South Carolina, including particularly the Act, and constitutes a valid and binding special obligation of the County enforceable in accordance with its terms payable solely from, and secured by a lien upon the FILOT Revenues (as defined in the Indenture).
2. The Lease and the Indenture have been duly and validly authorized, executed and delivered by Laurens County and constitutes a legal and valid obligation of Laurens County enforceable in accordance with their respective terms.
3. The interest on the Bond is not excluded from gross income for federal income tax purposes.
4. Under the laws of the State of South Carolina, the Bond and the interest thereon are presently exempt from all taxation in said State, except for estate or certain transfer taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, imposed upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Bond.
5. No consent or approval of, or registration with, any governmental body of the State of South Carolina is required to be obtained by the Counties for the sale, issuance, and delivery of the Bond by the Counties, except such as has been already obtained.

006532

6. The Bond constitutes an exempt security under Section 4(2) of the Securities Act of 1933, as amended to this date (the "Securities Act") and the offer, sale and delivery of the Bond does not require registration of the Bond under the Securities Act.

7. Pursuant to Section 4-29-67(W)(2)&(5) the Counties may collect the fee in lieu of tax due from Color Resources International, Inc. pursuant to the Lease Agreement between Color Resources International, Inc. and Laurens County dated as of March 1, 1997 in the same manner as a property tax. A failure to timely pay the fee-in-lieu of tax due the Counties will give rise to a lien for its collection in favor of the Counties.

It is to be understood that the rights of the holder of the Bond, under the Bond Ordinance and under such Bond, and the enforceability of such rights may be subject to the exercise of judicial discretion, the sovereign police powers of the State of South Carolina and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

Very truly yours.

HAYNSWORTH, MARION, MCKAY & GUEARARD,
L.L.P.

By: _____
Its: Partner

006533

EXHIBIT

MAR 1 1 1997

6

STATE BUDGET & CONTROL BOARD

006534

1717

APPLIED BUSINESS MANAGEMENT, INC.

P. O. BOX 26914
GREENVILLE, SC 29616

DATE 1-20-97

67-160
532

PAY TO THE ORDER OF State of South Carolina

\$ 2,000⁰⁰

Two thousand and ⁰⁰/₁₀₀

DOLLARS  SECURITY FEATURES
FOLIO 532
GREENVILLE, SOUTH CAROLINA

BB&T 5101

Branch Banking and Trust Company of South Carolina
Greenville, South Carolina

COLOR RESOURCES
FOR Special Source Rev. Bond Transaction

Carolyn B. Jones MP

⑈00001717⑈ ⑈053201607⑈ ⑈5120452632⑈

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

MAR 11 1997

6

STATE BUDGET & CONTROL BOARD



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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

February 24, 1997

MEMORANDUM

TO: C. H. Jones, Jr.; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the March 11, 1997, Budget and Control Board agenda:

Laurens and Greenville County
Not Exceeding \$500,000 Special Source revenue bonds
Color Resources International, Inc. project

For this proposal to be included on the March 11, 1997, agenda I must have the written results of your review before 9:00 a.m. on Monday, March 3, 1997.

DKW/laf
Enclosure

006535

EXHIBIT

2-24-97
10:27 a.m.

MAR 11 1997

6 TRANSMITTAL FORM, REVENUE BONDS

STATE BUDGET & CONTROL BOARD

TO: Donna Kaminer Williams,
Asst. Executive Director
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

DATE: February 21, 1997

Submitted for BCB Meeting on:
March 11, 1997

OR P.O. Box 12444, Columbia, SC 29211

FROM:

Haynsworth Marion McKay & Guérard, LLP

Name of Law Firm

Two Insignia Financial Plaza, 11th Floor

Street Address/Box Number

Greenville, SC 29601

City, State, Zip Code

(864) 240-3213

Area Code/Telephone Number

RE:

Not Exceeding \$500,000

Amount of Issue
Laurens ^{Greenville} County, South Carolina

Name of Issuing Authority

Special Source Revenue Bonds

Type of Bonds or Notes

April, 1997

Projected Issue Date

Project Name: Color Resources International, Inc.

Project Description: Color Resources International, Inc.

Construction of New Industrial Facility for the purpose of manufacturing and distributing pigments, dyes, and textile chemicals.

Employment as a result of the project: 30 Employees

Ceiling Allocation Required

Refunding Involved

Project Approved Previously

Yes (\$ _____) No

Yes (\$ _____) No

Yes (\$ _____) No

Amount

Amount

Amount

Documents enclosed (executed original and two copies of each):

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

- A. Petition
- B. Resolution or Ordinance (Will be executed on February 25, 1997)
- C. Inducement Resolution or comparable preliminary approval
- D. Department of Health and Environmental Control Certificate *if required*
- E. Budget and Control Board Resolution and Public Notice (*original*)
Plus 5 copies for certification and return to bond counsel
- F. Draft bond counsel opinion letter
- G. Processing Fee

006536

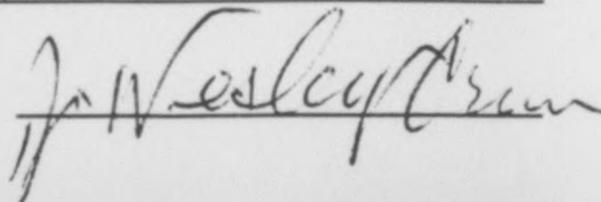
Amount: \$ 2,000

Check No: 1717

Payor: Applied Business Management, Inc.

Bond Counsel: J. Wesley Crum, Esquire

By:



HAYNSWORTH, MARION, MCKAY & GUÉRARD, L.L.P.

75 Beattie Place

EXHIBIT

Post Office Box 2048

MAR 11 1997

6

Greenville, South Carolina 29602 STATE BUDGET & CONTROL BOARD

TELECOPIER NUMBER (864) 240-3300

TELECOPIER COVER LETTER

PRIVILEGED AND CONFIDENTIAL

This facsimile message is privileged and confidential. It is intended solely for the use of the individual named below. If you are not the intended recipient, or the person responsible to deliver it to the intended recipient, you are hereby advised that any dissemination, distribution or copying of this communication is prohibited. If you have received this facsimile message in error, please immediately notify the sender by telephone collect and return the original message to the sender by U.S. Mail.

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Donna Williams

FIRM/COMPANY: Budget and Control Board

TELEPHONE: _____ FAX NO: 803-737-0689

FROM: Lisa Smith

COMMENTS: Donna, please find enclosed a copy of the Notice of Approval regarding Color Resources International, Inc.

NUMBER OF PAGES INCLUDING THIS COVER LETTER: 2

DATE: March 18, 1997

TIME: _____

IF YOU DO NOT RECEIVE ALL PAGES OR IF ANY TRANSMISSION IS NOT LEGIBLE, PLEASE TELEPHONE LISA SMITH AT (803) 240-3312 IMMEDIATELY.

006537

EXHIBIT

MAR 11 1997

6

THE GREENVILLE NEWS-PIEDMONT COMPANY
POST OFFICE BOX 1688
GREENVILLE, SOUTH CAROLINA 29602
STATE BUDGET & CONTROL BOARD
AFFIDAVIT

TERESA DUNCAN, BEING DULY SWORN, SAYS THAT SHE IS THE LEGAL
ADVERTISING REPRESENTATIVE OF **THE GREENVILLE NEWS**
A NEWSPAPER PRINTED AND PUBLISHED IN THE CITY OF GREENVILLE, IN
THE STATE OF SOUTH CAROLINA. THAT THE ATTACHED ADVERTISEMENT
APPEARING IN 67 LINES INCHES IN THE ISSUE
OF MARCH 12TH, 1997

Teresa A. Duncan

AD# 1019291

SWORN TO AND SUBSCRIBED BEFORE ME

THIS 14TH DAY OF MARCH 1997

REDO PER SUSAN MULLINAX

Cynthia H. Watson
NOTARY PUBLIC FOR STATE OF S.C. TOTAL DUE \$115.24

EXPIRES MAR 18 1997
NOTARY PUBLIC FOR STATE OF SOUTH CAROLINA
CYNTHIA H. WATSON
1111 W. MAIN ST.
GREENVILLE, S.C. 29601
P. 863-1111

006538

EXHIBIT

MAR 11 1997

7

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Department of Transportation

SUBJECT: Contracts for Bridge Construction

The Department of Transportation Commission anticipated issuing \$80,000,000 state highway bonds for a three-year bridge replacement program according to the following schedule: \$20,000,000 in July of 1995; \$30,000,000 in January of 1996; and \$30,000,000 in January of 1997.

On July 11, 1995, the Board adopted a resolution authorizing the issuance of \$20,000,000 state highway bonds; the bonds were issued on August 9, 1995. On December 12, 1995, the Board adopted a resolution authorizing the issuance of \$30,000,000 state highway bonds; the bonds were issued on February 8, 1996. The Department of Transportation anticipates a third bond resolution, for inclusion on the Board's June agenda, for the issuance of \$30,000,000 state highway bonds.

The Department anticipates letting the first contracts to be paid for with the proceeds of the final bond issue in late March of 1997. The Joint Bond Review Committee has given approval to this start date for the third group of bridges on December 3, 1996.

Because of the time between the letting of contracts for the construction of these bridges and the actual cash payment for the construction of these bridges, and, pursuant to Code Section 57-5-1610, the Department requests Budget and Control board approval to begin letting contracts for the construction of these bridges prior to the actual issuance of the bonds.

The Department expects to use interest earnings on the two previous bond issues and the bond proceeds from the final bond issue to replace at least 63 more structurally-deficient bridges in the last year of the program. The total number of bridges to be replaced by the end of the program will be at least 232 (compared to the Department's original goal of 182 bridges).

BOARD ACTION REQUESTED:

In accord with Code Section 57-5-1610, authorize the Department of Transportation to begin letting contracts for the construction of bridges prior to the anticipated \$30,000,000 state highway bond issue in the summer of 1997, contingent upon Board approval of the issuance of the bonds and the Department's receipt of the bond proceeds.

ATTACHMENTS:

Mabry 2/28/97 letter; Code Section 57-5-1610

006539



South Carolina
Department of Transportation

955 Park Street
Post Office Box 191
Columbia, South Carolina 29202-0191

Office of the Director
(803) 737-1302 • Fax (803) 737-2038

Deputy Director of Engineering
(803) 737-1314 • Fax (803) 737-2038

Deputy Director of Finance and Administration
(803) 737-1240 • Fax (803) 737-1719

Deputy Director of Mass Transit
(803) 737-9720 • Fax (803) 737-9739

February 28, 1997

The Honorable David M. Beasley
Chairman, State Budget and Control Board
Post Office Box 11369
Columbia, S.C. 29211

EXHIBIT

MAR 11 1997

7

STATE BUDGET & CONTROL BOARD

Dear Governor Beasley,

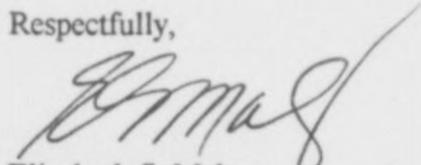
Pursuant to its March 16, 1995 resolution, the South Carolina Department of Transportation Commission requested that the State Budget and Control Board authorize the issuance of state highway bonds in the amount sufficient to net \$80 million for a three-year bridge replacement program. The commission requested that the bonds be issued according to the following schedule: \$20 million in July 1995; \$30 million in January, 1996; \$30 million in January, 1997. The Board in its July 11, 1995 meeting passed a resolution authorizing the issuance of \$20 million in bonds and in its December 12, 1995 meeting passed a resolution authorizing the issuance of \$30 million in bonds. These bonds were issued on August 9, 1995 and February 8, 1996, respectively.

The Department anticipates letting the first contracts to be paid for with proceeds from this final bond issue in late March, 1997. The Joint Bond Review Committee has given approval to this start date for the third group of bridges on December 3, 1996.

Due to the time between the letting of contracts for construction of these bridges and the actual cash payment for the construction of these bridges and pursuant to Section 57-5-1610, of South Carolina Code of Laws, the Department is requesting Budget and Control Board's approval to begin letting contracts for the construction of these bridges prior to the actual issuance of the bonds. The Department expects to have a resolution for Budget and Control Board approval in the June, 1997 meeting for the last bond issue in this school bus bridge program. The Department also expects to use interest earnings on the two previous bond issues and the bond proceeds from this final bond issue to replace at least 63 more structurally deficient bridges in the last year of this program. The total number of bridges to be replaced by the end of this program will be at least 232 verses the Department's original goal at the start of the program of 182 bridges.

Should you have any questions concerning this matter or would like any additional information, please do not hesitate to contact me.

Respectfully,


Elizabeth S. Mabry
Executive Director

cc: Commissioners

ESM:cb

File:CFO:LCD/COA:cb

006540

STATE HIGHWAYS SYSTEM

§ 57-5-1620

ARTICLE 11

CONSTRUCTION CONTRACTS AND PURCHASES

§ 57-5-1610. Reserves shall be provided for highway construction contracts.

Except with the approval of the State Budget and Control Board, the Department of Transportation shall not let any highway construction contracts unless reserves for such contracts shall have been provided for out of either (a) current balances in the state highway fund, (b) federal aid obligated for such contracts or (c) estimated revenue balances accruing during the period in which payments are to become due on such contracts; it being the intention of the General Assembly by the enactment of the section that the department shall not let any highway construction contracts which are contingent upon additional tax revenue legislation or upon receipt of the proceeds of anticipated bond sales for the payment of such contracts, unless the amount of highway construction contracts proposed to be let shall receive the approval of the State Budget and Control Board.

HISTORY: 1993 Act No. 181, § 1520, eff July 1, 1993.

