

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MAY 13 1976

The Budget and Control Board met in the Conference Room of the Governor's Office at 10:30 p. m. on May 13, 1976, with the following members in attendance.

Governor James B. Edwards  
Mr. Grady L. Patterson, Jr.  
Mr. Henry Mills  
Senator Rembert C. Dennis  
Mr. F. Julian Leamond

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

The following business was conducted.

MINUTES OF PREVIOUS MEETINGS - Without objection, Board members approved the minutes of the meetings of April 20, 1976 and May 6, 1976.

GENERAL SERVICES DIVISION - CONSTRUCTION REQUESTS - Mr. Furman McEachern appeared before the Budget and Control Board to report that approximately two years ago, the General Services Division modernized its system of charges for State-owned rental space. This new system permitted the State to recover more in the way of rental charges from Federal and other funds, provided a better base for debt service payments and made possible the accumulation a reserve in lieu of depreciation.

At the present meeting, Mr. McEachern requested Budget and Control Board permission to use \$299,700 of the reserve in lieu of depreciation for construction of a tunnel for heating and air conditioning service to tie the State's energy facilities with those of the University of South Carolina. He advised that this procedure would ultimately result in substantial dollar savings and would insure better service for both the University and State-owned buildings.

Board members were generally of the opinion that monies accumulated in this reserve should be used for repairs or renovations to the buildings

from which the rents were collected. However, upon a motion by Mr. Patterson, seconded by Mr. Mills, the request to construct the heating and air conditioning tunnel and to use \$299,700 of the reserve fund was approved provided it was understood that no precedent was being set in the honoring of this request.

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

GENERAL SERVICES DIVISION - Mr. McEachern presented the following items of business for Budget and Control Board consideration.

EARTHQUAKE INSURANCE - It was reported that the State of South Carolina presently has approximately \$800,000,000 of earthquake insurance in force, but that only \$100,000,000 of this amount is supported by an underwriter. Mr. McEachern advised that he had contacted several firms including Lloyd's of London but that none were interested in taking a substantial amount of this insurance alone. However, an Atlanta firm has put together a package calling for the underwriting of an additional \$100,000,000 at a cost of approximately \$80,000 per year.

Upon a motion by Mr. LeaMond, seconded by Senator Dennis, the Budget and Control Board authorized Mr. McEachern to enter into a contract for the underwriting of an additional \$100,000,000 of earthquake insurance.

DISPOSITION OF 91 ASHLEY AVENUE - At a previous meeting, Mr. McEachern reported that the Department of Technical and Comprehensive Education had turned 91 Ashley Avenue over to the Division of General Services for disposal. He stated that one appraisal has already been received showing a value of \$25,500 and a second appraisal has already been requested. Mr. McEachern asked for authority to sell the property to the

highest bidder at an amount not less than the average of the two bids. He further asked for authority to receive approval of the Harleston Society prior to finalizing the sale.

Board members unanimously approved a motion by Mr. Patterson, seconded by Senator Dennis, authorizing Mr. McEachern to proceed as indicated.

SALE OF SURPLUS PERSONAL PROPERTY - Mr. McEachern reported that it has been the practice for a number of years to permit trade-ins of certain equipment such as typewriters, vehicles, etc., as a reduction of cost against the purchase price of new equipment. However, quite often the State can recover larger amounts of money by selling the equipment at public auction. Mr. McEachern asked for authority from the Budget and Control Board to permit agencies to turn in such property for sale and then to apply the proceeds of the sale for the purchase of like equipment.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing this procedure.

SALE OF VEHICLES - AERONAUTICS COMMISSION - Mr. McEachern indicated that Mr. John Hamilton, Director of the State Aeronautics Commission, has advised that he has three vehicles which are no longer required by his agency. He has recommended that these vehicles be offered to their present custodians at fair value and that future travel by these individuals should be accomplished on a mileage basis. Mr. Hamilton has also stated that the radios will be left in the vehicles so that the individuals might be called when needed.

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Mr. Allan Spence, Director of the Motor Vehicle Management Division, disagreed with Mr. McEachern and stated that he

felt that the sale of such personal property to State employees was a bad precedent and that the vehicles should be offered at public auction.

Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Patterson, approving the sale of the three vehicles to their present custodians but expressed concern with respect to the radios. It was agreed that legal rules pertaining to radios should be considered and that the radios should remain the property of the State.

Mr. McEachern was asked to look into this matter prior to the sale of this equipment.

STATE-OWNED PRINT SHOP - The Budget and Control Board received further information pertaining to the study of the State-owned print shop by Messrs. R. D. Counts and T. C. Alewine. Board members were also advised that Ms. Sylvia Orange, Clerk of the House of Representatives, has requested that additional studies be made with respect to printing and the computers.

The Budget and Control Board unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, accepting the report of Messrs. Counts and Alewine and authorizing continued study as requested by Ms. Orange.

DEPARTMENT OF SOCIAL SERVICES - DUPLICATING COPIER - The Department of Social Services asked permission to rent a Xerox 9200 Duplicating copier at a cost of approximately \$12,000 per year.

Board members agreed to carry this item over pending the accumulation of additional information by Mr. Tom Alewine.

UNIVERSITY OF SOUTH CAROLINA - COLLATOR - Upon a motion by Mr. Patterson, seconded by Mr. Mills, Board members unanimously approved a recommendation from Mr. McEachern that the University

of South Carolina be permitted to purchase a collator at an approximate cost of \$900.

ARCHITECTURAL AND ENGINEERING SERVICES - Upon a motion by Senator Dennis, seconded by Mr. Patterson, Board members unanimously authorized the General Services Division to contract with the following firms.

Leon Campbell & Associates - Feasibility study and design of water distribution system for the Broad River Road area.

Lucas and Stubbs Associates - To design an X-Ray Building for the Department of Health and Environmental Control to be located at State Park

Data pertaining to the items presented by Mr. McEachern has been retained in these files and are collectively identified as Exhibit II.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL - AGENCY DIRECTED LEAVE - Dr. Leo L. Walker of the Department of Health and Environmental Control appeared before the Budget and Control Board to request permission for his agency to grant leave to the following individuals for the courses of study as indicated.

Mrs. Nell Burn - Masters Degree in Social Work

Marion F. Sadler, Jr. - Masters Degree Environmental Systems Engineering

George K. Milam - Masters Degree Environmental Systems Engineering

Randall French - Masters Degree Public Health

William P. Brantley - Masters Degree Environmental Systems Engineering

W. J. Westerkam, M. D. - Masters Degree Public Health

Board members also took note of the fact that another request for six scholarships had been presented to the Board at a previous meeting by Dr. E. Kenneth Aycock and that this request was still pending.

In subsequent discussions, Board members were furnished with information which indicated that numerous requests for employment had

been received by the Personnel Division for virtually all of the positions for which training had been requested. The one exception pertained to a medical doctor to supervise a public health region.

Board members unanimously approved a motion by Senator Dennis, seconded by Mr. LeaMond, to deny all of the requests of the Department of Health and Environmental Control for the payment of stipends except in the case of Dr. W. J. Westerkam. The request for Dr. Westerkam to attend college to obtain a Masters Degree in Public Health was approved.

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

ADJUTANT GENERAL'S OFFICE - SELECTION OF ARCHITECTS - Budget and Control Board members were advised that the Adjutant General's office has submitted requests for the hiring of the following architectural firms.

Kingstree Armory - Love, Cobb and McElveen  
Lyman Armory - Bruce Klee Brown  
Marion Armory - Eric M. McClanahan  
Winnsboro Armory - Avery Wood Associates, Inc.

Two members of the House of Representatives from Williamsburg County appeared before the Board to request that the architectural firm of Clark and McCall be selected for the Kingstree Armory rather than Love, Cobb and McElveen. In view of this request, Board members unanimously approved a motion by Mr. LeaMond, seconded by Mr. Mills, that this matter be carried forward to a subsequent meeting and that officials of the Adjutant General's office be invited to appear before the Board for further discussion of the requests.

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

DEPARTMENT OF MENTAL HEALTH - SELECTION OF ENGINEERING FIRM - After being assured that all legal requirements for the selection of architectural or engineering firms had been met, Budget and Control Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Patterson,

authorizing the Department of Mental Health to contract with the engineering firm of Bruce Flemming and Associates, Inc., to assist in the design and installation of additonal air-conditioning at the Byrnes Clinic.

Data pertaining to this matter has been retained in these files and is identified as Exhibit V.

CLEMSON UNIVERSITY - CONSULTING ENGINEERING CONTRACT - Some time ago, the Budget and Control Board received a request from Clemson University for permission to hire the firm of Peritus Engineers, Inc., to provide consulting engineering assistance to the physical plant division on a hourly fee basis. At that time the Budget and Control Board declined to approve the request and directed that the matter be carried forward to a subsequent meeting.

At the present meeting, Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing Clemson University to hire the firm of Peritus Engineers, Inc., for consulting services with the physical plant division.

Data pertaining to this matter has been retained in these files and is identified as Exhibit VI.

APPLICATIONS FOR THE SELECTION OF ARCHITECTS OR ENGINEERS - Board members took note of the fact that State agencies were submitting only the name of the first choice of architectural or engineering firms when requesting permission to enter into contracts. The secretary of the Board was directed to advise all agencies making such a request that they should list at least three choices in order of preference.

PERMITS FOR HOBBY DIVERS - Upon a motion by Mr. Patterson, seconded by Mr. Mills, Budget and Control Board members granted permits to the following hobby divers for the collection of underwater fossils in the rivers and lakes of the State of South Carolina.

Daniel L. Dobbins  
Michael Monteith

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Letters of request from the two above mentioned individuals have been retained in these files and are collectively identified as Exhibit VII.

REQUEST FOR WAIVER OF TRAVEL REGULATIONS - DEPARTMENT OF ARCHIVES

AND HISTORY - The Department of Archives and History, along with several historical societies sponsored the 11th annual landmark Conference in Camden on May 6 through May 8, 1976. Several staff members, who are permanently located in Columbia, were required to stay in Camden to attend evening meetings and to provide administrative assistance. Since these employees lived within forty miles of Camden, they would not be permitted to charge overnight subsistence under the present rules of the Budget and Control Board. A request has been received from the Department of Archives and History for a waiver of the regulations in this unusual case.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the payment of these travel expenses because of the unusual nature of this particular situation. Board members made it clear that this was not intended to establish a precedent but that the waiver was granted because of unique circumstances.

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

REQUEST FOR WAIVER OF TRAVEL REGULATIONS - DEPARTMENT OF HEALTH

AND ENVIRONMENTAL CONTROL - The Department of Health and Environmental Control schedules special training events for employees in various regional offices. Often the attendees live within a forty miles radius and would not be entitled to reimbursement for overnight expenses under the present Budget and Control Board rules. The Department has requested continuing authority to reimburse these individuals for overnight expenses when attending such training courses.

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Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, denying this request and suggesting that Department

officials schedule the daily courses so as to permit attendees to return home at night.

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

CIVIL CONTINGENT FUND - REWARD - In a letter dated April 21, 1976, Chief J. P. Strom of the South Carolina Law Enforcement Division requested that a \$5,000 reward be offered for information leading to the arrest and conviction of the person or persons responsible for the murder of Stanley Leroy Tedder in Rock Hill, South Carolina, on April 14, 1976.

Board members unanimously approved a motion by Mr. Mills, seconded by Mr. Patterson, authorizing the offering of this reward and its ultimate payment, if necessary, from the Civil Contingent Fund.

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

MEDICAL UNIVERSITY OF SOUTH CAROLINA - RENOVATION OF PRESIDENT'S HOME - Dr. William Knisely, President of the Medical University of South Carolina, appeared before the Budget and Control Board to discuss the possible renovation of the President's home which is located at Fort Johnson. It was proposed that the present structure of 1600 sq. ft. be expanded to approximately 5000 sq. ft. at a cost of \$150,000.

Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Patterson, authorizing Dr. Knisely to have an architect to study the situation to determine whether it will be feasible to renovate and expand the present dwelling or whether a new home should be purchased.

Data pertaining to this matter has been retained in these files and is identified as Exhibit XI.

OCONEE COUNTY - POLLUTION CONTROL FACILITIES BONDS - During the early part of 1975, the Budget and Control Board approved a request from Oconee County for the issuance of \$24,000,000 of Pollution Control Facilities Bonds on behalf of Duke Power Company. At a recent meeting, Mr. Lewis Camp,

Counsel for Duke Power Company, appeared before the Budget and Control Board to advise that Federal authorities have ruled that only \$1,500 of the proposed construction might be considered for financing by tax free Pollution Control Facilities Bonds. At the present meeting, Mr. Camp indicated that it has now been determined that a total of \$2,500,000 may be financed with these bonds but that it will be necessary that they be issued in two separate series - one for \$1,000,000 and the other for \$1,500,000.

Board members unanimously approved a motion by Mr. LeaMond, seconded by Mr. Patterson, adopting Resolutions authorizing Oconee County to issue Pollution Control Facilities Bonds totaling \$2,500,000 on behalf of Duke Power Company.

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

CIVIL CONTINGENT FUND - ETHICS COMMISSION - Board members were advised that recent legislation has placed new duties upon the Ethics Commission which resulted in the expenditure of \$975.00.

The Board unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the transfer of \$975.00 from the Civil Contingent Fund to the Ethics Commission. *Exhibit XIX*

FOREIGN TRAVEL - UNIVERSITY OF SOUTH CAROLINA CHOIR - Board members were advised that the choir of the University of South Carolina had been selected to participate in international competition at Budapest, Hungary. The entire cost of the trip will be approximately \$37,000 of which \$30,000 has already been pledged from other sources. University officials feel that the balance of \$7,000 will probably be furnished by outside sources but that there is a possibility that it may be necessary to pay this amount from music department appropriations.

Board members unanimously approved a motion by Mr. Mills, seconded by Mr. Patterson, authorizing the foreign travel request for the University

contingent upon the funds being provided as indicated.

*Exhibit XVIII*

FUTURE BUDGET AND CONTROL BOARD MEETING - Board members unanimously agreed that the next Board meeting should be held at 10:00 a. m. on Tuesday, May 25, 1976.

EMPLOYEE PERFORMANCE APPRAISALS - Prior to the Budget and Control Board meeting Dr. Jack Mullins had furnished each member with a copy of proposed guidelines for employee performance appraisal. Upon a motion by Mr. Patterson, seconded by Mr. Mills, Board members agreed to give these guidelines tentative approval but that final consideration would be postponed to a subsequent meeting in order to give Board members an opportunity for further study.

A copy of the Employee Performance Appraisal document has been retained in these files and is identified as Exhibit XIII.

SECRETARY'S NOTE: The Budget and Control Board was advised that all additional business pertained to personnel. It was, therefore, unanimously agreed that the balance of the meeting should be held in Executive Session.



FURMAN E. MCEACHERN, JR.  
DIRECTOR

STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES  
BUDGET AND CONTROL BOARD  
300 GERVAIS STREET  
COLUMBIA, S. C. 29201

E. CECIL MILLS, JR.  
ASSISTANT DIRECTOR FOR  
ENGINEERING  
PHONE: (803) 758-2226

*Exhibit I*  
*May 13, 1976*

April 7, 1976

Mr. John A. McPherson, Jr.,  
Chief Engineer  
P. O. Box 11333  
Columbia, South Carolina 29211

Re: Tunnel for Steam Lines  
University of South Carolina  
Columbia, South Carolina

Dear Mr. McPherson:

Attached is the E-1 on the proposed work at the above job.  
The attached letters should furnish any information needed;  
however if we can be of service, please call.

Yours very truly,

W. H. Sample  
Project Engineer

WHS/hc

Enclosures

cc: Mr. E. Cecil Mills, Jr.

**RECEIVED**

APR 9 1976

S. C. BUDGET AND  
CONTROL BOARD

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APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE April 7, 19 76

Institution or Agency State Budget & Control Board - Division of General Services

Name of Project Tunnel for steam lines - University of South Carolina

Total Estimated Cost - - - - - \$ 299,700.00

To:—State Budget and Control Board  
Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

Install 450 lin. ft. of walk through tunnel; six inch and three inch steam line.

B. Intended Use: See attached letters.

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.  
(b) Outline specifications.  
(c) Small scale locality map.  
(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet:

3. Principal Facilities (No. of stories, rooms, offices, etc.) \_\_\_\_\_

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

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S. C. BUDGET AND  
CONTROL BOARD

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### III. ESTIMATED COST

Site - - - - -	\$	
Grading - - - - -		
Construction - - - - -		270,000.00
Fees - - - - -		16,200.00
Renovation - - - - -		
Basic Equipment and Supplies - - - - -		
Landscaping - - - - -		
Builder's Risk Insurance - - - - -		
Other (Specify) _____		
Contingencies - - - - -		13,500.00
TOTAL ESTIMATED COST - - - - -	\$	299,700.00

It is further estimated that this project will add \$\_\_\_\_\_ per year to operation and maintenance costs of this agency.

### IV. FINANCING PLAN

A. Funds already in Hand - - - - -	\$	299,700.00
Source: <u>Buildings &amp; Grounds Retained Earnings</u>		
B. Proposed Bond Issue - - - - -		0
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).		
C. Other (describe) _____		0
TOTAL - - - - -	\$	299,700.00

Has your governing board taken formal action authorizing the submission of this application?

(Signed) *L. M. [Signature]*

Title Director, Division of General Services

### BOARD'S ACTION

APPROVED: \_\_\_\_\_  
State Auditor

DATE: \_\_\_\_\_

December 15, 1975

REPORT AND COST ESTIMATE  
STEAM AND CHILLED WATER  
UNIVERSITY OF SOUTH CAROLINA AND GENERAL SERVICES

1. This report and cost estimate covers steam and chiller water connections between manholes at Main and Green Streets (USC) and manhole on Main Street approximately 150 feet North of College Street (General Services).
  - a. Steam can be supplied from either plant to the other system by one two-way steam flow meter and manual or automatic switch-over valves.
  - b. Chilled water can be supplied from either plant to the other system by one two-way chilled water B.T.U. meter. Two pumps with necessary valving will be required and the change-over can be either manual or automatic.
  - c. Cost by each agency for steam and chilled water used can be determined from fuel and electrical cost along with maintenance and operating cost.
2. The cost for construction is shown for three different methods. These estimates are based on limited information on underground conditions on Main Street and also without complete design information.
  - a. Six-inch (6") steam and three-inch (3") condensate installed underground in Ric-Wil with expansion loops, anchors, valves, and steam flow meter. Estimated cost is \$150,000.00.
  - b. Add 14" chilled water supply and return along with the Ric-Wil above. This includes insulation, valves, manholes, B.T.U. meter, and pumps. Estimated cost is \$85,000.00
  - c. Install steam and chilled water in corrugated steel or aluminum tunnel. This includes all items outlined in a and b above. The estimated cost is \$355,000.00.
3. The advantages and disadvantages of the connections between the two agencies are as follows:
  - a. Advantages:
    1. Ability to provide emergency steam and chilled water to the other agency when required.

REPORT & COST ESTIMATE, STEAM AND CHILLED WATER  
UNIVERSITY OF SOUTH CAROLINA AND GENERAL SERVICES

December 15, 1975

Page 2

2. Provide more efficient operation and fuel economy. This can be accomplished by operating one plant under full load rather than operating two plants under part-load. Boilers and chillers operate more efficiently under full-load than under part-loads.
3. Reduce cost of operating personnel and maintenance when one plant can be shut-down and energy supplied to both the systems from one plant.
4. Reduces the need for full stand-by boiler capacity in each plant.
5. Provides more flexibility in the operation of each Energy Facility.

b. Disadvantages:

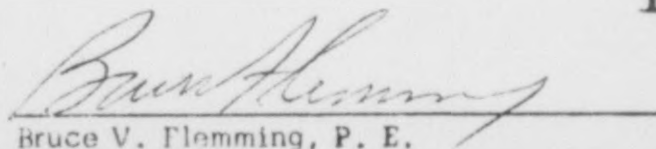
1. Accounting for steam or chilled water used by each agency.
2. Change-over of operation from one plant to the other.
3. Disagreement that can occur between the operating personnel of each agency.

NOTE: The above disadvantages can be solved with a positive position on the operation of these systems.

4. Recommendations:

- a. Based on the advantages listed herein, it is recommended that the steam and chilled water connections between the two systems be made.
- b. If both steam and chilled water connections are made at this time, it is recommended that they be installed in a tunnel. The additional cost can be justified in longer life of the piping system, reduced maintenance costs and the ability to install other utilities in the tunnel, such as electrical distribution, telephone, communication systems, etc.
- c. The tunnel cannot be justified if steam connections only between the systems are made.

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Bruce V. Flemming, P. E.



CC: Mr. Charles Boswell  
Mr. Douglas I. Fitzgerald  
Mr. W. S. Turbeville

UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

DIVISION OF BUSINESS AFFAIRS

December 19, 1975

Mr. Furman E. McEachern, Jr., Director  
S. C. Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

SUBJECT: Main Street Firehouse

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DIVISION OF  
GENERAL SERVICES

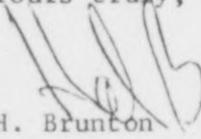
Dear Furman:

We certainly appreciate your cooperation in letting us retain use of the Main Street Firehouse through the Spring Semester. I think it speaks extremely well of the cooperative relationship that exists between our two agencies.

As I explained over the phone, we have had a very large renovation job under way in Wardlaw. All work on the project, however, ground to a halt a few months ago because of the moratorium on State Capital Bond funds. Accordingly, space that we had hoped to have available for the College of Education in the Spring Semester will not be available.

Your agreement to allow the College of Education continued use of the Firehouse will not give them an ideal solution to their space crisis but at least it will give a partial answer. We certainly appreciate your help.

