

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
SEPTEMBER 27, 1972

COPY



STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA

P. C. SMITH
STATE AUDITOR

September 27, 1972

TO THE STATE BUDGET AND CONTROL BOARD

RE: \$2,000,000.00 Newberry County First Mortgage
Industrial Revenue Bond, Series 1972
(Damon International, Ltd. - Lessee)

\$2,500,000.00 Colleton County First Mortgage
Industrial Revenue Bond - (Dayco Corporation -
Lessee)

Gentlemen:

The Board has petitions from the above two County Governing Boards requesting approval of their issuance of Industrial Revenue Bonds.

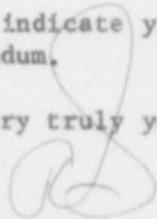
The Newberry Bond will finance the acquisition, construction and equipping of facilities for Damon for a textile plant for the manufacturing of wearing apparel. Legal work in the preparation of the petition and other papers has been handled by Sinkler, Gibbs, Simons and Guerard.

The Colleton Bond will provide funds for the acquisition, construction and equipping of a plant for the manufacture of automotive parts. Legal work in the preparation of this issue has been handled by McNair, Konduros & Corley.

Each of the above proposed issues appears to be in order and Board approval is recommended.

It will be appreciated if you will indicate your position on these petitions by returning a copy of this memorandum.

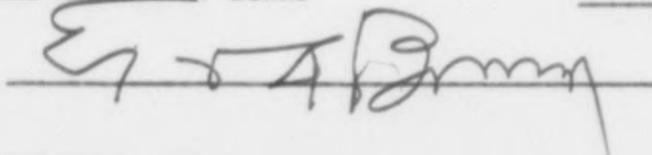
Very truly yours,


P. C. Smith
State Auditor

PCS:dr

I APPROVE
I DISAPPROVE
HOLD FOR NEXT MEETING OF BOARD

1001





RECEIVED
SEP 28 1972
GOVERNOR'S OFFICE

STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

September 27, 1972

TO THE STATE BUDGET AND CONTROL BOARD

RE: \$2,000,000.00 Newberry County First Mortgage
Industrial Revenue Bond, Series 1972
(Damon International, Ltd. - Lessee)

\$2,500,000.00 Colleton County First Mortgage
Industrial Revenue Bond - (Dayco Corporation -
Lessee)

Gentlemen:

The Board has petitions from the above two County Governing Boards requesting approval of their issuance of Industrial Revenue Bonds.

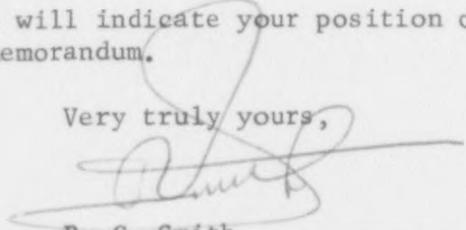
The Newberry Bond will finance the acquisition, construction and equipping of facilities for Damon for a textile plant for the manufacturing of wearing apparel. Legal work in the preparation of the petition and other papers has been handled by Sinkler, Gibbs, Simons and Guerard.

The Colleton Bond will provide funds for the acquisition, construction and equipping of a plant for the manufacture of automotive parts. Legal work in the preparation of this issue has been handled by McNair, Konduros & Corley.

Each of the above proposed issues appears to be in order and Board approval is recommended.

It will be appreciated if you will indicate your position on these petitions by returning a copy of this memorandum.

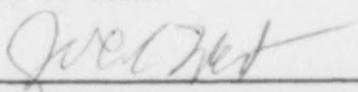
Very truly yours,


P. C. Smith
State Auditor

PCS:dr

I APPROVE
I DISAPPROVE
HOLD FOR NEXT MEETING OF BOARD

✓



1002

COPY



STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA

P. C. SMITH
STATE AUDITOR

September 27, 1972

TO THE STATE BUDGET AND CONTROL BOARD

RE: \$2,000,000.00 Newberry County First Mortgage
Industrial Revenue Bond, Series 1972
(Damon International, Ltd. - Lessee)

\$2,500,000.00 Colleton County First Mortgage
Industrial Revenue Bond - (Dayco Corporation -
Lessee)

Gentlemen:

The Board has petitions from the above two County Governing Boards requesting approval of their issuance of Industrial Revenue Bonds.

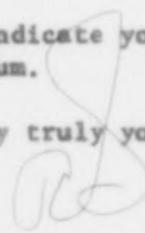
The Newberry Bond will finance the acquisition, construction and equipping of facilities for Damon for a textile plant for the manufacturing of wearing apparel. Legal work in the preparation of the petition and other papers has been handled by Sinkler, Gibbs, Simons and Guerard.

The Colleton Bond will provide funds for the acquisition, construction and equipping of a plant for the manufacture of automotive parts. Legal work in the preparation of this issue has been handled by McNair, Konduros & Corley.

Each of the above proposed issues appears to be in order and Board approval is recommended.

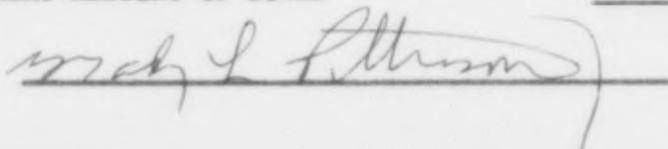
It will be appreciated if you will indicate your position on these petitions by returning a copy of this memorandum.

Very truly yours,


P. C. Smith
State Auditor

PCS:dr

I APPROVE
I DISAPPROVE
HOLD FOR NEXT MEETING OF BOARD



1003



STATE OF SOUTH CAROLINA
 OFFICE OF THE STATE AUDITOR
 P. O. BOX 11333
 COLUMBIA

P. C. SMITH
 STATE AUDITOR

TELEPHONE
 (803) 758-3106

September 27, 1972

TO THE STATE BUDGET AND CONTROL BOARD

RE: \$2,000,000.00 Newberry County First Mortgage
 Industrial Revenue Bond, Series 1972
 (Damon International, Ltd. - Lessee)

\$2,500,000.00 Colleton County First Mortgage
 Industrial Revenue Bond - (Dayco Corporation -
 Lessee)

Gentlemen:

The Board has petitions from the above two County Governing Boards requesting approval of their issuance of Industrial Revenue Bonds.

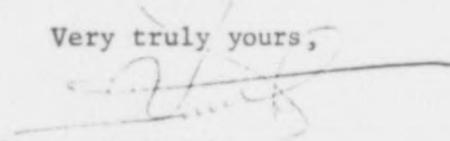
The Newberry Bond will finance the acquisition, construction and equipping of facilities for Damon for a textile plant for the manufacturing of wearing apparel. Legal work in the preparation of the petition and other papers has been handled by Sinkler, Gibbs, Simons and Guerard.

The Colleton Bond will provide funds for the acquisition, construction and equipping of a plant for the manufacture of automotive parts. Legal work in the preparation of this issue has been handled by McNair, Konduros & Corley.

Each of the above proposed issues appears to be in order and Board approval is recommended.

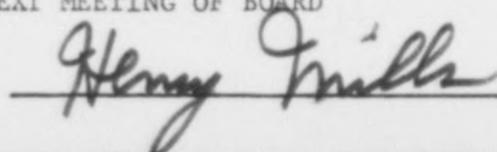
It will be appreciated if you will indicate your position on these petitions by returning a copy of this memorandum.

Very truly yours,


 P. C. Smith
 State Auditor

PCS:dr

I APPROVE
 I DISAPPROVE
 HOLD FOR NEXT MEETING OF BOARD



1001



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

P. C. SMITH
STATE AUDITOR

September 27, 1972

TELEPHONE
(803) 758-3106

TO THE STATE BUDGET AND CONTROL BOARD

RE: \$2,000,000.00 Newberry County First Mortgage
Industrial Revenue Bond, Series 1972
(Damon International, Ltd. - Lessee)

\$2,500,000.00 Colleton County First Mortgage
Industrial Revenue Bond - (Dayco Corporation -
Lessee)

Gentlemen:

The Board has petitions from the above two County Governing Boards requesting approval of their issuance of Industrial Revenue Bonds.

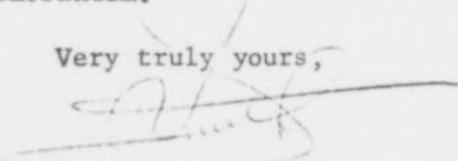
The Newberry Bond will finance the acquisition, construction and equipping of facilities for Damon for a textile plant for the manufacturing of wearing apparel. Legal work in the preparation of the petition and other papers has been handled by Sinkler, Gibbs, Simons and Guerard.

The Colleton Bond will provide funds for the acquisition, construction and equipping of a plant for the manufacture of automotive parts. Legal work in the preparation of this issue has been handled by McNair, Konduros & Corley.

Each of the above proposed issues appears to be in order and Board approval is recommended.

It will be appreciated if you will indicate your position on these petitions by returning a copy of this memorandum.