Editor's Note—

1992 Act No. 314, § 1, effective April 3, 1992, provided that the South Carolina Department of Highways and Public Transportation shall require that asphalt used in projects approved by bid by the department may include river gravel, unless prohibited by federal statute or federal regulation. Subsequently, 1993 Act No. 4 § 1, eff February 18, 1993, repealed 1992 Act No. 314, § 1.

Effect of Amendment—

The 1993 amendment changed "South Carolina Department of Highways and Public Transportation" to "Department of Transportation".

006541

EXHIBIT

MAR 11 1997

8

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

REGULAR SESSION & CONTROL BOARD
ITEM NUMBER 2

AGENCY: Clemson University

SUBJECT: State Institution Bonds

The Board is asked to adopt a resolution approving the issuance of State Institution Bonds, Series 1997B, for Clemson University in the amount of not to exceed \$8,835,000. The proceeds of the bonds will be used to provide a portion of the cost of construction of an approximately 110,000 square foot Student Center on the east campus of the University and renovations and improvements to Jordan Hall, including reroofing, the repair of exterior masonry surfaces, and improvements to the fume hood system, and to pay costs of issuance of the bonds.

BOARD ACTION REQUESTED:

Adopt a resolution approving the issuance of State Institution Bonds, Series 1997B, for Clemson University in the amount of not to exceed \$8,835,000.

ATTACHMENTS:

Potash 3/3/97 letter; Resolution

006542

EXHIBIT

MAR 11 1997

8

SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
FAX (803) 765-1243

CHARLESTON OFFICE:
160 EAST BAY STREET
POST OFFICE BOX 340
CHARLESTON, S.C. 29402-0340
TELEPHONE (803) 722-3366
FAX (803) 722-2266

STATE BUDGET & CONTROL BOARD
GREENVILLE OFFICE:
15 SOUTH MAIN STREET, SUITE 500
POST OFFICE BOX 275
GREENVILLE, SOUTH CAROLINA 29602-0275
TELEPHONE (864) 467-1100
FAX (864) 467-1521

REPLY TO:
COLUMBIA OFFICE
POST OFFICE BOX 11889
COLUMBIA, S.C. 29211-1889

WRITER'S DIRECT DIAL NUMBER

(803) 540-7829

March 3, 1997

VIA HAND DELIVERY

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
Wade Hampton Office Bldg., Rm. 601
Columbia, South Carolina 29201

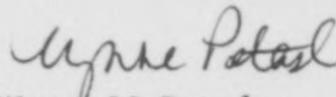
Re: \$8,835,000 State Institution Bonds, Series 1997B,
of the State of South Carolina (Clemson University)
File No. 4734\21

Dear Ms. Williams:

Enclosed please find the Budget and Control Board Resolution approving the issuance of the above-referenced Bonds.

Please call if you have any questions.

Very truly yours,



Wynne M. Potash
Paralegal to Robert S. Galloway, III

Enclosures

cc: Charlie Shaw
Chuck Sanders

006543



221-595

EXHIBIT

MAR 11 1997

8

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

Clemson University

STATE BUDGET & CONTROL BOARD

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

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

His Excellency, David M. Beasley, Governor and Chairman of the Board;
The Honorable Richard A. Eckstrom, State Treasurer;
The Honorable Earle E. Morris, Jr., Comptroller General;
The Honorable John Drummond, Chairman, Senate Finance Committee; and
The Honorable Henry E. Brown, Jr., Chairman, House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 8:30 a.m. on Tuesday, March 11, 1997, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the Carolina Plaza, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 3:45 pm on Wednesday, March 5, 1997.

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

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

FOR MOTION

5

AGAINST MOTION

0

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

March 11, 1997

Donna Kaminer Williams

006544

A RESOLUTION

BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD APPROVING THE ISSUANCE OF STATE INSTITUTION BONDS OF THE STATE OF SOUTH CAROLINA, SERIES 1997B, FOR CLEMSON UNIVERSITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED EIGHT MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$8,835,000) AND OTHER MATTERS RELATED THERETO.

Adopted March 11, 1997

006545

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EXHIBIT

MAR 1 1 1997

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

ARTICLE I

FINDINGS OF FACT

Section 1.01. Findings.

As an incident to the adoption of this Resolution, the South Carolina State Budget and Control Board (the "State Board") has made the following findings:

(A) The provisions of Chapter 107 of Title 59 of the Code of Laws of South Carolina 1976, as amended (the "Enabling Act"), authorizes the issuance of State Institution Bonds by the State of South Carolina on behalf of State Institutions of the State of South Carolina, including Clemson University (the "University").

(B) Pursuant to the provisions of a resolution adopted by the Board of Trustees of Clemson University (the "Board of Trustees") on February 7, 1997 (the "Clemson Resolution"), the Board of Trustees has requested the State Board to authorize the Governor and State Treasurer to issue State Institution Bonds pursuant to the Enabling Act in the aggregate principal amount of not to exceed \$8,835,000 in order to provide a portion of the cost of (i) construction of an approximately 110,000 square foot Student Center on the east campus of the University and (ii) renovations and improvements to Jordan Hall, including reroofing, the repair of exterior masonry surfaces, and improvements to the fume hood system (collectively, the "Improvements"), and to pay costs of issuance of the Bonds.

(C) The State Board has reviewed the Clemson Resolution and has determined to cause State Institution Bonds, Series 1997B to be issued for the purposes described in paragraph (B) above.

[End of Article I]

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ARTICLE II

STATUTORY REQUIREMENTS

Section 2.01. Findings Required by Enabling Act.

The State Board makes the following findings pursuant to Section 59-107-50 of the Enabling Act in connection with the application of the University for issuance of State Institution Bonds in the amount of not to exceed \$8,835,000, which sum, together with other available funds, will be used to defray the cost of the Improvements and to pay costs of issuance of such Bonds:

(A) There is a definite and immediate need for the issuance of not to exceed \$8,835,000 in State Institution Bonds in order to provide, together with other available funds, the necessary sums to defray the cost of the Improvements and to pay costs of issuance of the Bonds;

(B) There are presently outstanding the following State Institution Bonds secured by the tuition and fees of the University:

- (1) \$3,250,000 State Institution Bonds dated May 1, 1992; and
- (2) \$2,945,000 State Institution Bonds dated April 1, 1995.

(C) A satisfactory and proper schedule of Tuition Fees as set forth in Exhibit A attached hereto is in effect at the University;

(D) A proforma debt service table setting forth annual principal and interest requirements of the proposed State Institution Bonds is set forth on Exhibit B attached hereto. Exhibit C attached hereto shows the debt service requirements of State Institution Bonds previously issued for the University. Exhibit D attached hereto sets forth the aggregate debt service requirements of the outstanding and proposed State Institution Bonds. Exhibit E attached hereto shows the sum received by the University as Tuition Fees for the fiscal year ended June 30, 1996 and establishes that, based upon an average interest rate of 6% per annum, the maximum annual debt service of such State Institution Bonds will not be greater than 90% of the Tuition Fees received by the University for the fiscal year ended June 30, 1996; and

(E) The University has agreed that the scheduled Tuition Fees for the University shall be revised from time to time and whenever necessary to provide not less than the sum needed to pay the annual principal and interest requirements on the proposed State Institution Bonds and on all outstanding State Institution Bonds issued for the University.

(F) The State Board has made the findings required of it by Section 59-107-50 of the Enabling Act, and has accepted the Clemson Resolution as proposed by the Board of Trustees.

[End of Article II]

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EXHIBIT

ARTICLE III

MAR 11 1997

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DEBT LIMITATION

STATE BUDGET & CONTROL BOARD

Section 3.01. Provisos Observed.

Section 11-27-30(4) of the Code of Laws of South Carolina 1976, as amended, provides that the debt limitation of State Institution Bonds is the lesser of (i) the statutory limitation set forth in Section 59-107-90 of the Enabling Act which provides that there shall not be outstanding State Institution Bonds for all State Institutions in excess of \$90,000,000 or (ii) that sum resulting from the provisions of subparagraph (b) of paragraph 6 of Section 13 of Article X of the South Carolina Constitution which provides that the maximum annual debt service of State Institution Bonds may not be greater than 90% of the Tuition Fees received by such institution for the preceding fiscal year. A table set forth in Exhibit E demonstrates that the debt service of the proposed State Institution Bonds authorized herein will not exceed the proviso contained in (b) of the preceding sentence. Further, the State Board finds that the total aggregate principal amount of State Institution Bonds to be outstanding, following the issuance of the State Institution Bonds authorized by the provisions of this Resolution, will be the sum of \$89,550,000.

[End of Article III]

ARTICLE IV

DEFINITIONS AND CONSTRUCTION

Section 4.01. Definitions.

As used in this Resolution unless the context otherwise requires, the following terms shall have the following respective meanings:

"Authorized Officer" means the Governor of the State of South Carolina or the State Treasurer or any other officer of the State of South Carolina designated from time to time as an Authorized Officer by resolution of the State Board, and when used with reference to any act or document also means any other person authorized by resolution of the State Board to perform such act or sign such document.

"Board of Trustees" means the governing body of the University.

"Bond" or "Bonds" means any of the Bonds of the State authorized by this Resolution.

"Bondholder" or "Holder" or "Holders of Bonds" or "Owner" or similar term means, when used with respect to a Bond or Bonds, any person who shall be registered as the owner of any Bond Outstanding.

"Bond Payment Date" means each date on which interest on any of the Bonds shall be payable or on which both the Principal Installment and interest shall be payable on any of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Undertaking" means that certain Continuing Disclosure Undertaking substantially in the form of Exhibit G hereto, hereby authorized to be executed by the State Treasurer on behalf of the State Board and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office", when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

"Enabling Act" means Chapter 107, Title 59, Code of Laws of South Carolina 1976, as amended.

"Fiduciary" means the Paying Agent, the Registrar and their successors and assigns.

"Government Obligations" means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

"Governor" means the Governor of the State of South Carolina.

"Improvements" means the projects described in Section 1.01(B) of this Resolution.

"Outstanding" when used in this Resolution with respect to Bonds means, as of any date, all Bonds theretofore authenticated and delivered pursuant to this Resolution except:

(i) any Bond cancelled or delivered to the Registrar for cancellation on or before such date;

(ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Article X hereof and;

(iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 6.11 of this Resolution.

"Paying Agent" means any bank, trust company or national banking association which is authorized to pay the principal or interest on any Bonds and having the duties, responsibilities and rights provided for in this Resolution, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. The institution named as Paying Agent may also act as Registrar.

"Person" means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

"Principal Installment" means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

"Record Date" means the 15th day of the month immediately preceding each Bond Payment Date.

"Registrar" means any bank, trust company, or national banking association which is authorized to maintain an accurate list of those who from time to time shall be the Holders of the Bonds and shall effect the exchange and transfer of Bonds in accordance with the provisions of this Resolution and having the duties, responsibilities, and rights provided for in this Resolution and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. The institution named as Registrar may also act as Paying Agent.

"Resolution" means this Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Secretary of State" means the Secretary of State of the State of South Carolina.

"State" means the State of South Carolina.

"State Board" means the South Carolina State Budget and Control Board.

"State Request" means a written request of the State signed by an Authorized Officer.

"State Treasurer" means the State Treasurer of the State of South Carolina.

"Tuition Fees" means those fees charged by the University for tuition, matriculation and registration in accordance with the provisions of Section 59-107-30 of the Enabling Act.

"University" means Clemson University as established pursuant to the provisions of Chapter 119 of Title 59 of the Code of Laws of South Carolina, 1976.

Section 4.02. Construction.

In this Resolution, unless the context otherwise requires:

(A) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(B) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms refer to this Resolution, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Resolution.

(C) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(D) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

[End of Article IV]

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EXHIBIT

MAR 11 1997

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ARTICLE V

STATE BUDGET & CONTROL BOARD

APPROVAL OF APPLICATION; AUTHORIZATION OF BONDS

Section 5.01. Authorization of Bonds.

The application of the Board of Trustees is hereby approved, and the State Board does hereby direct that formal request be made of the Governor and the State Treasurer to make provision for the issuance of Bonds in the principal amount of not exceeding Eight Million Eight Hundred Thirty-Five Thousand Dollars (\$8,835,000) as herein described. Such request should be evidenced by the delivery to each of the Governor and State Treasurer of a copy of this Resolution, duly certified by the Secretary of the State Board.

[End of Article V]

ARTICLE VI
ISSUANCE OF BONDS

Section 6.01. Ordering the Issuance of Bonds.

Pursuant to the provisions of the Enabling Act and in accordance with the provisions of Article V hereof, there shall be issued not to exceed Eight Million Eight Hundred Thirty-Five Thousand Dollars (\$8,835,000) of general obligation bonds of the State designated State Institution Bonds, Series 1997B, and the Governor and State Treasurer are hereby directed to issue said Bonds.

Section 6.02. Maturity Schedule of Bonds.

The Bonds shall mature on the dates and in the principal amounts hereinafter set forth in this Section 6.02. Interest on the Bonds shall be payable on December 1, 1997 and semiannually thereafter on June 1 and December 1 of each year until payment of the principal thereof.

The Bonds shall mature in annual series as follows:

<u>June 1 of the Year</u>	<u>Principal Amount</u>
1998	\$285,000
1999	430,000
2000	460,000
2001	490,000
2002	515,000
2003	545,000
2004	580,000
2005	605,000
2006	645,000
2007	685,000
2008	1,130,000
2009	1,200,000
2010	1,265,000

provided, however, that such maturities may be adjusted prior to sale of the Bonds within the years indicated as deemed necessary by the State Treasurer upon consultation with the University, including any adjustments in connection with a reduction in the aggregate principal amount of the Bonds to be sold.