Yours truly,

  
H. Brunton  
Vice President - Operations

HB/mf/sl

P. S. I was very intrigued with your telephone call in which you gave me the estimated cost of connecting the University's Main Street underground utilities with the Main Street underground utilities of the State. As I recall your figures, it would cost \$150,000 to bury steam lines; \$85,000 to bury chilled water lines and \$355,000 if a tunnel was buried and steam and chilled water lines installed in it. By my simple arithmetic, that seems to mean that for \$120,000, an underground tunnel with its flexibility could be obtained.

I have asked our people to make an analysis of the University's present capacity of steam and chilled water and also an evaluation of how much of that capacity is being used at what time. It is too early to make any definitive judgments but it appears that the following probably are the essential facts:

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1. The University currently does not require any additional steam or chilled water but the possibility exists that we might need some additional chilled water capacity in a few years, particularly if we were to connect our honeycomb dormitory towers to the central system.
2. The State apparently has excess capacity and most mechanical equipment is rather inefficient and expensive if it is not run close to its rate of capacity. It might be possible during certain times of the year to shut down the State system and obtain steam and/or chilled water from the University.
3. The University has to supply steam and chilled water to both academic building and housing units which means that our need is quite diverse, requiring twenty-four hours a day, seven days a week operation. On the other hand the State need is concentrated into a primarily restricted period - eight hours a day, five days a week. It might be possible for the University to supply steam and/or chilled water during off-peak periods.

Summarizing the above, it would appear that the State might realize some immediate benefits from an interconnection while the University might get some help in five years or so. Accordingly, it might be fair to consider the University paying half the cost of the tunnel or \$60,000 at this time. Frankly, I don't have any immediate ideas where we could free up \$60,000 of capital funds. I will check on this shortly after we return from our Christmas shutdown. Another possibility might be if we could not find capital funds, we could provide the State with \$60,000 worth of steam and/or chilled water.

Frankly, I have not had the opportunity to do more than some general thinking but I would be interested in your reaction to the above analysis.

HB





FURMAN E. McEACHERN, JR.  
DIRECTOR

STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES  
BUDGET AND CONTROL BOARD  
921 MAIN STREET  
COLUMBIA, S. C. 29201

J. FRED SAVERANCE, SUPERINTENDENT  
STATE BUILDINGS AND GROUNDS  
PHONE: (803) 758-3301

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FEB 17 1976

DIVISION OF  
GENERAL SERVICES

February 13, 1976

MEMO TO: E. Cecil Mills, Jr.  
FROM: J. Fred Saverance  
SUBJECT: University Tie-In Cost Comparisons

Labor Savings \$ 29,000 - (4) Boiler Operators needed for one location - Not Both.

Electrical Demand Charge \$25,000 - We should be able to eliminate a minimum of 1,000 KWH Demand for at least 6 months per year at approximately \$4.07/KWH.

Fuel Charge \$10,000 - By proper management of joint resources, this should be possible in any one year.

Other savings should be realized in maintenance of equipment. The equipment should require less maintenance if allowed to operate at a constant temperature and not subjected to expansion and contraction with the start-up and shut-down to save energy. Also, the chemical dosages are much easier to control with constant operation.

Both energy facilities must now have reserve equipment standing by in case of failure of the primary equipment. The cost of standby equipment at each location, excluding building cost, should be as follows:

Cooling Tower	\$ 30,000
Chiller (1250 tons)	100,000
Boiler (24,000/hr)	75,000
Installation	175,000
Total	\$ 385,000

If the systems are intergrated, this cost would be necessary at only one location.

JFS/cpp

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APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE April 7, 19 76

Institution or Agency State Budget & Control Board - Division of General Services

Name of Project Tunnel for steam lines - University of South Carolina

Total Estimated Cost - - - - - \$ 299,700.00

To:—State Budget and Control Board  
Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

Install 450 lin. ft. of walk through tunnel; six inch and three inch steam line.

B. Intended Use: See attached letters.

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.  
(b) Outline specifications.  
(c) Small scale locality map.  
(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet:

3. Principal Facilities (No. of stories, rooms, offices, etc.) \_\_\_\_\_

RECEIVED

APR 9 1976

S. C. BUDGET AND  
CONTROL BOARD

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

### III. ESTIMATED COST

Site - - - - -	\$	
Grading - - - - -		
Construction - - - - -		270,000.00
Fees - - - - -		16,200.00
Renovation - - - - -		
Basic Equipment and Supplies - - - - -		
Landscaping - - - - -		
Builder's Risk Insurance - - - - -		
Other (Specify) _____		
Contingencies - - - - -		13,500.00
TOTAL ESTIMATED COST - - - - -	\$	299,700.00

It is further estimated that this project will add \$\_\_\_\_\_ per year to operation and maintenance costs of this agency.

### IV. FINANCING PLAN

A. Funds already in Hand - - - - -	\$	299,700.00
Source: <u>Buildings &amp; Grounds Retained Earnings</u>		
B. Proposed Bond Issue - - - - -		0
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).		
C. Other (describe) _____		0
TOTAL - - - - -	\$	299,700.00

Has your governing board taken formal action authorizing the submission of this application?

(Signed) [Signature]  
Title Director, Division of General Services

### BOARD'S ACTION

APPROVED: \_\_\_\_\_  
State Auditor

DATE: \_\_\_\_\_

1169

FEM  
December 15, 1975

REPORT AND COST ESTIMATE  
STEAM AND CHILLED WATER  
UNIVERSITY OF SOUTH CAROLINA AND GENERAL SERVICES

1. This report and cost estimate covers steam and chiller water connections between manholes at Main and Green Streets (USC) and manhole on Main Street approximately 150 feet North of College Street (General Services).
  - a. Steam can be supplied from either plant to the other system by one two-way steam flow meter and manual or automatic switch-over valves.
  - b. Chilled water can be supplied from either plant to the other system by one two-way chilled water B.T.U. meter. Two pumps with necessary valving will be required and the change-over can be either manual or automatic.
  - c. Cost by each agency for steam and chilled water used can be determined from fuel and electrical cost along with maintenance and operating cost.
2. The cost for construction is shown for three different methods. These estimates are based on limited information on underground conditions on Main Street and also without complete design information.
  - a. Six-inch (6") steam and three-inch (3") condensate installed underground in Ric-Wil with expansion loops, anchors, valves, and steam flow meter. Estimated cost is \$150,000.00.
  - b. Add 14" chilled water supply and return along with the Ric-Wil above. This includes insulation, valves, manholes, B.T.U. meter, and pumps. Estimated cost is \$85,000.00
  - c. Install steam and chilled water in corrugated steel or aluminum tunnel. This includes all items outlined in a and b above. The estimated cost is \$355,000.00.
3. The advantages and disadvantages of the connections between the two agencies are as follows:
  - a. Advantages:
    1. Ability to provide emergency steam and chilled water to the other agency when required.

REPORT & COST ESTIMATE, STEAM AND CHILLED WATER  
UNIVERSITY OF SOUTH CAROLINA AND GENERAL SERVICES

December 15, 1975

Page 2

2. Provide more efficient operation and fuel economy. This can be accomplished by operating one plant under full load rather than operating two plants under part-load. Boilers and chillers operate more efficiently under full-load than under part-loads.
3. Reduce cost of operating personnel and maintenance when one plant can be shut-down and energy supplied to both the systems from one plant.
4. Reduces the need for full stand-by boiler capacity in each plant.
5. Provides more flexibility in the operation of each Energy Facility.

b. Disadvantages:

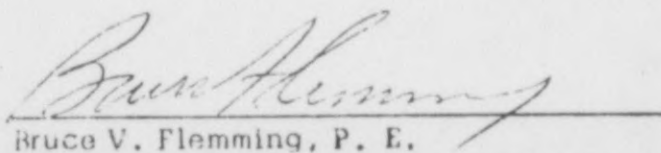
1. Accounting for steam or chilled water used by each agency.
2. Change-over of operation from one plant to the other.
3. Disagreement that can occur between the operating personnel of each agency.

NOTE: The above disadvantages can be solved with a positive position on the operation of these systems.

4. Recommendations:

- a. Based on the advantages listed herein, it is recommended that the steam and chilled water connections between the two systems be made.
- b. If both steam and chilled water connections are made at this time, it is recommended that they be installed in a tunnel. The additional cost can be justified in longer life of the piping system, reduced maintenance costs and the ability to install other utilities in the tunnel, such as electrical distribution, telephone, communication systems, etc.
- c. The tunnel cannot be justified if steam connections only between the systems are made.

1171

  
Bruce V. Flemming, P. E.



CC: Mr. Charles Boswell  
Mr. Douglas I. Fitzgerald  
Mr. W. S. Turbeville

UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

DIVISION OF BUSINESS AFFAIRS

December 19, 1975

Mr. Furman E. McEachern, Jr., Director  
S. C. Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

SUBJECT: Main Street Firehouse

RECEIVED  
DEC 22 1975  
DIVISION OF  
GENERAL SERVICES

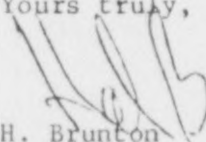
Dear Furman:

We certainly appreciate your cooperation in letting us retain use of the Main Street Firehouse through the Spring Semester. I think it speaks extremely well of the cooperative relationship that exists between our two agencies.

As I explained over the phone, we have had a very large renovation job under way in Wardlaw. All work on the project, however, ground to a halt a few months ago because of the moratorium on State Capital Bond funds. Accordingly, space that we had hoped to have available for the College of Education in the Spring Semester will not be available.

Your agreement to allow the College of Education continued use of the Firehouse will not give them an ideal solution to their space crisis but at least it will give a partial answer. We certainly appreciate your help.

Yours truly,

  
H. Brunton  
Vice President - Operations

HB/mf/sl

P. S. I was very intrigued with your telephone call in which you gave me the estimated cost of connecting the University's Main Street underground utilities with the Main Street underground utilities of the State. As I recall your figures, it would cost \$150,000 to bury steam lines; \$85,000 to bury chilled water lines and \$355,000 if a tunnel was buried and steam and chilled water lines installed in it. By my simple arithmetic, that seems to mean that for \$120,000, an underground tunnel with its flexibility could be obtained.

I have asked our people to make an analysis of the University's present capacity of steam and chilled water and also an evaluation of how much of that capacity is being used at what time. It is too early to make any definitive judgments but it appears that the following probably are the essential facts:

1172

1. The University currently does not require any additional steam or chilled water but the possibility exists that we might need some additional chilled water capacity in a few years, particularly if we were to connect our honeycomb dormitory towers to the central system.
2. The State apparently has excess capacity and most mechanical equipment is rather inefficient and expensive if it is not run close to its rate of capacity. It might be possible during certain times of the year to shut down the State system and obtain steam and/or chilled water from the University.
3. The University has to supply steam and chilled water to both academic building and housing units which means that our need is quite diverse, requiring twenty-four hours a day, seven days a week operation. On the other hand the State need is concentrated into a primarily restricted period - eight hours a day, five days a week. It might be possible for the University to supply steam and/or chilled water during off-peak periods.

Summarizing the above, it would appear that the State might realize some immediate benefits from an interconnection while the University might get some help in five years or so. Accordingly, it might be fair to consider the University paying half the cost of the tunnel or \$60,000 at this time. Frankly, I don't have any immediate ideas where we could free up \$60,000 of capital funds. I will check on this shortly after we return from our Christmas shutdown. Another possibility might be if we could not find capital funds, we could provide the State with \$60,000 worth of steam and/or chilled water.

Frankly, I have not had the opportunity to do more than some general thinking but I would be interested in your reaction to the above analysis.

HB



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HB





FURMAN E. McEACHERN, JR.  
DIRECTOR

STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES  
BUDGET AND CONTROL BOARD  
921 MAIN STREET  
COLUMBIA, S. C. 29201

February 13, 1976

J. FRED SAVERANCE, SUPERINTENDENT  
STATE BUILDINGS AND GROUNDS  
PHONE: (803) 758-3301

RECEIVED  
FEB 17 1976  
DIVISION OF  
GENERAL SERVICES

MEMO TO: E. Cecil Mills, Jr.  
FROM: J. Fred Saverance  
SUBJECT: University Tie-In Cost Comparisons

Labor Savings \$ 29,000 - (4) Boiler Operators needed for one location - Not Both.

Electrical Demand Charge \$25,000 - We should be able to eliminate a minimum of 1,000 KWH Demand for at least 6 months per year at approximately \$4.07/KWH.

Fuel Charge \$10,000 - By proper management of joint resources, this should be possible in any one year.

Other savings should be realized in maintenance of equipment. The equipment should require less maintenance if allowed to operate at a constant temperature and not subjected to expansion and contraction with the start-up and shut-down to save energy. Also, the chemical dosages are much easier to control with constant operation.

Both energy facilities must now have reserve equipment standing by in case of failure of the primary equipment. The cost of standby equipment at each location, excluding building cost, should be as follows:

Cooling Tower	\$ 30,000
Chiller (1250 tons)	100,000
Boiler (24,000/hr)	75,000
Installation	175,000
Total	\$ 385,000

If the systems are intergrated, this cost would be necessary at only one location.

JFS/cpp

1174

Exhibit II<sup>c</sup>  
May 13, 1976 *all*

STATE BUDGET AND CONTROL BOARD  
DIVISION OF GENERAL SERVICES  
AGENDA

May 13, 1976

I. Insurance--Difference in Conditions

The State program currently has almost \$1 Billion DIC (earthquake) insurance in force and the total is mounting every day. The Fund accepted the first \$25 Million liability and we now have only \$100 Million reinsured at an annual premium of \$245,000. We are offered a second layer of \$100 Million at a premium of approximately \$80,000 based on insurance presently in force. The premiums paid by the insured agencies and political subdivisions will support this reinsurance.

It is recommended that the Board approve the second layer effective retroactive to May 1, which is the binder date subsequently approved by the Board.

II. 91 Ashley Avenue, Charleston, S. C.

Technical Education has turned 91 Ashley Avenue over to the Division of General Services for disposal. We presently have appraisals in progress which will establish the base value of the property. It is recommended that the Harleston Village Association be requested to review formal bids for the property and approve sale to the highest bid acceptable to the community in accord with commitments made when the property was acquired.

III. Sale of Surplus Personal State Property

Existing statutes are (1) that the Budget and Control Board may dispose of surplus personal property to the best advantage of the State and (2) that the proceeds of such sale (where the property is truly surplus) shall be awarded to the sinking fund of the State. There are some exceptions to this in statutes created and providing operation of certain agencies and institutions. In these few instances the agencies are permitted to use the funds for their own purposes.

It has been the practice for a number of years to permit trading-in of certain equipment (typewriters, vehicles, etc.) as a reduction against the purchase price of like equipment. On the other hand, the State can recover larger amounts of money by selling this equipment at public auction. There is no statute on this subject, and it is within the scope of authority of the Board to approve a policy of permitting trading-in sales with the proceeds, less cost of sale, being returned to the agency for purchase of like equipment. It is recommended that the Board approve trading-in sales as outlined as a matter of policy to avoid any future misunderstanding.

IV. Aeronautics Commission--Sale of Vehicles

Director John Hamilton has indicated that his Commission will no longer require certain vehicles they now own. He has recommended that the vehicles be offered to their present custodians at fair value. It is proposed that the employees continue to use the vehicles on a mileage basis and will maintain Highway Patrol radios for their continued use.

It is recommended that the Board authorize the Division of General Services to establish the value of these vehicles and to offer them for sale to the employees in accord with Mr. Hamilton's recommendation.

V. State-owned Print Shop

Mr. R. D. Counts of General Services and Tom Alewine of D.O.A. have made a study of internal print shop costs. It is recommended that the Board receive and discuss the implications of this information.

VI. Department of Social Services--Duplicating Copier

The Department of Social Services has requested permission to rent a Xerox 9200 Duplicating Copier. D.S.S. has conducted an in-depth study concerning their copying, duplicating services. Factors considered were: versatility of machines, speed of reproduction, maintaining the means to meet the needs of their agency, and reduction of costs. Three proposals were submitted and each plan indicated a savings to the agency of approximately \$12,000 a year. Over the years approximately 28 Xerox machines have been installed in D.S.S. units throughout the State. Supplies may be purchased in large quantities, thereby receiving a substantial price reduction in operating costs.

It is recommended that the Board approve this rental Agreement.

VII. University of South Carolina--Collator

The University of South Carolina has requested permission to purchase a Collator at an approximate cost of \$900 to assist with the increased workload at their Aiken Regional Campus. This would be a labor saving device as additional personnel would not be required.

It is recommended that the Board authorize purchase of this equipment.

### VIII. General Services--Architectural and Engineering Services

In accord with procedures established by the Board for selection of architectural and engineering services, the items listed are submitted for approval.

- A. Engineering firms were interviewed for a feasibility study and design of a water distribution system approved by the Board in the Broad River Road area to serve the Forestry Commission, Criminal Justice Academy, SLED, Youth Services and Department of Corrections. Firms selected by the committee in order of preference are:

1. Leon Campbell & Associates
2. Bruce Flemming & Associates
3. B. P. Barber & Associates
4. LBC&W- Harwood Beebe

It is recommended that Leon Campbell & Associates be awarded a contract for these services.

- B. Architectural firms were interviewed for the design of an X-Ray building for DHEC to be located at State Park. Firms selected by the committee in order of preference are:

1. Lucas and Stubbs Associates
2. Wells & Fleetwood, Architects
3. William B. Kauric, Architect
4. Columbia Architectural Group, Inc.

It is recommended that Lucas and Stubbs Associates be awarded a contract for these services.

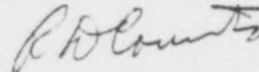
General Services Print Shop  
Public Printing Analysis  
Computer Cost Review

April 26, 1976

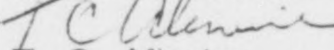
Further review of computer costs associated with conversion of the House Calendar and Journal printing requirements from commercial to State Print Shop production has been completed. The findings support our recommendation not to convert at this time.

Data preparation costs are identical for computer input to produce camera ready copy for offset printing, and for linotype operation to produce hot-lead printing. One time costs to program the computer to accept and store data, and produce camera ready copy are approximately \$17,000. Costs of input, processing and output on the computer are approximately \$47,100 annually. Operating costs plus amortized one time costs are approximately \$52,750 annually.

No additional benefits appear to be gained from the input, processing or storage of Journal and Calendar data. Once formatted and produced on camera ready copy, the data may be discarded. No benefits appear to be offered through offset printing over typeset printing. Further, the cost of offset printing is greater than the cost of typeset printing by \$12,600 annually if done by the print shop. Quality and timeliness of printing production by the print shop appear to be no better than that offered commercially.



R. D. Counts  
Assistant Director  
Division of General Services



T. C. Alewine  
Governor's Office

/dm

General Services Print Shop  
Public Printing  
Analysis

Objectives: The objective of this analysis was to determine whether the House printing requirements (Digest, Journal, Calendar and Permanent Journal) should be handled by the print shop rather than done commercially as it is now.

Additional objectives uncovered during the analysis were to determine appropriate costs to be billed by the print shop, including depreciation and overhead allocation; and to establish intra-governmental service fund accounting principles for the recording of operating costs and revenues.

Findings: The present printing requirements are handled by State Printing Company which typesets and prints the Journal, Calendar and Permanent Journal; and Midlands TEC which offset prints the Digest from computer produced camera ready copy. The print shop proposed to offset print all of the printing requirements. Thus, we compared the costs of typeset printing commercially, offset printing commercially and offset printing by the print shop. Results are summarized as follows:

	<u>Annual Costs</u>		
	<u>Typeset (Comm'l)</u>	<u>Offset (Comm'l)</u>	<u>Offset (Print Shop)</u>
Printing Costs	\$100,900	\$ 63,600	\$ 56,700
Computer Costs	-	52,700	52,700
Capital Costs	-	-	4,300
Total Costs	<u>\$100,900</u>	<u>\$116,300</u>	<u>\$113,700</u>

To produce camera ready copy by computer will require new systems design costs plus costs of computer data input and operation. The print shop will require a capital contribution of \$61,500 to purchase the required offset printing equipment to handle camera ready copy produced by computer. This cost of capital is shown as 7% of \$61,500, the investment earnings lost to the state through equipment purchase.

While there were some initial errors and delays in the production of the House printing requirements, quality and timeliness criteria have consistently been met by current production methods. The print shop is dedicated to the highest levels of quality and service, but it appears that the print shop chance of failing to meet quality and timeliness criteria is as great as or greater than that of commercial enterprises. This finding is based on the print shop's lack of profit incentive and inability to attract the most skilled printing technicians through the state salary program.

Recommendations:

1. House printing requirements should not be met through the print shop at this time, since the total cost of print shop offset printing is greater than commercial typeset printing and the extra cost does not purchase improved quality and service.
2. Bids for this work should be solicited through Requests for Proposal (RFP) to include both typeset and offset operations by commercial enterprises and the print shop bi-annually. Total costs, including operating, capital and computer should be applied to select the lowest bid.
3. The print shop should account for revenues and costs using intra-governmental service fund accounting principles. These principles require a budget rather than appropriation and the full recovery through billings of costs, including rent, depreciation and administrative overhead allocation. There has been no policy requiring intra-governmental service fund accounting; however, these methods are being introduced in accord with the recent audit recommendations.
4. The annual audit of the print shop should include analysis of cost effectiveness and comparisons with commercial rates to provide similar service, as well as funds accountability.
5. Cash requirements for operation of the print shop should be scheduled at least quarterly and carefully controlled since analysis indicates a possible deficit cash position for the next two fiscal years, dependent upon timely clearing of IDT's rendered for print shop work.