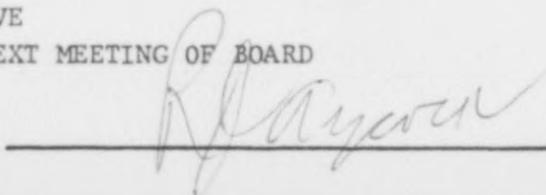
Very truly yours,


P. C. Smith
State Auditor

PCS:dr

I APPROVE
I DISAPPROVE
HOLD FOR NEXT MEETING OF BOARD

✓


1005

PROCEEDING OF THE STATE BUDGET
AND CONTROL BOARD OF SOUTH CAROLINA
Re: \$2,500,000
FIRST MORTGAGE INDUSTRIAL REVENUE
BONDS
(DAYCO CORPORATION - LESSEE)
OF COLLETON COUNTY, SOUTH CAROLINA

1006

PROCEEDING OF THE STATE BUDGET
AND CONTROL BOARD OF SOUTH CAROLINA
Re: \$2,500,000
FIRST MORTGAGE INDUSTRIAL REVENUE
BONDS
(DAYCO CORPORATION - LESSEE)
OF COLLETON COUNTY, SOUTH CAROLINA

FOR MSD TESTING PURPOSES ONLY

Columbia, South Carolina

September 27, 1972

The State Budget and Control Board of South Carolina (the "Board") convened in called session at the regular meeting place of the Board at the office of the Governor, in the Capital Building, in the City of Columbia, South Carolina at 3:00 o'clock ^{P.} A.M., on September 27, 1972 with the following members present:

John C. West, Governor of the State of South Carolina and Chairman of the Board

Grady L. Patterson Jr., State Treasurer

John Henry Mills, Comptroller General

~~Edgar A. Brown, Chairman, Senate Finance Committee~~

Robert J. Aycock, Chairman, House Ways and Means Committee

Absent: Sen. Edgar A. Brown

There was also present P. C. Smith, State Auditor and Secretary to the Board.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the proposed issuance by Colleton County, South Carolina, of \$2,500,000 principal amount First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee).

Thereupon, the following resolution was introduced in written form by Mr. Patterson, was read in full, and af-

ter due discussion, pursuant to motion made by Mr. Pattersen
_____ and seconded by Mr. Mills, was adopt-
ed by the following vote:

Aye: West
Pattersen
Mills
Ayeock
Nay: - None -

The resolution was thereupon signed by the Chairman in
evidence of his approval, was attested by the Secretary and was
declared to be effective. The resolution is as follows:

A RESOLUTION approving the issuance by
Colleton County, South Carolina, of
\$2,500,000 principal amount First Mort-
gage Industrial Revenue Bonds, Series A
(Dayco Corporation - Lessee) pursuant to
the provisions of Act No. 103 of the Acts
of the General Assembly of the State of
South Carolina for 1967 (Chapter 8, Title
14, Code of Laws of South Carolina, 1962)

WHEREAS the Board of County Administrators of Colleton
County, South Carolina (the "Board of County Administrators")
has heretofore, by submitting a petition under and pursuant to
the provisions of Section 14 of Act No. 103 of the Acts of the
General Assembly of the State of South Carolina for 1967 (Chap-
ter 8, Title 14, Code of Laws of South Carolina, 1962) (the
"Act"), requested the approval by the State Budget and Control
Board of the issuance by Colleton County (the "County") pursuant
to the Act of its First Mortgage Industrial Revenue Bonds, Ser-
ies A (Dayco Corporation - Lessee) in the aggregate principal
amount of \$2,500,000 (the "Bonds"); and

WHEREAS the County proposes to issue the Bonds for the
purpose of financing the acquisition, construction and equipping

of an industrial development project under the Act, consisting of certain land, buildings, machinery and equipment constituting a manufacturing plant and related facilities (collectively referred to as the "Project"); and

WHEREAS the Project is to be leased to Dayco Corporation, a Delaware corporation, at a rental sufficient to pay the principal of and interest on the Bonds and the costs and expenses related to the issuance of the Bonds; and

WHEREAS it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the leasing of the Project, and in addition by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting the Project; and

WHEREAS the County has submitted with said petition, for review by the State Budget and Control Board, drafts of (i) Inducement Contract dated August 7, 1972 by and between the County and Dayco Corporation, (ii) Official Statement summarizing the documents to be entered into by the County in connection with the issuance of the Bonds, and (iii) a certified copy of a resolution adopted by the Board of County Administrators of the County on September 20, 1972, and this Board has reviewed and considered each of said documents in its consideration of said petition by the County;

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

Section 1. That this Board has made an independent investigation of the matters set forth in the petition of the Board of County Administrators referred to in the preamble hereto, and on the basis of such investigation it is hereby found, determined and declared:

(a) That the facts set forth in said petition, and in the preamble hereto, are in all respects true and correct;

(b) That the petition filed by the Board of County Administrators 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 14 of the Act; and

(c) That the Project referred to in the petition of the Board of County Administrators and in the preamble hereto is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. That in consequence of the foregoing, the proposal of the County to acquire, construct and equip the Project, to lease the Project to Dayco Corporation and to finance the cost thereof and expenses incidental thereto by the issuance of Bonds secured by a pledge of the revenues to be derived from the leasing of the Project, and in addition by a pledge of the Lease of the Project and a first mortgage on the real property and improvements constituting the Project, be and the same is hereby in all respects approved.

Section 3. That the Secretary of the State Budget and Control Board is hereby directed to publish one time in THE PIECES AND STANDARD, a newspaper having general circulation in Colleton County, the following notice of approval by this Board:

NOTICE PURSUANT TO ACT NO. 103 OF THE ACTS OF THE
GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA
FOR 1967 (CHAPTER 8, TITLE 14, CODE OF LAWS OF
SOUTH CAROLINA, 1962)

Notice is hereby given pursuant to the provisions and requirements of Section 14 of Act No. 103 of the Acts of the Gen-

eral Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962), that the State Budget and Control Board of South Carolina, pursuant to petition duly filed by the Board of County Administrators of Colleton County, has given its approval to the following undertaking by Colleton County, South Carolina:

The issuance by Colleton County of \$2,500,000 aggregate principal amount of its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) to finance the acquisition and construction of certain land, buildings, machinery and equipment constituting a manufacturing plant and related facilities (the "Project"), to be located within the County of Colleton. The Project will be leased to Dayco Corporation, a Delaware corporation, which will unconditionally covenant to pay rentals sufficient to pay the principal of, premium, if any, and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from the leasing or sale of the Project to Dayco Corporation, and are to be additionally secured by a pledge of the Lease of the Project and a first mortgage on the Project property.

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

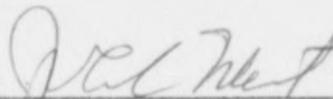
Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Colleton County to finance the same, by action de novo instituted in the Court of Common Pleas for Colleton County, South Carolina.

STATE BUDGET AND CONTROL BOARD

By P. C. Smith, Secretary

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

Passed and approved Sept. 27, 1972



Chairman, State Budget and
Control Board

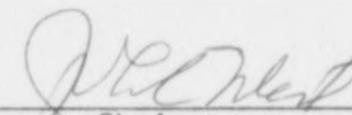
Attest:



Secretary, State Budget and
Control Board

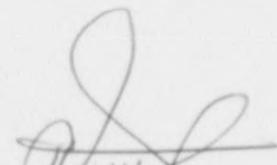
(Other business not pertinent to the above appears in the minutes of the Meeting.)

Pursuant to motion duly made and carried, the meeting was adjourned.



Chairman

Attest:



Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

I, P. C. Smith, do hereby certify that I am the duly qualified and acting Auditor of the State of South Carolina and Secretary to the State Budget and Control Board. I further certify, according to the records of said board in my official possession, as follows:

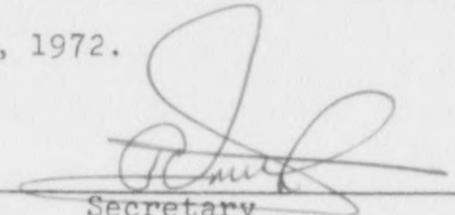
1. That the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the State Budget and Control Board held on Sept. 27, 1972 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

2. That attached hereto is a true and correct copy of a petition filed with the State Budget and Control Board by the Board of County Administrators of Colleton County, South Carolina, which petition is the same petition referred to in the foregoing resolution of the State Budget and Control Board.

3. That the names of the members of the State Budget and Control Board, in office on the date of adoption of the foregoing resolution and on the date hereof, are as follows:

<u>Name</u>	<u>Office</u>
John C. West	Governor of the State of South Carolina and Chairman of the Board
Grady L. Patterson, Jr.	State Treasurer and Member of the Board
John Henry Mills	Comptroller General of South Carolina and Member of the Board
Edgar A. Brown	Chairman of the Senate Finance Committee and Member of the Board
Robert J. Aycock	Chairman of the House Ways and Means Committee and Member of the Board

IN WITNESS WHEREOF, I have hereunto subscribed my official
signature this 29 day of Sept., 1972.