Section 6.03. Provision for Payment of Interest on the Bonds.

The Bonds shall be dated as of the first day of the month of their delivery and authenticated on such dates as they shall, in each case, be delivered. The Bonds shall bear interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date thereof, unless the authentication date thereof is a June 1 or a December 1, in which case, from such authentication date, or from the June 1 or the December 1 to which interest has last been paid, or if dated prior to December 1, 1997, then from the original issue date of the Bonds. The interest to be paid on any June 1 or December

I shall be paid to the Person in whose name such Bond is registered at the close of business on the Record Date next preceding such June 1 or December 1.

Section 6.04. Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal.

(A) The Bonds shall be payable as to Principal Installment and interest at the rates per annum determined in the manner prescribed by Section 6.15 hereof (on the basis of a 360 day year of twelve 30-day months) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(B) The Bonds shall be issued in the form of fully registered typewritten or printed Bonds. The Bonds shall be issued in the denomination of \$5,000 or any whole multiple thereof, not exceeding the principal amount of the Bonds maturing in such year. The Bonds shall be identified in such fashion as to maintain a proper record thereof.

(C) The Principal Installment of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Bond shall be made by the Paying Agent to the Person appearing on each Record Date on the registration books of the State, which books shall be held by the Registrar as provided in Section 6.08 hereof, as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books in sufficient time to reach such registered owner on the Bond Payment Date. Payment of the Principal Installment of all Bonds shall be made upon the presentation and surrender for cancellation of such Bonds as the same shall become due and payable.

Section 6.05. Agreement to Maintain Registrar and Paying Agent.

As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges, (ii) notices and demands to or upon the State in respect of the Bonds may be served, and (iii) the Bonds may be presented for payment, exchange and transfer. The State Treasurer is hereby authorized to determine the institution, pursuant to the results of competitive bid, which shall exercise both the functions of the Paying Agent and the Registrar.

Section 6.06. Execution and Authentication.

(A) The Bonds shall be executed in the name and on behalf of the State by the manual or facsimile signatures of the Governor and the State Treasurer, with the Great Seal of the State of South Carolina impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Secretary of State; provided that any of such officers required to execute or attest the execution of the Bonds may employ a facsimile of his signature in lieu of the manual signing or attesting of the Bonds, provided the laws of the State of South Carolina permit the execution of the bonds in such manner. Bonds bearing the manual or facsimile signature of any Person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the State notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(B) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in this Resolution, duly executed by the manual signature of the Registrar and such certificate of authentication upon any Bond executed on behalf of the State shall be conclusive evidence that the

Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of the terms and provisions of this Resolution.

Section 6.07. Exchange of Bonds.

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount of Bonds in authorized denominations of the same interest rate and maturity. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 6.08. Transferability and Registry.

All Bonds shall at all times, when the same are Outstanding, be payable, both as to Principal Installment and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds remain Outstanding, the State shall maintain and keep, at the office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the State shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Registrar may prescribe, any Bond, except that under no circumstances shall any Bond be registered or transferred to bearer. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 6.09. Transfer of Bonds.

Each Bond shall be transferable only upon the books of the State, which shall be kept for such purpose at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar, upon presentation and surrender thereof by the Holder of such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the State shall execute and the Registrar shall authenticate and deliver, in the name of the Person who is the transferee, one or more new Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond. All action taken by the Registrar pursuant to this section shall be deemed to be the action of the State.

Section 6.10. Regulations with Respect to Exchanges and Transfers.

All Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Registrar. For each such exchange or transfer of Bonds, the State or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The State shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) days next preceding any Bond Payment Date of the Bonds.

Section 6.11. Mutilated, Destroyed, Lost and Stolen Bonds.

(A) If any mutilated Bond is surrendered to the Registrar and the Registrar or the State receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and there is delivered to the Registrar, or the State such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice that such Bond has been acquired by a bona fide purchaser, the State shall execute, and upon State Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number unlike that of a Bond contemporaneously Outstanding. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the State in its discretion may, instead of issuing a new Bond, pay such Bond.

(B) Upon the issuance of any new Bond under this Section, the State may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees or other fees, of the State or the Registrar connected therewith.

(C) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the State, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

Section 6.12. Holder as Owner of Bond.

The State, the Registrar and any Paying Agent may treat the Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment of and interest on such Bond and for all other purposes, and payment of the Principal Installment and interest shall be made only to, or upon the order of, such Holder. All payments to such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 6.13. Cancellation of Bonds.

The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the State. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof.

Section 6.14. Payments Due on Saturdays, Sundays and Holidays.

In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installment of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day

upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such date.

Section 6.15. Conditions Relating to Naming of Interest Rates.

The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds reflect the lowest net interest cost to the State calculated in the manner hereinafter prescribed in this Section provided:

- (A) all Bonds of the same maturity shall bear the same rate of interest;
- (B) no rate of interest named shall be more than one and one-half (1 1/2) percentage points higher than the lowest rate of interest named;
- (C) each interest rate named shall be a multiple of 1/20th or 1/8th of one (1) percentage point;
- (D) any premium offered must be paid in cash as a part of the purchase price; and
- (E) no average rate of interest named shall exceed 7.5%.

For the purpose of determining lowest net interest cost, the aggregate of interest on all Bonds from the first day of the month in which the Bonds are delivered, which is the original issue date, until their respective maturities, less any sum named by way of premium, shall be determined on each bid and the smallest amount to be paid by the State shall reflect lowest net interest cost.

Section 6.16. Tax Exemption in South Carolina.

Both the principal and interest on said Bonds shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Section 6.17. Security for the Bonds.

For the prompt payment of the principal and interest on the Bonds, as they respectively mature, the full faith, credit and taxing power of the State are irrevocably pledged and in addition thereto, but subject to the provisions of the Enabling Act, all Tuition Fees received by Clemson University are also pledged. In accordance with the provisions of Section 11-29-30 of the Code of Laws of South Carolina 1976, as amended, and in order to provide for the punctual payment of the principal of and interest on the Bonds herein authorized, the State Treasurer is hereby directed to set aside from the Tuition Fees received in each fiscal year in which the interest on and principal of the Bonds herein authorized are due or will become due so much of the revenues derived from such Tuition Fees as may be necessary in order to pay the interest on and principal of all Bonds falling due in such fiscal year and the State Treasurer shall thereafter apply such moneys to the punctual payment of such principal and interest as the same respectively fall due. In the event that the revenues derived from the Tuition Fees so pledged prove insufficient to meet the payments of the interest on and principal of such Bonds in such fiscal year, then the State Treasurer is authorized and directed to set aside from the general tax revenues received in such fiscal year so much of such general tax revenues as become needed for such purpose and to apply the same to the punctual payment of the interest on and principal of such Bonds due or to become due in such fiscal year.

Section 6.18. Form of Bonds.

STATE BUDGET & CONTROL BOARD

The form of the Bonds, and registration provisions to be endorsed thereon shall be substantially as set forth in Exhibit F attached hereto and made a part of this Resolution.

Section 6.19. Tuition Fee Deposits.

As provided in Section 59-107-180 of the Enabling Act, the State Treasurer shall establish a special fund into which all Tuition Fees shall be deposited and applied to the payment of principal, interest and premium, if any, on the Bonds. Such fund shall be maintained at all times as provided in said Section 59-107-180.

Section 6.20. Book-entry System.

The Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by The Depository Trust Company, New York, New York (the "Depository"), and transfers of beneficial ownership of the Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of a \$5,000 principal amount of the Bonds of the same maturity or any integral multiple of \$5,000, with each increment of \$5,000 being separately of a single maturity.

The Bonds shall be issued in fully registered form, one certificate for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Bonds becomes due, an Authorized Officer shall transmit or cause the paying agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Bonds so registered for all purposes of this Resolution, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of Bond owners.

An Authorized Officer shall notify the Depository of any notice of redemption required to be given pursuant to this Resolution not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption.

The Depository is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through Participants are expected to maintain records of the beneficial owners in the Bonds. The State makes no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the State shall have no responsibility for any such maintenance of records of transfer or payments by the Depository to its participants, or by the participants or persons acting through participants to the beneficial owners.

If (a) the Depository determines not to continue to act as Depository for the Bonds, or (b) the State has advised the Depository of the State's determination that the Depository is incapable of discharging its duties, the State shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the State of the Bonds together with an assignment duly executed by the Depository, the State shall execute and deliver to the successor depository, Bonds of the same principal amount, interest rate and maturity.

If the State is unable to retain a qualified successor to the Depository or the State has determined that it is in the best interest of the State not to continue the Book-Entry System of transfer or that the

interest of the beneficial owners of the Bonds might be adversely affected if the Book-Entry System of transfer is continued (the State undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to the Depository, upon receipt by the State of the Bonds together with an assignment duly executed by the Depository, the State shall execute, and cause to be authenticated and delivered pursuant to the instructions of the Depository, Bonds in fully registered form, in substantially the form set forth in this Resolution, the denomination of \$5,000 or any integral multiple thereof.

[End of Article VI]

ARTICLE VII

REDEMPTION AND PURCHASE OF BONDS

Section 7.01. Redemption.

The Bonds are subject to redemption prior to their stated maturities on the following terms. All Bonds maturing on and after June 1, 2008, shall be subject to redemption, in whole or in part, but if in part, in inverse chronological order of maturity, at the option of the State, on June 1, 2007, and all subsequent Bond Payment Dates at the Redemption Prices set forth below, plus accrued interest to the date fixed for redemption:

<u>REDEMPTION DATES</u>	<u>REDEMPTION PRICE</u>
June 1, 2007 and December 1, 2007	102%
June 1, 2008 and December 1, 2008	101
June 1, 2009 and thereafter	100

Section 7.02. State's Election to Redeem.

In the event that the State shall, in accordance with the provisions of Section 7.01 hereof, elect to redeem Bonds, it shall give notice by State Request to the Registrar and Paying Agent, of each optional redemption. Each State Request shall specify the date fixed for redemption and the amount and maturities of the Bonds which are to be redeemed. Such notice shall be given at least 60 days prior to the date fixed for redemption or such lesser number of days as shall be acceptable to the Registrar.

Section 7.03. Notice of Redemption.

(A) When any Bonds are to be redeemed, the Registrar shall give notice of the redemption of the Bonds in the name of the State to the Registered Holders of the Bonds to be redeemed specifying (i) the Bonds and maturities to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the Bonds to be redeemed unless all of the Bonds Outstanding are to be redeemed; (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of Bonds to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. The Registrar shall mail a copy of such notice, first class mail, postage prepaid, not less than 30 days and not more than 60 days before the redemption date to the Registered Holders of all Bonds or portions of Bonds which are to be redeemed at their addresses which appear upon the registration books, but failure to so mail any such notice to any of such Registered Holders shall not affect the validity of the proceedings for the redemption of Bonds held by Registered Holders to whom written notice has been mailed. The obligation of the Registrar to give the notice required by this Section shall not be conditioned upon the prior payment to the Paying Agent of money or the delivery to the Paying Agent of Authorized Investments sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date.

(B) Notice of redemption having been given as provided in subsection (a) hereof, the Bonds or portions thereof so to be redeemed shall, on the date fixed for redemption, become due and payable

at the Redemption Price specified therein plus interest accrued to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the Redemption Price, plus interest accrued to the redemption date. On and after the redemption date (unless the State shall default in the payment of the Redemption Price and accrued interest), such Bonds shall cease to bear interest and shall no longer be considered as Outstanding hereunder. If money sufficient to pay the Redemption Price and accrued interest has not been made available by the State to the Paying Agent on the redemption date, such Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption until the same shall have been paid.

(C) In addition to the foregoing notice, further notice shall be given by the Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption and (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York; Midwest Securities Trust Company of Chicago, Illinois; and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as The Bond Buyer of New York, New York).

(iii) Each such further notice shall be published one time in The Bond Buyer of New York, New York, or, if such publication is impractical or unlikely to reach a substantial number of the Holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

(iv) Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 7.04. Selection by Registrar of Bonds to be Redeemed.

(A) If less than all of the Bonds of like maturity are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected, not less than 45 days before the date fixed for redemption, by the Registrar by lot.

(B) In making such selection, the Registrar shall treat each Bond to be redeemed as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination. If any Bond is to be redeemed in part, the portion to be so redeemed shall be in a principal amount of an authorized denomination.

(C) The Registrar shall promptly notify the State in writing of the Bonds so selected for redemption.

Section 7.05. Deposit of Redemption Price.

On or before any date fixed for redemption of any Bonds, cash and/or a principal amount of non-callable Government Obligations maturing not later than the date fixed for redemption which, together with income to be earned on such Government Obligations prior to such date fixed for redemption, will be sufficient to provide cash to pay the Redemption Price of and interest accrued on all Bonds or portions thereof which are to be redeemed on such date, shall be deposited with the Paying Agent.

Section 7.06. Partial Redemption of Bonds.

In the event part but not all of a Bond Outstanding shall be selected for redemption, upon presentation and surrender of such Bond by the Registered Holder thereof or his attorney duly authorized in writing (with, if the State or the Paying Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the State and the Registrar duly executed by, the Registered Holder thereof or his attorney duly authorized in writing) to the Registrar, the State shall execute and the Registrar shall authenticate and deliver to or upon the order of such Registered Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of any authorized denomination of like tenor. Bonds so presented and surrendered shall be cancelled in accordance with Section 6.13 hereof.

Section 7.07. Purchases of Bonds Outstanding.