CONSTRUCTION PROJECTS UNDERTAKEN IN PAST TWO YEARS  
BY DIVISION OF GENERAL SERVICES

<u>Project</u>	<u>Description</u>	<u>Architect</u>	<u>Cost</u>
Employment Security Building	Office Building	Geiger, McElveen & Kennedy	\$4,000,000
Health & Environmental Control	Laboratory - State Park	Geiger, McElveen & Kennedy	5,248,494
Parking Deck	Parking Facility	Robert A. Shoolbred, Inc.	905,000
Marion Gressette and Solomon Blatt Buildings	Office Buildings & Underground Parking	LBC&W	11,450,000
Heating and Air Conditioning for State House	Heating & Air Cond.	Bruce Flemming & Associates	175,000
Renovations to Farmer Building State Park Health Center	Hospital Renovations	Lafaye, Lafaye & Associates	3,020,662
Wade Hampton Office Building	Heating & Air Cond. & Misc. Renovations	Tectonics Engineering Consultants, Inc.	500,000

CONSTRUCTION PROJECTS UNDERTAKEN IN PAST TWO YEARS  
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STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES

BUDGET AND CONTROL BOARD

300 GERVAIS STREET  
COLUMBIA, S. C. 29201

FURMAN E. MCEACHERN, JR.  
DIRECTOR  
PHONE: (803) 758-2226

NOTICE

The State of South Carolina, Division of General Services will accept proposals for a feasibility study and working drawings for domestic water line off Broad River Road in the area of Department of Corrections, State Law Enforcement Division and Department of Youth Services. Proposals and resumes should be submitted before 11:00 A.M., March 24, 1976. Contact Division of General Services, Room 105, 300 Gervais Street, Columbia, South Carolina 29201, telephone 758-2226 for additional information.

Division of General Services

F. E. McEachern, Jr.  
Director

Notice posted as follows: March 1, 1976

Dodge Reports  
Richland County Court House  
U. S. Post Office (Main)  
City Hall  
Consulting Engineering Services  
Bulletin boards - 300 Gervais Street

1182

N O T I C E

The State of South Carolina, Division of General Services will accept proposals for a feasibility study and working drawings for domestic water line off Broad River Road in the area of Department of Corrections, State Law Enforcement Division and Department of Youth Services.

Proposals and resumes should be submitted before 11:00 A.M., March 24, 1976. Contact Division of General Services, Room 105, 300 Gervais Street, Columbia, South Carolina 29201, telephone 758-2226 for additional information.

F. E. McEachern, Jr., Director  
Division of General Services

To run in the March 4, 1976 issue of:

THE PIEDMONT	Purchase Order No. 7527
THE STAR-REPORTER	Purchase Order No. 7528

Copies:

✓ F. E. McEachern, Jr., Director of General Services  
J. H. Barnes, State Purchasing Officer  
Bulletin Board, CSP  
File, CSP



STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES

BUDGET AND CONTROL BOARD

300 GERVAIS STREET  
COLUMBIA, S. C. 29201

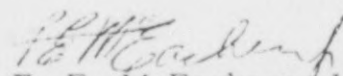
FURMAN E. MCEACHERN, JR.  
DIRECTOR  
PHONE: (803) 758-2226

March 15, 1976

NOTICE

The State of South Carolina, Division of General Services will accept proposals for architectural and/or engineering services in connection with a proposed X-Ray Building for the Department of Health and Environmental Control to be located at State Park, Columbia, South Carolina. Proposals should be submitted before 11:00 A. M., April 5, 1976. Contact Division of General Services, Room 101, 300 Gervais Street, Columbia, South Carolina 29201, telephone 758-2226 for additional information.

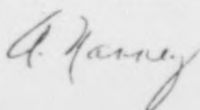
Division of General Services

  
F. E. McEachern, Jr.  
Director

Notice posted:

Dodge Reports  
Richland County Court House  
U. S. Post Office (Main)  
City Hall  
AGC  
Bulletin Boards - 300 Gervais St.

copy to Harry Shaw  
Dick Coney



1184

## POLICY

### A. SALE OF PERSONAL PROPERTY

The sale of all State-owned surplus personal property or personal property not in actual public use, unless otherwise provided for by law, shall be conducted and directed by the Division of General Services for the State Budget and Control Board.

Such sales shall be held at such places and in such manner as in the judgment of the Division of General Services will be most advantageous to the State. That unless otherwise deemed advisable as circumstances may determine, sales shall be conducted at public auction to the highest bidder.

Each State agency shall inventory and report to the Division of General Services all surplus personal property or personal property not in actual public use held by that agency for sale.

The Division of General Services shall deposit the proceeds from such sales, less the expense of the sales, in the Sinking Fund of the State.

This policy and procedure shall apply to all State agencies unless exempt by law or otherwise exempt by the State Budget and Control Board.

### B. TRADING-IN SALES

When any State agency, not otherwise directed by law, shall be authorized to purchase or otherwise obtain personal property for its use and that agency desires to trade-in or exchange personal property of the same kind on such purchases, the Division of General Services is hereby authorized to sell the traded-in or exchanged property from the agency upon such terms and in such manner as it deems most advantageous to the State. The proceeds from the sale of traded-in or exchanged property, less the expense of the sale, shall be returned to the agency for their use only in the purchase or acquisition of personal property of the same kind.

All personal property transferred to the Division of General Services to be sold as herein provided shall be accompanied with a transmittal letter stating that the property is trade-in or exchange property and that the agency is authorized and shall purchase other personal property of the same kind with the proceeds of such sale.

This policy and procedure shall apply to all State agencies unless exempt by law or otherwise exempt by the State Budget and Control Board.

Sale of Surplus Personal State Property  
and Trade-In Sales

Applicable Statutes: Code of Laws of South Carolina (1962), as amended.

Board may sell  
Surplus Personal  
Property:

1-357.5 - "The Budget and Control Board may sell any surplus personal property of the State under such terms and conditions as may be most advantageous to the State."

Board shall sell  
personal property  
not in use:

1-793 - "Sales of property not in actual public use; exception. -- The State Budget and Control Board shall sell and convey, for and on behalf of the State, all such real or personal property, assets and effects belonging to the State as are not in actual public use, such sales to be made from time to time in such manner and upon such terms as it may deem most advantageous to the State. This shall not be construed to authorize the sale by the Board of any property held in trust for a specific purpose by the State or the property of the State in the phosphate rocks or phosphatic deposits in the beds of the navigable streams and waters and marshes of the State."

Disposition of  
funds to Sinking  
Fund:

1-795 - "How purchase price payable; disposition. -- The purchase money of lands or other property sold under the authority of Section 1-793 shall be paid in the following kinds of funds, and no other, to wit: Gold and silver coin and United States currency. The proceeds of all such sales shall be set aside and awarded to the Sinking Fund of the State."

GENERAL SERVICES PRINT SHOP  
PUBLIC PRINTING ANALYSIS  
COMPUTER COST REVIEW

May 13, 1976

Further review of computer costs associated with conversion of the House Calendar and Journal printing requirements from commercial to State Print Shop production has been completed. The findings support our recommendation not to convert at this time.

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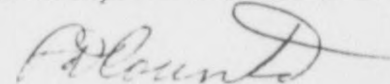
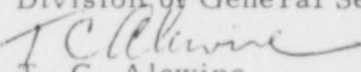
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Implementation of additional processes could result in reducing the cost of offset printing, by computer, the Journal and Calendar. We recommend reconsideration of public printing requirements at the completion of the next biannual contract period ending June 30, 1978.

  
R. D. Counts  
Assistant Division Director  
Division of General Services  
  
T. C. Alewine  
Governor's Office

/an

1187

General Services Print Shop  
Public Printing  
Analysis

Objectives: The objective of this analysis was to determine whether the House printing requirements (Digest, Journal, Calendar and Permanent Journal) should be handled by the print shop rather than done commercially as it is now.

Additional objectives uncovered during the analysis were to determine appropriate costs to be billed by the print shop, including depreciation and overhead allocation; and to establish intra-governmental service fund accounting principles for the recording of operating costs and revenues.

Findings: The present printing requirements are handled by State Printing Company which typesets and prints the Journal, Calendar and Permanent Journal; and Midlands TEC which offset prints the Digest from computer produced camera ready copy. The print shop proposed to offset print all of the printing requirements. Thus, we compared the costs of typeset printing commercially, offset printing commercially and offset printing by the print shop. Results are summarized as follows:

	<u>Annual Costs</u>		
	<u>Typeset (Comm'l)</u>	<u>Offset (Comm'l)</u>	<u>Offset (Print Shop)</u>
Printing Costs	\$100,900	\$ 63,600	\$ 56,700
Computer Costs	-	52,700	52,700
Capital Costs	-	-	4,300
Total Costs	<u>\$100,900</u>	<u>\$116,300</u>	<u>\$113,700</u>

To produce camera ready copy by computer will require new systems design costs plus costs of computer data input and operation. The print shop will require a capital contribution of \$61,500 to purchase the required offset printing equipment to handle camera ready copy produced by computer. This cost of capital is shown as 7% of \$61,500, the investment earnings lost to the state through equipment purchase.

While there were some initial errors and delays in the production of the House printing requirements, quality and timeliness criteria have consistently been met by current production methods. The print shop is dedicated to the highest levels of quality and service, but it appears that the print shop chance of failing to meet quality and timeliness criteria is as great as or greater than that of commercial enterprises. This finding is based on the print shop's lack of profit incentive and inability to attract the most skilled printing technicians through the state salary program.

Recommendations:

1. House printing requirements should not be met through the print shop at this time, since the total cost of print shop offset printing is greater than commercial typeset printing and the extra cost does not purchase improved quality and service.
2. Bids for this work should be solicited through Requests for Proposal (RFP) to include both typeset and offset operations by commercial enterprises and the print shop bi-annually. Total costs, including operating, capital and computer should be applied to select the lowest bid.
3. The print shop should account for revenues and costs using intra-governmental service fund accounting principles. These principles require a budget rather than appropriation and the full recovery through billings of costs, including rent, depreciation and administrative overhead allocation. There has been no policy requiring intra-governmental service fund accounting; however, these methods are being introduced in accord with the recent audit recommendations.
4. The annual audit of the print shop should include analysis of cost effectiveness and comparisons with commercial rates to provide similar service, as well as funds accountability.
5. Cash requirements for operation of the print shop should be scheduled at least quarterly and carefully controlled since analysis indicates a possible deficit cash position for the next two fiscal years, dependent upon timely clearing of IDT's rendered for print shop work.

CONSTRUCTION PROJECTS UNDERTAKEN IN PAST TWO YEARS  
BY DIVISION OF GENERAL SERVICES

<u>Project</u>	<u>Description</u>	<u>Architect</u>	<u>Cost</u>
Employment Security Building	Office Building	Geiger, McElveen & Kennedy	\$4,000,000
Health & Environmental Control	Laboratory - State Park	Geiger, McElveen & Kennedy	5,248,494
Parking Deck	Parking Facility	Robert A. Shoolbred, Inc.	905,000
Marion Gressette and Solomon Blatt Buildings	Office Buildings & Underground Parking	LBC&W	11,450,000
Heating and Air Conditioning for State House	Heating & Air Cond.	Bruce Flemming & Associates	175,000
Renovations to Farmer Building State Park Health Center	Hospital Renovations	Lafaye, Lafaye & Associates	3,020,662
Wade Hampton Office Building	Heating & Air Cond. & Misc. Renovations	Tectonics Engineering Consultants, Inc.	500,000



STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES

BUDGET AND CONTROL BOARD

300 GERVAIS STREET  
COLUMBIA, S. C. 29201

FURMAN E. McEACHERN, JR.  
DIRECTOR  
PHONE: (803) 758-2226

NOTICE

The State of South Carolina, Division of General Services will accept proposals for a feasibility study and working drawings for domestic water line off Broad River Road in the area of Department of Corrections, State Law Enforcement Division and Department of Youth Services. Proposals and resumes should be submitted before 11:00 A.M., March 24, 1976. Contact Division of General Services, Room 105, 300 Gervais Street, Columbia, South Carolina 29201, telephone 758-2226 for additional information.

Division of General Services

F. E. McEachern, Jr.  
Director

Notice posted as follows: March 1, 1976

Dodge Reports  
Richland County Court House  
U. S. Post Office (Main)  
City Hall  
Consulting Engineering Services  
Bulletin boards - 300 Gervais Street

N O T I C E

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F. E. McEachern, Jr., Director  
Division of General Services

To run in the March 4, 1976 issue of:

THE PIEDMONT	Purchase Order No. 7527
THE STAR-REPORTER	Purchase Order No. 7528

Copies:

✓ F. E. McEachern, Jr., Director of General Services  
J. H. Barnes, State Purchasing Officer  
Bulletin Board, CSP  
File, CSP



STATE OF SOUTH CAROLINA  
**DIVISION OF GENERAL SERVICES**

BUDGET AND CONTROL BOARD

300 GERVAIS STREET  
COLUMBIA, S. C. 29201

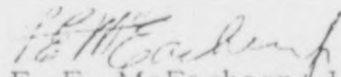
March 15, 1976

FURMAN E. MCEACHERN, JR.  
DIRECTOR  
PHONE: (803) 758-2226

NOTICE

The State of South Carolina, Division of General Services will accept proposals for architectural and/or engineering services in connection with a proposed X-Ray Building for the Department of Health and Environmental Control to be located at State Park, Columbia, South Carolina. Proposals should be submitted before 11:00 A.M., April 5, 1976. Contact Division of General Services, Room 101, 300 Gervais Street, Columbia, South Carolina 29201, telephone 758-2226 for additional information.

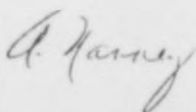
Division of General Services

  
F. E. McEachern, Jr.  
Director

Notice posted:

Dodge Reports  
Richland County Court House  
U. S. Post Office (Main)  
City Hall  
AGC  
Bulletin Boards - 300 Gervais St.

copy to Harry Shaw  
Dick Coney



1193

GENERAL SERVICES PRINT SHOP  
PUBLIC PRINTING ANALYSIS  
COMPUTER COST REVIEW

May 13, 1976

Further review of computer costs associated with conversion of the House Calendar and Journal printing requirements from commercial to State Print Shop production has been completed. The findings support our recommendation not to convert at this time.

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No additional benefits appear to be gained from the input, processing or storage of Journal and Calendar data unless further development of the Legislative Information System is pursued. Under the present design, once data is formatted and produced on camera ready copy, that data may only be discarded.

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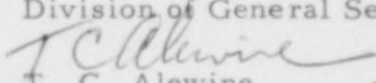
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- retrieval of legislator voting records
- bill status information
- bill typing, including amendments and changes
- Journal indexing
- reduced clerical costs to produce Legislative Information

Implementation of additional processes could result in reducing the cost of offset printing, by computer, the Journal and Calendar. We recommend reconsideration of public printing requirements at the completion of the next biannual contract period ending June 30, 1978.

  
R. D. Counts

Assistant Division Director  
Division of General Services

  
T. C. Alewine  
Governor's Office

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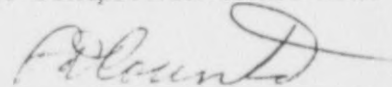
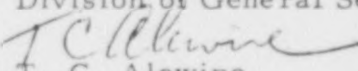
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R. D. Counts  
Assistant Division Director  
Division of General Services  
  
T. C. Alewine  
Governor's Office

/an

1195

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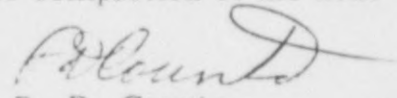
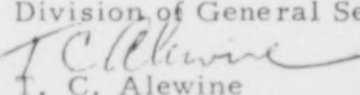
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1196

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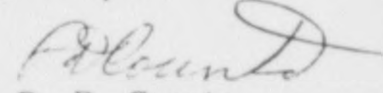
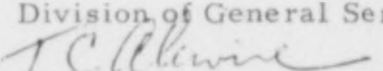
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Assistant Division Director  
Division of General Services  
  
T. C. Alewine  
Governor's Office

/an

1197

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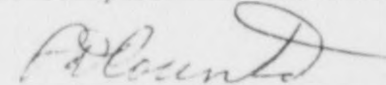
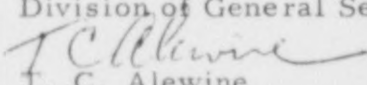
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R. D. Counts  
Assistant Division Director  
Division of General Services  
  
T. C. Alewine  
Governor's Office

/an

1198



Exhibit IV  
May 13, 1976

ROBERT L. MCCRADY  
MAJOR GENERAL  
THE ADJUTANT GENERAL

**Military Department**  
**STATE OF SOUTH CAROLINA**  
**OFFICE OF THE ADJUTANT GENERAL**  
NATIONAL GUARD ARMORY, 1225 BLUFF ROAD  
COLUMBIA 29201

/mtw

AGSC-DAG

29 April 1976

Mr. P. C. Smith  
State Auditor  
State of South Carolina  
P. O. Box 11333  
Columbia, S. C. 29211

Dear Mr. Smith:

We shall appreciate early approval of the following selected architectural firms for the design and supervision of armories as indicated below:

KINGSTREE ARMORY: Love Cobb, and McElveen, Columbia, S. C.

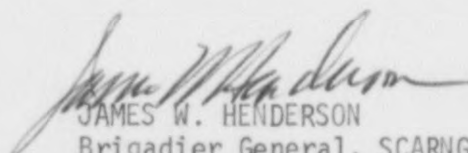
LYMAN ARMORY: Bruce Klee Brown, Greenville, S. C.

MARION ARMORY: Eric M. McClanahan, Florence, S. C.

WINNSBORO ARMORY: Avery Wood Associates, Inc., Greenville, S. C.

Enclosed is a list of firms considered for each of the listed armories.

Sincerely,

  
JAMES W. HENDERSON  
Brigadier General, SCARNG  
Deputy Adjutant General

1 Incl  
As stated

1199

STATE OF SOUTH CAROLINA  
**Military Department**  
OFFICE OF THE ADJUTANT GENERAL  
1225 Bluff Road COLUMBIA 29201

/intw

AGSC-DAG

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Mr. P. C. Smith  
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Sincerely,

1 Incl  
As stated

JAMES W. HENDERSON  
Brigadier General, SCARNG  
Deputy Adjutant General

1200

Alexander-Moorman and Associates  
A.I.A. Architects  
218 Newberry Street, S. W.  
Aiken, S. C. 29801Sirs

(Kingstree, Lyman, Marion & Winnsboro)

Paul E. Allen, Architect  
P. O. Box 5762  
Columbia, S. C. 29205Sir

(Kingstree, Lyman, Marion & Winnsboro)

Carl G. Baker/Architects  
P. O. Box 520  
Beaver, Pennsylvania 15009Sirs

(Kingstree, Lyman, Marion & Winnsboro)

Blume, Cannon and Ott  
A.I.A. Architects  
2230 Devine Street  
Columbia, S. C. 29205Sirs

(Kingstree, Lyman, Marion & Winnsboro)

Bruce Klee Brown, Architect  
511-B Wilton Street  
Greenville, S. C. 29609Sir

(Kingstree, Lyman, Marion & Winnsboro)

Carson & Williams  
Architects/Planners  
2801 Devine Street  
Columbia, S. C. 29205Sirs

(Kingstree, Lyman, Marion & Winnsboro)

Century Southern, Inc.  
Engineers  
P. O. Box 10342  
Greenville, S. C. 29603Sirs

(Lyman)

Clark & McCall  
A.I.A. Architects  
P. O. Box 788  
Hartsville, S. C. 29550Sirs

(Kingstree)

Columbia Architectural Group  
Post Office Box 11978  
Columbia, S. C. 29211Sirs

(Kingstree, Lyman, Marion & Winnsboro)

Constantine and Constantine, Architects  
139 Calhoun Street  
Charleston, S. C. 29403Sirs

(Kingstree & Marion)

Craig & Gaulden Architects, Inc.  
~~1922 Augusta Road~~ 12 Washington Park  
Greenville, S. C. 29605Sirs East Washington St  
Greenville 29601

(Kingstree, Lyman, Marion & Winnsboro)

Design Collaborative  
Architect/Planners  
2818 Devine Street  
Columbia, S. C. 29205Sirs

(Kingstree, Lyman, Marion & Winnsboro)

William M. Dowis, Jr.  
A.I.A. Architect  
Post Office Box 368  
Florence, S. C. 29501Sir

(Kingstree, Lyman, Marion & Winnsboro)

Freeman, Wells & Major Architects ✓ 401 Webster Street Greenville, S. C. 29601Sirs	(Lyman)
St. ✓ Geiger, McElveen, Kennedy Architects, Engineers, Planners 1735 1/2 Julian Place Columbia, S. C. 29204Sirs	(Kingstree, Lyman, Marion & Winnsboro)
Gill, Wilkins & Wood Architects and Planners Drawer 3868 Florence, S. C. 29501Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Jackson, Miller and Associates Architects and Engineers 2717 Devine Street Columbia, S. C. 29205Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Larkin Jennings & Associates Architects, 2320 East North Street, Suite D Inc. Greenville, S. C. 29602Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ William Bailey Kauric, Architect 2908 Devine Street Columbia, S. C. 29205Sir	(Kingstree, Lyman, Marion & Winnsboro)
✓ LaFaye Associates, Inc. Architects-Planners 2500 Devine Street Columbia, S. C. 29205Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Demetrios C. Liollio AIA Architect and Associates Ltd. P. O. Box 3151 Charleston, S. C. 29407Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Love, Cobb & McElveen Architects, Inc. Middleborough Columbia, S. C. 29204Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Lucas and Stubbs Associates, LTD. 255 East Bay Street Charleston, S. C. 29401Sirs	(Kingstree, Lyman, Marion & Winnsboro)
✓ Eric M. McClanahan AIA Architect P. O. Box 4008 Florence, S. C. 29501Sir	• (Kingstree, Lyman, Marion & Winnsboro)
McGinty and Dye A.I.A. Architects Lagoon Road Hilton Head Island, S. C. 29928Sirs	(Kingstree, Lyman, Marion & Winnsboro)

McMillan, Bunes, Townsend, and Bowen (Lyman & Winnsboro)  
Architects - Engineers  
P. O. Box 1508  
Greenville, S. C. 29602Sirs

R. S. Noonan, Inc. of South Carolina (Kingstree, Lyman, Marion & Winnsboro)  
Engineers & Architects  
P. O. Box 1388  
Greenville, S. C. 29602Sirs

Olin Pate, Architect (Kingstree, Lyman, Marion & Winnsboro)  
3 Northlake Road  
Columbia, S. C. 29204Sir

Maynard Pearlstine/William Anderson (Kingstree, Lyman, Marion & Winnsboro)  
A.I.A. Architects/Planners  
3106 Devine Street  
Columbia, S. C. 29205Sirs

Russell & Axon (Kingstree, Lyman, Marion & Winnsboro)  
Engineers-Planners-Architects, Inc.  
P. O. Box 1305  
Anderson, S. C. 29621Sirs

J. E. Sirrine Company (Lyman)  
Architects - Engineers  
P. O. Box 5456  
Greenville, S. C. 29606Sirs

Wilbur Smith & Associates (Kingstree, Lyman, Marion & Winnsboro)  
Bankers Trust Tower  
Columbia, S. C. 29202Sirs

Stetson Architects & Engineers, Inc. (Kingstree, Lyman, Marion & Winnsboro)  
Piedmont Center, 33 Villa Road  
Greenville, S. C. 29607Sirs

Robert O. Vickery (Lyman, Marion & Winnsboro)  
A.I.A. Architect  
Professional Plaza Building  
25 Sweetbriar Road  
Greenville, S. C. 29607Sir

Avery Wood Associates Architects, Inc. (Kingstree, Lyman, Marion & Winnsboro)  
Box 6085  
Greenville, S. C. 29606Sirs

Wells & Fleetwood, Architects (Winnsboro)  
234 Richland Avenue  
Aiken, S. C. 29801Sirs

Lockwood Greene (Kingstree, Lyman, Marion & Winnsboro)  
Architects - Engineers  
P. O. Box 491  
Spartanburg, S. C. 29301Sirs

John H. Truluck, Jr.  
Architect  
113 E. Washington Street  
P. O. Box 19  
Walterboro, S. C. 29488Sir

(Kingstree, Lyman, Marion, Winnsboro)

✓ Neal Architects, Inc.  
11 Cleveland Court  
Greenville, S. C. 29607Sirs

(Kingstree, Lyman, Marion, Winnsboro)



## Military Department

STATE OF SOUTH CAROLINA

OFFICE OF THE ADJUTANT GENERAL

NATIONAL GUARD ARMORY, 1225 BLUFF ROAD

COLUMBIA 29201

ROBERT L. MCCRADY  
MAJOR GENERAL  
THE ADJUTANT GENERAL

3 May 1976

State Auditor's Office  
ATTN: Mr. William T. Putnam  
Asst. State Auditor  
Room 205, Wade Hampton Office Building  
P. O. Box 11333  
Columbia, South Carolina 29211

Attached you will find the list of Architect/Engineers that we have had under contract for the last five years.