Secretary

October 3

McNAIR, KONDUROS & CORLEY

ROBERT E. McNAIR
JAMES S. KONDUROS
O. WAYNE CORLEY

LAW OFFICES
SUITE ONE - NINTH FLOOR
JEFFERSON SQUARE
COLUMBIA, SOUTH CAROLINA 29201
803-779-5026

October 9, 1972

Mr. P. C. Smith
State Auditor
205 Wade Hampton Office Building
P. O. Box 11333
Columbia, South Carolina 29211

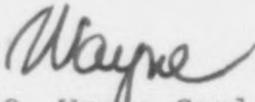
RE: \$2,500,000 First Mortgage Industrial
Revenue Bonds (Dayco Corporation - Lessee)
of Colleton County, South Carolina

Dear Mr. Pat:

Enclosed for your file is a completed copy of
the proceedings in the \$2,500,000 principal amount First
Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation -
Lessee).

I appreciate your assistance in this matter, and
hope you will drop by to see us when you have a chance.

Sincerely,


O. Wayne Corley

OWC/abt
Enclosures

STATE OF SOUTH CAROLINA)
)
COUNTY OF COLLETON)

TO THE STATE BUDGET AND CONTROL)
BOARD OF SOUTH CAROLINA) PETITION

I

Statement of facts

1. Jurisdiction of State Budget and Control Board.

Colleton County, South Carolina (the "County"), acting by and through its Board of County Administrators, respectfully submits this petition to the State Budget and Control Board (the "State Board") under and pursuant to the provisions and requirements of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962) (the "Act") and in particular Section 14 thereof, and respectfully requests the approval by the State Board of the issuance by the County of its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) in the aggregate principal amount of \$2,500,000 (the "Series A Bonds").

The following documents are submitted herewith as exhibits to the Petition:

EXHIBIT 1 - Inducement Contract dated August 7, 1972 by and between the County and Dayco Corporation

EXHIBIT 2 - Resolution of the Board of County Administrators adopted September 20, 1972.

EXHIBIT 3 - Official Statement

It is expected that the transaction as finally consummated will conform in all substantive respects with summary thereof contained in the enclosed Official Statement; however, it may be anticipated that formal changes will occur as is usual in transactions of this nature.

2. The County and its Governing Body. The County, is a body politic and corporate and a political subdivision of the State of South Carolina. The Board of County Administrators is the governing body of the County and, as such, is the "County Board" referred to and defined in Section 2(2) of the Act.

3. Statutory Authority. The County, subject to the approval of the State Board and to compliance in all other respects with the terms and provisions of the Act, is authorized and empowered by the Act to acquire, own, lease, dispose of and mortgage industrial development "projects" and to issue revenue bonds to finance the cost of acquisition or construction of such projects and expenses incidental thereto.

4. The Proposed Lessee. Dayco Corporation, a Delaware corporation with its principal office now located in the City of Dayton, Ohio, and duly authorized to conduct business in the State of South Carolina, has determined that it is necessary to operate a manufacturing plant and related facilities in Colleton County, South Carolina, and pursuant to the provisions of the Inducement Contract, has acquired certain land and an existing manufacturing plant located thereon and proposes to renovate the existing building and related facilities and to install machinery and equipment therein, (the land, buildings, equipment and machinery constituting the manufacturing plant and related facilities is hereinafter collectively referred to as the "Project") provided that the Project and expenses incidental thereto may be financed by the issuance by the County of its revenue bonds under and pursuant to the Act.

5. The Inducement Contract. Dayco Corporation and the County have agreed, subject to the conditions set forth herein and in the Act, that the County will issue its revenue

bonds pursuant to the Act to finance the Project, and that Dayco Corporation will lease the Project from the County at rentals sufficient to pay principal of and interest on the Series A Bonds.

6. Findings of the Board of County Administrators.

By resolution duly adopted on September 20, 1972, a certified copy of which is submitted herewith as Exhibit 2, the Board of County Administrators has formally found, determined and declared:

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series A Bonds in the aggregate principal amount of \$2,500,000 to finance the acquisition, construction and equipping of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power;

(c) That the issuance of the Series A Bonds by the County in the aggregate principal amount of \$2,500,000 will be required to finance the cost of the Project;

(d) That the amount necessary in each year to pay the principal of and interest on the Series A Bonds proposed to be issued by the County is set forth in the Resolution of the Board of County Administrators submitted herewith as Exhibit 2.

(e) That inasmuch as Dayco Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

(f) That the Project will be leased by the County to Dayco Corporation upon terms which will require Dayco Corporation at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and will require Dayco Corporation to make the payments in lieu of taxes referred to in Section 6 of the Act.

II

Additional Information Furnished Pursuant to Section 14 of the Act

1. Brief Description of the Project. The Project will consist of land, buildings, machinery and equipment constituting a manufacturing plant for the manufacture of rubber products and other products which may be lawfully manufactured or processed at the Project. The County will acquire the land and an existing building and related facilities located thereon, will cause the existing building to be renovated and will acquire the machinery and equipment to be installed therein.

2. Anticipated Effect of the Project upon Economy of the County and Adjacent Areas. In addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project shall have been completed and the manufacturing facilities placed in operation, the Project will provide permanent employment for approximately 150 persons from the County and elsewhere in said area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

3. Reasonable Estimate of Cost of Project. A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$2,500,000.

4. General Summary of the Terms and Conditions of the Proposed Lease and Indenture. A general summary of the terms and conditions of the proposed Lease and Indenture are contained in the Official Statement which is attached hereto as Exhibit 3 and incorporated herein by reference as if set forth herein in its entirety.

5. Payments in Lieu of Taxes By Lessee. As is required by Section 6 of the Act, Section 6.02 of the proposed Lease requires Dayco Corporation to make payments to the County and to the school district or school districts and other political units wherein the Project is located, in lieu of taxes, in such amounts as would result from taxes levied if Dayco Corporation were the owner of the Project, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded Dayco Corporation if it were the owner of the Project.

III

Request for Approval

WHEREFORE, the Board of County Administrators respectfully prays:

1. That the State Board accept the filing of this petition;
2. That thereafter, as soon as may be practicable, the State Board make such independent investigation as it deems advisable;
3. That, on the basis of such investigation and the information submitted herewith, the State Board make a finding that the Project is intended to promote the purposes of the Act

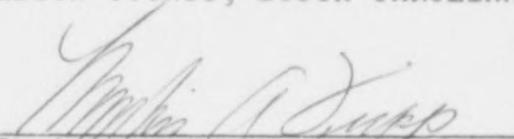
and is reasonably anticipated to effect such result, and that the State Board, on the basis of such finding, issue its order approving the Project and the issuance of the Series A Bonds; and

4. That the State Board cause notice of its approval to be published in the manner specified in Section 14 of the Act.

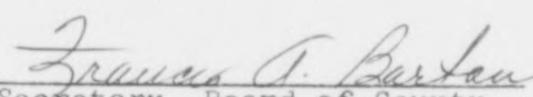
Respectfully submitted,

COLLETON COUNTY, SOUTH CAROLINA

By


Chairman, Board of County
Administrators of Colleton
County

Attest:


Secretary, Board of County
Administrators of Colleton
County

(SEAL)

INDUCEMENT CONTRACT

This contract made and entered into by and between Colleton County, a body politic incorporate, and a political subdivision of the State of South Carolina (the "County"), acting by and through its Board of Administrators established pursuant to Acts of the General Assembly of the State of South Carolina, and Dayco Corporation, a corporation organized and existing under the laws of the State of Delaware, duly qualified to conduct business in the State of South Carolina ("Dayco").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

SECTION 1.01

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

1. The County is a body politic incorporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of Act 103, enacted at the 1967 Session of the General Assembly of South Carolina and approved by the Governor of South Carolina on the 21st day of March, 1967, (the "Act") to acquire, own, lease and dispose of properties to which the industrial development of the State will be promoted and trade developed by inducing manufacturing and processing enterprises to locate in South Carolina and thus utilize and employ the manpower and other resources of South Carolina.
2. Dayco proposes to acquire certain land and buildings located in Colleton County constituting manufacturing facilities to be sold by a Referee in Bankruptcy and to construct additions thereto, and to acquire equipment therefor, all suitable

for use in its manufacturing operations. The real property, a tract of land of 50 acres, more or less, located in Colleton County, is described more particularly in Schedule A attached hereto and made a part hereof. The cost of the manufacturing facilities, including land, buildings, equipment and machinery (the "Project") to be so acquired, constructed and installed is estimated to be approximately \$2,500,000.00. When complete the Project will provide additional permanent employment for approximately 200 persons in the County and the surrounding area.

3. Dayco has advised the County that its contemplated program is dependent upon the assistance which the County might render through the sale by the County of First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) (the "Bonds") pursuant to the Act, and that if such assistance is rendered and if the County will make possible the acquisition and construction of the Project and lease the Project to Dayco, then Dayco will undertake to acquire the land and the buildings from the Trustee in Bankruptcy at the public sale thereof and to complete the acquisition, construction and equipping of the Project to be financed with the proceeds from the sale of the Bonds.