Purchases of Bonds Outstanding may be made by the State at any time. Upon any such purchase the State shall deliver such Bonds to the Registrar for cancellation.

[End of Article VII]

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STATE BUDGET & CONTROL BOARD

ARTICLE VIII
SALE OF BONDS

Section 8.01. Authorization to State Treasurer.

The Bonds shall be sold at public sale in accordance with the provisions of the Enabling Act and upon such terms and conditions as the State Treasurer may determine provided the award of the Bonds by the State Treasurer is made to the bidder whose bid meets the requirements of the provisions of Section 6.15 hereof.

[End of Article VIII]

ARTICLE IX

DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 9.01. Disposition of Bond Proceeds.

The proceeds derived from the sale of the Bonds issued pursuant to this Resolution shall be paid to the State Treasurer as follows:

(A) any accrued interest shall be applied to the payment of the first installment of interest to become due on such Bonds;

(B) any premium shall be applied to the payment of the first installment of principal of such Bonds; and

(C) the remaining proceeds shall be used to defray the cost of the Improvements and pay costs of issuance of the Bonds, provided that any proceeds, and earnings thereon, as shall remain after the cost of the Improvements and costs of issuance have been paid, may, at the discretion of the State Treasurer, be applied to any purpose permitted under the Enabling Act with respect to Clemson University, including without limitation, to pay debt service on the Bonds.

Provided, further, that neither the purchaser nor any Holder of the Bonds shall be liable for the proper application of the proceeds thereof.

[End of Article IX]

ARTICLE X

DEFEASANCE OF BONDS

Section 10.01. Discharge of Resolution - Where and How Bonds are Deemed to have been Paid and Defeased.

If all of the said Bonds issued pursuant to this Resolution and all interest thereon shall have been paid and discharged, then the obligations of the State under this Resolution and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(A) The Paying Agent shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installment and interest thereof; or

(B) If default in the payment of the principal of the Bonds or the interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(C) If the State shall elect to provide for the payment of the Bonds prior to their stated maturities in accordance with the provisions of Section 59-107-200 of the Enabling Act and shall have established in an irrevocable trust, moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited at the same time, shall be sufficient to pay when due the Principal Installment and interest due and to become due on the Bonds on and prior to their maturity dates.

Neither the Government Obligations nor moneys deposited pursuant to this Section nor the principal or interest payments thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installment or interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installment or interest to become due on said Bonds on and prior to the maturity date thereof and interest earned from such reinvestments not required for the payment of the Principal Installment or interest may be paid over to the State, free and clear of any trust, lien or pledge.

[End of Article X]

ARTICLE XI

CONCERNING THE FIDUCIARIES

Section 11.01. Fiduciary; Appointment and Acceptance of Duties.

The financial institution chosen pursuant to Section 6.05 hereof to act initially as Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Resolution and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Resolution by a written acceptance.

Section 11.02. Responsibilities of Fiduciaries.

The recitals of fact herein and in the Bonds contained shall be taken as the statements of the State and no Fiduciary assumes any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bonds or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Section 11.03. Evidence on Which Fiduciaries May Act.

(A) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the State, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(B) Whenever any Fiduciary shall deem it necessary or desirable that a matter to be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

(C) Except as otherwise expressly provided in this Resolution any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the State to any Fiduciary shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

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STATE BUDGET & CONTROL BOARD

Section 11.04. Compensation.

The State shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; provided, however, that any specific agreement between the State and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary.

Section 11.05. Certain Permitted Acts.

Any Fiduciary may become the owner or underwriter of any Bonds, notes or other obligations of the State or conduct any banking activities with respect to the State, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution.

Section 11.06. Resignation of Any Fiduciary.

Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days written notice to the State and not less than thirty (30) days written notice to the Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the State pursuant to Section 11.08 hereof in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

Section 11.07. Removal of Fiduciary.

Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the State and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys in fact duly authorized, excluding any Bonds held by or for the account of the State.

Section 11.08. Appointment of Successor Fiduciaries.

In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the State. Every such Fiduciary appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

If in a proper case no appointment of a successor Fiduciary shall be made by the State pursuant to the foregoing provisions of this Section within forty-five (45) days after any Fiduciary shall have given to the State written notice as provided in Section 11.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any

Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 11.09. Transfer of Rights and Property to Successor.

Any successor Fiduciary appointed under this Resolution shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, on the written request of the State, or of the successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Fiduciary shall promptly notify the Paying Agent and Depositaries, if any, of its appointment as Fiduciary.

Section 11.10. Merger or Consolidation.

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 11.11. Adoption of Authentication.

In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

[End of Article XI]

ARTICLE XII

COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 12.01. General Covenant.

The State will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file the information report with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the State covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel as will enable it to comply with this Section.

Section 12.02. Tax Representations and Covenants.

The State hereby represents and covenants that it will not take any actions which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the State represents and covenants that:

(A) All property provided by the net proceeds of the Bonds or by notes paid by the Bonds will be owned by the State or a political subdivision thereof in accordance with the rules governing the ownership of property for federal income tax purposes.

(B) The State shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds or by notes paid by the Bonds to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (b) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(C) The State is not a party to or will enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds or by notes paid by the Bonds that do not conform to the guidelines set forth in Revenue Procedure 97-13.

(D) The State will not sell or lease any property provided by the Bonds or by notes paid by the Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(E) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The State shall not enter into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Bonds or any notes paid by the Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds.

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(F) To the extent proceeds of the Bonds will ultimately be utilized by political subdivisions of the State, the State will cause such political subdivisions to covenant as to the items contained in this Section.

[End of Article XII]

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ARTICLE XIII

MISCELLANEOUS

Section 13.01. Failure to Present Bonds.

Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, that the Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the State pay such money to the State as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, the Paying Agent shall forward to the State all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date, provided, however, that before being required to make any such payment to the State, the Paying Agent, at the expense of the State, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate the Holders of those who would take if the Holder shall have died.

Section 13.02. Severability of Invalid Provisions.

If any one or more of the covenants or agreements provided in this Resolution should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 13.03. Successors.

Whenever in this Resolution the State is named or referred to, it shall be deemed to include any entity, which may succeed to the principal functions and powers of the State, and all the covenants and agreements contained in this Resolution or by or on behalf of the State shall bind and inure to the benefit of said successor whether so expressed or not.

Section 13.04. Resolution to Constitute Contract.

In consideration of the purchase and acceptance of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the State and the Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Holders which the State hereby determined to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection, and security of the Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 13.05. Filing of Copies of Resolution.

Copies of this Resolution shall be filed in the offices of the State Board, the office of the Secretary of State (as a part of the Transcript of Proceedings) and at the offices of each of the Paying Agent and Registrar.

Section 13.06. Continuing Disclosure.

(a) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the State Board covenants to file with a central repository for availability in the secondary bond market when requested:

- (1) An annual independent audit, within thirty days of the State's receipt of the audit;
and
- (2) Event specific information within thirty days of an event adversely affecting more than five percent of revenue or the State's tax base.

The only remedy for failure by the State Board to comply with the covenant in this Section 13.06(a) shall be an action for specific performance of this covenant. The State Board specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85 without the consent of any Bondholder.

(b) In addition, the State Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Resolution, failure of the State Board to comply with the Continuing Disclosure Undertaking shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the State Board to comply with its obligations under this paragraph.

Section 13.07. Further Action by Officers of State.

The proper officers of the State are fully authorized and empowered to take the actions required to implement the provisions of this Resolution and to furnish such certificates and other proofs as may be required of them.

[End of Article XIII]

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EXHIBIT A
STATE BUDGET & CONTROL BOARD

CLEMSON UNIVERSITY
SCHEDULE OF TUITION FEES IN EFFECT FOR PURPOSES OF
SECTION 59-107-10 ET. SEQ., CODE OF LAWS OF
SOUTH CAROLINA 1976, AS AMENDED

	<u>In-State</u>	<u>Out-of-State</u>
Full-Time Tuition ⁽¹⁾	\$62.50	\$245.50
Matriculation ⁽¹⁾	<u>5.00</u>	<u>5.00</u>
Total	\$67.50	\$250.50
Part-Time Tuition ⁽²⁾	\$3.75	\$14.25
Matriculation ⁽¹⁾	5.00	5.00
Graduate Assistants and Staff Tuition ⁽²⁾	\$2.50	\$2.50
Matriculation ⁽¹⁾	5.00	5.00

(1) Per semester.

(2) Per credit hour.

EXHIBIT B

CLEMSON UNIVERSITY
PRO FORMA DEBT SERVICE TABLE ON THE PROPOSED
ISSUE OF \$8,835,000 STATE INSTITUTION BONDS;
PRINCIPAL AND INTEREST,
PAYABLE AS INDICATED, COMPUTED AT AN ASSUMED
RATE OF 6.0%

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Principal</u> <u>Due June 1</u>	<u>Interest</u> <u>Due December 1</u>	<u>Interest</u> <u>Due June 1</u>	<u>Total</u> <u>Principal and</u> <u>Interest Due</u>
1998	\$ 285,000.00	\$ 397,575.00	\$ 265,050.00	\$ 947,625.00
1999	430,000.00	256,500.00	256,500.00	943,000.00
2000	460,000.00	243,600.00	243,600.00	947,200.00
2001	490,000.00	229,800.00	229,800.00	949,600.00
2002	515,000.00	215,100.00	215,100.00	945,200.00
2003	545,000.00	199,650.00	199,650.00	944,300.00
2004	580,000.00	183,300.00	183,300.00	946,600.00
2005	605,000.00	165,900.00	165,900.00	936,800.00
2006	645,000.00	147,750.00	147,750.00	940,500.00
2007	685,000.00	128,400.00	128,400.00	941,800.00
2008	1,130,000.00	107,850.00	107,850.00	1,345,700.00
2009	1,200,000.00	73,950.00	73,950.00	1,347,900.00
2010	<u>1,265,000.00</u>	<u>37,950.00</u>	<u>37,950.00</u>	<u>1,340,900.00</u>
TOTALS	\$8,835,000.00	\$2,387,325.00	\$2,254,800.00	\$13,477,125.00

Assumed dated date: March 1, 1997.

EXHIBIT C

DEBT SERVICE REQUIREMENTS, AS OF JANUARY 1, 1997
ON ALL STATE INSTITUTION BONDS ISSUED BY THE
STATE OF SOUTH CAROLINA FOR
CLEMSON UNIVERSITY

Issue Dated May 1, 1992

Fiscal Year Ending <u>June 30</u>	Principal <u>June 1</u>	Interest <u>December 1</u>	Interest <u>June 1</u>	Total Principal and Interest
1997	\$ 225,000.00	-	\$ 96,962.50	\$ 321,962.50
1998	230,000.00	\$ 88,637.50	88,637.50	407,275.00
1999	245,000.00	82,427.50	82,427.50	409,855.00
2000	260,000.00	75,690.00	75,690.00	411,380.00
2001	275,000.00	68,280.00	68,280.00	411,560.00
2002	290,000.00	60,305.00	60,305.00	410,610.00
2003	305,000.00	51,750.00	51,750.00	408,500.00
2004	325,000.00	42,600.00	42,600.00	410,200.00
2005	345,000.00	32,850.00	32,850.00	410,700.00
2006	365,000.00	22,500.00	22,500.00	410,000.00
2007	<u>385,000.00</u>	<u>11,550.00</u>	<u>11,550.00</u>	<u>408,100.00</u>
Totals	\$3,250,000.00	\$536,590.00	\$633,552.50	\$4,420,142.50

Issue Dated April 1, 1995

Fiscal Year Ending <u>June 30</u>	Principal <u>June 1</u>	Interest <u>December 1</u>	Interest <u>June 1</u>	Total Principal and Interest
1997	\$140,000.00	-	\$ 79,545.63	\$219,545.63
1998	150,000.00	\$ 75,345.63	75,345.63	300,691.26
1999	160,000.00	70,845.63	70,845.63	301,691.26
2000	165,000.00	66,045.63	66,045.63	297,091.26
2001	175,000.00	61,095.63	61,095.63	297,191.26
2002	190,000.00	55,845.63	55,845.63	301,691.26
2003	200,000.00	50,858.13	50,858.13	301,716.26
2004	210,000.00	45,858.13	45,858.13	301,716.26
2005	225,000.00	40,503.13	40,503.13	306,006.26
2006	235,000.00	34,765.63	34,765.63	304,531.26
2007	250,000.00	28,743.75	28,743.75	307,487.50
2008	265,000.00	22,181.25	22,181.25	309,362.50
2009	280,000.00	15,225.00	15,225.00	310,450.00
2010	<u>300,000.00</u>	<u>7,875.00</u>	<u>7,875.00</u>	<u>315,750.00</u>
Totals	\$2,945,000.00	\$575,188.17	\$654,733.80	\$4,174,921.97

006577

EXHIBIT

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STATE BUDGET & CONTROL BOARD
EXHIBIT D

COMPOSITE PRO FORMA DEBT SERVICE TABLE AS OF JANUARY 1, 1997
ON ALL STATE INSTITUTION BONDS FOR CLEMSON UNIVERSITY
INCLUDING THE ISSUANCE OF \$8,835,000
OF STATE INSTITUTION BONDS
AT AN ASSUMED RATE OF INTEREST OF 6.0%

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 365,000.00	\$ 176,508.13	\$ 541,508.13
1998	665,000.00	990,591.26	1,655,591.26
1999	835,000.00	819,546.26	1,654,546.26
2000	885,000.00	770,671.26	1,655,671.26
2001	940,000.00	718,351.26	1,658,351.26
2002	995,000.00	662,501.26	1,657,501.26
2003	1,050,000.00	604,516.26	1,654,516.26
2004	1,115,000.00	543,516.26	1,658,516.26
2005	1,175,000.00	478,506.26	1,653,506.26
2006	1,245,000.00	410,031.26	1,655,031.26
2007	1,320,000.00	337,387.50	1,657,387.50
2008	1,395,000.00	260,062.50	1,655,062.50
2009	1,480,000.00	178,350.00	1,658,350.00
2010	<u>1,565,000.00</u>	<u>91,650.00</u>	<u>1,656,650.00</u>
TOTALS	\$15,030,000.00	\$7,042,189.47	\$22,072,189.47

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STATE BUDGET & CONTROL BOARD
EXHIBIT E

CLEMSON UNIVERSITY
PROOF SHOWING COMPLIANCE WITH CHAPTER 107,
TITLE 59, SOUTH CAROLINA CODE OF LAWS 1976,
AS AMENDED

Aggregate of tuition fees received by the University during preceding fiscal year ended June 30, 1996	\$2,788,598
Multiplied by	90%
Produces	\$2,509,738
Maximum Annual Debt Service on All State Institution Bonds of the University (including the proposed issue of \$8,835,000)	\$1,658,516
Margin	\$851,222

EXHIBIT

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EXHIBIT E
STATE BUDGET & CONTROL BOARD

(FORM OF BOND)
(FACE OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND, SERIES 1997B
(Issued On Behalf of Clemson University)

No. _____

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP

Registered Holder:

Principal Amount: DOLLARS (\$_____)

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder (named above) or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, upon presentation and surrender of this Bond at the Corporate Trust Office of _____ in the City of _____, State of _____ (the "Paying Agent"), and to pay interest on such Principal Amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the State with respect to the payment of such Principal Amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the facsimile signature of the Governor of the State of South Carolina and by the facsimile signature of the State Treasurer of the State of South Carolina, the Great Seal of State of South Carolina to be hereunto reproduced and the same to be attested by the facsimile signature of the Secretary of State of the State of South Carolina.