This list should have been attached to the letter Brigadier General J. W. Henderson, Deputy Adjutant General wrote 29 April 1976.

Yours truly,

VERNON E. AMICK  
Capt, SCARNG  
Construction & Facilities Mgr.

Incl:  
as

1205

<u>PROJECTS</u>	<u>ARCHITECT</u>	<u>COST</u>
CSMS Paint Booth Addition	Demosthenes, McCreight & Riley	39,974.00
Mt Pleasant Addition	David LeRoy Parrott	27,263.00
Warrenville Armory	Alexander & Moormann	457,879.00
Rock Hill OMS	Opsahl & Pate	150,500.00
Lockhart Armory	Carson & Williams	411,250.00
Andrews Armory	Edward P. Guerard	386,000.00
Edgefield Addition	Demosthenes, McCreight & Riley	387,684.00
Greenville Armory	Prather, Thomas, Campbell & Pridgeon, Inc.	407,215.00
Greenville OMS	Prather, Thomas, Campbell & Pridgeon, Inc.	113,760.00
Leesburg Latrine	Demosthenes, McCreight & Riley	84,818.00
Leesburg Mess Shelters (3)	Columbia Architectural Group	46,475.00
Leesburg Mess Shelter (Restoration)	Columbia Architectural Group	25,000.00
Leesburg WETEP Shop	Columbia Architectural Group	385,000.00
IDS	Holladay, Coleman, Williams & Associates	176,000.00
Chester Armory	Larkin Jennings III, & Assoc.	28,674.00
Bennettsville Armory	Design Collaborative	28,784.00
Eastover Armory	Riley, Bultman, Coulter & Assoc.	36,956.90
Edgefield OMS	John W. Wells	10,556.00
Mullins OMS	Vickery, Allen & Bashor	7,140.00
Greer OMS	James D. Miller & Associates	12,049.80
Mt Pleasant OMS	J. Harrell Gandy	7,140.00
DLOG Addition	Larkin Jennings III, & Assoc.	2,910.60
Hemingway OMS	Jeffrey Marc Rosenblum	8,496.00
USPFO Office & Warehouse Addition	Columbia Architectural Group	16,296.00
CSMS Alteration	McGinty and Dye	5,185.00



REMBERT C. DENNIS  
SENATOR, BERKELEY COUNTY

HOME ADDRESS:  
LEWISFIELD PLANTATION  
MONCK'S CORNER, S. C. 29461



COMMITTEES:  
BANKING AND INSURANCE  
FINANCE, Chairman  
FISH, GAME AND FORESTRY  
GENERAL COMMITTEE  
INTERSTATE COOPERATION  
RULES

April 29, 1976

General James W. Henderson  
1225 Bluff Road  
Columbia, South Carolina 29201

Dear General Henderson:

This is to certify that Senate Bill 827 in its present form, will include the funding requested by the office of the Adjutant General, for construction in 1976 of Armories at Chester, Eastover and Bennettsville and the Architectural and Engineering costs for planning of armories to be located at Winnsboro, Kingstree, Lyman and Marion.

Yours very truly,

*Rembert C. Dennis*  
Rembert C. Dennis, Senator

*Frank L. Roddey*  
Frank L. Roddey, Senator

*Charles G. Garrett*  
Charles G. Garrett, Senator

*Charles E. Hodges*  
Charles E. Hodges, Representative

*Wm. J. McLeod*  
Wm. J. McLeod, Representative

*John I. Rogers*  
John I. Rogers, Representative

Conference Committee S. 827

1208



Exhibit III  
May 13, 1976

BOARD MEMBERS

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
J. Lorin Mason, Jr., M.D.  
Caroline G. Newhall

## SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

April 21, 1976

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

### MEMORANDUM

TO: Mr. Pat C. Smith, Secretary  
State Budget and Control Board

FROM: E. Kenneth Aycock, M.D., M.P.H., Commissioner *E. K. Aycock*

SUBJECT: Requests for Authorization of Agency Directed Educational Leave

In order for this agency to fulfill its obligations and conduct its business within its assigned area of responsibility, we are respectfully requesting the approval of the following Requests for Authorization of Agency Directed Educational Leave.

As per the State guidelines for policies and procedures for Agency Directed Leave, we have determined this method of employment will provide the agency with the specific skills and/or knowledge, since recruiting efforts have not produced a sufficient number of acceptable candidates at the time they are needed by the agency. We have made our final selection and are recommending approval of the following Agency Directed Leave Requests:

1. Master in Social Work - Mrs. Nell Burn
2. Senior Level Environmental Engineer - Marion F. Sadler, Jr.
3. Senior Level Environmental Engineer - George K. Milam
4. Senior Environmental Quality Manager - Randall French
5. Senior Level Environmental Quality Manager - W. P. Brantley
6. District Director - W. J. Westerkam, M.D.

The foregoing requests are based upon the agency's selection procedure, the Commissioner's review of the agency's need, and his approval of the applications.

The detailed Requests for Authorization and the original and two copies of the Agency Directed Educational Leave Contract for each request is attached for your approval.

EKA/JHG/asw

Attachments

1209

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

Nell Burn Family Planning Program, Catawba Health District  
Name of Employee Division or Bureau or  
SS# 247-36-0255 Other Organizational Unit

This contract, made effective the 30th day of March, 19 76  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

Nell Burn  
Name of Employee

The contract is for agency directed educational leave for the purpose of

Nell Burn securing formal education to obtain a  
Name of Employee  
Master in Social Work at  
Type of Degree Degree Major  
University of South Carolina, Columbia, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said Nell Burn will receive

a stipend of \$ 376.92 395.76 biweekly.  
Name of Employee

*4-6-76 per order of Dr. Aycock via telephone by Ruth McCall 4/6/76*  
These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1210

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

Randall E. French Bureau of Solid Waste Management, Env. Quality Control  
Name of Employee Division or Bureau or  
SS# 255-86-4196 Other Organizational Unit

This contract, made effective the 30th day of March, 1976  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

Randall E. French  
Name of Employee

The contract is for agency directed educational leave for the purpose of

Randall E. French securing formal education to obtain a  
Name of Employee  
Master in Public Health at  
Type of Degree Degree Major  
University of South Carolina, Columbia, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said Randall E. French will receive  
Name of Employee  
a stipend of \$412.80 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1211

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

Randall E. French Bureau of Solid Waste Management, Env. Quality Control  
Name of Employee Division or Bureau or  
SS# 255-86-4196 Other Organizational Unit

This contract, made effective the 30th day of March, 1976  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

Randall E. French  
Name of Employee

The contract is for agency directed educational leave for the purpose of

Randall E. French securing formal education to obtain a  
Name of Employee Master in Public Health at  
Type of Degree Degree Major  
University of South Carolina, Columbia, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said Randall E. French will receive  
Name of Employee  
a stipend of \$412.80 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1211

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

George K. Milam Bureau of Wastewater, Environmental Quality Control  
Name of Employee Division or Bureau or  
Other Organizational Unit  
SS# 250-86-0061

This contract, made effective the 30th day of March, 19 76  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

George K. Milam  
Name of Employee

The contract is for agency directed educational leave for the purpose of

George K. Milam securing formal education to obtain a  
Name of Employee Environmental Systems  
Master in Science in Engineering at  
Type of Degree Degree Major  
Clemson University, Clemson, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said George K. Milam will receive  
Name of Employee  
a stipend of \$ 662.26 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

Marion F. Sadler, Jr. Bureau of Wastewater, Environmental Quality Control  
Name of Employee Division or Bureau or  
SS # 249-76-5382 Other Organizational Unit

This contract, made effective the 30th day of March, 19 76  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

Marion F. Sadler, Jr.  
Name of Employee

The contract is for agency directed educational leave for the purpose of

Marion F. Sadler, Jr. securing formal education to obtain a  
Name of Employee Environmental Systems  
Master of Science in Engineering at  
Type of Degree Degree Major  
Clemson University, Clemson, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said Marion F. Sadler, Jr. will receive  
Name of Employee  
a stipend of \$ 631.03 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1213

7/1/75

C

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

William P. Brantley Bureau of Air Quality Control-Env. Quality Control  
Name of Employee Division or Bureau or  
SS# 249-86-1890 Other Organizational Unit

This contract, made effective the 30th day of March, 1976  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

William P. Brantley  
Name of Employee

The contract is for agency directed educational leave for the purpose of

William P. Brantley securing formal education to obtain a  
Name of Employee Environmental Systems  
Master in Science in Engineering at  
Type of Degree Degree Major  
Clemson University, Clemson, SC  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said William P. Brantley will receive  
Name of Employee  
a stipend of \$ 613.42 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1214

7/1/75

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL  
Columbia, South Carolina

AGENCY DIRECTED EDUCATIONAL LEAVE CONTRACT

W. J. Westerkam, M.D. Bureau of Personal Health Services, Wateree District  
Name of Employee Division or Bureau or  
SS# 219-38-2098 Other Organizational Unit

This contract, made effective the 30th day of March, 19 76  
is by and between the South Carolina Department of Health and Environmental  
Control represented by E. Kenneth Aycock, M.D., M.P.H., Commissioner and

W. J. Westerkam, M.D.  
Name of Employee

The contract is for agency directed educational leave for the purpose of

W. J. Westerkam, M.D. securing formal education to obtain a  
Name of Employee  
Master's in Public Health at  
Type of Degree Degree Major  
Harvard, Boston, Massachusetts  
Name and Location of Educational Institution

Pursuant to the established policy approved by the South Carolina Department  
of Health and Environmental Control, an agency directed educational leave  
stipend is being granted contingent upon the conditions set forth below:

It is agreed that:

1. The South Carolina Department of Health and Environmental Control will  
grant a maximum of 1 year(s) educational leave stipend during  
which time the said W. J. Westerkam, M.D. will receive  
Name of Employee  
a stipend of \$ 1,279.57 biweekly.

These payments are subject to withholdings for income taxes, South Carolina  
Retirement System contributions, F.I.C.A. and any other deductions the  
employee may authorize.

In addition, the South Carolina Department of Health and Environmental Control  
will pay the following listed fees:

- A. Normal tuition fee to an approved educational institution
- B. Registration and activity fees
- C. Diploma fee (not to include framing)
- D. Typing fees for thesis preparation not to exceed \$75.00.
- E. Fees to cover the cost of printing and binding the number of  
copies of the thesis as required by the particular university  
involved.

1215



#### BOARD MEMBERS

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
J. Lorin Mason, Jr., M.D.  
William C. Moore, Jr., D.M.D.

## SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

May 7, 1976

The Honorable James B. Edwards  
Chairman, Budget and Control Board  
State House  
Post Office Box 11450  
Columbia, SC 29211

Dear Governor Edwards:

In response to Budget and Control Board's request I am enclosing the additional information on the stipends that we requested be approved. Exhibits attached are as listed below. The location in which the individuals will work is provided in the third column.

<u>EXHIBIT</u>	<u>POSITION</u>	<u>LOCATION</u>
A.	Clinical Nurse Specialist II	Central Office (Statewide consultation in Early Disease Detection)
B.	Program Nurse Specialist I	Anderson, Oconee, Darlington
C.	Clinical Nurse Specialist	Marion, Marlboro, Florence, Dillon, Darlington, Chester Lancaster, York
D.	Clinical Nurse Specialist	Marion, Marlboro, Florence, Dillon, Darlington, Chesterfield
E.	<i>Delete</i> Social Worker I	(Request withdrawn - now to late for meeting school entrance)
F.	<i>Delete</i> Program Nurse Consultant	Tuberculosis Center - State wide
G.	Community Health Nurse Team Leader	Abbeville, Greenwood, McCormick, Edgefield, Salu Laurens
H.	Nurse Practitioner	Sumter, Lee, Clarendon, Kershaw

The Honorable James B. Edwards  
May 7, 1976  
Page Two

Dr. Leo L. Walker will represent me at the meeting to answer any additional questions that you might have.

Sincerely,

E. Kenneth Aycock, M.D., M.P.H.  
Commissioner

EKA/jas

Justification of Position of  
Clinical Nurse Specialist  
Bureau of Adult Health

There has been a steady increase in the need and demand for the clinical nursing specialist in Adult Health Programs. There are now thirteen family nurse practitioners and 35 nurses working in Adult Health. The need is acute for nurses with more highly developed assessment skills to prevent death and disability associated with the uncontrolled chronic diseases (e.g., cancer, heart disease, high blood pressure) and certain infectious diseases such as tuberculosis and venereal disease. The focus is early detection and effective intervention.

Through the screening and intervention activities conducted by Adult Health nurses, many rural South Carolinians are being identified and brought to treatment. By upgrading skills and competencies and providing support to district nursing staff, direct services can be expanded in quality and quantity. The clinical nurse specialist can perform indepth physical and psychosocial assessment and manage the care of selected patients following protocols mutually acceptable to physicians and nurses.

There is a problem in recruiting a qualified clinical nurse specialist in Adult Health Services. Attempts have been made to recruit a person without success. An interim measure being investigated is that of finding a nursing consultant for several hours per week. Recruitment of a clinical nurse specialist who has had experience in management of patients (e.g., patients with hypertension) may be difficult; however, it is necessary that she be a nurse with the education and experience relevant to the needs of patients in Adult Health Programs. Other states have moved ahead in this area.

Clinical Nurse Specialist  
Adult Health Services

I. General Responsibilities:

3/4 clinical time, 1/4 administration time. As a member of an interdisciplinary team provides nursing expertise for planning, implementing and evaluating health services in Adult Health Programs. Provides consultation for statewide program activities and clinical practice in Adult Health nursing. Performs with considerable services independence and initiative under general supervision.

II. Specific Duties:

A. Clinical:

1. Teaches and demonstrates clinical and psychosocial assessment of Adult Health to patients and families to Nursing and other staff.
2. Provides indepth assessment of physical, psychio-social needs of patients and their families.
3. Administers selected tests/procedures such as (tonometry, audiometry, EKG, breast examinations, pap smears, spirometry and others).
4. Interprets health data related to patients' care and takes appropriate action.
5. Manages the care of selected patients following protocols mutually acceptable to physician (hypertensive etc.).
6. Provides health teaching to patient and their families in one-one basis or in groups.
7. Counsels with patient and his family in problem-solving to obtain optimal health.
8. Collaborates with other health professionals (physicians, social workers, nutritionist, etc.) in providing patient care.
9. Participates as member of patient care interdisciplinary team to assure comprehensive care.
10. Teaches and demonstrates clinical and psydio-social assissment of Adult Health patients and their families to Nursing and other staff.
11. Monitors implementation of DHEC. Guidelines for utilization of nurse practitioners in association with the Office of Nursing.
12. Identifies needs and participates in planning, conducting, and evaluating inservices and contining education programs.
13. Orients new Central Office and district personnel as appropriate.

Administrative: Participates with program directors and program team members in development, implementation and monitoring of policies, standards and procedures affecting Adult Health practice in all programs.

Identifies nursing implications of Adult Health Services and provides consultation in implementing nursing component of programs. Develops and interprets nursing aspects of program standards and procedure manuals.

Assists in research design to evaluate program activities, prepares related reports.

Teaches and demonstrates clinical and psychosocial assessment of Adult Health Services to patients and families to Nursing and other staff.

Will provide monitoring of implementation of DHEC guidelines for utilization of nurse practitioners, in association with Office of Nursing.

Identifies needs and participates in planning, conducting and evaluating in-service and continuing education programs.

Provides consultation to program unit staff to promote continuation and improvement in patient care.

Orients new central office personnel and district personnel, as appropriate.

3

REQUEST FOR EDUCATIONAL LEAVE, PROGRAM NURSE SPECIALIST II  
HOME HEALTH SERVICES PROGRAM, APPALACHIA II HEALTH DISTRICT

JUSTIFICATION

The Home Health Services Program in Appalachia II has an average caseload of approximately 400 patients, admitting 1200-1300 patients per year. This program has a staff of 38 including 26 registered nurses, 4 clerks, one social worker, one physical therapist, and six nursing assistants. The budget for this program for FY-76 was approximately \$450,000. The Home Health Services Program serves patients in need of skilled care who are homebound. Approximately 50-60% of the patients served reside in the rural area of Greenville and Pickens Counties.

The nursing supervision for this program needs to have in-depth understanding relative to the conditions of participation required to meet the federal regulations. She needs to be well informed relative to the nursing process, and capable of implementing nursing audits, utilization review, and standards of care for the evaluation of quality of care provided.

It has not been possible to recruit a person who has a masters degree to serve as the nursing coordinator of this program. The nursing staff of Appalachia II Health District has only 12 (14.8%) of the staff with a baccalaureate degree and two (.025%) with masters degrees.

During the past three quarters of this fiscal year (7/1/75-8/31/76) a total of 44 applicants were interviewed. Of this number, 11 (25%) had a B.S. degree and none were prepared at the masters level. Nurses with masters degrees who do locate in this community are offered higher beginning salaries (\$15,000) from the local hospital than offered those desiring public health employment (\$13,845). Also, individuals with masters degrees can obtain higher paying positions in one of the five (two B.S. and three A.D.) programs in the Greenville, Clemson and Spartanburg area.

C

**Catawba Public Health District**  
South Carolina Department of Health and Environmental Control  
Box 817  
Lancaster, South Carolina 29720

Rebecca S. Dooley, R.N., M.P.H.  
District Director Environmental Health Services



Miriam P. Cauthen, R.N., R.M.  
District Director Nursing Services

Helen E. Llewellyn, M.D., M.P.H.  
District Medical Director  
April 23, 1976

TO: Miss Virginia C. Phillips, R. N., Director  
Office of Nursing

THROUGH: Helen E. Llewellyn, M.D., M.P.H.  
District Director

FROM: Miriam P. Cauthen, R. N. <sup>MPC</sup>  
District Director of Public Health Nursing

SUBJECT: Additional Preparation for Nurses in Rural Areas

I would like to give support to the need for additional preparation for nurses in rural areas of the State. As you know, Catawba District is 53.9% rural and is acutely short of nurses trained at the Bachelors' and Masters' level of nursing. In addition the Catawba District ranks tenth in the ratio of physicians to population among the districts.\*

Presently, I am in the process of recruiting for a Program Nurse Specialist I for Maternal and Child Care. My efforts have been unsuccessful from the three counties. I have received a Certificate from Merit System with three names; however, all three persons live in other areas of the State. Thus far I have not been able to contact any of the three. This position requires only a B.S. degree in nursing.

The increasing utilization of nurses in expanded roles has generated the need for more expertise in clinical settings. The expertise and skills are developed in a Masters' program in a clinical nursing specialty.

Please do all you can to support Dr. Aycock and the districts in obtaining funds to educate nurses at the Masters' level so that nursing needs of patients may be met.