4. The County has given due consideration to all of the proposals and requests of Dayco and has agreed subject to the requirements of law and in all respects to the provisions and limitations in the Act to endeavor to effect the issuance of the Bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01

That it will accept a conveyance of the tract of land referred to in paragraph numbered 2 of Section 1.01 and the existing improvements thereon at the time of issuance of the Bonds.

SECTION 2.02

That it will authorize the issuance under the Act of approximately 2,500,000 County of Colleton First Mortgage Industrial Revenue Bonds, Series A (Dayce Corporation - Lessee). The Bonds shall be payable solely from the revenues and receipts derived from the sale or leasing of the Project as required by the Act.

SECTION 2.03

That it will permit Dayco Corporation to select an underwriter, to market the Bonds for the County or will secure purchasers thereof, and it will adopt such proceedings as are necessary for the entering into of the lease referred to in Section 2.06 of the issuance and securing of the Bonds.

SECTION 2.04

That when the Bonds shall be sold, it will provide that the proceeds thereof shall be applied to the payment of the cost thereto for and thereafter to be incurred in the acquisition and construction of the Project, referred to in Paragraph 2 of Section 1.01, including the cost of the land and existing improvements described in Schedule A hereto and the necessary buildings, equipment and machinery to be constructed and installed thereon.

SECTION 2.05

That prior to the issuance of the bonds, it will enter into an indenture with a bank to be selected by Dayco, as Trustee, to secure the Bonds to be issued to finance the Project. Such indenture shall be in the form substantially used in connection with the issuance of Industrial Revenue Bonds in South Carolina.

SECTION 2.06

That simultaneously with the issuance of the Bonds, it will lease to Dayco the property which will be conveyed to it by Dayco and all improvements, including buildings, equipment and machinery, to be paid for with the proceeds of the Bonds, for a term commensurate with the life of the bonds at a rental

which will provide the County with sums sufficient to pay the principal and interest of the Bonds, as and when the same become due and payable, and with options in favor of Dayco when the Bonds have been paid (a) to extend the lease at an annual rental to be agreed upon or (b) to purchase the Project for \$1.00.

Section 2.07

That it will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings.

ARTICLE III

UNDERTAKINGS ON THE PART OF DAYCO

Section 3.01

Dayco has obtained the services of Messrs. McNair, Konduros and Corley and Marvin W. Leiter, Esquire, Bond Counsel of Chicago, Illinois, to prepare the necessary proceedings for the authorization, issuance and sale of the Bonds.

Section 3.02

If the planned proceeds, as contemplated, Dayco further agrees as follows:

(a) At the time of issuance of the Bonds, to convey or cause to be conveyed the County, the tract of land referred to in Paragraph 2 of Section 1.01.

(b) To enter into a lease with the County, under the terms of which it will obligate itself to pay to the County sums sufficient to pay the principal and interest on the Bonds, as and when the same become due and payable, said lease to be in form and contain such provisions as shall be satisfactory to the County and to Dayco.

(c) To hold the 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 Contract and in the implementation of its terms and provisions.

(d) That it will perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings.

(e) In the event Dayco shall for any reason be unable to acquire the real property and improvements described in Schedule A hereto, then this Contract and all agreements hereunder shall terminate and Dayco shall not be required to locate the Project in Colleton County.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01

All commitments of the County under Article II hereof are subject to the condition that nothing contained in this agreement shall constitute or give rise to a pecuniary liability of the County or charge against its general credit or taxing powers.

Section 4.02

All commitments of the County and Dayco hereunder are subject to the conditions that the County and Dayco do agree on mutually acceptable terms and conditions of all documents whose execution and delivery are contemplated by the provisions hereof.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this contract on the dates indicated.

COLLETON COUNTY, SOUTH CAROLINA

By *William A. Dripp*
Chairman of the Board of County
Administrators of Colleton County

SEAL ATTEST:

Francis A. Bastian
Clerk to the Board of County
Administrators of Colleton County

Dated: August 17th, 1972

DAYCO CORPORATION

By *Ed Wood*
Senior Vice President

SEAL ATTEST:

Kenken M. Wall
Asst. Secretary

Dated: August 7, 1972

SCHEDULE A

All that certain piece, parcel or tract of land, situate, lying and being in Colleton County, South Carolina, formerly a part of Walterboro Army Airfield, measuring and containing fifty (50) acres, more or less, and being shown and delineated on a plat made for Millcraft Corporation dated May 31, 1969, by W. Gene Whetsell, R. L. S., and being bounded on the North and East by lands of the Walterboro - Colleton County Airport Commission; bounded on the South by Patterson Loop, and bounded on the West by Recold Road, all of which will be more specifically shown on the above mentioned plat, to be recorded herewith.

Walterboro, South Carolina

September 20, 1972

The Board of County Administrators of Colleton County, South Carolina, convened in regular public session at the regular meeting place of the Board of County Administrators in the County Courthouse in the City of Walterboro, South Carolina, at 10 o'clock A.M. on September 20, 1972, with the following members present:

Myrtis A. Fripp, Chairman
Russell C. Warren
William S. Baldwin
Paul W. Strickland
Eugene W. Maxey

There were also present Frances A. Barton, Secretary of the Board of County Administrators and Jackson V. Gregory, County Attorney.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution making application to the State Budget and Control Board (the "State Board") for the approval by the State Board of the issuance by Colleton County of its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) in the aggregate principal amount of \$2,500,000.

Thereupon, the following resolution was introduced in written form by Mr. Baldwin, was read in full, and after due discussion, pursuant to motion made by Mr. Baldwin and

seconded by Mr. Strickland, was adopted by the following vote:

Aye: Russell C. Warren
William S. Baldwin
Paul W. Strickland
Eugene W. Maxey
Myrtis A. Fripp

Nay: None

The resolution was thereupon signed by the Chairman of the Board of County Administrators in evidence of his approval, was attested by the Secretary and was declared to be effective. The resolution is as follows:

A RESOLUTION making application to the State Budget and Control Board of South Carolina for the approval by the Board of the issuance by Colleton County, South Carolina, of its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) in the aggregate principal amount of \$2,500,000 pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962).

WHEREAS, Colleton County, South Carolina (the "County") acting by and through its Board of County Administrators of Colleton County is authorized and empowered under and pursuant to the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for 1967 (Chapter 8, Title 14, Code of Laws of South Carolina, 1962) (hereinafter referred to as the "Act") to acquire, 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 manufacturing 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 County is further authorized by the Act to issue revenue bonds payable solely from the lease rentals, re-

venues and receipts from any such project and secured by a pledge of said lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements, machinery and equipment so acquired; and

WHEREAS, On August 7, 1972 the County and Dayco Corporation, a Delaware corporation, entered into an Inducement Contract (the "Inducement Contract") pursuant to which Dayco Corporation agreed to acquire certain real property and an existing manufacturing plant and related facilities from a trustee in bankruptcy and to renovate and equip the manufacturing plant (the land, buildings, machinery and equipment and related facilities constituting the manufacturing plant is hereafter referred to as the "Project") in Colleton County, South Carolina in reliance upon the agreement of the County to pay the cost incurred by Dayco Corporation in acquiring, constructing and equipping the Project through the issuance by the County of revenue bonds under and pursuant to the provisions and requirements of the Act and subject to the approval of the State Budget and Control Board of South Carolina; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Contract, the County proposes to issue \$2,500,000 aggregate principal amount First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) (the "Series A Bonds") under and pursuant to the Act to finance the costs incurred and to be incurred by Dayco Corporation in acquiring, constructing and equipping the Project and to lease the Project to Dayco Corporation under and pursuant to the terms of a lease to be entered into between the County and Dayco Corporation; and

WHEREAS, it is now deemed advisable by this Board of County Administrators to file with the State Budget and Control Board of South Carolina, in compliance with Section 14 of the Act, the petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW THEREFORE, BE IT RESOLVED by the Board of County Administrators of Colleton County, South Carolina, as follows:

Section 1. That it is hereby found, determined and declared by this Board of County Administrators, as follows:

(a) That the Project will constitute a "project" as said term is referred to and defined in Section 2(3) of the Act, and that the issuance of the Series A Bonds in the aggregate principal amount of \$2,500,000 to finance the acquisition, construction and equipping of the Project will accomplish the purposes and in all respects conform to the provisions and requirements of the Act;

(b) That neither the Project, the Series A Bonds proposed to be issued by the County to finance the cost thereof, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power;

(c) That the issuance of the Series A Bonds by the County in the aggregate principal amount of \$2,500,000 will be required to finance the cost of the Project;

(d) That the amount necessary in each year to pay the principal of and interest on the Series A Bonds proposed to be issued by the County is as follows:

<u>Year</u>	<u>Principal and Interest Due October 1,</u>	<u>Interest Due April 1,</u>	<u>Total Principal and Interest</u>
1973	\$178,125.00	\$78,125.00	\$256,250.00
1974	175,000.00	75,000.00	250,000.00
1975	171,875.00	71,875.00	243,750.00
1976	168,750.00	68,750.00	237,500.00
1977	165,625.00	65,625.00	231,250.00
1978	162,500.00	62,500.00	225,000.00
1979	159,375.00	59,375.00	215,750.00
1980	156,250.00	56,250.00	212,500.00
1981	153,125.00	53,125.00	206,250.00
1982	150,000.00	50,000.00	200,000.00
1983	146,875.00	46,875.00	193,750.00
1984	143,750.00	43,750.00	187,500.00
1985	140,625.00	40,625.00	181,250.00
1986	137,500.00	37,500.00	175,000.00
1987	134,375.00	34,375.00	168,750.00
1988	131,250.00	31,250.00	162,500.00
1989	128,125.00	28,125.00	156,250.00
1990	125,000.00	25,000.00	150,000.00
1991	121,875.00	21,875.00	143,750.00
1992	118,750.00	18,750.00	137,500.00
1993	115,625.00	15,625.00	131,250.00
1994	112,500.00	12,500.00	125,000.00
1995	109,375.00	9,375.00	118,750.00
1996	106,250.00	6,250.00	112,500.00
1997	103,125.00	3,125.00	106,250.00

(e) That inasmuch as Dayco Corporation is a corporation with established credit, the establishment of reserve

funds in connection with the retirement of the Series A Bonds and the maintenance of the Project is deemed unnecessary;

(f) That the Project will be leased by the County to Dayco Corporation upon terms which will require Dayco Corporation at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto, and will require Dayco Corporation to make the payments in lieu of taxes referred to in Section 6 of the Act.

(g) That the Project will consist of land, buildings, equipment and machinery constituting an industrial plant for the manufacture of rubber products and other products which may be lawfully manufactured or processed at the Project.

(h) That a reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$2,500,000.

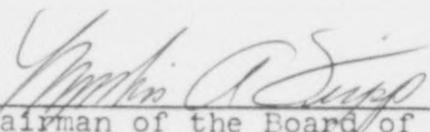
(i) It is anticipated that after the Project shall have been placed in full operation, the Project will provide permanent employment for approximately 150 persons from the County and elsewhere in the area with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits resulting from the conducting of industrial operations.

Section 2. That there be and there is hereby authorized and directed the submission on behalf of Colleton County, of a petition by this Board of County Administrators requesting the approval of the proposed financing by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 14 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 as Exhibit A.

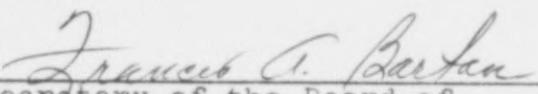
Section 3. That the Chairman of the Board of County Administrators of Colleton County be and is hereby authorized and directed to execute said petition in the name and on behalf of Colleton County; and that the Secretary be and is hereby authorized and directed to affix the seal of Colleton County to said petition and to attest the same and thereafter to submit an executed copy of said petition, together with a properly certified copy of this resolution, to the State Budget and Control Board, in Columbia, South Carolina.

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

Passed and approved September 20, 1972.

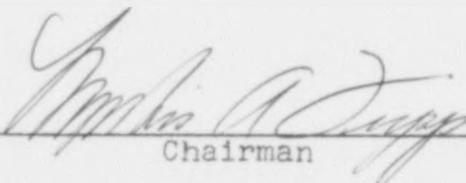

Chairman of the Board of
County Administrators of
Colleton County

Attest:

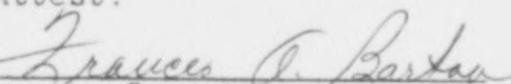

Secretary of the Board of
County Administrators of
Colleton County

(Other business not pertinent to the above appears in the minutes of the meeting.)

Pursuant to motion duly made and carried, the meeting was adjourned.


Chairman

Attest:

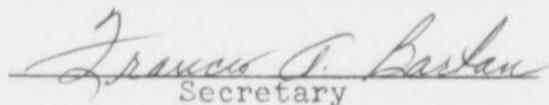

Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF COLLETON)

I, Frances A. Barton, do hereby certify that I am the duly qualified and acting Secretary of the Board of County Administrators of Colleton County, South Carolina.

I further certify that the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a regular meeting of the Board of County Administrators of Colleton County held on September 20, 1972, and of a resolution, together with Exhibit A attached thereto, adopted at said meeting, as said minutes, resolution and exhibit are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the Board of County Administrators of Colleton County this 20th day of September, 1972.


Secretary

(AFFIX)
(SEAL)
(HERE)

OFFICIAL STATEMENT

In the opinion of Bond Counsel (i) interest on the Bonds will be excludable from the gross income of the recipients thereof for Federal income tax purposes under existing statutes, regulations and court decisions, except as provided by Section 103 (c) of the Internal Revenue Code of 1954, as amended, as to any Bond during such period when such Bond is held by a "person" who is a substantial user of the Project, or by a "related person", and (ii) interest on the Bonds will be exempt from all taxation in the State of South Carolina except for inheritance, estate or transfer taxes.

\$2,500,000

COLLETON COUNTY, SOUTH CAROLINA

FIRST MORTGAGE INDUSTRIAL
REVENUE BOND
SERIES A

(DAYCO CORPORATION -- LESSEE)

Payable solely from and secured by the Trust Estate, which includes lease rentals and other revenues and receipts derived under a Lease with Dayco Corporation and the Project mortgaged and deeded in trust to the Trustee.

Dated: October 1, 1972

Due: October 1, 1973 to
1987, inclusive.

Principal and semi-annual interest (April 1 and October 1) are payable at the principal office of Michigan Bank, National Association, Detroit, Michigan, as Trustee. The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, and as fully registered bonds registrable as to both principal and interest in the denomination of \$5,000 and any multiple thereof.

The Bonds are subject to redemption prior to maturity as more fully described herein.

MATURITY SCHEDULE

<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u> <u>October 1,</u>	<u>Amount</u>	<u>Rate</u>
1973	\$100,000	6 1/4%	1985	\$100,000	6 1/4%
1974	100,000	6 1/4%	1986	100,000	6 1/4%
1975	100,000	6 1/4%	1987	100,000	6 1/4%
1976	100,000	6 1/4%	1988	100,000	6 1/4%
1977	100,000	6 1/4%	1989	100,000	6 1/4%
1978	100,000	6 1/4%	1990	100,000	6 1/4%
1979	100,000	6 1/4%	1991	100,000	6 1/4%
1980	100,000	6 1/4%	1992	100,000	6 1/4%
1981	100,000	6 1/4%	1993	100,000	6 1/4%
1982	100,000	6 1/4%	1994	100,000	6 1/4%
1983	100,000	6 1/4%	1995	100,000	6 1/4%
1984	100,000	6 1/4%	1996	100,000	6 1/4%
			1997	100,000	6 1/4%

(Plus accrued interest from October 1, 1972)

These Bonds are offered when, as and if issued and received by the Purchaser and subject to the approval of legality by Marvin W. Leiter, Esq., Chicago, Illinois, Bond Counsel to the Purchaser by Messrs. McNair, Konduros & Corley, Bond Council to the County, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery on or about October 15, 1972. The date of this Official Statement is October 1, 1972.

The Bonds have not been registered under the Securities Act of 1933 nor has the Indenture been qualified under the Trust Indenture Act of 1939 in reliance upon exemptions contained in such Acts.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by Colleton County, South Carolina (the "County") or Dayco Corporation (the "Lessee"). This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any State in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, the Lessee and other sources which are believed to be reliable, but it is not guaranteed as to the accuracy or completeness thereof. This information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or of the Lessee since the date hereof.

CONTENTS OF OFFICIAL STATEMENT

	<u>Page</u>
General
The County
The Bonds
The Project
The Lease
The Indenture
Tax Exemption
Legal Matters
Financial Statements

\$2,500,000

COLLETON COUNTY, SOUTH CAROLINA

FIRST MORTGAGE INDUSTRIAL
REVENUE BOND
SERIES A

(DAYCO CORPORATION - LESSEE)

GENERAL

This Official Statement is provided to furnish information regarding Colleton County, South Carolina (the "County") First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation - Lessee) in the aggregate principal amount of \$2,500,000 (the "Bonds") to be issued under and pursuant to resolution duly adopted by the Board of County Administrators of the County and secured pursuant to an Indenture of Mortgage and Deed of Trust dated as of October 1, 1972 (the "Indenture"), between the County and Michigan Bank, National Association, as Trustee (the "Trustee").

The Bonds are to be issued for the purpose of providing funds to defray the cost of acquiring certain real property in Colleton County, South Carolina, together with a manufacturing plant and related facilities located thereon, and renovating and equipping the manufacturing plant and related facilities (the "Project"), described below under "The Project". The cost of the Project is estimated to be \$2,500,000, including (1) expenses incurred in connection with the issuance and sale of the Bonds, and (2) the cost of acquiring, constructing and equipping the Project. Dayco Corporation is obligated to complete the Project and to pay any costs therefor in excess of the proceeds from the sale of the Bonds.