(SEAL)

THE STATE OF SOUTH CAROLINA

Governor

State Treasurer

Attest:

Secretary of State

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

By: _____ REGISTRAR
Authorized Officer

Date:

EXHIBIT

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STATE BUDGET & CONTROL BOARD

(BACK OF BOND)
UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND, SERIES 1997B
(Issued On Behalf of Clemson University)

This Bond bears interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a June 1 or a December 1, in which event this Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the authentication date hereof precedes December 1, 1997, or if the State shall fail to pay interest on December 1, 1997, then this Bond will bear interest from _____ 1, 1997. Interest on this Bond is payable on June 1 and December 1 of each year beginning December 1, 1997 at which time interest for ____ (__) months will be due. The interest so payable on any June 1 or December 1 shall be payable to the person in whose name this Bond is registered at the close of business on the 15th day of the May or on the 15th day of the November next preceding such June 1 or December 1.

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on the registration books. The principal of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that payment of the interest on this Bond shall be effected by check or draft as set forth above.

This Bond is one of an issue of Bonds in the aggregate principal amount of Eight Million Eight Hundred Thirty-Five Thousand Dollars (\$8,835,000) of like tenor, except as to number, rate of interest, date of maturity and redemption and issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina, including particularly the provisions of the Chapter 107, Title 59, Code of Laws of South Carolina 1976, as amended, and a Resolution duly adopted by the South Carolina State Budget and Control Board (the "Resolution").

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Registrar, in the office of the Paying Agent and in the office of the Secretary of State of the State of South Carolina.

Bonds of the Series of which this Bond is one are subject to redemption prior to their stated maturities on the following terms. All Bonds maturing on and after June 1, 2008, shall be subject to redemption, in whole or in part, but if in part, in inverse chronological order of maturity, at the option of the State, on June 1, 2007, and all subsequent Bond Payment Dates at the Redemption Prices set forth below, plus accrued interest to the date fixed for redemption:

REDEMPTION DATES

REDEMPTION PRICE

June 1, 2007 and December 1, 2007	102%
June 1, 2008 and December 1, 2008	101
June 1, 2009 and thereafter	100

For the prompt payment hereof, both principal and interest, as the same shall become due, the full faith, credit and taxing power of the State are irrevocably pledged and in addition thereto, but subject to the provisions of the Statute law above-referred to, all tuition fees received by Clemson University.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes. The Bonds are issuable only as fully registered Bonds without coupons in the denomination of \$5,000 or any multiple thereof not exceeding the principal amount of the Bonds maturing in each year.

This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like maturity and interest rate, and in a like aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent, or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Statutes of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Bond, exist, have happened, and have been done and performed in regular and due time, form and manner, and that the amount of this Bond together with all other indebtedness of the State of South Carolina does not exceed any limit provided by such Constitution or Statutes.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(Please print or type name and address of Transferee and Social Security or other identifying number of Transferee) the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

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EXHIBIT G
STATE BUDGET & CONTROL BOARD

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of South Carolina (the "Issuer") for the benefit of Clemson University in connection with the issuance of \$8,835,000 State Institution Bonds, Series 1997B (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated March 11, 1997 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" or "Holders of the Bonds" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Appendix B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of South Carolina.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule, and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of the Issuer's fiscal year (currently, June 30) commencing with the report for the 1997 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Appendix A.
- (c) The Dissemination Agent shall:
 - (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
 - (ii) (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the Issuer's complete audited financial statements for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report when they become available, and the following:

1. (a) The audited financial statements of the Issuer for the prior fiscal year, prepared in conformity with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the difference in the

EXHIBIT

MAR 11 1997

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accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain audited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

- (b) (i) Revenue by sources in the preceding fiscal year for all governmental fund types;
- (ii) Computation of the legal debt margin for State Institution Bonds issued for Clemson University;
- (iii) Total outstanding general obligation debt; and
- (iv) Net general obligation bonds and notes per capita.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer which have been submitted to each of the Repositories. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - 1. principal and interest payment delinquencies.
 - 2. non-payment related defaults.
 - 3. modifications to rights of Bondholders.
 - 4. optional, contingent or unscheduled bond calls.
 - 5. defeasances.
 - 6. rating changes.
 - 7. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

8. unscheduled draws on the debt service reserves reflecting financial difficulties.
 9. unscheduled draws on the credit enhancements reflecting financial difficulties.
 10. substitution of the credit or liquidity providers or their failure to perform.
 11. release, substitution or sale of property securing repayment of the Bonds.
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) This Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally-recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or

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(ii) does not, in the opinion of said nationally-recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds. STATE BUDGET & CONTROL BOARD

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

THE STATE OF SOUTH CAROLINA

By: _____
State Treasurer

Date: _____

APPENDIX A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

THE STATE OF SOUTH CAROLINA

\$8,835,000 STATE INSTITUTION BONDS, SERIES 1997B

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 13.06 of the Resolution dated March 11, 1997. The Issuer anticipates that the Annual Report will be filed by _____.

THE STATE OF SOUTH CAROLINA

By: _____
State Treasurer

Date: _____

APPENDIX B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

Bloomberg Municipal Repository

P.O. Box 840
Princeton, NJ 08542-0840
Internet address: MUNIS@bloomberg.doc
(609) 279-3200
FAX (609) 279-3235 (609) 279-5963
Contact: Dave Campbell

The Bond Buyer

Secondary Market Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
Internet address: Disclosure@muller.com
(212) 807-3814
FAX (212) 989-9282
Contact: Thomas Garske

Disclosure, Inc.

Document Augmentation/Municipal Securities
5161 River Road
Bethesda, MD 20816
(301) 951-1450
FAX (301) 718-2329
Contact: Barry Sugarman (301) 215-6015

JJ Kenny Information Services

The Repository
65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4568
FAX (212) 797-7994
Contact: Joan Horai, Repository

Moody's NRMSIR

Public Finance Information Center
99 Church Street
New York, NY 10007-2796
(800) 339-6306 FAX (212) 553-1460
Contact: Claudette Stephenson
(212) 553-0345

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STATE BUDGET & CONTROL BOARD

R.R. Donnelly
Municipal Securities Disclosure Archive
559 Main Street
Hudson, Massachusetts 01749
[HTTP://WWW.Municipal.Com](http://WWW.Municipal.Com);800-580-3670

006592

G-8

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STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 3

AGENCY: Office of State Budget

SUBJECT: John de la Howe School Transfer

The John de la Howe School requests authorization to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans. Personal service funding is available as a result of employee attrition.

This transfer exceeds the School's limitation of \$50,000; previous transfers out of personal service total \$50,000. The requested transfer requires Board approval under the conditions of Proviso 72.9 of the 1996-97 Appropriations Act.

BOARD ACTION REQUESTED:

Authorize the John de la Howe School to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans.

ATTACHMENTS:

Agenda item worksheet; Shiflet 2/25/97 letter; STARS Form 30

006593

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET STATE BUDGET & CONTROL BOARD

97-11

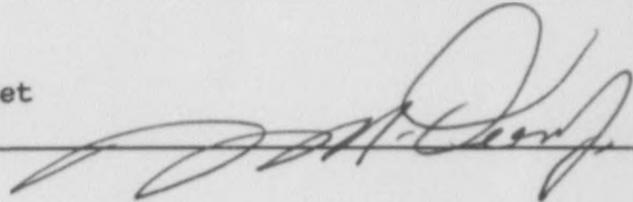
Meeting Scheduled for: March 11, 1997

Regular Agenda

1. Submitted By:

(a) Agency: Office of State Budget

(b) Authorized Official Signature: _____



2. Subject:

The John de la Howe School requests to transfer \$62,000 from personal service to other operating which exceeds the School's limitation of \$50,000. Previous transfers out of personal services total \$50,000.

3. Summary Background Information:

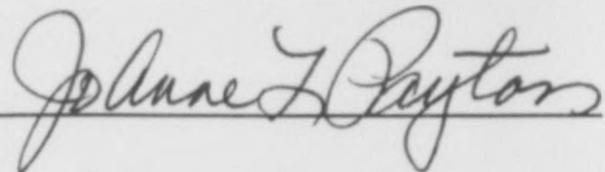
The John de la Howe School requests authorization to transfer \$62,000 from personal service to other operating expenses to provide funding for the replacement of two vans. This amount requires Board approval under the conditions of Proviso 72.9 of the FY 1996-97 Appropriation Act. Personal Service funding is available as a result of employee attrition.

4. What is the Board asked to do?

To authorize the transfer of \$62,000 from personal service to other operating expense.

5. What is recommendation of Board Division involved?

Recommend approval.



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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

006594

231 546



John C. Shiflet, Jr.
Superintendent

February 25, 1997

State of South Carolina
John de la Howe School
Route 1, Box 154
McCormick, South Carolina 29835-9721



Phone: 864-391-2131
FAX: 864-391-2135

EXHIBIT

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STATE BUDGET & CONTROL BOARD

Mr. George N. Dorn, Jr., Director
Office of the State Budget
1122 Lady Street, 12th Floor
Columbia, SC 29201

Dear George:

The attached form requests permission to transfer \$62,000 of personal services funds into other operating expense. The funds will be used to replace two vans (1986 Ford van with 188,490 miles and a 1989 Dodge van with 124,329 miles) that transport children to nearby towns for medical appointments and educational and recreational events. Our campus is eight miles from the nearest town so safe and reliable transportation is crucial. These funds will also provide staff transportation on campus to job sites. These vehicles have exceeded the motor vehicle management's criteria to be replaced.

Over the years the agency has not had the funds in the base budget to replace vehicles because of budget reductions. The \$62,000 is available through unusual attrition of personnel, mainly in our Support Services and Wilderness Programs.

Please contact us if you have any questions.

Sincerely,

John C. Shiflet, Jr.
Superintendent

:mbs

Enclosure

Serving South Carolina's Children and Families

006595

AGENCY NUMBER L12	AGENCY BATCH NUMBER #79	OBJECT CODE WASH TOTAL 1517	TOTAL BATCH AMOUNT \$124,000.00	BATCH DATE	BATCH NUMBER	DOCUMENT 3
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AGENCY VOUCHER NUMBER
19

C.G. WARRANT NUMBER
19

STATE OF SOUTH CAROLINA

AGENCY TRANSFERRED TO (CR)
NAME
John de la Howe School
ADDRESS
Route 1, Box 154
McCormick, SC 29835

APPROPRIATION ~~EXHIBIT~~

AGENCY TRANSFERRED FROM (DR)
NAME
John de la Howe School
ADDRESS
Route 1, Box 154
McCormick, SC 29835

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STATE BUDGET & CONTROL BOARD

REASON FOR TRANSFER: Provide funds to replace motor vehicle equipment

FROM:

FM	TRANS CODE	AGCY NO	MINI CODE	SUB-FUND CODE	SUB-SIDIARY ACCOUNT NO	ENCUMBRANCE NO	M O D	PROJECT CODE	PHASE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	C G R
09	350	L12	0650	1001						19;	0158		10,000.00	5533-1001	
09	350	L12	4547	1001						19	0158		52,000.00	5554-1001	
											TOTAL	316	62,000.00		

TO:

FM	TRANS CODE	AGCY NO	MINI CODE	SUB-FUND CODE	SUB-SIDIARY ACCOUNT NO	ENCUMBRANCE NO	M O D	PROJECT CODE	PHASE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI-PURPOSE CODE	C G R
09	300	L12	0650	1001						19	1201		62,000.00	1001-5306	
											TOTAL	1201	62,000.00		

AGENCIES MUST COMPLETE THIS SECTION

- A. TRANSFER FROM PERSONAL SERVICES TO OTHER BUDGET CATEGORIES YES* NO
 - B. TRANSFER FROM OTHER BUDGET CATEGORIES TO PERSONAL SERVICES YES* NO
 - C. TRANSFER NECESSITATED BY THE APPROPRIATION ACT AND/OR ACTIONS BY THE BUDGET AND CONTROL BOARD YES* NO
- * APPROVAL REQUIRED BY THE STATE BUDGET DIVISION

REQUESTED BY: [Signature] DATE 2/25/97 STATE BUDGET ANALYST _____ DATE _____
STATE BUDGET OFFICER _____ DATE _____

EXHIBIT

MAR 1 1 1997

1 0

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

MEETING OF March 11, 1997

ITEM NUMBER

4

AGENCY: General Services

SUBJECT: Property Sales

General Services recommends approval of the following property sales in accord with Code Section 1-11-65 and 59-3-100:

- a. Agency: Department of Natural Resources
Acreage: 15.6± acres
Location: South of St. George, Dorchester County
Purpose: To dispose of surplus real property
Appraised Value: \$12,500
Sale Price/Seller: No less than \$12,500/Department of Natural Resources
- b. Agency: Department of Parks, Recreation and Tourism
Acreage: 9.4± acres, 1.288 of which are buildable
Location: South end of Garden City, Georgetown County
Purpose: To dispose of surplus real property
Appraised Value: \$700,000
Sale Price/Seller: No less than \$700,000/PRT

BOARD ACTION REQUESTED:

In accord with Code Sections 1-11-65 and 50-3-100, approve the following property sales for not less than the appraised value: (a) Department of Natural Resources, 15.6± acres located south of St. George in Dorchester County; and (b) Department of Parks, Recreation and Tourism, 9.4± acres located at the south end of Garden City in Georgetown County.