MPC:ndk

1222

\*Comprehensive Health Planning

D

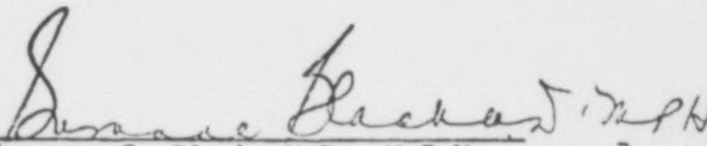
Justification of Position of  
Clinical Nurse Specialist  
in Pee Dee District

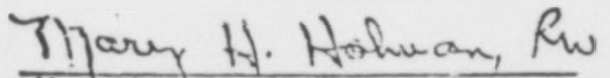
The Pee Dee Health District is composed of six counties, rural in nature, and is a widely dispersed geographical district. The demand for health care for persons with more complex health problems, coupled with increased delegation of health care functions to nurses necessitates having a clinical nurse specialist on the district staff to: Give direct care for these more complex problems, to teach this care to other nurses dispersed throughout these counties, and to give needed clinical nursing supervision to the nurse practitioners.

Recruitment efforts to find such a person have been in vain. The distance of this district from the sites for graduate level training of nurses, and the fact that it is a rural area makes it most difficult to attract persons with such qualifications to our district. A training stipend position is needed to enable us to select one of our own experienced nurses with family and work ties already established here to send off for the needed clinical nurse specialist graduate education.

JUSTIFICATION FOR FINANCING NURSES FOR  
MASTER'S DEGREE PUBLIC HEALTH PROGRAM

1. Educational funds are needed to finance nurses who have worked for a number of years in order to prepare them to assume positions which require additional skills and knowledge.
2. Funds are needed as an incentive to aid nurses in staff development.
3. There is a scarcity of nurses with advanced education and training in rural areas.
4. Experienced nurses who have been loyal employees for a number of years should be given the opportunity to acquire additional knowledge if funds are available.
5. Nurses need to be encouraged to obtain their Master's Degree at the University of South Carolina; this, in turn, would help underwrite the State School of Public Health in its efforts to improve Public Health in South Carolina.
6. Increased numbers of programs require the best educational preparation.
7. Prepared employees can document the need for federal funding for special programs and can better coordinate the utilization of present programs.
8. Hanlon states that to be effective in Public Health one must know the characteristics of the people one is working with. Experienced and mature people have this knowledge.
9. With the advent of the Regional Medical Hospital in Florence, we anticipate new and additional programs in Public Health Nursing in the Pee Dee area.
10. Physicians and clinicians are delegating additional patient care functions which require a person with this training and expertise to teach other nurses.

  
Susanne G. Black, M.D., M.P.H.  
District Medical Director

  
Mary H. Holman, R.N.  
District Director of Public Health  
Nursing

Date: April 29, 1976



#### BOARD MEMBERS

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
Caroline G. Newhall  
J. Howard Stokes, M.D.

## SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

April 26, 1976

### MEMORANDUM

TO: E. Kenneth Aycock, M.D., Commissioner  
Leo Walker, Deputy Commissioner for Health Affairs

FROM: Ruth G. McCall, Director  
Office of Social Work

SUBJECT: Stipend Request for Social Workers

The availability of the Master's degree social workers within the past few months has improved. I think this has happened because of the tight job market and an increase in the number of graduates. Yet, it is still a problem to find qualified social workers who will or can locate in rural areas. Recruiting efforts in the past few months have been more productive (coordinated effort by all public health social workers, contacts with schools of social work, advertising in professional journals).

The stipend program is not the whole answer. We have approximately twelve (12) baccalaureate level social workers employed--the majority at one time or another have expressed an interest in pursuing graduate education. I think this would be the primary source of applicants.

Under the present policy he/she would have to give up a full-time position, go to graduate school two years on agency stipend (60%), with no assurance that a position would be available to them upon graduation. Even if they returned to their present location who would guarantee a funded position two years in advance. The majority are presently on the staffs of Appalachia II, Trident and Wateree Districts so this would not necessarily work to staff rural areas, i.e., Upper Savannah, Lower Savannah, Waccamaw, Catawba.

The constraints that I see are:

The last week in April we do not know whether or not stipends will be available.

The Graduate School of Social Work usually gives May 15 as application deadline.

1225

Memo to Dr. Aycock and Dr. Walker  
Page 2  
April 26, 1976  
-----

Time to negotiate with potential applicant and potential employer (District) is negligible and impossible.

The funding mechanism as relates to summer employment and employment upon graduation is an item that needs to be worked out before the potential awardee can be expected to make a commitment, particularly when it means a change in location.

With the uncertainty of Budget and Control Board approval of stipends I do not feel that I have been in any position to seriously encourage the potential applicants to pursue a stipend. To pursue graduation education is a major decision by the individual and requires considerable advance planning.

In view of the above, I recommend that the social work stipend request for budget year, 1977, be withdrawn and that we work for a clearer definition of stipend policy, career development in consonance with need, funding and procedures that allow for planning.

RGM:mo



F

BOARD MEMBERS

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
J. Lorin Mason, Jr., M.D.  
Caroline G. Newhall

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

May 7, 1976

MEMORANDUM

TO: Leo L. Walker, M.D.  
Deputy Commissioner for Health Affairs

THROUGH: William C. Maret, M.D. *W. C. Maret*  
Chief, Bureau of Adult Health

FROM: Julia B. Fisher, R.N. *Julia B. Fisher*  
Associate State Director of Nursing

SUBJECT: Request for Stipend for Program Nurse Consultant,  
Tuberculosis Control

At the time the above noted request was made, we had recognized the need for a nurse consultant who could devote full time to the tuberculosis control program. Since there was no nurse in the Department of Health and Environmental Control who was educationally qualified for the position, we requested the stipend to enable us to prepare someone for this responsibility.

Meanwhile, efforts at recruiting a nurse continued. We have located a well qualified nurse who is working in another state, but who is a native of South Carolina. She is interested in the position, and we hope to be able to add her to the staff very soon. We therefore recommend that this request be deleted from the proposal.

cg

cc: Dr. James E. Padgett, Jr.  
Ms. Virginia Phillips  
Mr. Mack Anders

1227

S + H

JUSTIFICATION FOR STIPENDS FOR TWO REGISTERED NURSES  
TO COMPLETE LAST YEAR OF A FOUR YEAR BACCALAUREATE NURSING PROGRAM

Registered Nurses, to be fully qualified for positions in public health settings, must have completed a baccalaureate degree-nursing program which includes the required public health nursing component.\* Accreditation of the Nursing Service has become increasingly important to meet standards requirements for third party payers for our services. South Carolina Department of Health and Environmental Control has only 23% of its nursing staff who are qualified to work in public health by these APHA-NLN accreditation standards. It is especially urgent that those nurses selected for Team Leadership positions be fully qualified public health nurses. In the more rural areas of our State, recruitment of qualified public health nurses has been very difficult because of the distances away from urban centers where four year Colleges of Nursing are located, and where cultural and other events appear to hold more attractions for young nurses, as well as for all other university graduates. Three of our health districts have only 15% of their staffs who are qualified, namely Upper Savannah, Wateree, and Catawba. The South Carolina Department of Health and Environmental Control has many long-time Registered Nurse employees who graduated from hospital or associate degree nursing programs which do not purport to prepare their students for public health jobs. Recognizing their need for this additional preparation in public health, many are struggling to secure baccalaureate degrees on a part-time basis, and are accumulating academic credits towards this degree from nearby community colleges where possible. When they have earned all general education credits possible in local community colleges, it is necessary for them to then attend one of the four-year nursing collegiate programs on a full-time basis as a resident student for one calendar year. It is at this point that full-time leaves of absence and financial support are needed to complete the program requirements.

\* American Public Health Association - National League for Nursing Criteria For Accreditation of Community Nursing Services.

Projected Cost of Stipends Requested by the  
S. C. Department of Health & Environmental Control  
for the Academic Year Beginning September, 1976

1239

Curriculum	Number Requested	Years in Program	Tuition Per Year, Each	Annual Living Allowance	Cost Per Stipend Per Year	Total Cost.
Master of Clinical Nursing	4	Up to 1½	\$584.00	\$5,541.00	\$6,125.00	\$36,750.00
Master of Social Work	2	2	\$584.00	\$5,541.00	\$6,125.00	\$24,500.00
Master of Nursing or Master of Public Health	1	Up to 1½	\$584.00	\$5,541.00	\$6,125.00	\$ 9,187.50
B.S. - Nursing	2	1	\$550.00	\$4,480.20	\$5,030.20	\$10,060.40
Total cost of stipends requested						\$80,497.90

Note: Figures for the annual living allowance are based on the salary schedule for FY 1976.

State Dollar Cost is \$ 33,000

-----  
 SOUTH CAROLINA DEPARTMENT OF HEALTH & ENVIRONMENTAL CONTROL  
 -----

Stipends to be Offered for the Academic Year Beginning September, 1976  
 -----

<u>CURRICULUM</u>	<u>NUMBER OF STIPENDS</u>	<u>(FOR) CLASSIFICATIONS</u>	<u>SLOTS AUTHORIZED</u>
Master of Clinical Nursing	4	Clinical Nurse Specialist	4
Master of Social Work	2	Clinical Social Worker I	26
Master of Nursing or Master of Public Health	1	Program Nurse Consultant	15
Bachelor of Science in Nursing	1	Community Health Nurse Team Leader	53
Bachelor of Science in Nursing	1	Nurse Practitioner	44

(As of 3/8/76)

STATE ENGR Exhibit D  
May 13/76

SOUTH CAROLINA CHAPTER  
THE AMERICAN INSTITUTE OF ARCHITECTS

THE STANDARD FORM OF AGREEMENT  
BETWEEN CLIENT AND ARCHITECT\*\*

THIS AGREEMENT

made this 4th day of May in the year Nineteen Hundred and Seventy-Six

BY AND BETWEEN

the South Carolina Department of Mental Health hereinafter called the Client, and

Bruce Flemming and Associates, Incorporated, hereinafter called the ~~Architect~~ Engineer

WITNESSETH,

that whereas the Client intends to provide "Additional Air Conditioning for Byrnes

Clinical Center", Project No. 26-92 (see page 2) hereinafter called the Project,

NOW, THEREFORE,

the Client and the Architect, for the considerations hereinafter set forth agree as follows:

ARTICLE 1. The Client and the Architect agree to the general terms, conditions and principles regarding services, compensation, and architect - client relations as recommended by the South Carolina Chapter, The American Institute of Architects and embodied in its publication entitled "Standards of Architectural Service", dated January, 1970, a copy of which is attached hereto and made a part of this Agreement.

ARTICLE 2. The Architect agrees to provide applicable services as outlined in the above mentioned publication.

ARTICLE 3. The Client agrees to pay the Architect for his services in accordance with applicable conditions set forth ~~in the above mentioned publication~~ (refer to Page 2.)

3.1 For his Basic Services (Refer to Page 2.)

\*\* SUBSTITUTE THE WORD "ENGINEER" FOR "ARCHITECT" WHERE IT APPEARS.

RECEIVED

MAY 5 1976

S. C. BUDGET AND  
CONTROL BOARD

1231

TWO PAGES

PAGE 1

STATE ENGR Exhibit  
SOUTH CAROLINA CHAPTER  
THE AMERICAN INSTITUTE OF ARCHITECTS



May 13/76

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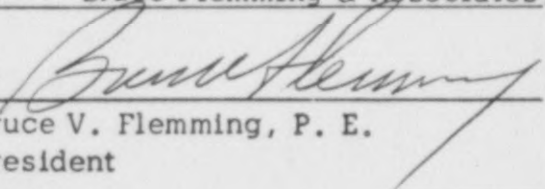
1. The basic services include field investigation, evaluation of existing system, design, production of plans and specifications, receiving of bids, evaluation of bids, inspection of construction.
2. The project shall consist of modification of heating and air conditioning system to the top floor or floors of the Byrnes Clinical Center.
3. Engineering fee will be 8% of the low bid price for the project.

IN WITNESS WHEREOF the parties hereto have executed this agreement the day and year first above written.

South Carolina Department  
Client of Mental Health

By  
William S. Hall, M. D.  
S.C. Commissioner of Mental Health

Architect Bruce Flemming & Associates, Inc.

By   
Bruce V. Flemming, P. E.  
President



## South Carolina Department of Mental Health

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

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

April 16, 1976

Mr. John A. McPherson, Jr. PE  
State Engineer  
S. C. State Budget and Control Board  
P. O. Box 11333  
Columbia, S. C. 29211

Re: Project No. 26-92  
Additional Air Conditioning for  
Byrnes Clinical Center - SCSH

Dear Mr. McPherson:

In compliance with the Appropriations Act for 1974-75 of the State of South Carolina, Part II, Section 10, the Department of Mental Health requests the State Budget and Control Board's consideration of awarding a professional consultant engineering contract to the firm of Bruce Flemming and Associates, Inc.

The Department advertised in the State Paper on March 15, 1976 for resumes from interested professional engineers for consideration for design services. The following firms submitted resumes in response to the advertisement:

Durlach, O'Neal, Jenkins & Associates  
Consultant Engineers  
2119 Santee Avenue  
Columbia, S. C. 29205

Enwright Associates Engineers  
P. O. Box 5287, Star B  
Greenville, S. C. 29606

Bruce Flemming and Associates  
Engineers - Planners  
2801 Devine Street  
Columbia, South Carolina 29205

Buford Goff and Associates  
Engineers & Planners  
5115 Forest Drive  
Columbia, S. C. 29206

**RECEIVED**  
APR 19 1976

**S. C. BUDGET AND  
CONTROL BOARD**

1232

Raymond E. Ackerman, M.D.  
Deputy Commissioner Community Mental Health Services

Alexander G. Douglas, M.D.  
Deputy Commissioner Educational and Research Services

Thomas G. Faison, M.D.  
Acting Dep. Comm. Alcohol & Drug Addiction Services

P. G. Reeves, Jr.  
Deputy Commissioner Administrative Services

Racine D. Brown, Ph.D.  
Director Program Development

Mental Health Commission: C. M. Tucker, Jr., Chairman  
Pageland

G. Warner Bryan  
Sunder

Walter H. Solomon  
Charleston

J. C. Sutt, M.D.  
Spartanburg

Bernard Warsaw  
Waltonburg

Guthrie D. Wood, Jr.  
Columbia

~~Robert Schreiber, M.D.~~

John M. Fawell, M.D.  
Greenville  
Member Emeritus

Earle E. Morris, Jr.  
West Columbia

Mr. John A. McPherson, Jr. P.E.  
April 16, 1976  
Page 2

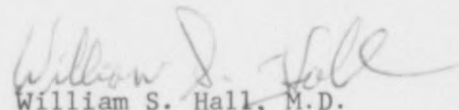
Lockwood Greene  
Architects - Engineers  
P. O. Box 491  
Spartanburg, South Carolina 29301

Tectonics Engineering Consultants, Inc.  
820 Woodrow Street  
Columbia, S. C. 29205

The Engineering and Planning Section has held conferences with the firms of Bruce Flemming and Associates; Buford Goff and Associates; and Tectonics Engineering Consultants, Inc. Of the information received by the Engineering and Planning Section all of the firms have past performance records that are acceptable and are in positions to immediately pursue the project with diligence. Of the firms interviewed Bruce Flemming's organization has had more experience with induction systems; which is the type of the existing system. Therefore we request the State Budget and Control Board's approval to use the firm of Bruce Flemming and Associates as the designing engineer for this project. I would appreciate your assistance in obtaining the Board's concurrence of this request.

I am enclosing a list of projects including the professional consultants and the amount of construction contract; and a copy of the notarized statement from the State Paper regarding the advertisement.

Sincerely,

  
William S. Hall, M.D.

State Commissioner of Mental Health

WSH/RBP/aw  
Enclosures

CC: Dr. Karl Doskocil

**NOTICE  
ENGINEER  
QUALIFICATION  
REQUEST**

The South Carolina Department of Mental Health requests submission of resumes of qualifications from engineering firms interested in providing professional services for the design of heating and air conditioning renovations, Byrnes Clinical Center, South Carolina State Hospital, Columbia, S.C.

Replies for consideration should be received by Mr. Robert B. Price, Chief of Engineering and Planning, South Carolina Department of Mental Health, Post Office Box 485, Columbia, South Carolina 29202, no later than March 30, 1976.

MAR 16 1976

PLEASE INITIAL:

RP *[Signature]*  
RC *[Signature]*  
FD *[Signature]*  
KS *[Signature]*

**COLUMBIA NEWSPAPERS, INC.**

Publishers of

**The State**  
Mornings and Sunday

AND

**The Columbia Record**  
Evenings

**STATE OF SOUTH CAROLINA  
COUNTY OF RICHLAND**

Personally appeared before me Carl M. Regal, Retail Advertising Manager  
of THE STATE, and makes oath that the advertisement,

NOTICE - ENGINEER QUALIFICATION REQUEST - to provide professional services for heating and air conditioning renovations, Byrnes Clinical Center, South Carolina State Hospital, Columbia, South Carolina until March 30, 1976.

a clipping of which is attached hereto, was printed in THE STATE,  
a daily newspaper of general circulation published in the City  
of Columbia, State and County aforesaid, in the issues of

March 15, 1976

Subscribed and sworn to before me  
this 15th day of March 1976.

Emma Lu Soudle Notary Public

1234

<u>PROJECT NO.</u>		<u>DATE OF CONSTRUCTION CONTRACT</u>	<u>CONSTRUCTION CONTRACT</u>	<u>DATE OF PROFESSIONAL CONTRACT</u>	<u>ARCHITECTURAL/ENGINEERING</u>
26-75	Village "A" \$9,421,052	Feb. 18, 1975	Mercury Const. Corp.	April 1971	Tarleton-Tankersley
26-76	Renovation Administration Bldg. & Canteen (CFSH) \$328,700				Jackson-Miller-Wilds
26-77	Student Housing (WSHPI) \$245,639	Jan. 17, 1972	George A. Creed & Son	Dec. 20, 1971	Geiger/McElveen/Kennedy
26-78	Energy Facility, Utilities System and Lake (Village System) \$1,429,316	July 30, 1973	LaFaye-Tarrant	June 14, 1973	Bruce Flemming & Associates
26-79	Renovation of North Building	(Cancelled)			
26-80	Alcohol and Drug Addiction Center \$2,665,507	Nov. 6, 1972	Phillips Const. Co.	July 1, 1970	Geiger/McElveen/Kennedy
26-81	Information and Fire Alarm System (Departmental) \$1,099,516	Jan. 3, 1975	Gregory Electric	July 16, 1973	Universal Systems
26-82	Water Booster System (CFSH) \$48,277	Jan. 6, 1975	M. L. Gaines		Bruce Flemming & Associates
26-83	Air-Conditioning Two Buildings (CFSH) \$439,563	May 5, 1975	J. A. Metze & Sons	May 29, 1974	McMillan/Bunes/Townsend/Bowen
26-84	Air-Conditioning Four Buildings (SCSH) \$1,357,558	October 1, 1975	Poole & Kent Co.	May 29, 1974	McMillan/Bunes/Townsend/Bowen
26-85	Supply & Laundry Center (CFSH) \$411,500			July 15, 1975	William Bailey Kauric
26-86	Warehouse Renovation and Addition (Departmental) \$639,000			March 27, 1975	Jackson-Miller-Wilds
26-87	Upgrade Electrical Service Connections (CFSH) \$110,000			November 21, 1975	Tectonics, Inc.
26-92	Additional A/C for Byrnes Clinical Center (SCSH) \$82,000				



VICE PRESIDENT FOR BUSINESS AND FINANCE

January 21, 1976

Mr. P. C. Smith  
State Auditor  
P. O. Box 11333  
Columbia, S. C. 29211

Dear Mr. Smith:

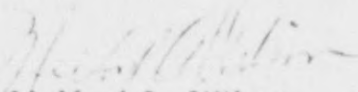
Consulting Engineering Assistance

We have completed the first four steps of the State Budget and Control Board's procedures to be followed in selection of an engineering firm to provide consulting engineering assistance to our Physical Plant Division.

In accordance with Step 5 of these procedures we submit for approval the firm of Peritus Engineers, Inc., and are attaching (1) a copy of a tentative contract, (2) certifications showing required newspaper announcements regarding engineering services for this project, (3) a list of firms submitting resumes, (4) a list of firms whose representatives were interviewed, and (5) a list of construction projects with E-1's dated after January 1, 1973, showing for each the nature of the project, the architects-engineers, and the original contract amount.

If additional information is needed, please get in touch with me.

Sincerely,



Melford A. Wilson

Vice President for Business and Finance

MAW:JB:pdh

Enclosures

1236

BID AND CONTRACT ON CONTINGENCY BASISCONTRACT NO. 510DATE OF CONTRACT January 19, 1976

Name and Address of Contractor: Peritus Engineers, Inc.  
409 Pettigru Street  
Greenville, S. C. 29606

Department: PHYSICAL PLANT DIVISION, CLEMSON UNIVERSITY, CLEMSON, S. C.

Place: Clemson University Campus

THIS CONTRACT, entered into this date by Clemson University, hereinafter called the University, represented by the Vice President for Business and Finance, and the Corporation named above, hereinafter called the Contractor, do mutually agree as follows:

That the Contractor is to perform required engineering, designing and drafting services for construction plans and specifications as needed by Clemson University, Physical Plant Division.

Clemson University, Physical Plant Division will determine Contractors participation in various projects regarding engineering disciplines (I.E., M.E., E.E., or St.E.). Remuneration will be in accordance with attached proposal from Peritus Engineers, Inc.

This contract may be rendered null and void by either party upon thirty days written notice of intention to do so.