The Project will be leased by the County to Dayco Corporation, a Delaware corporation, pursuant to a Lease dated as of October 1, 1972 (the "Lease"), between the County as Lessor, and Dayco Corporation, as Lessee (Dayco Corporation, as lessee under the Lease herein called the "Lessee").

The Bonds are payable solely from the "Trust Estate consisting of the County's interests in the real estate, (including the manufacturing plant and related facilities including machinery and equipment and related facilities to be financed from the proceeds of the Bonds) in the Lease (including the rentals payable by the Lessee) and certain other rights, privileges and property, mortgaged, assigned, conveyed and deeded in trust to the Trustee under the Indenture. The Lease provides for the payment directly to the Trustee by the Lessee of rentals in amounts sufficient to pay the principal, interest and premium, if any, on the Bonds as the same shall become due and payable.

Brief descriptions of the County, the Bonds, the Project, the Lease, the Indenture, and the financial statements of the Lessee are included hereafter in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and all references herein to the Lease and the Indenture are qualified

in their entirety by reference to each such document, copies of which are available from the County. All references to the Bonds are qualified in their entirety by the definitive forms thereof and the information with respect thereto included in the Lease and the Indenture.

THE COUNTY

Colleton County, South Carolina is a political subdivision of the State of South Carolina and is authorized under Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967 (hereinafter called the "Act") to acquire, 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 manufacturing and commercial 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.

THE BONDS

These Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act No. 103 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1967, and pursuant to resolution of the Board of County Administrators of the County duly adopted and approved, which resolution authorizes the execution and delivery of the Indenture. The Bonds and the interest coupons appertaining hereto are limited obligations of the County and shall never constitute an indebtedness of the County within the meaning of any state constitutional or statutory provision or limitation, but are payable solely out of the revenues and other amounts derived from the leasing of the Project financed through the issuance of the Bonds. The Bonds and the interest coupons appertaining thereto do not now and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the Bonds will be payable semi-annually on April 1 and October 1 of each year, first interest payable April 1, 1973. The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, and as fully registered bonds in the denomination of \$5,000 or any multiple thereof. Principal, interest and premium, if any, are payable at the principal office of the Trustee. (Sections 3.01 and 2.02 of Indenture.)

Redemption Provisions

The Bonds maturing on October 1, 1983 and thereafter are redeemable at the option of the County, in whole or in part, in inverse numerical order on October 1, 1982, and on any interest payment date thereafter at the principal amount of the Bonds to be redeemed, and accrued interest thereon to the date of redemption, plus a premium of 4 percent of such principal amount less

1/2 of 1 percent for each one year period elapsed from and including the first day of October in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption. (Section 5.03 of Indenture.)

The Bonds are subject to mandatory redemption, at any time, in whole and not in part, at the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption, plus a premium of 5 percent of such principal amount, in the event that Lessee or any "related person" takes or omits to take any action and as a result thereof the interest on the Bonds becomes subject to Federal income taxes. (Section 5.05 of Indenture.)

The Bonds are also redeemable in the event of:

(1) receipt by the Trustee of payment under the mortgage title insurance policy insuring the Trustee for the benefit of the holders of the Bonds as provided in Section 4.06 of the Indenture.

(2) condemnation of all or a material part of the Project, or the taking by eminent domain of such use or control of the Project as to render the remainder of the Project unsatisfactory to the Lessee for its business purposes:

(3) condemnation of less than a material part of the Project, to the extent of any excess condemnation award proceeds, as provided in Section 11.03 of the Lease; or

(4) (a) purchase of the Project by the Lessee pursuant to Section 12.02 of the Lease which stipulates (i) that the Lessee shall be obligated to purchase the Project prior to full payment of the Bonds if the Project has been damaged or destroyed and the Lessee elects not to rebuild, repair or restore the Project, and (ii) that the Lessee shall have an option to purchase the Project prior to full payment of the Bonds if the Project has been damaged or destroyed to such an extent that the restoration cost would exceed the proceeds of insurance, and (b) purchase of the Project by Lessee pursuant to Section 21.01 of the Lease, which stipulates that the Lessee shall be obligated to purchase the Project prior to full payment of the Bonds as a result of changes in the law or a judgment of any court, the Lease shall have become void or unenforceable or impossible of performance.

Upon the happening of one of the events described in (2) or (4) above the Bonds are redeemable as a whole, and upon the happening of one of the events described in (1) or (3) above the Bonds are redeemable either as a whole or in part in inverse numerical order at any time at the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption plus a premium of 4 percent of such principal amount less (in the case of any redemption after October 1, 1982) 1/2 of 1 percent for each one year period elapsed from

and including the first day of October in 1982 to the date of redemption, but in no event at less than the principal amount thereof plus accrued interest to the date of redemption. (Section 5.04 of Indenture.)

At the request of the Lessee, the County will use its best efforts to issue at one time or from time to time one or more subsequent series of additional parity Bonds (the "Additional Bonds") for the purpose of paying the cost of making additions, alterations of, and improvements to the Project, structural or otherwise, and of constructing and equipping additional buildings and facilities as a part of the Project. Before any Additional Bonds are issued, the Lessee must enter into a supplemental lease, whereby it agrees to pay additional rentals sufficient to pay the principal of and the interest on the Additional Bonds.

THE PROJECT

The Bond proceeds will be utilized to purchase certain land and an existing manufacturing plant and related facilities located thereon and to renovate the existing manufacturing plant and related facilities and acquire machinery and equipment therefor. Upon completion of the Project, the manufacturing plant and related facilities will contain approximately _____ square feet and will be located on a _____ acre tract in Colleton County, South Carolina. The Lessee will employ approximately _____ persons at the Project.

Purchase of land and existing manufacturing plant	\$ 857,000
Renovation of existing manufacturing plant	203,000
Equipment	1,418,000
Trustee, printing and legal fees and expenses (exclusive of title costs)	22,000
TOTAL ESTIMATED COST	\$2,500,000

The Lessee will be responsible for the construction of the Project according to the specifications approved by the Lessee and the County. If the proceeds of this Bond offering are insufficient, the Lessee has agreed to complete the Project at its own expense in which event Lessee will not be entitled to any reimbursement or any diminution of the rents payable under the Lease. Any surplus of Bond proceeds not required for the purposes set forth above will be applied by the Trustee to the payment of principal of and interest on the Bonds and will constitute a credit to the Lessee on the then next succeeding installments of Basic Rent payable by the Lessee. (Section 4.04 of the Indenture.)

THE LEASE

The following is a summary of certain provisions of the Lease.

Term and Rentals

The Lease will become effective upon its delivery which will occur at the time of or prior to the issuance of the Bonds but the term of the Lease shall commence on October 1, 1972, the date from which the Lessee's obligation to make rental payments for the account of the County accrues, and, subject to certain conditions therein, will expire at mid-night on September 30, 1997, with optional renewal periods at the election of the Lessee not to exceed a total of twenty additional years. (Sections 3.06 and 3.07 of Lease.)

The Lessee agrees to pay rent semi-annually, directly to the Trustee for the account of the County, in amounts which will be sufficient in the aggregate to enable the Trustee to make the required payments of principal of and interest on the Bonds as and when the same fall due. The obligation of the Lessee to make rental payments is unconditional (whether or not the Project is completed) and, until such time as all of the Bonds have been paid in full or provision therefor is made, the Lessee may not terminate the Lease for any cause. The Lessee is permitted to prepay all or any part of the rentals, such amounts, at the election of the Lessee, to be used for the redemption of Bonds to the extent provided in the Indenture (see "The Bonds"). (Sections 4.01 and 4.02 of Lease.)

In addition, the Lessee has agreed to make payments in lieu of taxes as required by law. (Section 6.02 of Lease.)

Obligation to Construct and Complete Project

The Lessee will construct and equip the Project in accordance with such plans and specifications, as may be from time to time prepared, amended and approved by the Lessee and approved by the County.

The Lessee has agreed to use its best efforts to cause such construction to be completed as promptly as practicable. In the event, however, that the costs of the Project should exceed the proceeds from the sale of the Bonds deposited in the Construction Fund Account (to be held and disbursed by Michigan Bank, National Association, as Depositary under a Construction Deposit Agreement), the Lessee has agreed to complete the Project and to pay all the costs of the Project in excess of the moneys available from the Construction Fund Account. In such event the Lessee will not be entitled to any reimbursement therefor from the County, the Trustee or the holders of any of the Bonds, nor will it be entitled to any diminution of the rentals payable under the Lease.

Maintenance and Insurance

During the term of the Lease, the Lessee shall keep the Project in good repair at its own cost.

The Lessee will insure the Project, under valid and enforceable policies issued by insurers of recognized responsibility, to the full insurable value (actual replacement value) of the Project, with customary deductible provisions,

against loss or damage by fire, with extended coverage endorsement covering loss or damage by explosion, vandalism, malicious mischief and such other hazards as are normally covered by such endorsement. The Lessee further agrees to carry public liability insurance with reference to the Project in the amounts specified in the Lease. (Section 9.01 et seq. of Lease.)