ATTACHMENTS:

Agenda item worksheet w/supporting documents

006597

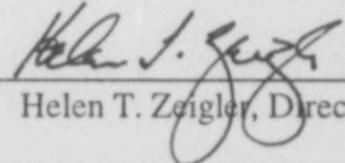
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 11, 1997

Regular Agenda

1. Submitted by:

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


Helen T. Zeigler, Director

2. Subject: REAL PROPERTY SALES

3. Summary Background Information:

- (a) **Agency:** Department of Natural Resources
Acreage: 15.6± Acres
Location: South of St. George
County: Dorchester County
Purpose: To dispose of surplus real property.
Appraised Value: \$12,500
Price/Seller: No less than \$12,500/Department of Natural Resources
Source of Funds: N/A
Project Number: N/A
Environmental Study: N/A
Additional Annual Op Cost/SOF: N/A
Approved By: N/A
- (b) **Agency:** Department of Parks, Recreation and Tourism
Acreage: 9.4± Acres, 1.288 of which are buildable.
Location: South end of Garden City
County: Georgetown County
Purpose: To dispose of surplus real property.
Appraised Value: \$700,000
Price/Seller: No less than \$700,000/Department of Parks, Recreation and Tourism
Source of Funds: N/A
Project Number: N/A
Environmental Study: N/A
Additional Annual Op Cost/SOF: N/A
Approved By: N/A

4. What is Board asked to do?

Approve the property sales as requested.

006598

EXHIBIT

MAR 11 1997 10

(a) Department of Natural Resources
Dorchester County

STATE BUDGET & CONTROL BOARD

List of Supporting Documents:

1. Letter from Agency
2. Appraisal Results
3. Map
4. Code Section 50-3-100
5. Code Section 1-11-65

006599

South Carolina Department of
Natural Resources



James A. Timmerman, Jr., Ph.D.
Director
John B. Reeves
Deputy Director for
Administrative Services

February 4, 1997

EXHIBIT

MAR 11 1997 10

STATE BUDGET & CONTROL BOARD

Mr. Bruce Taylor
Property Management Office
AT&T Building, Suite 410
1201 Main Street
Columbia, SC 29201

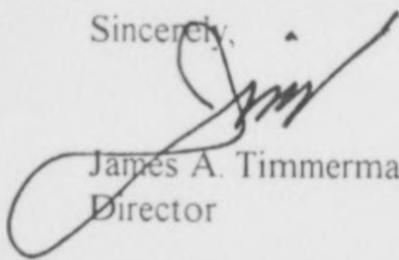
Dear Bruce:

The South Carolina Department of Natural Resources (DNR) is requesting the Budget and Control Board declare as surplus the DNR property known as the St. George Fish Hatchery. The intent is to sell the property according to State regulations. The disposition of funds will be determined as mandated by law.

The St. George Fish Hatchery is a 15.6 acre tract of land south of St. George, Dorchester County. The hatchery was constructed as a fish propagation facility during the mid 1940's. For a variety of reasons the site was abandoned in 1962 and has not been used for its intended purposes since closing. An appraisal of the property has been completed, and it accompanies this letter.

If you should have any questions, please call John B. Reeves at 734-3883.

Sincerely,


James A. Timmerman, Jr.
Director

cc: Benny Reeves
Brock Conrad

Enclosure



APPRAISAL CONSULTANTS, INC.

The Carroll Building, Suite 208
24 North Market Street
Charleston, South Carolina 29401

A. Palmer Owings, MAI, SRA
Gary W. Schwab
Harold O. Mathisen, III
A. Palmer Owings, Jr.
Walton K. Flowers

Telephone
(803) 577-0540
Facsimile
(803) 577-0730

January 13, 1997

Mr. Ken Prosser
Land Protection Assistant
South Carolina Dept. of Natural Resources
Post Office Box 167
Columbia, South Carolina 29202

Re: An appraisal of the St. George Fish Hatchery located west of Highway 15, approximately 3 miles south of St. George, Dorchester County, South Carolina
TMS 070-00-00-073

Dear Mr. Prosser:

In compliance with your request, we have personally inspected the above referenced site. The purpose of this inspection was to aid us in the preparation of the attached complete appraisal report.

The purpose of this appraisal is to estimate the "as is", fee simple market value of the subject property, as of the date of inspection.

The subject site consists of approximately 15.6 acres. There are five ponds located on the property; four of which are approximately one acre in size and one larger pond measuring about 3.36 acres. Each pond is completely diked off with poured concrete trunks, however, we have been informed that there is an existing hole/leak on the west side of the large pond. Our rough calculations indicate that the ponds and dikes together consist of approximately 9 total acres. The remainder of the land appears to be wooded, low land or swamp. It should be noted that the appraisers were not provided with a recent survey of the subject property and all calculations and size estimates were based on the aerial photograph included in the Site Analysis section of this report. These estimates are subject to change if a formal plat is prepared.

It should be noted that Colson's Garage and Wreckage Service is adjacent to the subject property. Colson's Garage is a potential source of environmental pollution. We have appraised the property as though clear of all environmental pollution.

The reader is referred to the Limiting Conditions section of this report for disclaimers relative to environmental pollution, the Americans with Disabilities Act, and other important items. By accepting this report, we make the assumption that the reader has reviewed and accepts the stipulations and limiting conditions which are contained in this report.

006601

EXHIBIT

Mr. Ken Prosser
January 13, 1997
Page Two (2)

MAR 11 1997 10

STATE BUDGET & CONTROL BOARD

After due consideration of all the factors involved, it is our opinion that the market value of the subject property in the fee simple estate, as of January 9, 1997, was:

TWELVE THOUSAND FIVE HUNDRED DOLLARS
(\$12,500)

It is our intention that this appraisal meets or exceeds the requirements of Title XI of the Financial Institution Reform Recovery and Enforcement Act (FIRREA) of 1989, Public Law 101-73, 103 STAT as amended on July 1, 1994. This appraisal has also been made in conformity with the Code of Ethics of the Uniform Standards of Professional Practice of the Appraisal Institute.

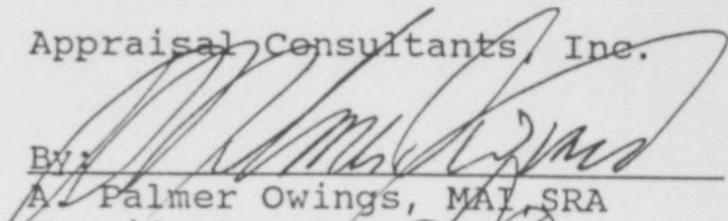
The reader should note that A. Palmer Owings, MAI, SRA has inspected the property and is the review appraiser for this report.

This letter must remain attached to the full appraisal report in order for the value opinions set forth to be considered valid.

We further certify that to the best of our knowledge and belief, the statements and opinions contained herein are full, true and correct and that this appraisal is subject to the attached Certificate of Appraisal and Statement of Limiting Conditions.

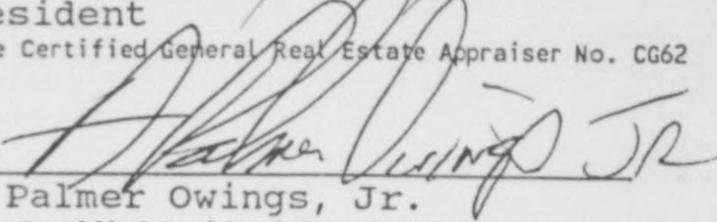
Respectfully submitted,

Appraisal Consultants, Inc.

By: 

A. Palmer Owings, MAI, SRA
President

State Certified General Real Estate Appraiser No. CG62

By: 

A. Palmer Owings, Jr.

State Certified Residential Real Estate Appraiser No. CR2011

APO:GWS/kst

Enclosures

6295K612

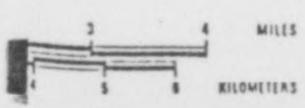
006602

**Wester
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s from Massa-
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and the tab-
built for pro-
file attacks. The
g areas, nature



SUBJECT



006603



221 655

§ 50-3-100. Acquisition, sale or other disposition of real property for game reserves, fish ponds or other related purposes.

The department may acquire, own, sell, lease, exchange, transfer or rent real property, alone or in cooperation with agencies of the federal government, for the purpose of providing game reserves, fish ponds, game farms, fish hatcheries, public hunting and fishing grounds and for other purposes necessary and proper for the protection, managing or propagating of fish and game and furnishing the people of the State with hunting areas and fishing facilities. Only funds or revenues of the department not essential to its normal operation may be used for such purposes. Funds made available by appropriation, allotment or donation to the Department for such purposes by the federal government and its agencies or by other governmental or private agencies may be used to carry out the provisions of this section.

HISTORY: 1993 Act No. 181, § 1258, eff July 1, 1994.

006604

EXHIBIT

MAR 11 1997 10

STATE BUDGET & CONTROL BOARD

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

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

006605

(b) Department of Parks, Recreation and Tourism
Georgetown County

List of Supporting Documents:

1. Letter from Agency
2. Appraisal Results
3. Map
4. Code Section 51-3-90
5. Code Section 1-11-65

006606

EXHIBIT

South Carolina

Department of Parks, Recreation & Tourism

Recreation Planning and Design Office

MAR 11 1997

10

STATE BUDGET & CONTROL BOARD

January 13, 1997



Mr. Bruce Taylor
Budget and Control Board
Office of General Services
Capital Improvements Unit - Property Management
1201 Main Street, Suite 410
Columbia, South Carolina 29201

Dear Bruce:

Please find enclosed the information relating to the sale of the Murrell's Inlet property and an easement to the Corps of Engineers.

We are asking that the easement be placed on the Board's agenda at your earliest convenience. This easement is necessary for the maintenance of the Murrell's Inlet jetty system.

With regard to the sale of the property, we are asking that you review the appraisal and the attached information so that we may fully discuss this matter with you prior to seeking Board approval.

Please contact me if there are any questions.

Sincerely,

A handwritten signature in cursive script that reads "Steve McCalla".

Steve McCalla
Landscape Architect
Recreation Planning and Design Office

cc: Beth McClure
Buddy Jennings

006607

EXHIBIT

MAR 11 1997 10

STATE BUDGET & CONTROL BOARD

Douglas C. Brown & Associates, Inc.

Post Office Box 5854 • Columbia, South Carolina 29250 • (803) 256-6072 • Fax: (803) 256-6073

November 29, 1996

Mr. Steve McCalla
SC Department of Parks, Recreation, & Tourism
1205 Pendleton Street
Columbia, SC 29201

Subject: Vacant Lot, Inlet Harbour Subdivision, Murrells Inlet; Georgetown County
Dear Mr. McCalla:

In accordance with our agreement, dated October 21, 1996, I have updated an appraisal of the referenced property dated August 3, 1995. The purpose of this appraisal is to estimate the **Market Value** of the fee simple estate of the subject property. The attached appraisal complies with the *Uniform Standards of Professional Appraisal Practice (USPAP)* of the Appraisal Foundation, which were adopted by the Appraisal Institute. The estimated value of the fee simple estate, as of November 25, 1996, was estimated at:

MARKET VALUE \$700,000

(SEVEN HUNDRED THOUSAND DOLLARS)

All data, analyses and methodology used to form the opinion of market value are in the attached appraisal. This market value estimate is subject to the "Assumptions and Limiting Conditions." This appraisal reflects values based on sales prospects considering existing economic conditions and is based on the Highest and Best Use of the property.

This appraisal assumes that the subject parcel can be accessed from the private Inlet Harbour Drive, that zoning officials will approve the division of the subject into separate lots, and that the building inspector will approve construction on the property. Previous meetings with various county officials revealed that these assumptions were reasonable, but not guaranteed.