Work to be started March 1, 1976Work to be completed February 28, 1977

Payment are to be made in accordance with standard practices after invoice in triplicate covering completed work is submitted for approval and payment. Invoices will be submitted at the first of every month, or upon completion of the work. Invoices must be substantiated by time sheets.

Insurance coverage is listed on the REVERSE SIDE of this Contract and is to be incorporated as part of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date stated above.

ACCEPTED BY:

Contractor

CLEMSON UNIVERSITY  
By

**1237**SignatureTitleMelford A. WilsonVice President for Business and Finance

6-62  
Rev. 10-70

## LIABILITY INSURANCE

The Contractor hereby agrees to indemnify and save harmless the Owner or its agents, servants and employees, from and against any and all loss, expense, damage, or injury caused or occasioned, directly or indirectly, by his act or negligence, or the act or negligence of any sub-contractor or his agents or employees in performing any of the work called for in this Contract.

The Contractor shall maintain such insurance as shall protect him from claims under the Workmen's Compensation Acts and also such insurance as shall protect him from claims for damages for personal injury, including death and claims for damage to property which may arise from operations under this Contract, whether such operations be by himself or by any sub-contractor or anyone directly or indirectly employed by either of them. Minimum limits of such insurance are shown below.

Certificates as such insurance, as listed below, shall be filed with the Director of Physical Plant before any work is started. Such certificates shall contain a statement by the Insurance Carrier that in the event of any material change or cancellation of any of the policies, the Director of Physical Plant will be notified within 15 days prior to such change or cancellation.

- A. Workmen's Compensation, including:
  - 1. Workmen's Compensation Insurance - Statutory limits
  - 2. Employer's Liability - Statutory limits
- B. Comprehensive General Liability, including:
  - 1. Premises and Operations - 100/300 B.I.; 50/100 P.D.
  - 2. Elevator Liability - 100/300 B.I.; 50/100 P.D.
  - 3. Contractor's Protective Liability - 100/300 B.I.; 50/100 P.D.
  - 4. Products Liability, including Completed Operations Coverage - 100/300 B.I.; 50/100 P.D.
  - 5. Contractual Liability - 100/300 B.I.; 50/100 P.D.
- C. Comprehensive Automobile Liability, including:
  - 1. All Owned Automobiles 100/300 B.I.; 50 P.D.
  - 2. Non-Owned Automobiles 100/300 B.I.; 50 P.D.
  - 3. Hired Car Coverage 100/300 B.I.; 50 P.D.
- D. Contractor's Contingent Insurance, if some part of the work is sublet to other contractors.

All policies shall be subject to the approval of the Owner for form and adequacy of protection.

## UNEMPLOYMENT INSURANCE, OLD AGE PENSIONS, ETC.

Contractor agrees to indemnify and save Owner harmless, and to assume full responsibility for payment of all State and Federal taxes for unemployment insurance, old age pensions, or any other Social Security legislation as to all employees engaged in the performance of this Contract, and further agrees to meet all requirements that may be specified in regulations now or hereafter promulgated from time to time by administrative officials. The Contractor must comply with President's Executive Order 11246 as an Equal Opportunity Employer.

## EQUAL OPPORTUNITY

The Contractor shall comply with the Owner's Equal Employment Opportunity, Employment of the Handicapped, and Affirmative Action policies. Prior to execution of this contract the Contractor will certify his compliance by execution of the Owner's forms, CUAAP - 1 thru 5, as appropriate.

#### LIABILITY INSURANCE

The Contractor hereby agrees to indemnify and save harmless the Owner or its agents, servants and employees, from and against any and all loss, expense, damage, or injury caused or occasioned, directly or indirectly, by his act or negligence, or the act or negligence of any sub-contractor or his agents or employees in performing any of the work called for in this Contract.

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  - 2. Non-Owned Automobiles 100/300 B.I.; 50 P.D.
  - 3. Hired Car Coverage 100/300 B.I.; 50 P.D.
- D. Contractor's Contingent Insurance, if some part of the work is sublet to other contractors.

All policies shall be subject to the approval of the Owner for form and adequacy of protection.

#### UNEMPLOYMENT INSURANCE, OLD AGE PENSIONS, ETC.

Contractor agrees to indemnify and save Owner harmless, and to assume full responsibility for payment of all State and Federal taxes for unemployment insurance, old age pensions, or any other Social Security legislation as to all employees engaged in the performance of this Contract, and further agrees to meet all requirements that may be specified in regulations now or hereafter promulgated from time to time by administrative officials. The Contractor must comply with President's Executive Order 11246 as an Equal Opportunity Employer.

#### EQUAL OPPORTUNITY

The Contractor shall comply with the Owner's Equal Employment Opportunity, Employment of the Handicapped, and Affirmative Action policies. Prior to execution of this contract the Contractor will certify his compliance by execution of the Owner's forms, CUAAP - 1 thru 5, as appropriate.

January 19, 1976

PROPOSAL TO CLEMSON UNIVERSITY:

Engineering Services on a Fixed Fee/Hour Basis

<u>Personnel</u>	<u>Hourly Rate</u>	<u>x</u>	<u>Overhead &amp; Profit Mark-up</u>	<u>=</u>	<u>Engineering Rate</u>
Engineer	9.00	x	2.0	=	\$18.00
Designer	8.00	x	2.0	=	16.00
Draftsmen	6.00	x	2.0	=	12.00

The engineering services will include services as directed by Clemson University, and generally will include, but not necessarily be limited to, the following:

1. In-office time.
2. Field Time.
3. Design drawings.
4. Construction, equipment and material specifications.
5. Requesting, receiving and evaluating of equipment and material bids.
6. Recommendation to Clemson University based on bid evaluation and assistance in preparing Purchase Orders.
7. Printing and reproduction of construction specifications and drawings.
8. Travel expense, to and from Clemson University. Personal travel time to and from Clemson University will not be a chargeable item.

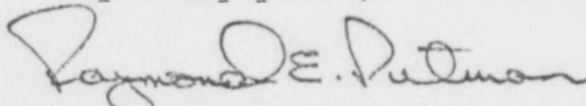
Thank you for the opportunity to submit this proposal and for your consideration.

ACCEPTABLE TO CLEMSON UNIVERSITY:

Date: Jan 19, 1976

By: 1-19-76

Very truly yours,



Raymond E. Putman, P.E.

REP:hb

1239

The Greenville News-Piedmont Co.

Box 1688      Want Ad Advertising  
Greenville, S. C.      Invoice #36534

Rhonda M. Carey, being duly sworn, says that she is the <sup>AK</sup> Bookkeeper

\_\_\_\_\_ of { THE GREENVILLE NEWS & a newspaper printed and  
GREENVILLE PIEDMONT

published in the City of Greenville, in the State of South Carolina. That the  
attached advertisement appeared in 30 Lines ~~XXX~~ in the issue  
of December 28, 29, 30, 1975

Rhonda M. Carey (Mrs.)

Sworn to and subscribed before me

this 20th day of January 1976

Robert A. Huff  
S-n-79 Notary Public for State of S. C.

# fluence

no good reason and often deceive themselves about people they like and lack a sense of tact and diplomacy.

## Inmates Go Back To Cells; One Late

COLUMBIA (UPI) — An official of the South Carolina Department of Corrections said Saturday all but one of the 462 inmates who received three-day Christmas furloughs returned to their cells by the deadline time.

The one inmate who was not back in custody by the 4 p.m. deadline called to say he missed his bus from Charleston and would be on the next one, spokesman Sam McCuen said.

The inmates were released at 4 p.m. Christmas eve under the department's holiday furlough

program, which has been in effect since 1967. McCuen said none of the 4,370 inmates who have received furloughs under the program, which also runs during the Easter and Labor Day holidays, have failed to return.

About 12 per cent of the inmates received the furloughs this Christmas.

## Australian Ambassador To U.S. Dies

WASHINGTON (UPI) — Sir Patrick Shaw, Australia's ambassador to the United States, died Saturday evening, apparently of a heart attack, the embassy said.

A security agent at the embassy told UPI the ambassador died at approximately 6 p.m.

Officials had no further details immediately.

## Youth Killed; Mother Held Without Bond

By TOM PRIDDY  
Anderson Bureau  
ANDERSON — A 40-year-old Anderson woman has been charged with murder in connection with the Saturday morning shooting death of her son.

Anderson County Coroner Wilton Mackey said David Duckett, 18, of Lake Street, Iva, was shot with a .22 calibre rifle at his mother's home in Anderson about 4:30 a.m. Saturday.

Mackey said the youth died five hours later in Greenville General Hospital from a single bullet wound in the head.

The youth's mother, Sybil A. Duckett of 400 Sunset Dr., Anderson, is being held without bond at the Anderson jail.

Mackey said the circumstances surrounding the shooting are still unclear. He said an inquest is pending.

Always  
Perfect  
In  
The  
Want Ads

### LEGAL NOTICES

**Advertisement for Bids**  
The City of Spartanburg will receive sealed bids for construction of "Sanitary Sewer Collection and Trunk Lines" until 3:00 p.m., Jan. 14, 1976 in the Council Chambers, City Hall, Spartanburg, South Carolina, at which time and place all bids will be publicly opened and read aloud.

The work consists of the construction of sanitary sewer collection and trunk lines, and appurtenances, in the Cemetery Street Urban Renewal Area. Approximate quantities of each size are: 700' - 8", 1400' - 10", and 2000' - 24".

Contract documents,

All insurance consultant firms who are interested in bidding to assist the state with several important matters concerning the health insurance contract.

If you are interested in receiving specifications, please write or call:

The State Personnel Division, Insurance Unit, 1205 Pendleton Street, Columbia, South Carolina 29201. Phone: (803) 758-2574, 133354

**Notice**  
Notice of finding of no significant effect upon the environment to result from the city of Greenville's community development projects.

The City of Greenville Community Development Program has conducted an Environmental review for the following areas and activities:

1. New Town  
The site is located on Meadow Street. It is a flat grassy plot of about 2 to 3 acres and currently partially used as a fall field. A concrete basketball court of 30' by 40' shall be constructed upon the site.

2. Park Avenue National Guard Armory

The Park Avenue National Guard Armory is located on a three to four acre parcel on East Park Avenue. To the West is Church Street, to the North is Sunflower Drive and to the East is a fire station. The main building will be renovated in order to function as a multi-use recreational facility.

The City of Greenville has ascertained that the level of clearance is that of no significant effect. This decision has been reached through consultation with various environmental and historic experts, inspection of the geographic area of the project and evaluation of the impact of proposed activities as they relate to the environment.

The Environmental Review Board is open and available to the public at the 8th Floor, City Hall between 8:00 a.m. and 5:00 p.m. The Chief Executive Director, Mayor Max M. Heller, has certified this level of clearance. Comments may be submitted to James W. Greer, Div-

LOST: Billfold, vicinity of Pleasantburg Shopping Center. Keep money, return papers via mail.

FOUND in Judson area, small gray dog. Please call & identify. Phone 265-0514

LOST: Bassett Hound, male, 1 yr. old, brown, white & black. Last seen in Pleasant Hwy. area. Reward offered. Call Pete 274-6700 after 5:00. 265-5246

LOST: Black miniature female Poodle. Welcome Area. Reward call 269-3470

LOST: Black and Tan male Pekingese. Monaghan Area. Reward offered. Call 235-7501

LOST: CONN. TRUMPET, Fish Trap Road, close to Crosswell Baptist Church. 265-5246

LOST: Persian cat, vicinity of Ware Place & E. W. Rd. Co. 245-2490 or 265-5872

LOST: Tan & Black Beagle, 4 years old, feed collar, green. E. 10th Area. Answers to "Pete". 265-5246

**\$25 REWARD**  
Children's pet Beagle, lost. Red with white markings. Answer: Westville Area. Call 265-3471

**\$5 REWARD**  
LOST: In Judson Area, Red-Pine Log Ford (black and white) drivers. Rest. Christmas Eve. A light tan German Shepherd. Answers to name of Betty. 265-5246

### 35-Notices

AAA QUALITY DISC PLATES  
Disciplines: ~~any~~ come, any service  
John Grisham, 265-5246, J. Grisham

BETTY LYN  
Hostess for the night of  
TOWN, 265-5246, J. Grisham

CALL  
H.M. HAMSHIRE & ASSOC.  
265-7420

Services of  
Domestic & Civil Investigations, Photography Services, Legal Photography & Process Serving Diagrams.

**PROCESSES**  
VILLAGE YARN SHOP  
Needlepoint, Knitting, Crochet Jan. 5 & 6. A.M. 265-2447

Confidential Investigations  
**INVESTIGATIVE**

ASSOCIATES, INC.  
CALL 4821 274-9555

CONSTRUCTION ENGINEER  
QUALIFICATION REQUEST

Clemson University requests resumes from firms interested in providing consulting engineering assistance to the Physical Plant Division for the development of Contract documents on renovations and modifications to existing utility systems.

Essentially, the work will be the Engineering Design of additions, modifications, and renovation of Heating, Ventilation, Air Conditioning, Plumbing, and Electrical systems, on-site investigations of existing systems, and consultation with University personnel. It is contemplated that compensation will be by a multiple of direct personnel expenses. The successful firm will be required to maintain accounting records in an acceptable accounting concept approved by the Owner.

Resumes must be received in the office of Roy M. Rochester, Assistant Vice President for Physical Plant, Clemson University, Clemson, S. C. 29634, not later than January 15, 1976.

UNIVERSITY OF SOUTHERN CALIFORNIA  
25 yrs. experience-educational rates  
Satisfaction guaranteed. 51770N's  
Investigative & Security Service, 700  
E. North St. Greenville, SC 29602-9002

LOSE AFTER-THOUGHTS BOOKS  
COME TO CLASS AT YARN BOX  
Needlepoint, (beginning & advanced),  
Crewel, Macramé starting week of  
Jan. 5, 730 S. Pleasantburg Dr.,  
267-1804

MERRY CHRISTMAS & HAPPY  
NEW YEAR from Perry's Furniture  
Shopping, 277-4440

**OVERWEIGHT?**  
**PAIN PROBLEMS?**

Arthritis, Bursitis, headaches, back problems, Etc.

**ACUPUNCTURE CENTER**  
**OF ROCK HILL**

803-366-7151

1241

TIME'S A'WASTIN'-Make time  
stand still with a portrait from Fred  
Peters, 233-7117

WILL pick up free cars or trucks  
or will buy complete. Leghorn's Used  
Cars, 264-8250 or 235-3230

**FREE!**  
A calendar of green stamps. Nothing  
to buy. No obligation. Come in and  
guess how many stamps are in the  
car. You do not have to be present  
to win. Winner will be announced  
Jan. 2, 1976. (Unclear) over \$500  
value.

**CENTURY LINCOLN/MERCURY**  
Next to Main Post Office  
downtown Greenville

**CALL  
CLASSIFIED  
242-5011  
NEWS-  
PIEDMONT**

**LEGAL NOTICES**

Advertisement for Bid The Office of The Adjutant General requires the services of an Architectural Firm for the design and supervision of the construction of a National Guard Project consisting of Alterations to the Combined Support Maintenance Shop, located in Columbia, South Carolina. Required will be the installation of eleven roll-up doors and modification of electrical system. The estimated construction cost is \$85,000.00.

Architectural Firms interested will so advise The Adjutant General, 1225 Bluff Road, ATTN: CPT Vernon E. Amick on or before 5 January 1976. Firms having a resume on file with this office need not duplicate.

State of South Carolina, Military Department, Office of The Adjutant General. 133296

Intent to mine Southern Brick has applied for a mining permit. The proposed mine is located adjacent to Thompson Creek, about three-fourths mile south of S.C. Highway 132 and approximately 7.5 miles southeast of Ninety Six, South Carolina. The resource to be mined is shale. Comments and inquiries should be directed in writing to the Land Resources Conservation Commission, Department of Mining and Reclamation, Post Office Box 11708, Columbia, South Carolina 29211, phone 738-2823. 133228

Notice to All insurance consultant firms who are interested in bidding to assist the state with several important matters concerning the health insurance contract.

If you are interested in receiving specifica-

Monday, Dec. 29, 1975 - The Greenville News-PIEDMONT - C-1

**THE GIRLS Franklin Folger**



"Now please don't tell me to leave it here - the last time I did that I had to live on casseroles for a month."

**News  
PIEDMONT  
CLASSIFIED  
ADVERTISING  
242-5011**

OFFICE OPEN 8 A.M.-5 P.M.  
MONDAY THROUGH FRIDAY  
OFFICE CLOSED SATURDAY  
Service by telephone until 11 A.M.  
SUNDAY Office Closed. Conceal-  
tions and Error Corrections taken  
by phone 3 P.M. to 5 P.M.

**Announcements**

**25-Burial Lots**

2 GRAVE LOTS, \$420  
560 down, \$30 for 12 months  
Woodlawn Memorial Park, 244-472

**30-Lost and Found**

DESPERATE  
LOST: Billiard, vicinity of Pleasant  
Burg Shopping Center. Keep money,  
return papers via mail.

FOUND: In Junco area, small gray  
dog. Please call & identify. Phone  
295-0514.

LOST: Bayonet Hound, male, 1 yr.  
old, brown, white & black. Last seen  
at Pleasant Hwy. area. Reward of  
\$100. Call Pete 271-8770, after 5:30  
232-5246.

LOST: Black miniature female Poo-  
chie. Womuchan Area. Reward call  
269-3470.

LOST: Black and Tan male Peking-  
ese. Womuchan Area. reward of-  
fered. Call 235-7554.

LOST: Female boxer, in vicinity of  
Ware Place. RT-2480.  
Call 243-2480 or 248-9032.

LOST: Set 9 p.m. Berea area. Red-  
dish-brown female Pekingese, about  
8 in. tall, 8 in. long, 6 1/2 lbs. Named  
"Pussy". Blind in one eye, 12 years  
old. Reward. Call 246-1667 anytime.

575 REWARD  
Lost: In Jackson Grove, Rd. Pine  
Lan. Ford Rd. area in Travelers  
Rest, Christmas eve. A light tan Ger-  
man Shepherd. Answers to name of  
Butch. 634-9156. 246-4329.

**35-Notices**

**Announcements**

**35-Notices**

BEAUTY 402NN  
Has joined the staff of  
TOWNHOUSE SALON  
Call for appointment, 232-6428

3-1-CALL  
H.M. HAMSHIRE & ASSOC.  
246-4300  
Service Consultant:  
Domestic & Civil Investigations, Po-  
lygraph Services, Legal Photographs  
and Process Servicing Diagrams

CLASSES  
VILLAGE YACHT SHOP  
Needlepoint, Knitting, Crochet Jan. 5  
& 6, A.M. P.M. 24-4716

Confidential Investigations  
INVESTIGATIVE  
ASSOCIATES, INC.  
CALL (601) 271-5595

CONSULTING ENGINEER  
QUALIFICATION REQUEST

Clemson University requests re-  
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Essentially, the work will be the En-  
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investigations, of existing systems,  
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personnel expenses. The  
successful firm will be required to  
maintain accounting records in an  
acceptable accounting concept ap-  
proved by the Owner.

Resumes must be received in the  
office of Roy A. Rochester, Asst-  
ant Vice President for Physical  
Plant, Clemson University, Clemson,  
S. C. 29631, not later than January  
15, 1976.

WILL USE UP THE CARS OR TRUCKS  
or will buy complete. Used Cars  
Call 269-4230 or 735-3230.

I FREE!

A carload of green stamps. Nothing  
to buy. No obligation. Come in and  
guess how many stamps are in the  
car. You do not have to be present  
to win. Winner will be announced  
Jan. 2, 1976. (Guaranteed over \$200  
value)

CENTURY LINCOLN-MERCURY  
Next to Main Post Office  
downtown Greenville

**60-Nursing Homes**

HASLEY RESTAURANT, clean mod-

**Business Services**

**100-Business Oopt.**

**ESTABLISHED  
FLOWER SHOP**

Fully equipped, 123 By Pass, Enslav,  
owner has other interest. For infor-  
mation call 659-0545.

FOR SALE CONVENIENCE FOOD  
MARKET Ideal for Party Shop, can  
be moved to any location. Conven-  
ient terms available. Call 963-5730

GROCERY Store and Market Inc.  
Doing good business. Ideal for meat  
counter. Owner must sell due to health  
reasons. \$33,000. 50% can be financed.  
Call 843-9121 from 9-9.

SMALL Inn office for sale. Ideal for  
one person operation or to build.  
Amount of receivables flexible. Re-  
ply to Box 2-W, News-Piedmont.

**Employment**

**150-Help Wanted Misc.**

ARE YOU LOOKING FOR WORK?  
We have companies looking for ma-  
chinists, electricians, welders, &  
sales people. Call for more infor-  
mation.

LADCO PERSONNEL  
271-3415

**AVON**

NEVER SOLD BEFORE? I'll show  
you how you can earn money selling  
quality cosmetics, jewelry and fami-  
ly products. Call 271-4035, (Avon An-  
swering Service) P. O. Box 5181,  
Greenville, S. C. 29606.

**BARTENDER**

New Lounge with nightly entertain-  
ment has opening for enthusiastic  
Bartender. For appointment call  
288-8784 between 9 & 12 A.M.

**BEREA AREA**

If you have some spare  
time in the afternoon, you  
can add \$50 to your weekly  
income by managing a  
Greenville Piedmont Motor  
Route in the Berea Area.

For details, contact the Cir-  
culation Department of the  
Greenville News-Piedmont  
by calling 242-5011.

**CARD ROOM FIXER  
AND  
SUPERVISOR**

Experience required on Pickers,  
Cards and Slubbers. Salary open to  
the right person. We are an Equal  
Opportunity Employer. Call:

803-534-1880

**Low Country  
Textiles, Inc.**

**COCKTAIL WAITRESS**

Congenial personality, evening  
hours. No calls. Apply in person  
at 4 P.M. The Hourglass Lounge,  
1365 Laurens Rd.