Net Lease

The Lease is a "Net Lease", and the Lessee agrees to pay all utility charges in connection with the Project and all taxes and other governmental charges which may be lawfully levied or assessed against or with respect to the Project or any interest of the Lessee or the County therein or in the Lease, or on any property of the Lessee thereon and (as long as any Bonds are outstanding), on the revenues or income of the Board from the Project. The Lessee is not, however, required to pay any such taxes or charges as long as it contests the same in good faith, if the lien of the Indenture will not be materially endangered or any part of the Project subjected to loss. The Lessee also agrees to pay the fees and expenses of the Trustee. (Sections 6.01, 6.02, 6.04 and 6.05 of Lease.)

Modifications, Improvements, Additions and Removal

The Lessee may, at its own expense (unless Additional Bonds shall be issued for such purpose by the County at the Lessee's request), make additions, modifications or improvements that do not damage the basic structure of the Project or materially decrease its value. All such additions, modifications and improvements shall become the property of the County upon the expiration or termination of the Lease unless removed by the Lessee without damage to the Project (or repair by the Lessee of any damage caused by such removal). (Section 13.01 of Lease.)

The Lessee shall have the further privilege from time to time, at its own expense and without damage to the Project, of installing machinery, equipment, fixtures or personal property which shall remain the property of the Lessee and which may be removed at any time by the Lessee.

The Lessee may remove any item of Equipment leased from the County which it determines is inadequate, obsolete or worn out, provided that either (a) such equipment is replaced by other equipment having equal or greater value, or (b) the Lessee pays into the Bond Redemption Account created by the Indenture the proceeds from the sale of such equipment or scrap value thereof or trade-in value. No such payment into the Bond Redemption Account need be made by the Lessee until the amount of all such sales, trade-ins or other dispositions reported aggregate at least \$100,000. (Section 13.04 of Lease.)

Damage to the Project

Unless the Lessee has elected to exercise its option to purchase or is obligated to purchase the Project pursuant to the provisions of Section 12.02 of the Lease, if prior to

full payment of the Bonds (or provisions for payment thereof having been made in accordance with the provisions of the Indenture), the Project shall be damaged or partially or totally destroyed, all net insurance proceeds resulting from loss or damage exceeding \$100,000 in the aggregate shall be paid to the Trustee, whereupon

(1) the Lessee will proceed promptly to rebuild, restore and repair the Project to at least the value thereof immediately prior to such destruction, and

(2) the Trustee will apply so much as may be necessary of the net insurance proceeds to the payment of the costs of such rebuilding, restoration or repair.

In the event the net insurance proceeds are insufficient, the Lessee will nonetheless complete the work and the Lessee will pay the portion of the cost in excess of the amount of such net proceeds.

Any balance of the net insurance proceeds remaining after the payment of all costs shall be paid into the Bond Redemption Account created by the Indenture and used for the redemption of Bonds.

Condemnation

Unless the Lessee is obligated to purchase the Project pursuant to Section 11.02 of the Lease, in the event that title to, or the temporary use of, any part of the Project shall be taken under the exercise of the power of eminent domain, any net proceeds received by the County and the Lessee from any award in such proceeding will be paid to and held by the Trustee, whereupon

(1) the Lessee shall either (a) promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Project by the Lessee (without diminution of the rentals otherwise payable under the Lease), or (b) furnish the Trustee with a certificate executed by an authorized representative of the Lessee that such restoration and rebuilding is not required, and

(2) the Trustee will apply so much as may be necessary of the net proceeds of such award (after the payment of collection expenses) to the costs, if any, of such restoration and rebuilding.

Any balance of the net proceeds of the award in such eminent domain proceedings shall be paid into the Bond Redemption Account created by the Indenture and used for the redemption of Bonds. If the Bonds have been fully paid (or provision therefor has been made in accordance with the provisions of the Indenture), all net proceeds shall be paid to the Lessee. (Section 11.03 of Lease.)

Options to Purchase

The Lessee shall have the option to purchase the Project (thereby terminating the Lease) prior to full payment of

the Bonds (or provision therefor having been made in accordance with the provisions of the Indenture) upon the conditions set forth in (4)(a)(ii) of the fifth full paragraph under the heading "The Bonds" above. The purchase price shall be equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with the provisions of the sixth full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds. (Section 21.02 of Lease.)

The Lessee also has the option exercisable on or after October 1, 1982 to purchase the Project for a price equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with the provisions of the third full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds, plus (3) the sum of \$100.00. (Section 21.03 of Lease.)

Upon compliance with conditions set forth in the Lease the Lessee will have the option to purchase at any time or from time to time any part of the unimproved land on which no part of the buildings or improvements leased from the County other than transportation or utility facilities is located. The proceeds derived from such purchase or purchases will be deposited in the Bond Redemption Account. (Section 21.04 of Lease.)

Obligations to Purchase

The Lessee is obligated to purchase the Project prior to full payment of the Bonds (or provision therefor having been made in accordance with the provisions of the Indenture) upon the happening of any of the events set forth in the fourth full paragraph under the heading "The Bonds" above and in (2) and (4)(a)(i) of the fifth full paragraph under the heading "The Bonds" above. The purchase price in any such event shall be equal to the sum of (1) the amount, if any, which when added to the amount then held by the Trustee and available for such purpose will be sufficient to redeem the outstanding Bonds in accordance with the respective provisions of the fourth and sixth full paragraph under the heading "The Bonds" above, plus (2) an amount equal to the Trustee's fees and expenses accrued and to accrue until final payment and redemption of the Bonds. (Sections 21.01 and 21.02 of Lease.)

Easements, Dedications, Annexations

Upon compliance with conditions set forth in the Lease, the Lessee shall have the right to cause the County at any time or from time to time, to (i) grant easements affecting the Project, (ii) to dedicate portions of the Project for road, highway, and other public purposes, and (iii) to execute petitions to have the Project or portions thereof annexed to

any municipality or included within any utility, highway or other improvement or service district.

Default

The Lease provides that the happening of one of more of the following events will constitute an "Event of Default":

(1) failure of the Lessee to pay when due the rentals required to be paid under the terms of the Lease, continued for a period of five days,

(2) failure to observe and perform certain covenants under the Lease,

(3) assignment, mortgaging, encumbrance or sub-letting by the Lessee of the Project, the Lease or the Lessee's estate, except as permitted by the Lease,

(4) failure of the Lessee to observe and perform any other of its covenants, conditions or agreements under the Lease, continued for a period of 60 days (or such longer period as might be required by the Lessee diligently to cure such default) after written notice given by the County,

(5) certain events of bankruptcy, liquidation or reorganization by the Lessee,

(6) breach of representation or warranty, and

(7) abandonment of the Project by the Lessee, if the Project shall remain uncared for, for more than 30 days.

Remedies

Upon the happening of an Event of Default, the County may,

(1) pursuant to 20 days' notice to the Lessee, terminate the Lease, thereby terminating the rights (but not the obligations) of the Lessee under the Lease;

(2) re-enter and take possession of the Project, with or without terminating the Lease, and hold the Lessee liable for the rent and other payments due under the Lease on each rental date; and

(3) after retaking possession of the Project and whether or not the Lease has been terminated, re-let the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of such re-letting and for the difference in the amounts payable by such new lessee (after payment of all expenses of re-letting) and the amounts payable by the Lessee under the Lease.

As an alternative to the collection of the rent and other amounts due under the Lease (less the net proceeds of any re-letting) from the Lessee on the due dates thereof, (or

if the Lease has been terminated, on the dates when the same would have fallen due absent such termination), the County may (i) declare an amount sufficient to redeem the outstanding Bonds to be immediately due and payable (but, under the United States Bankruptcy Act, the claim provable in respect thereof may be limited to one year's rent in the case of the bankruptcy of the Lessee and three years' rent in the case of the reorganization of the Lessee), or (ii) if the amount realized by the Trustee would be greater, declare all installments of rent and other amounts payable for the remainder of the term of the Lease, less the fair net rental value of the Project for the same period, to be immediately due and payable.

The Trustee, as assignee of the County's rights under the Lease, has the right to pursue the remedies accorded to the County under the Lease.

Assignment and Merger

Under certain conditions the Lessee may assign the Lease or sublet the Project, but such assignment or subletting will not operate to relieve the Lessee of its primary liability under the Lease. The Lessee may consolidate or merge with, or transfer all or substantially all of its business and assets to another corporation which shall succeed to and be substituted for the Lessee under the Lease, provided that the surviving corporation, after giving effect to such consolidation, merger or transfer of business and assets, shall have a net worth equal to not less than 90% of the net worth of the Lessee immediately prior thereto.

Modification of the Lease

Pursuant to the provisions of the Indenture, the Lease may be amended or modified only with the written approval or consent of the holders of at least two-thirds of the principal amount of all Bonds then outstanding, except that amendments, changes or modifications (1) required by the provisions of the Lease and the Indenture of (2) in connection with (a) the issuance of Additional Bonds, or (b) the curing of ambiguities or formal defects or omissions, or (c) in connection with the release of real estate or leased equipment leased from the County pursuant to the provisions of the Lease (see "Options to Purchase" above), may be made with the concurring consent of the Trustee only.

THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Application of Bond Proceeds

The proceeds from the sale of the Bonds shall be applied as follows: the accrued interest will be deposited in the Interest Account, which is the source of payment of all interest thereafter accruing on the Bonds, and will constitute a credit to the Lessee on the next succeeding payment or payments of rentals falling due under the Lease; the

amount of \$ _____ will be deposited in an Expense Account for the payment of the expenses incurred in connection with the issuance and sale of the Bonds; the sum of \$ _____ will be paid to the Lessee as reimbursement to the Lessee for the purchase price of the real property and existing manufacturing plant paid to the trustee in bankruptcy; and the balance of the Bond proceeds will be deposited in a Construction Fund Account held by the Depository under a Construction Deposit Agreement, and applied to the cost of renovating and equipping the Project. The Construction Deposit Agreement prescribes the procedures and showings required for the disbursement of moneys in the Construction Fund Account. (Section 3.02 of Indenture.)

Upon completion of the Project, any surplus moneys remaining in the Construction Fund Account will be paid into the Revenue Account and will constitute a credit to the Lessee on its next succeeding payment or payments of rentals under the Lease. (Section 4.04 of Indenture.)

Application of Funds

The semi-annual rental payments derived from the Project will be deposited in a special account maintained with the Trustee and designated the Revenue Account. Moneys will be withdrawn by the Trustee from the Revenue Account not less than three business days prior to each interest payment date on the Bonds and deposited (a) in the Interest Account for the payment of the interest on the Bonds falling due on such interest payment date, and (b) in the Bond Retirement Account for the payment of the principal amount of any Bonds maturing on such interest payment date. (Section 4.03 of Indenture.)

A Bond Redemption Account is also created by the Indenture, into which all moneys earmarked for the prior redemption of Bonds by any of the provisions of the Lease or Indenture are deposited, and out of which is paid the principal of and premium, if any, and interest on any Bonds called for redemption prior to maturity. (Section 5.01 of Indenture.)

Investment

Any moneys held as a part of the Construction Fund Account or in any of the accounts created by the Indenture (except the Bond Redemption Account) shall, at the request of the County and the Lessee (so long as the Trustee shall not have knowledge of any default by the Lessee under the Lease), be invested or reinvested by the Trustee in

- (a) obligations of the United States and agencies thereof; and
- (b) general obligations of the State of South Carolina or any of its political units; and
- (c) obligations of Savings and Loan Association to the extent that the same are secured by the

Federal Savings and Loan Insurance Corporation;
and

- (d) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured including interest; and
- (e) to the extent such investments are not prohibited by law for investment of bond proceeds by the Grantor, certificates of deposit or other obligations of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$10,000,000; and
- (f) to the extent such investments are not prohibited by law for investment of bond proceeds by the Grantor, prime commercial paper.

Any moneys held as a part of the Bond Redemption Account shall be invested or reinvested by the Trustee in direct obligations of the United States of America maturing not later than the date on which the Bonds for which such moneys are held are redeemable.

Any interest, profit or loss on any investments made by the Trustee shall be credited or charged to the Revenue Account (and hence either constitute a credit to the Lessee on the next succeeding rental payments under the Lease or an additional charge to be made up by the Lessee, as the case may be). (Section 4.05 of Indenture).

Defaults and Remedies

Upon the occurrence of any of the following events, the Trustee may, and upon the written request of the holders of not less than 25 percent in aggregate principal amount of the Bonds then outstanding shall, declare the principal and accrued interest on all outstanding Bonds immediately due and payable, subject to waiver of such default (except a default in the payment of principal of or interest on the Bonds) and rescission and annulment of such declaration by the holders of at least two-thirds in aggregate principal amount of the Bonds then outstanding under the conditions stated in the Indenture, if all sums due except unmatured principal are paid and all defaults remedied:

- (1) default in the due and punctual payment of any principal of or interest or premium on any Bonds;
- (2) default in the performance of any other covenant, condition or agreement of the County contained in the Indenture or the Bonds, continued for a period of 60 days after

written notice given to the County by the Trustee, or to the County and the Trustee given by the holders of not less than 25 percent in aggregate principal amount of the Bonds then outstanding; and

(3) default by the Lessee under the Lease and the continuance of such default for the applicable period for the remedy thereof.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of not less than a majority in principal amount of the Bonds then outstanding shall:

(1) take possession of the Project and operate and manage the same, and

(2) pursue any available remedy to enforce the payment of the Bonds, including the bringing of a suit in equity, the appointment of a receiver and foreclosure on and sale of the Project.

Modifications

The Indenture may not be modified or amended without the approval of the holders of 66-2/3 percent or more in principal amount of the Bonds outstanding, except

(1) to cure any ambiguity or formal defect or omission,

(2) to grant to the Trustee additional rights for the benefit of the holders of the Bonds,

(3) to subject, describe or redescribe any property or collateral subjected or to be subjected to the lien and pledge of the Indenture,

(4) to qualify the Indenture under the Trust Indenture Act of 1939, and

(5) in connection with the issuance of Additional Bonds.

In any event, no such modification or amendment of the Indenture shall be made which will

(1) permit an extension of the maturity of the principal or interest on any Bond, or a reduction in the amount of principal, interest or redemption premium,

(2) reduce the percentage of holders of Bonds required for consent to such supplemental indentures, or

(3) permit the creation of any lien prior to or on a parity with the lien of the Indenture.

TAX EXEMPTION

In the opinion of Bond Counsel, interest on the Bonds is exempt from all present Federal income taxes under existing statutes and court decisions and existing regulations and rulings of the Internal Revenue Service. The existence and continuation of such tax exemption is subject to two qualifications presently contained in Section 103(c) of the Code which provides generally that interest upon the obligations of a state or political subdivision thereof is not includable in the gross income of the recipient and is therefore exempt from Federal income taxes. Section 103(c) thereof declares that an "industrial development bond" (therein defined) shall be treated as an obligation not described in Section 103(a). While the Bonds fall within the definition of industrial development bonds set forth in Section 103(c), paragraph (6) of Section 103(c) continues tax exemption for certain industrial development bond issues the aggregate authorized face amount of which is \$5,000,000 or less and, as applied to the Bonds, provides in effect that in determining the aggregate authorized face amount of the Bonds (an industrial development bond issue) there will be taken into account certain prior issues of obligations outstanding as of the date of issuance of the Bonds (the "outstanding obligations") if, among other requirements, (a) the proceeds of the outstanding obligations and those of the Bonds (whether or not the issuer of each such issue is the same) are or will be used primarily with respect to facilities located in the same incorporated municipality or located in the same county (but not in any incorporated municipality) and (b) the principal user of such facilities is or will be the same person or two or more related persons (defined in Section 103(c)(6)(C)). The face amount of any such outstanding obligations at the time the Bonds are issued will be taken into account in determining compliance with the \$5,000,000 limitation as if such outstanding obligations were a part of the issue of Bonds. In addition, there will be added to the face amount of such issue of Bonds the aggregate amount of certain capital expenditures (financed otherwise than out of the proceeds of outstanding obligations) with respect to the type of facilities mentioned above paid or incurred during the six-year period beginning three years before the date of such issue of Bonds and ending three years after such date, as if the aggregate amount of such capital expenditures during such six-year period constituted an addition to the face amount of the Bonds.

The second qualification with respect to tax exemption presently contained in Section 103(c) is, in effect, that the tax exemption accorded to industrial development bond issues of less than \$5,000,000 will not apply with respect to any Bond for any period during which it is held by a person who is a substantial user of the Project or a related person (as defined in said subsection (c)).

The Lessee has covenanted under the Lease that the aggregate amount of (a) the principal amount of the Bonds and (b) capital expenditures with respect to any land and interests therein, buildings, structures, machinery, equipment and other facilities of which the Lessee or a related person as defined

in Section 103(c)(6)(D) of the Internal Revenue Code of 1954 is the principal user and located within the corporate limits of Colleton County, South Carolina as such corporate limit existed at the date of issuance of the Bonds, paid or incurred during the six-year period beginning three years before the date of issue of the Bonds and ending three years after such date of issue (and financed otherwise than out of the proceeds of the Bonds), shall not exceed \$5,000,000 or such lesser or greater amount as may from time to time be permitted by federal statute or regulations and which does not affect the exemption from federal income taxation of the interest paid on the Bonds.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Marvin W. Leiter, Esq., Chicago, Illinois, Bond Counsel to the Underwriters, and Messrs. McNair, Konduros & Corley Bond Counsel to Colleton County, South Carolina and the approval of certain legal matters by Messrs. Honigman, Miller, Schwartz & Cohn, Detroit, Michigan, Counsel to Dayco Corporation.

Copies of the approving opinion of Bond Counsel will be available at the time of the delivery of the Bonds.

E N D