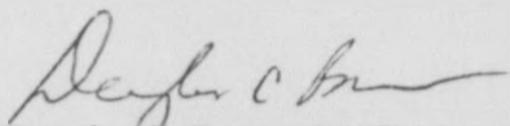
006608

I understand that the Department of Parks, Recreation & Tourism is considering selling the subject property. I believe the highest price for this parcel may be achieved by having a well publicized public auction. This ocean front lot is the last available in this area. It has an excellent view of

the ocean, inlet and Murrells Inlet bay. If promoted as the "last of its kind", I believe you will be able to achieve the maximum return.

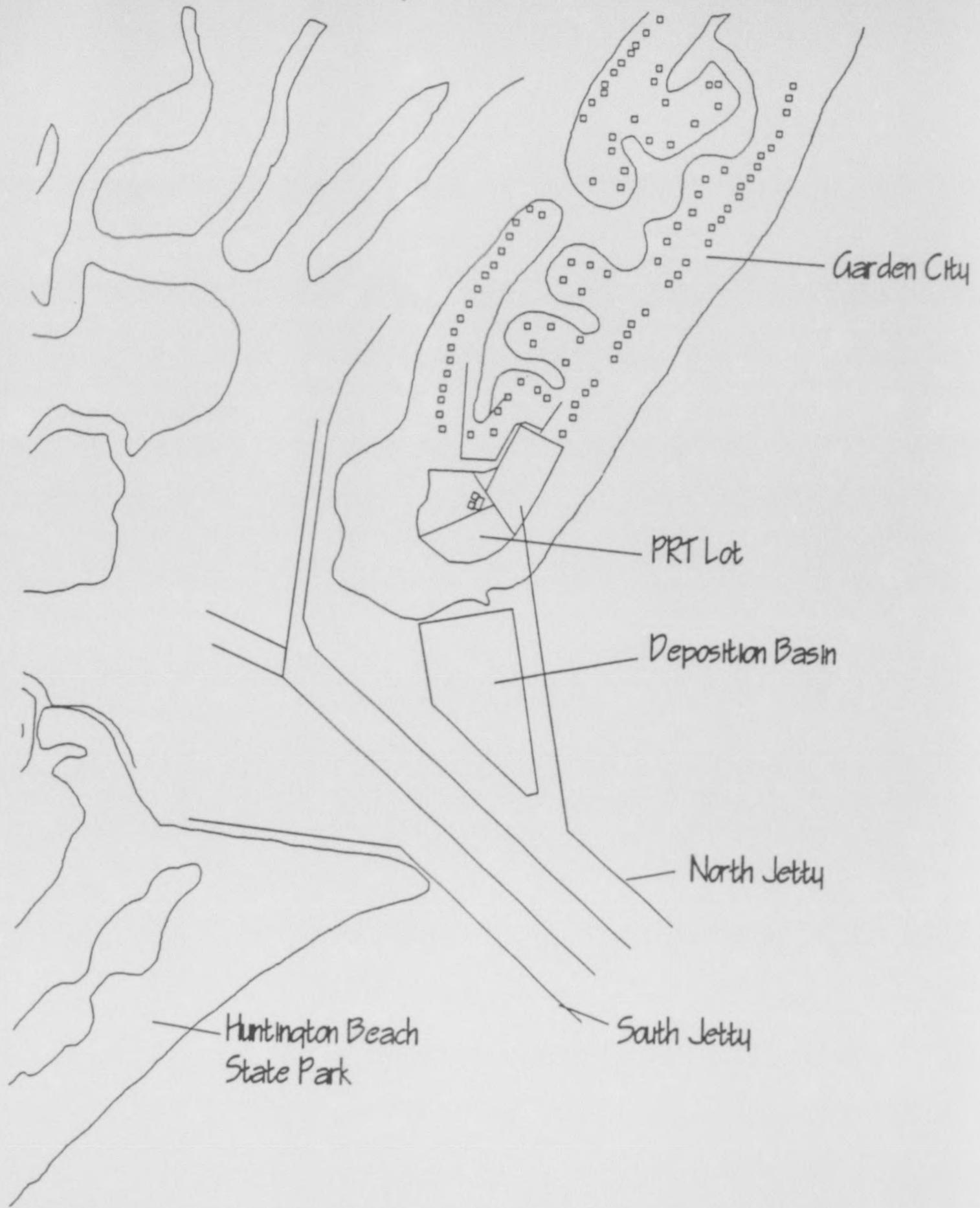
Thank you for the opportunity to be of assistance. If you have any questions or comments, please call us at 256-6072.

Sincerely,



Douglas C. Brown, MAI
State Certified General Real Estate Appraiser
Certification Number CG 418

006609



006610

221-662

§ 51-3-90. Sales, exchanges or leases of lands.

The Department of Parks, Recreation and Tourism may sell, exchange or lease lands under its jurisdiction when in its judgment it is advantageous to the State to do so in the highest orderly development and management of State parks; *provided, however*, that any such sale, lease or exchange shall not be contrary to the terms of any contract which it has entered into.

HISTORY: 1962 Code § 51-4; 1952 Code § 51-4; 1942 Code § 3284-3; 1935 (39) 150, 1214; 1941 (42) 1314.

Cross references—

Conveyances of public lands of the State, see SC Const, Art 3, § 31.

Acquisition of real estate to promote places of general recreation, see § 48-23-120.

Research and Practice References—

59 Am Jur 2d, Parks, Squares, and Playgrounds §§ 5, 40-42.

19 Am Jur Pl & Pr Forms (Rev), Parks, Squares, and Playgrounds, Forms 11 (complaint, petition, or declaration to enjoin lease of public park); 12 (complaint, petition, or declaration to enjoin sale of land dedicated as public park); 15 (complaint, petition, or declaration to enjoin diversion of park property to nonpark use); 22 (instruction to jury as to definition of use as public park).

006611

EXHIBIT

MAR 11 1997

10

STATE BUDGET & CONTROL BOARD

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

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

006612

AGENCY: General Services

SUBJECT: Clemson University Continuing Education Center

In late 1990, Clemson University issued an RFP for the development of a continuing education center, golf course, lodging facilities, and associated amenities. The CM Group was chosen to do the project and has completed all aspects except the lodging facility. The continuing education center and the golf course, Phase I, were approved by the Board on 7/14/93. The lodging facility was deferred until a financing plan could be developed; Clemson is now seeking approval of that financing plan.

The Madren Center is owned and operated by the University. The golf course, located on land owned or leased by the State, is leased to and operated by the Clemson University Continuing Education and Conference Center Finance Corporation, a non-profit corporation established for the sole purpose of facilitating the development of the golf course and lodging facility portion of the complex without any financial risk to the University. The Clemson University Foundation agreed to a \$2.2 million loan guarantee to supplement private funds used to finance the construction of the golf course. Upon the satisfaction of the loans for the golf course and the lodging facility, the Finance Corporation will dissolve and the facilities will become the property of the University.

The Corporation has negotiated a financing agreement with Wachovia Bank to complete Phase II of the project for the construction of an 88-room lodging facility with 24 suites and 64 standard overnight rooms. The Corporation will borrow \$9.1 million, including \$6 million to construct the lodging facility and \$3.1 million to refinance the golf course at an improved interest rate. Collateral for the loan will be provided by the Corporation in the form of a mortgage of its lease on the lodging facility and the golf course. The University Foundation will continue to guarantee up to \$2.2 million of the loan from the bank. Revenues from the golf course and the lodging facility will be used to pay operations and debt service. The term of the loan is expected to be approximately 17 years. No state funds will be involved in the development or operation of the lodging facility or golf course. Construction of the facility will be done by the CM Group, which was chosen under the RFP to construct the Madren Center and the golf course.

The request has been approved by the Commission on Higher Education and is submitted to the Board for approval contingent upon favorable review by the Joint Bond Review Committee. The Chairman of the JBRC has indicated his approval of this project. The JBRC is scheduled to meet at 10:00 a.m. on Tuesday, March 11.

BOARD ACTION REQUESTED:

Approve the development and construction of the lodging facility at the Clemson University Continuing Education Center Complex, currently known as the Madren Center, with the Office of General Services to administer all final approvals of documents as they are finalized, contingent upon favorable review by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet; Executive Summary; Ransdell 2/13/97 letter

EXHIBIT

MAR 11 1997 11

STATE BUDGET & CONTROL BOARD

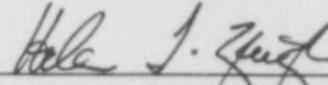
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 11, 1997

Regular Agenda

1. Submitted By:

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


Helen T. Zeigler, Director

2. Subject:

Clemson University Continuing Education Center - Phase II
Madren Center Complex Lodging Facility Construction

EXHIBIT

MAR 11 1997 11

STATE BUDGET & CONTROL BOARD

3. Summary Background Information:

See attached Executive Summary.

4. What is the Board asked to do?

Favorably review, contingent upon Joint Bond Review Committee approval, the development and construction of the lodging facility at the Clemson University Continuing Education Center Complex, currently known as the Madren Center, as described in the Executive Summary with the Office of General Services to administer all final approvals of documents as they are finalized.

5. What is the recommendation of General Services?

Approve, contingent upon Joint Bond Review Committee approval.

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. List of Supporting Documents:

Attached:

- 1) Executive Summary
2) Clemson University Letter of Request

006514

5. What is recommendation of Board Division involved?

Recommend approval of the property sales requested.

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

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

7. List of Supporting Documents:

- (a) Department of Natural Resources - Dorchester County
(b) Department of Parks, Recreation and Tourism - Georgetown County

006615

EXECUTIVE SUMMARY
CLEMSON UNIVERSITY CONTINUING EDUCATION CENTER - PHASE II
MADREN CENTER LODGING FACILITY

In late 1990, Clemson University issued an RFP for the development of a continuing education center, golf course, lodging facilities and associated amenities. The CM Group was chosen to do the project and has completed all aspects except the lodging facility. The continuing education center, now called the Madren Center, and golf course became Phase I of the project, and construction of these was approved by the Budget and Control Board on July 14, 1993. While the lodging facility has always been considered an integral part of the total project and was intended to be done under the original RFP, Clemson deferred this phase until a financing plan for the lodging facility could be developed. Clemson is now seeking approval of that financing plan for construction of the lodging facility.

The Madren Center is a facility owned and operated by the University. The golf course is located on land owned or leased by the State and is leased to and operated by the Clemson University Continuing Education and Conference Center Finance Corporation. The non-profit Finance Corporation was established for the sole purpose of facilitating the development of the golf course and lodging facility portion of the complex without any financial risk to the University. The Clemson University Foundation agreed to a \$2.2 million loan guarantee to supplement private funds used to finance the construction of the golf course. Upon the satisfaction of the loans for the golf course and the proposed lodging facility, the Finance Corporation will dissolve and the facilities will become the property of Clemson University.

The Finance Corporation has negotiated a financing arrangement with Wachovia Bank to complete Phase II of the project for the construction of an 88-room lodging facility with 24 suites and 64 standard overnight rooms. The Finance Corporation will borrow \$9.1 million, including \$6 million to construct the lodging facility and \$3.1 million to refinance the golf course at an improved interest rate. Collateral for the loan will be provided by the Finance Corporation in the form of a mortgage of its lease on the lodging facility and the golf course. The Clemson University Foundation will continue to guarantee up to \$2.2 million of the loan from the bank. Revenues from the golf course and the lodging facility will be used to pay operations and debt service. The term of the loan is expected to be approximately 17 years. No state funds will be involved in the development or operation of the lodging facility or golf course. Construction of the facility will be done by the CM Group, which was chosen under the RFP to construct the Madren Center and the golf course.

This request has been approved by the Commission on Higher Education and is being submitted contingent on Joint Bond Review Committee approval.

006616

CLEMSON
UNIVERSITY

EXHIBIT

MAR 11 1997

11

STATE BUDGET & CONTROL BOARD

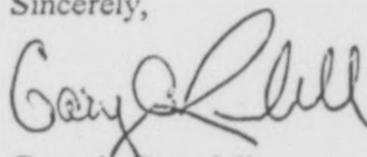
February 13, 1997

Mr. Charles Shawver
Capital Improvements Office
Suite 430
Columbia, SC 29201

Dear Charles:

Phase II of Clemson University's Madren Continuing Education and Conference Center is ready for final state approvals. The Construction and Development Agreement for the lodging component was approved by the Board of Trustees on February 7. Please place the Conference Center Lodging Facility on the next Budget and Control Board agenda. Thank you.

Sincerely,



Gary A. Ransdell

xc: Lawrence M. Gressette, Jr., Chairman, Board of Trustees
Constantine W. Curris, President
Jeff Martin, Director, Conference, Guest and Visitor Programs

006517



VICE PRESIDENT FOR ADMINISTRATION AND ADVANCEMENT

110 Daniel Drive Box 345601 Clemson, SC 29634-5601

864.656.2123 FAX 864.656.7226

221-669

EXHIBIT

MAR 11 1997

12

STATE BUDGET AND CONTROL BOARD
MEETING OF March 11, 1997

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 6

AGENCY: General Services

SUBJECT: Property Acquisition, Florence-Darlington Technical College

General Services recommends approval of the following property acquisition by Florence-Darlington Technical College in accord with Code Section 1-11-65, contingent upon approval by the Joint Bond Review Committee. The Chairman of the JBRC has indicated his approval of this project. The JBRC is scheduled to meet at 10:00 a.m. on Tuesday, March 11.