**DELIVERY WANTED**

Wanted Delivery Personnel to deliv-  
er in and around Greenville area.  
Need an aggressive & neat person.  
Good company benefits. Call for ap-  
pointment, 12-29-75, 232-7095.

BABY SITTER to keep school age  
child 5-1 yr. old in my home. Wood-  
ruff Rd. area. Own transportation.  
References. Call 288-7027, after 6.

**EVENING DISHWASHER**

4 P.M. to 10 P.M.

Apply in Person

**Colonial Court Motel**

**EXPERIENCED**

**MANAGERS**

**AND**

**SHIFT WORKERS**

For second and third shifts in 24  
hour convenient food stores in  
Greenville and Easley area. You  
must be able to pass all background  
investigations and work any shift.  
Good starting salary and benefits.  
Apply 1219 Buncombe Rd. between

**Announcements**

**35—Notices**  
Confidential Investigations  
**INVESTIGATIVE ASSOCIATES, INC.**  
CALL (803) 272-8895  
CONSULTING ENGINEER  
QUALIFICATION REQUEST  
Clemson University requests resumes from firms interested in providing consulting engineering assistance to the Physical Plant Division for the development of Contract documents on renovations and modifications to existing utility systems. Essentially, the work will be the Engineering Design of additions, modifications, and renovation of Heating, Ventilation, Air Conditioning, Plumbing, and Electrical systems, on-site investigations of existing systems, and consultation with University personnel. It is contemplated that compensation will be by a multiple of direct personnel expenses. The successful firm will be required to maintain accounting records in an acceptable accounting concept approved by the Owner.  
Resumes must be received in the office of Roy M. Rochester, Assistant Vice President for Physical Plant, Clemson University, Clemson, S.C. 29631, not later than January 15, 1976.  
Domestic or Adultery Investigations, 5 yrs. experience. Reasonable fees. Satisfaction guaranteed. SUTTON'S Investigative & Security Service, 700 E. North St., Greenville, 803-242-9007.  
ED'S Auto Parts! Will buy whole cars, move cars, & junk. Open 7 days. 272-9147, 2 Agnew Rd.  
I will not be responsible for any debts other than incurred by myself. Jack Thomas Fox Jr., Route 5, Greenville.  
**JUNK CARS**  
Will pick up free or will buy complete junk cars. GALOWAY AUTO PARTS. Call 269-1371.  
MERRY CHRISTMAS & HAPPY NEW YEAR from Perry's Furniture Striping, 277-4480.  
**OVERWEIGHT? PAIN PROBLEMS?**  
Arthritis, Bursitis, headaches, back problems, Etc.  
**ACUPUNCTURE CENTER OF ROCK HILL**  
803-266-7191  
**TIME'S A' WASTIN!** Make time stand still with a portrait from Fred Pickens, 233-2117.  
WILL pick up free cars or trucks or will buy complete. Lillard's Used Cars, 269-8250 or 235-3230.  
WILL Pay top dollar for all junk cars and trucks.  
269-5646  
**I FREE!**  
A carload of green stamps. Nothing to buy. No obligation. Come in and guess how many stamps are in the car. You do not have to be present to win. Winner will be pronounced Jan. 2, 1976. (Guaranteed over \$200 value)  
**CENTURY LINCOLN MERCURY**  
Next to Main Post Office downtown Greenville  
**BETTY LYNN**  
Has joined the staff of TOWN HOUSE SALON  
Call for appointment, 232-8429  
CALL  
HJA HAMMILL & ASSOC  
262-1300  
Service, Courtesy, of

**Announcements**

**35—Notices**  
AAA QUALITY DESK PLATES  
Doorplates, etc. Same day service  
John Gillum 235-3101 17 Garraux

**60—Nursing Homes**  
EASLEY RESTORUM, clean modern rest home, 24 hr. care. Affordable rates. 859-3722.

**65—Child Care/Nurseries**  
REYNOLDS Licensed Nursery near Welcome School. Hot lunches & kindergarten. 269-1360.  
SANS SOUCI Nursery is the place where your child gets love and training and the price is right. Call Mrs. Susan, 235-6351.  
TAYLORS area, complete child care, 35 Kindergarten, hot meals, pickups. 244-4517 or 244-2728 after 6.  
TWINKLE DAY CARE  
OPEN ALL NIGHT NEW YEARS EVE.  
Call 272-1979.  
UNDER NEW MANAGEMENT  
E. Farris Day Care Center. Reasonable rates. 36 E. Farris, 242-0972.  
Welcome CHILD CARE Center. Reasonable Rates. Phone 269-2196.  
CHILD care for working mothers any shift. Large fenced yard. Dan-dison area. 272-5783.  
CHRISTIAN Mother will keep children in my home, any shift and hourly, fenced yard. 235-1533.  
LOVING CARE NURSERY, New Baby Dept. Quoting with low price. Wakefield. 277-6914.

**75—Schools & Instructions**  
**BELLY DANCING**  
Fatema Sultan of Cairo, Egypt is offering her ancient art of native dance. Most pleasant feminine & graceful way to exercise & stay in shape. Ladies—for registration, call 268-7308.  
**GUITAR COURSE**  
Special 10 week beginners course Starts in Jan. Ages 0-100. \$27.50. RM-4770  
ORGAN OR PIANO Lessons, in Berea Area, \$3.00 a half hour. Call Barbara Thompson. 246-9134.  
PIANO INSTRUCTIONS — All Ages  
Classics, Hymns, Popular Music  
Barbara Scrivner 244-6519  
PIANO LESSONS, in Mauldin area, \$3 for 30 minutes.  
Call Linda Powell, 277-1115

**85—Good Places to Go**  
DANCE at Sam's Place to the Country Review every Saturday night. Gravitating, S.C. Will have dance New Year's Eve.  
**Business Opportunities**

**100—Business Opport.**  
ESTABLISHED  
FLOWER SHOP.  
Fully equipped, 123 By Pass, Eastley, owner has other interest. For information call 859-0545.  
FOR SALE CONVENIENCE FOOD MARKET in or for Party Shop. Can be moved to any location. Convenient terms available. Call 263-5730.

**Employment**

**150—Help Wanted Misc.**

**BEREA AREA**  
If you have some spare time in the afternoon, you can add \$30 to your weekly income by managing a Greenville Piedmont Motor Route in the Berea Area.  
For details, contact the Circulation Department of the Greenville News-Piedmont by calling 242-5011.

**GAS STATION ATTENDANT**  
Full- or Part-Time  
Experience not required, positions immediately available in clean surroundings.  
Positions offer  
**EXCELLENT SALARIES**  
Apply in Person to:  
**BOB PHIPPS**  
HESS STATION 40241  
2000 Laurens Road  
Greenville, S.C.  
**AMERADA HESS CORP.**  
An Equal Opportunity Employer M/F  
HOUSEKEEPER, weekdays & weekends, must have all transportation. Eltham Rd. area, phone 268-1292.

**INGLES**  
NEW SUPERMARKET  
SIMPSONVILLE  
Has Openings For:  
Grocery Clerks  
Meat Cutters  
Produce Clerks  
Cashiers  
Bag Boys  
We pay top wages, profit sharing, bonus & paid vacations, insurance, & retirement benefits. Also, good chance for advancement.  
Apply in Person To:  
Mr. Hugh Anderson  
9 A.M. to 4 P.M.  
Tu., Wed., Dec. 29, 30  
Hyw. 276 Georgia Rd. Exit

**KEN'S PIZZA PARLOR**  
Now taking applications for Manager, Trainers throughout the Carolinas. Apply in person, 1520 Wade Hampton Blvd.

**Employment**

**150—Help Wanted Misc.**

**MAN & WIFE**  
WANTED: Man & wife team for a career in retail management. Must be honest, dependable and willing to work. Paid vacation and other benefits. You can earn \$14,000 per yr. or more. Sound interesting? Call Mr. Denton, collect after 5 P.M. 855-0493.  
NEED BASS GUITARIST for rock and progressive soul band, must be experienced & able to play week nights & weekends. Call Anderson, 226-4782 after 4 P.M.

**NEEDED IMMEDIATELY**  
**SECURITY OFFICERS**  
Please apply in person from 9 A.M. to 5 P.M. American Security of Greenville, Inc. Suite 9, Roger Executive Center (North 1-363)

**NEEDED! 4 Diesel mechanics.** Cummins, Detroit experience. Call J. J. Smith, 288-8500.  
GREENVILLE MACK SALES

**OPENING IN STOCK ROOM**  
MUST BE ABLE TO DO HEAVY LIFTING  
APPLY  
Personnel Office  
**HER MAJESTY**  
Mauldin, S.C.  
An Equal Opportunity Employer

**PASTRY COOK**  
No phone calls please  
**S & S Cafeteria**  
Apply to  
Mr. Evans or Mr. Hester  
1037 N. Pleasantburg Dr.  
**PRINTER WANTED**  
Must be experienced on Multilith 1250 or A.B. Click 360. Also neat in appearance and an aggressive worker. Good company benefits. Call for appointment, 232-7095.

**EXPERIENCED SEWING MACHINE OPERATORS**

**Employment**

**150—Help Wanted Misc.**

**COOK**  
FIRST SHIFT  
Howard Johnson Restaurant  
Corner 291 & Augusta St.  
APPLY IN PERSON  
**DELIVERY PERSON**  
With knowledge of the city. Full time. Phone 268-7621 for appointment.

**EXPERIENCED CLOTH CUTTER**  
For Cutting Department  
Excellent Benefits  
Apply In Person  
**McAfee Mfg. Co.**  
100 Gantt St.  
Greenville, S.C.

**EXPERIENCED MANAGERS AND SHIFT WORKERS**  
For second and third shifts in 24 hour convenient food stores in Greenville and Eastley area. You must be able to pass all background investigations and work any shift. Good starting salary and benefits. Apply 1410 Burcombe Rd. between 3-5 P.M.

**150—Help Wanted Misc.**

**INDUSTRIAL CLEANERS**  
Michelin has immediate openings for cleaners at its Greenville Plant. Jobs require dependable workers and offer permanent employment. Good pay and excellent benefits. Applications available Mondays and Wednesdays, 8 a.m. — 4 p.m. at the Greenville Employment Office located at the Plant.

**Employment**

**150—Help Wanted Misc.**

**WAITRESSES & COOKS WANTED!**  
8 Waitresses and 4 cooks. Day and night shifts. 19 South Park Ave. S of the new MAJOR RESTAURANT & SUPPER CLUB.  
Apply in person only. Located in Morgan Manor, 291 By-Pass.

**WANTED lady to keep 4 month old baby girl in my home (Hillside Comm.) or theirs (Mauldin-Simpsonville area). First shift hours. 8:00-2:00**

**WANTED WAITRESSES**  
Neat, clean, & attractive. Apply in person. Jack Courty, Holiday Inn, 1-85, 277-6730 for appointment.  
We need waitresses for day and night, full and part-time. Call 244-3750 after 2 P.M.

**WORKING CHEF**  
Must have good experience and excellent references. Apply Sheraton Motor Inn, 1001 S. Church St.

**155—Sales—Agents**

**LARGE MANUFACTURING CORPORATION**  
Needs 4 men to go to work immediately. Prefer married men & women over 21. Excellent fringe benefits. Earning opportunity, \$300 per week while job-training. For personal interview, apply in person 916 Lindleton St., Fri. Jan. 2, 10 A.M. Ask for Mr. J.W. Corey.

**150—Help Wanted Misc.**

ENGINEERING FIRMS SUBMITTING RESUMES  
TO PROVIDE CONSULTING ENGINEERING ASSISTANCE  
TO PHYSICAL PLANT DIVISION

January 21, 1976

1. J. E. Sirrine Company  
P. O. Box 5456  
Greenville, S. C. 29606
2. R. S. Noonan, Inc. of S. C.  
P. O. Box 1388  
Greenville, S. C. 29602
3. McMillan, Bunes, Townsend, and Bowen  
P. O. Box 1508  
Greenville, S. C. 29602
4. Piedmont Engineers-Architects-planners  
P. O. Box 1777  
Greenville, S. C. 29602
5. Stetson Architects and Engineers  
Piedmont Center  
33 Villa Road  
Greenville, S. C. 29607
6. Peritus Engineers, Inc.  
P. O. Box 6502  
Greenville, S. C. 29606
7. Enwright Associates, Inc.  
Engineers-Planners-Surveyors  
P. O. Box 5287 Station B  
Greenville, S. C. 29606
8. R. W. A. Engineers, Inc.  
5672 International Drive  
Charlotte, N. C. 28211

ENGINEERING FIRMS SUBMITTING RESUMES  
TO PROVIDE CONSULTING ENGINEERING ASSISTANCE  
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5672 International Drive  
Charlotte, N. C. 28211

ENGINEERING FIRMS WHOSE REPRESENTATIVES  
WERE INTERVIEWED IN CONNECTION WITH  
PROVIDING CONSULTING ENGINEERING ASSISTANCE

January 21, 1976

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P. O. Box 6502  
Greenville, S. C. 29606
2. McMillan, Bunes, Townsend and Bowen  
P. O. Box 1508  
Greenville, S. C. 29602
3. Piedmont Engineers-Architects-Planners  
P. O. Box 1777  
Greenville, S. C. 29602

CLEMSON UNIVERSITY  
CONSTRUCTION PROJECTS SINCE JANUARY 1, 1973

Date of E-1	Project No.	Name	Original Contract Amount	Architects	Nature of Project
5/15/73	9-102	Biological Sciences Bldg.	\$5,350,000	Riley/Bultman/Coulter Columbia, S. C.	Laboratory building
5/15/73	9-103	Agricultural Administration and Forest & Recreation Resources Facility	\$4,350,350	Lucas and Stubbs Assocs., Ltd. Charleston, S. C.	Office & teaching
9/10/74	9-110	Renov. & Addition to Agricultural Engr. Bldg.	\$2,236,126	J. E. Sirrine Company Greenville, S. C.	Office & teaching
6/19/74*	9-112	Nursing Building	\$2,349,120	Riley/Bultman/Coulter	Office & teaching
10/11/74	9-114	Renov. of Sirrine Hall	\$ 800,000 (est.)	McMillan, Bunes, Townsend and Bowen, Greenville, S. C.	Office & teaching
		<u>1/</u> Continuing Education Center	\$6,000,000 (est.)	Craig & Gaulden, Greenville	Continuing educ. activities
7/24/75	9-120	Incinerator & Postmortem Facility	\$ 130,000 (est.)	Pearlstine-Anderson Columbia, S. C.	Postmortem facility for Livestock-Poultry Health Dept.
		University Golf Course	\$1,000,000 (est.)	George W. Cobb, Greenville	18-hole golf course
		Consulting Engineering Assistance to Physical Plant Division	N/A	Peritus Engineers, Inc. Greenville, S. C.	Additions, modifications, and renovations of various utility systems

\*Original letter of agreement dated 11/22/71.

1/ This contract terminated during schematic design phase due to withdrawal of funds by State Budget & Control Board.

PPD-JB-1/21/76

Exhibit VII c  
May 13, 1976

15 High Hill Road  
Lexington, S.C. 29072  
April 27, 1976

Mr. P.C. Smith, State Auditor  
South Carolina Budget and Control Board  
P.O. Box 11333  
Columbia, S.C.

Dear Mr. Smith:

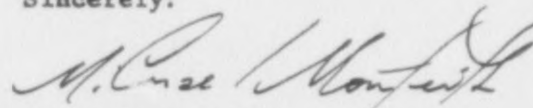
I understand that the Budget and Control Board has been charged with the responsibility of issuing permits for the removal and collection of underwater fossils and fossil material. I also understand that one temporary permit for such removal has been issued.

I would, therefore, like a similar permit to enable me to remove and collect fossils for hobby purposes. In my regular diving throughout South Carolina in search of historical artifacts I sometimes find fossilized material and, quite naturally, bring it up.

My purposes in wanting such a permit are totally advocational and I have no objection to the temporary surrender of such fossils items for scientific study and recording. In fact, it has been my practice in the past to have my unusual fossil finds identified by a paleontologist so that my fossils may be studied, photographed, etc. if they are of scientific significance.

I trust that you will act with speed on my request as my regular diving schedule makes such a permit very necessary if I am to comply with the present law.

Sincerely:



Michael Monteith

copy  
P.C. Smith, State Auditor

P.O. Box 1133

Columbia, South Carolina, 29201

Dear Mr. Smith:

It is my understanding that the Budget and Control Board has authority to issue permits to recover fossils from the state's rivers and streams, as provided for by recent legislation. I am a sports diver and would like to receive such a permit that would allow me to collect fossils as a hobby statewide. I will cooperate fully with the S.C. Museum Commission, keeping them informed on what I find and documenting it with photographs. I will make this material and any fossils I find available for inspection by the Commission and anything of real scientific significance would be turned over to the proper state authorities.

I appreciate your attention to this matter. If further contact with other individuals or agencies is necessary to receive this permit, please let me know so that I can pursue it further.

With Personal Regards.

Daniel L. Dobbins



South Carolina Department of Archives and History  
1430 Senate Street  
Columbia, S. C.

P. O. Box 11,669  
Capitol Station 29211  
803 — 758-5816

May 4, 1976

Mr. William T. Putnam  
Assistant State Auditor  
205 Wade Hampton Office Building  
Columbia, S. C. 29211

Dear Mr. Putnam:

The Department of Archives and History, in conjunction with the South Carolina Confederation of Local Historical Societies, the Kershaw County Historical Society, the Camden Historical Commission, and the Camden District Heritage Foundation, is sponsoring the 11th annual Landmark Conference in Camden May 6-8, 1976.

Since it is the policy of the Budget and Control Board not to reimburse monies expended for lodging by State employees within a radius of 40 miles of their residence and/or headquarters, we respectfully request an exception to the rule for this particular occasion; overnight stays for two nights are involved.

As you will note in the enclosed Conference brochure, Conference meetings begin early in the morning and continue into the evening. Although the programs have been carefully planned, there are always last-minute adjustments to be made before the day's seminars begin. Conference participants also appreciate having staff members available after the evening meetings to answer questions and to participate in discussion.

The Landmark Conference is attended by approximately 200 members of local historical societies throughout the state. The seminars and meetings are devoted to the exchange of ideas and the learning of new techniques in the field of applied history.

Owing both to the schedule and to the responsibilities of Archives staff, we would appreciate an exception to the 40 mile radius ruling.

Sincerely,

*Harold W. Perry*  
Harold W. Perry  
Asst. Dir. for Admin.

HWP/bo

enc.

SCHEDULE OF EVENTS  
LANDMARK CONFERENCE '76

Thursday, May 6

3-6 p.m.	Registration	Woodward Park Recreation Center (Hwy. 1, at Seaboard Station)
6 p.m.	Sherry	Horse Branch Hall - Kirkwood Lane Home of Mr. and Mrs. Guy Hutchins
7 p.m.	Dinner on the Grounds	Kamschatka Gardens - Kirkwood Lane Gardens at home of Mrs. William F. Buckley

Friday, May 7

8-10 a.m.	Registration	Colonial Restaurant, DeKalb Street
8-9:45 a.m.	Presidents' Breakfast and Annual Meeting	Colonial Restaurant
10:15-12 Noon	Workshop - South Carolina: Revolution and Evolution - Charles E. Lee, Director S.C. Department of Archives and History; Hope H. Boykin, Director Historic Camden Revolutionary War Site; Henry D. Boykin, II, Architect	Woodward Park Recreation Center
12:30 p.m.	Barbecue Lunch	Woodward Park Recreation Center
2-5 p.m.	Country Tour - Mulberry Plantation Yard, The Terraces, Murchison House, Mill Way, Fairholm, Boykin Church	Tour begins at Recreation Center (You provide car; Camden provides guide to ride with you)
7:30 p.m.	Bicentennial Ball & Plantation Supper Come in Revolution/Evolution Costume, 1776 to 1976	Camden Shrine Club - (5 miles north of city on Hwy. 521)

Saturday, May 8

9 a.m.	Town Tour - Historic Camden, Camden Archives, Price House, Mills Courthouse, Bishop Davis House, Greene Office, Joshua Reynolds House, Proctor Hall	Tour begins at Recreation Center
12:30 p.m.	Picnic on Grounds (Awards Luncheon)	At Douglas-Reed House, 426 York St. Host: Camden Fine Arts Committee

ADVANCE REGISTRATION  
1976 LANDMARK CONFERENCE

Registration fee: \$27.50 per person. This includes  
program, tours, five meals. IT DOES NOT INCLUDE  
LODGING. Please make your own room reservations in  
advance. (See enclosed sheet for motel information)  
Registration limited to 225. First come, first served.  
Detach and return this form immediately to:  
Mrs. Paul Semple, Conference Registrar  
Post Office Box 501  
Camden, South Carolina 29020

\_\_\_\_ Registration fee enclosed  
\_\_\_\_ Will pay upon arrival

ORGANIZATION \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

At the Landmark Conference I will  
attend:

- ☐ Thursday Sherry
- ☐ Thursday Supper
- ☐ Presidents' Breakfast/Annual Meeting
- ☐ Friday Morning Workshop
- ☐ Friday Luncheon
- ☐ Country Tour
- ☐ Costume Ball
- ☐ Town Tour
- ☐ Saturday Awards Luncheon

**1250**

1976 Landmark Conference  
Camden, South Carolina  
May 6, 7, 8



# Revolution-Evolution

The Confederation of South Carolina Local Historical Societies, the South Carolina Department of Archives and History, the Kershaw County Historical Society, the Camden Historical Commission, and Camden District Heritage Foundation invite you to the 1976 South Carolina Landmark Conference. Celebrate the Bicentennial in one of South Carolina's most historic areas.