Acreage:	1.315± acres in 3 parcels and a 53,284± square foot building
Location:	213 Coit Street, Florence, Florence County
Purpose:	To convert the building for use as the Allied Health Educational Facility
Appraised Value:	\$515,000
Sale Price/Seller:	Donation/BellSouth Telecommunications
Project Number:	H59-9719
Environ. Study:	Approved. The building contains minor amounts of asbestos; the cost of removal is \$32,000.
Ann. Op Cost/SOF:	\$5.7 million has been included in the proposed 1997 bond bill to renovate the building and construct a parking garage on donated land adjacent to the Facility. The estimated increase in operating costs is \$400,000 for the first year of use.
Approved by:	Project is submitted for Board approval contingent upon favorable review by the Joint Bond Review Committee.

BOARD ACTION REQUESTED:

Approve the acquisition by donation from BellSouth Telecommunications of 1.315± acres in 3 parcels and a 53,284± square foot building located at 213 Coit Street, Florence, Florence County, to be converted for use as the Allied Health Educational Facility with the property, contingent upon favorable review by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet w/supporting documentation

006518

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 11, 1997

Regular Agenda

1. Submitted by:

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

Helen T. Zeigler

 Helen T. Zeigler, Director

2. Subject: REAL PROPERTY ACQUISITION

3. Summary Background Information:

- (a) **Agency:** Florence-Darlington Technical College
- Acreage:** 1.315± Acres in 3 parcels and a 53,284± square foot building
- Location:** 213 Coit Street, Florence
- County:** Florence County
- Purpose:** To convert the building for use as the Allied Health Educational Facility.
- Appraised Value:** \$515,000/Donation
- Price/Seller:** Donation/BellSouth Telecommunications
- Source of Funds:** N/A
- Project Number:** H59-9719
- Environmental Study:** Approved. The building contains minor amounts of asbestos; the cost of removal is \$32,000.
- Additional Annual Op Cost/SOF:** \$5.7 million has been included in the proposed 1997 Bond Bill to renovate the building and construct a parking garage on donated land adjacent to the facility. The estimated increase in operating costs is \$400,000 for the first year of use.
- Approved By:** This project is being submitted contingent on JBRC approval.

4. What is Board asked to do?

Approve the property acquisition as requested.

5. What is recommendation of Board Division involved?

Recommend approval of the property acquisition requested.

006619

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

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

7. List of Supporting Documents:

- (a) Florence-Darlington Technical College - Florence County

006620

(a) Florence- Darlington Technical College
Florence County

List of Supporting Documents:

1. Letter from Agency
2. Map
3. Environmental Results
4. Cost Implications
5. Code Section 1-11-65

006621



FLORENCE-DARLINGTON

**TECHNICAL
COLLEGE**

CHARLES W. GOULD
PRESIDENT

P. O. BOX 100548
FLORENCE, S.C. 29501-0548
(803) 661-8000
FAX (803) 661-8011



EXHIBIT

MAR 11 1997 12

STATE BUDGET & CONTROL BOARD

February 21, 1997

Mr. Charles Shawver
General Services
1201 Main Street, Suite 410
Columbia, South Carolina 29201

Dear Mr. Shawver:

I ask that you forward to the Budget and Control Board for their consideration our request to accept the transfer of the BellSouth Building and related property.

If you have questions or need additional information, please feel free to call me at (803)661-8000.

Sincerely,

Charles W. Gould
President



GENERAL ENGINEERING
LABORATORIES, INC.

environmental consulting and analytical services



P.O. BOX 30712
CHARLESTON, SC 29417
(803) 556-8171

PROJECT: sou00795

PHASE I ENVIRONMENTAL SITE ASSESSMENT
SOUTHERN BELL FACILITY
WEST CHEVES STREET AT COIT STREET
FLORENCE, SOUTH CAROLINA

DATE: September 11, 1995

SITE LOCATION MAP

DRAWN BY: SMY APPRV. BY: NGM

FIGURE
1

006523

EXHIBIT

MAR 11 1997 12

STATE BUDGET & CONTROL BOARD

Environmental Site Assessment

Florence Dial and Toll
320 West Cheves Street
Florence, South Carolina
Florence County TMS No. 90-074-06-022

Submitted to:

BellSouth
Room 419, 1600 Hampton Street Building
Columbia, South Carolina 29202

Submitted by:

General Engineering Laboratories, Inc.
2040 Savage Road/Post Office Box 30712
Florence, South Carolina 29417

Submittal Date: November 20, 1995

006624

Environmental Site Assessment

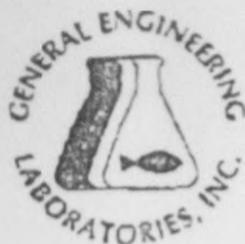
Florence Dial and Toll
320 West Cheves Street
Florence, South Carolina
Florence County, TMS No. 90-074-06-022

Executive Summary

This Environmental Site Assessment is of the BellSouth office facility located at 320 West Cheves Street, Florence, South Carolina. On-site, two potential sources of environmental impact were identified: 1) the former operation of three underground petroleum storage tanks (USTs) which have been removed from the site, and 2) known asbestos-containing materials (ACMs). During our examination of state regulatory agency regulatory files, we identified a letter which stated that no further assessment or cleanup was required at the site concerning the former UST systems.

ACMs remain as a potential environmental liability to the subject property since both friable and nonfriable ACMs are present in the site structure. We updated a BellSouth summary of asbestos sampling results collected in this building by identifying which ACMs had not already been removed and determining the square footages of these ACMs. We recommend that an operations and maintenance (O&M) plan be implemented for the nonfriable ACMs to prevent these materials from being mishandled. However, we recommend the removal of the friable materials. The cost for the removal would be approximately \$11,500, which was calculated by considering each area as a separate abatement. If all of the friable ACMs were removed in one abatement project, there could be as much as a 30% reduction in abatement costs. If both friable and non-friable ACMs were removed individually, abatement costs could be up to \$32,000. If ACMs are removed or renovated, a licensed asbestos contractor should be used to perform the work.

Off-site, former nearby UST sites were identified as being upgradient of the Florence Dial and Toll, based on the north/northeasterly groundwater flow direction documented at the subject site. Therefore, activities at these sites were identified as a potential source of environmental degradation to the Florence Dial and Toll. Groundwater samples were collected from monitoring wells at the subject site and analyzed for gasoline constituents. None of the constituents were detected at concentrations above South Carolina Class GB maximum contaminant levels, indicating that potential releases from these off-site facilities have not migrated to the subject site. Since these facilities are closed, no future releases would be anticipated. Therefore, no added environmental assessment of the subject site is recommended.



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STATE BUDGET & CONTROL BOARD

April 9, 1996

Mr. Buddy Johnson
 Manager, Real Estate
 BellSouth
 1600 Hampton Street Building, Room 419
 Columbia, South Carolina 29202

Re: Review of Environmental Site Assessment
 Florence Dial and Toll
 320 West Cheves Street
 Florence, South Carolina

Dear Mr. Johnson:

During our telephone conversation of March 29, 1996, you stated that a commercial tract was to become part of the adjoining Florence Dial and Toll site. You requested that General Engineering Laboratories, Incorporated (GEL) prepare this letter describing the environmental conditions at this commercial property, based on our knowledge of environmental conditions at adjacent and nearby properties.

The commercial site is a parking lot which BellSouth leases. The site is located west-southwest of the adjoining Florence Dial and Toll facility, which is at 320 West Cheves Street, Florence, South Carolina. Based on its close proximity to the Florence Dial and Toll facility, basic information regarding the parking lot and surrounding sites is provided in the results of a previous assessment of the Florence Dial and Toll site conducted by GEL in November 1995. No research of potential sources of environmental impact in the area has been performed since November 1995. However, based on the Florence Dial and Toll Environmental Site Assessment (ESA) and our April 3, 1996, inspection of the referenced property, there are no likely sources of commercial tract to the subject site.

In November 1995, GEL performed an ESA of the Florence Dial and Toll, which included the following activities:

- Inspection of the subject site and surrounding properties
- Review of historical documents, such as insurance maps and city directories
- Review of recent and historical aerial photographs
- Interviews with individuals and public officials familiar with the site's history and the history of nearby sites
- Review of state and federal regulatory agency records

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MAR 11 1997 12

Mr. Buddy Johnson
April 9, 1996
Page 2

STATE BUDGET & CONTROL BOARD

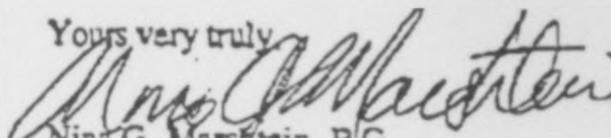
Our radius of inspection for an ESA includes an intense examination of sites within a 1-block radius and a review of all potential sources of environmental degradation within a 0.25-mile radius. Therefore, the commercial tract was examined as part of the ESA and activities at this site were not identified as potential sources of environmental degradation. In addition, based on the hydrogeologic assessment described in our November 1995 ESA, the releases of chemicals of concern at surrounding sites are not likely to migrate to the commercial tract.

In the Florence Dial and Toll's ESA, two potential sources of environmental impact were identified: 1) the former operation of three underground petroleum storage tanks (USTs) on site, which have been removed, and 2) former nearby UST sites that were identified as being upgradient from the Florence Dial and Toll site, based on the north-northeasterly groundwater flow direction documented at the Florence Dial and Toll site. The on-site USTs were readily dismissed as a potential source of environmental impact, since our examination of state regulatory agency files identified a letter from the South Carolina Department of Health and Environmental Control which stated that no further assessment or cleanup of the former on-site USTs was required at the site.

To determine if releases from upgradient UST systems had migrated to the Florence Dial and Toll site, groundwater samples were collected during our November 1995 ESA from on-site monitoring wells at the Florence Dial and Toll site and analyzed for gasoline constituents. None of the constituents were detected at concentrations above South Carolina Class GB maximum contaminant levels, indicating that potential releases from these off-site facilities have not migrated to the Florence Dial and Toll site and, thus, to the adjoining parking lot, which is downgradient from the Florence Dial and Toll site. Since these former UST systems are closed, no future releases would be anticipated. Therefore, no additional environmental assessment of the adjoining parking lot is recommended.

If I can answer any questions or provide you with additional information, please contact me at (803) 769-7378, extension 4471. On behalf of General Engineering Laboratories, Incorporated, I would like to thank you for the opportunity to assist you in meeting your environmental needs.

Yours very truly,

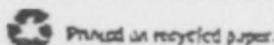


Nina G. Marshtein, P.G.
Project Hydrogeologist

fc: sout00396.ltr

006627

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P O Box 30712 • Charleston, SC 29417 • 2040 Savage Road • 29414
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FLORENCE-DARLINGTON

**TECHNICAL
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P. O. BOX 100548
FLORENCE, S.C. 29501-0548
(803) 661-TECH



EXHIBIT

MAR 11 1997

12

STATE BUDGET & CONTROL BOARD

February 24, 1997

Mr. Charles Shawver
General Services
1201 Main Street
Suite 410
Columbia, SC 29201

Dear Mr. Shawver:

Below are answers to the questions you faxed to me last week.

Part 1:

1. Project Number: None assigned at this time.
2. County: Florence
3. Description of property: a) The site contains approximately .52 of an acre and is improved with a three story building known as the former Dial and Toll Building for Southern Bell. The building is approximately 53,000 square feet. b) Two parcels of property located on the east side of South McQueen Street, Florence, SC. Parcel 1 measures 86.0' x 215.0' (18,490 square feet). Parcel 2 measures 84.0' x 190.0' (15,960 square feet).
4. Grantor Name and Address: BellSouth Telecommunication, Inc. Room 419, 1600 Hampton Street, P. O. Box 752, Columbia, SC 29202.
5. Grantee Name and Address: Florence-Darlington Technical College, P. O. Box 100548, Florence, SC 29501-0548.
6. County Location: Florence
7. Acreage: See No. 3 above
8. Purpose for Acquisition: BellSouth is deeding the property to the College without any restrictions, stipulation nor any contingencies. The College will use the facility to house its Health Services programs.

006628

EDUCATION
THAT WORKS



Mr. Charles Shawver
February 24, 1997
Page 2

Part II:

1. How many sites were evaluated? The College did not look at or evaluate any sites since BellSouth was making a donation of this property to the College.
2. Please list the selection criteria used to evaluate sites? Not applicable. See no. 1 above.
3. How was the final selection of the site made? Not applicable. See no. 1 above.
4. Why was this specific site selected? Not applicable. See no. 1 above.
5. What is the estimated cost of any construction or renovations to be done on the property and the anticipated source of funds for such work? Following is the estimated cost of construction and renovation:

Parking Deck	\$3,700,000
BellSouth Building Renovation	2,080,000
Fixed Equipment	960,000
Professional Fees (A/E)	500,000
Contingency	<u>460,000</u>
Total	\$7,700,000

6. What are the additional annual operational costs which will result from the acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not. There will be no additional operational cost from the mere acquisition of the building. The building as it stands today needs to be renovated for it to have operational use to the College.
7. What are the estimated additional annual operating costs which will result from the construction/renovation of the property and the anticipated source of funds? Explain the factors that determine the costs. The annual anticipated cost in operating the building is

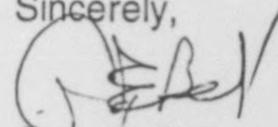
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Mr. Charles Shawver
February 24, 1997
Page 3

approximately \$400,000. These costs consist of salary and fringe benefits, moveable equipment, contract services (housekeeping and security), telephone, supplies, utilities and other miscellaneous costs. These additional costs will be funded via appropriations from Florence and Darlington counties which support the maintenance and physical plant operations of Florence-Darlington Technical College.

If any further information is needed, please feel free to call me (803-661-8300).

Sincerely,



Gary E. Bell
Vice President for
Business Affairs

SHAWVER1.DOC

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EXHIBIT

MAR 11 1997

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STATE BUDGET & CONTROL BOARD

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

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

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