Visit the Historic Camden Revolutionary War Site . . . walk over the grounds held by the British between 1780 and 1781 . . . see the site of the proposed restoration of the Cornwallis House . . . learn from Camden's example the best way to put valuable old buildings to use. Bring your friends to the costume ball . . . dress up as your favorite real or fictional character (you may win a prize!) . . . dance to the tunes of a string ensemble . . . feast at the plantation buffet. Don't miss this opportunity to visit many of Camden's beautiful and historic buildings and sites.

Enjoy the hospitality that is Camden's specialty. Meet old friends . . . make new friends. Exchange ideas with other historians . . . take new enthusiasm back to your organization. The 1976 Landmark Conference planners want YOU to come. Make knowing your state your special Bicentennial project. Begin it in Camden.

Stamp

Mrs. Paul Semple, Conference Registrar  
Post Office Box 501  
Camden, South Carolina 29020



Exhibit IX

BOARD MEMBERS

May 13, 1976

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
J. Lorin Mason, Jr., M.D.  
William C. Moore, Jr., D.M.D.

## SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

April 26, 1976

Mr. William T. Putnam  
Assistant State Auditor  
P.O. Box 11333  
Columbia, South Carolina 29211

Dear Mr. Putnam:

Mr. Charles A. Webster, Training Coordinator for the Bureau of Maternal and Child Care, has requested our permission to pay subsistence to employees within the forty mile limit who are attending a training session. His justification for requesting this exception to the state travel regulations is attached. After considering this request, please notify us if the Budget and Control Board will approve our request.

Thank you for your consideration and cooperation.

Very truly yours,

JOHN B. ASBILL, Chief  
Bureau of Budgets, Finance & Accounts

JBA/dc

1252



BOARD MEMBERS

Lachlan L. Hyatt, Chairman  
William M. Wilson, Vice-Chairman  
I. DeQuincey Newman, Secretary  
W. A. Barnette, Jr.  
Leonard W. Douglas, M.D.  
J. Lorin Mason, Jr., M.D.  
William C. Moore, Jr., D.M.D.

**SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**RECEIVED**  
**APR 23 1976**

KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER  
J. MARION SIMS BUILDING — 2600 BULL STREET  
COLUMBIA, SOUTH CAROLINA 29201

April 21, 1976

MEMORANDUM

FINANCE DIVISION

TO: John Asbill, Director  
Division of Finance

FROM: C. A. Webster, Training Coordinator *C. A. Webster, Jr.*  
Bureau of MCC

SUBJECT: Justification for Paying for Travel and Per Diem within  
40 mile limit

All special training events for our professional and paraprofessional staff like those funded by the Title XX Training Grants, require overnight lodging at the training site whenever possible. Special evening meetings of key staff from all districts and central office will always be held to maximize training time and training dollars.

We are training by region as designed by the Office of Nursing which groups four districts in the Piedmont, Central and Coastal regions. We have carefully budgeted travel for all participants and per diem on this basis and it is an approved part of the grant. This money is special federal training grant money which is approved out of Atlanta and must be spent by category. Therefore, I would like written approval for overnight lodging for all participants so that those within the 40 mile radius mentioned in our travel regulations can profit from all of the training and expect reimbursement from this special training grant.

We would certainly appreciate your written approval.

Approved

*W. Coffey* *DeBreed*

1253



*From the Desk of:*

WALT PETTISS

April 22, 1976

TO: Bill Putnam

I discussed Chief Strom's recommendation that the State offer a \$5,000 reward in the slaying of Stanley LeRoy Tedder with the Governor yesterday.

Please include this matter on the next Budget and Control Board Agenda.

WP/bw

Attachment

1253-A

Exhibit ~~X~~  
May 13, 1976

State of South Carolina  
Law Enforcement Division



JAMES B. EDWARDS  
Governor

J. PRESTON STROM  
Chief

P. O. Box 21398

Phone 758-2461

COLUMBIA, S. C. 29221

April 21, 1976

Mr. Walter R. Pettiss  
Executive Assistant  
Office of the Governor  
Post Office Box 11450  
Columbia, South Carolina 29211

Re: Stanley Leroy Tedder, Deceased - SLED 76-482

Dear Mr. Pettiss:

On April 14, 1976 a 36 year old white male by the name of STANLEY LEROY TEDDER was murdered in the City of Rock Hill while attempting to make a night deposit at the Rock Hill National Bank branch on Saluda Street. This subject was shot with a .32 caliber weapon twice and at least three other bullets were fired into the car not striking the subject.

Agents of the South Carolina Law Enforcement Division along with the officers of the Rock Hill Police Department have been working on this murder but have been unable to establish any definite leads to the person or persons who committed the crime. Several witnesses have been interviewed, however, none have been found who actually saw the crime committed. So far, we have witnesses who only either heard the shots or arrived at the scene shortly after the crime was committed.

At the request of Chief John M. Hunsucker, Jr. of the Rock Hill Police Department and our agents assigned to this case, I am respectfully requesting authorization from the State of South Carolina to offer a reward of \$5,000 for information leading to the arrest and conviction of the person or persons responsible for this crime.

With kind regards, I am

Yours very truly,

A handwritten signature in cursive script, appearing to read "JP Strom".

J. P. Strom, Chief  
S. C. Law Enforcement Division

JPS/c

1254

*Barb C. Brown*

April 22, 1976

TO: Bill Putnam

I discussed Chief Strom's recommendation that the State offer a \$5,000 reward in the slaying of Stanley LeRoy Tedder with the Governor yesterday.

Please include this matter on the next Budget and Control Board Agenda.

WP/bw

Attachment

1255

State of South Carolina  
Law Enforcement Division



JAMES B. EDWARDS  
Governor

J. PRESTON STROM  
Chief

P. O. Box 21398

Phone 758-2461

COLUMBIA, S. C. 29221

April 21, 1976

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S. C. Law Enforcement Division

JPS/c

B+C Ba.

April 22, 1976

TO: Bill Putnam

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Please include this matter on the next Budget and Control Board Agenda.

WP/bw

Attachment



Exhibit XI  
May 13, 1976

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH  
STATE AUDITOR

TELEPHONE  
(803) 758-3106

May 5, 1976

Mr. John E. Wise, Vice President  
Medical University of South Carolina  
80 Barre Street  
Charleston, South Carolina 29401

Dear John:

Your request for Budget and Control Board authority for the renovation of the President's home has been placed on the agenda of the meeting of May 13, 1976. This meeting will be held in the Governor's conference room at 2:30 p. m. and it would be appropriate for you or some member of the Medical University's staff to be available for explanation should the need arise.

We have also notified Dr. Knisely of the Board meeting and advised that this item will appear on the agenda.

If we can be of any assistance to you in this matter, please feel free to call upon us.

Yours very truly,

William T. Putnam  
Assistant State Auditor

WTP:sc

1258

OFFICE OF THE VICE PRESIDENT & TREASURER  
(803) 792-4291



## Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

April 28, 1976

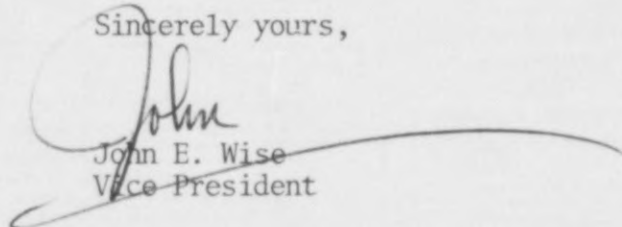
Mr. William T. Putnam  
Assistant State Auditor  
Post Office Box 11333  
Columbia, South Carolina 29211

Dear Mr. Putnam:

Please find enclosed Form E-1 in duplicate for the proposed project for additions to the President's house. Plans and justifications for the project are also attached.

Your consideration and approval of this request will be greatly appreciated.

Sincerely yours,



John E. Wise  
Vice President

JW/bh

cc: Mr. L. W. Michaelis  
Mr. R. E. Clark  
Mr. M. E. Woodbury

1259

## JUSTIFICATION FOR ADDITION TO THE PRESIDENT'S HOUSE

April 26, 1976

### BACKGROUND

Until recent years, the Medical University has not had an official residence for its' head. When Dr. McCord became President, he retained the house at Ft. Johnson which previously had been made available to him when a Professor, in exchange for his supervision of the animal facilities at Ft. Johnson. This house is a small three bedroom residence on the Ft. Johnson Point. It had been constructed by the U. S. Government about the turn of the Century for use by the U. S. Quarantine Station personnel. As the Medical University grew, the limited size of house (1600 sq. ft.) forced the President to use commercial facilities to discharge his responsibilities, with the attendant higher costs and reduced effectiveness. The Ft. Johnson house is not adequate, for use by the new President, however, because it is too small to accomodate his family.

### ANALYSIS

Several alternatives were considered to resolve this situation, namely; a. Add on to the existing Ft. Johnson house. b. raze the existing house and build a new house on the site. c. dispose of the Ft. Johnson property and acquire a large house elsewhere. To help in the evaluation of the alterations, a statement of requirements, including a space program was prepared (see enclosure). This statement shows that there is a valid requirement for some 5,000 sq. ft. Additionally, there should be a garage and a parking area for guests. The existing garage and animal building should be demolished due to their poor condition and age.

The Ft. Johnson site is shown on the enclosed drawing. The plot is properly sized for the required structure and is served by city water and commercial power. Sewage disposal could be handled either by connection to the S. C. Marine Resources' system or by septic tank and tile field (the present arrangement).

Shown below is an analysis of estimated cost for the three alternatives cited above.

a. Add on to existing house.

Remodel existing structure to conform with new plan. 1600 sq. ft. @ \$20/sq.ft.	=	32,000
Construct additional wings 3,400 sq.ft. @ \$30/sq.ft.	=	102,000
Parking, site work, etc.	=	12,000
		<u>146,000</u>

b. Construct new house on existing site.

5,000 sq.ft. @ \$30/sq.ft.	=	150,000
Parking, site work	=	17,000
		<u>167,000</u>

**1260**

c. Purchase house in good neighborhood, with garage = 150,000  
Allowance for repairs and alterations = 10,000  
160,000\*

\*Note - no deduction has been made for disposal of property since  
it would certainly be transferred to the State Marine Resources  
Department.

From the above, it has been decided that alternative a, add on to  
the existing Ft. Johnson structure, is the most economical and satisfactory  
solution to the problem.

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE April 26, 1976

Institution or Agency Medical University of South Carolina

Name of Project Addition to President's House

Total Estimated Cost - - - - - \$ 150,000

To:—State Budget and Control Board  
Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

3400 SF Addition to existing 1600 SF building, including necessary remodeling  
of existing structure

B. Intended Use: President's house

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.  
(b) Outline specifications.  
(c) Small scale locality map.  
(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet: 3,400

3. Principal Facilities (No. of stories, rooms, offices, etc.) to be determined by architect

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done. see attached justification and description

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

### III. ESTIMATED COST

Site - - - - -	\$ 6,000
Grading - - - - -	
Construction - - - - -	90,000
Fees - - - - -	14,000
Renovation - - - - -	29,000
Basic Equipment and Supplies - - - - -	
Landscaping - - - - -	
Builder's Risk Insurance - - - - -	3,000
Other (Specify) _____	
	8,000
Contingencies - - - - -	
TOTAL ESTIMATED COST - - - - -	\$ 150,000

It is further estimated that this project will add \$ 10,000 per year to operation and maintenance costs of this agency.

### IV. FINANCING PLAN

A. Funds Already in Hand - - - - - \$ 150,000

Source: Plant Improvement Bonds

B. Proposed Bond Issue - - - - -  
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).

C. Other (describe) \_\_\_\_\_

TOTAL - - - - - \$ 150,000

Has your governing board taken formal action authorizing the submission of this application? Yes

(Signed) [Signature]

Title \_\_\_\_\_

Secretary

### BOARD'S ACTION

APPROVED: \_\_\_\_\_

State Auditor

DATE: \_\_\_\_\_

**DUKE POWER COMPANY**  
LEGAL DEPARTMENT  
P. O. Box 2178  
CHARLOTTE, N. C. 28242

LEWIS F CAMP  
ASSISTANT GENERAL COUNSEL  
AND  
ASSISTANT SECRETARY

(704) 373-4317

*Exhibit VII*  
*May 13, 1976*

May 5, 1976

The Honorable P. C. Smith  
Auditor, State of South Carolina  
Post Office Box 11333  
Columbia, South Carolina 29211

Re: Oconee Nuclear Station  
Pollution Control Revenue Bonds

Dear Mr. Smith:

Pursuant to our telephone conversation of today, I am sending you herewith information that you may need to include on the agenda of the State Budget and Control Board meeting of May 13, 1976 the petitions of Oconee County for authorization to issue \$2,500,000 of Pollution Control Revenue Bonds. I am attaching a draft copy of the proposed petitions.

Petition A is in connection with \$1,500,000 of the proposed Pollution Control Revenue Bonds, 1976 Series. These Bonds will be used to repay the existing \$1,500,000 of Pollution Control Revenue Bond Anticipation Notes, 1976 Series, which were authorized by the State Budget and Control Board on March 8, 1976. These Notes are held by Morgan Guaranty Trust Company of New York and they will purchase the entire \$2,500,000 in new bonds.

Petition B is in connection with the proposed issuance of \$1,000,000 of Pollution Control Revenue Bonds, 1976 Series A. While we will consider these Bonds as pollution control bonds from the standpoint of South Carolina law, they will be tax exempt according to the Internal Revenue Code on the basis of being conventional industrial revenue bonds.

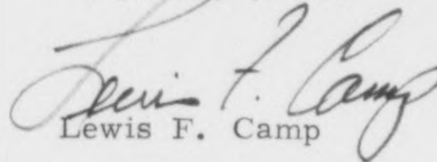
I am also enclosing for your information proposed resolutions to be adopted by the State Budget and Control Board in connection with each of the above Petitions. I plan to attend the May 13 meeting of

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The Honorable P. C. Smith  
Page Two  
May 5, 1976

the State Budget and Control Board in order to answer any questions that may arise. I will send you proposed documents in final form prior to your meeting, which documents will be executed where appropriate by the officials of Oconee County, as they are scheduled to adopt the necessary resolutions on May 6, 1976.

Very truly yours,

  
Lewis F. Camp

LFC:ph

Enclosures

STATE OF SOUTH CAROLINA  
COUNTY OF OCONEE

\_\_\_\_\_)  
TO THE STATE BUDGET AND CONTROL )  
\_\_\_\_\_)  
BOARD OF SOUTH CAROLINA )  
\_\_\_\_\_)

P E T I T I O N

This Petition of the County Council of Oconee County (the "County Council"), pursuant to Act No. 156 of the Acts and Joint Resolution enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") and specifically to Section 14 thereof, respectfully shows:

1. The County Council is the governing body of Oconee County, having been so designated by the General Assembly of South Carolina, and as such is the "Governing Board" of such County referred to in the Act.

2. The Act, amongst other things, authorizes the County Council, subject to obtaining the approval and appropriate findings from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, pursuant to Sections 14 and 7 of the Act, respectively, (i) to issue its bonds pursuant to the Act, (ii) to loan the proceeds of such bonds to qualified industrial concerns in order to aid such concerns to finance the cost of the construction, acquisition and installation of pollution control facilities and (iii) to enter into loan agreements with such industrial concerns prescribing the

terms and conditions of the payments to be made to the County to meet the payments that shall become due on such bonds issued pursuant to the Act.

3. The County Council has agreed to aid Duke Power Company, a North Carolina corporation, qualified to do business as a foreign corporation in South Carolina (the "Industry"), to finance the cost of certain air and water pollution control facilities more fully described in Exhibit A which is a part of Exhibit 1 attached hereto, at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina (the "Pollution Control Facilities").

4. The County Council has been advised by the Industry that it will be necessary at this time to finance a portion of the cost of the Pollution Control Facilities and that it will be necessary to issue and sell \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) for such purposes (the "Bonds").

5. Pursuant to Section 7 of the Act, the South Carolina Department of Health and Environmental Control has made the requisite finding that the Pollution Control Facilities are necessary, and that the design thereof will result in the elimination, mitigation or prevention of air and water pollution, and in that connection there is attached hereto as Exhibit 1 to this Petition, a certificate setting forth the finding of the Department of Health and Environmental Control relating to the Pollution Control Facilities.

6. Pursuant to Section 14 of the Act, the County Council sets forth the following information:

A. The Pollution Control Facilities (more fully described in Exhibit A which is a part of Exhibit 1 attached hereto) to be financed in part out of the proceeds of the Bonds are necessary and are designed for the elimination, mitigation and prevention of air or water pollution at the Industry's Oconee Nuclear Station.

B. The cost (as defined in the Act) of said portion of the Pollution Control Facilities is at least \$1,500,000.

C. The proposed Loan Agreement between the Industry and the County, a draft copy of which is attached hereto as Exhibit 2, provides in general:

(a) To finance a portion of the cost of the acquisition, construction and installation of the Pollution Control Facilities, the County Council has adopted a resolution on May <sup>6</sup>~~3~~, 1976 (the "Resolution") authorizing the issuance of the Bonds.

(b) The Bonds will be secured by a pledge of all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except for certain indemnification payments and administration expenses), the funds created under the Resolution and the income earned on investment of such funds.

*Bonds* (c) Proceeds derived from the sale of the Notes will be deposited with Morgan Guaranty Trust Company of New York, the Depository appointed by the Resolution, and will be applied solely for the payment of the costs incident to the acquisition, construction and installation of the Pollution Control Facilities.

(d) Under the terms of the Loan Agreement, the Industry obligates itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bonds prove insufficient without diminution of any payments to the County required by the Loan Agreement, to pay the amount necessary to meet the payments of principal and interest on the Bonds as the same become due, and to pay the cost of maintaining and insuring the Pollution Control Facilities.

(e) As permitted by the Act, the Loan Agreement provides that the Pollution Control Facilities shall be the property of the Industry and the County shall have no interest therein.

(f) The Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

D. The State Department of Health and Environmental Control, as evidenced by the certificate attached hereto as Exhibit 1, has found that the Pollution Control Facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

E. The Resolution, a copy of which is attached hereto as Exhibit 3, provides in general:

(a) The irrevocable pledge and assignment to the holders of the Bonds of the County's rights and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except certain indemnification payments and administration expenses), all the funds created under the Resolution and the investment income of such funds.

(b) The terms of the Bonds, the rate of interest of the Bonds, the provisions for exchange and transfer of the Bonds, the redemption provisions, the means of disbursement and investment of the Bond proceeds, the authorization and execution of the Loan Agreement and the Bond Purchase Agreement (hereinafter mentioned), default provisions and remedies therefor and various other matters relating to the Bonds.

D. The State Department of Health and Environmental Control, as evidenced by the certificate attached hereto as Exhibit 1, has found that the Pollution Control Facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

E. The Resolution, a copy of which is attached hereto as Exhibit 3, provides in general:

(a) The irrevocable pledge and assignment to the holders of the Bonds of the County's rights and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except certain indemnification payments and administration expenses), all the funds created under the Resolution and the investment income of such funds.

(b) The terms of the Bonds, the rate of interest of the Bonds, the provisions for exchange and transfer of the Bonds, the redemption provisions, the means of disbursement and investment of the Bond proceeds, the authorization and execution of the Loan Agreement and the Bond Purchase Agreement (hereinafter mentioned), default provisions and remedies therefor and various other matters relating to the Bonds.

(c) The adoption of the Resolution will not impose any pecuniary liability on the County or create a charge upon the general credit or taxing power of the County.

F. The proposed Bond Purchase Agreement, a draft of which is attached herto as Exhibit 4, provides for the sale of the Bonds to the purchasers indicated therein.

7. The County Council has adopted the Resolution on May 3, 1976 and it is the intent of the County Council that the Loan Agreement and the Bond Purchase Agreement shall be executed and delivered in substantially the forms attached hereto and that the execution of the Loan Agreement and Bond Purchase Agreement has been authorized with such changes and insertions therein as may be approved by the persons executing same, such approval to be conclusively evidenced by their execution thereof and adoption of the Resolution is conclusive evidence of final adoption of such Resolution.

Upon the basis of the foregoing, the County Council respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents attached hereto, and that the State Board do as soon as practicable make such investigation as it deems advisable and that if it finds that the Pollution Control Facilities are intended to

promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bonds pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of its approval in the manner set forth in Section 14 of the Act.

6  
May 3, 1976.

Respectfully submitted,

OCONEE COUNTY, SOUTH CAROLINA

By \_\_\_\_\_  
Chairman of the County Council  
of Oconee County

(SEAL)

Attest:

\_\_\_\_\_  
Clerk of the County  
Council of Oconee County

A

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,500,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
(DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council (the "County Council") of Oconee County, South Carolina (the "County"), pursuant to Act No. 156 of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") by the County pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to finance part of the cost of constructing, acquiring and installing the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities");

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Bonds when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Board, by action de novo

*Council*

1277

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

A

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND.

I, P. C. SMITH, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

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

The Honorable F. Julian Lea Mond, Chairman of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at the office of the State Auditor, in the Hampton Office Building, at Columbia, South Carolina, at 11:00 A.M., May 13, 1976, was given to all members in writing, and at least four (4) days prior to said meeting: that all members of said Board were present at said meeting, with the exception of:

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

FOR MOTION

AGAINST MOTION

0

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

---

Secretary

May 13, 1976

STATE OF SOUTH CAROLINA  
COUNTY OF OCONEE

B

\_\_\_\_\_)  
TO THE STATE BUDGET AND CONTROL )  
\_\_\_\_\_)  
BOARD OF SOUTH CAROLINA )  
\_\_\_\_\_)

P E T I T I O N

This Petition of the County Council of Oconee County (the "County Council"), pursuant to Act No. 156 of the Acts and Joint Resolution enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") and specifically to Section 14 thereof, respectfully shows:

1. The County Council is the governing body of Oconee County, having been so designated by the General Assembly of South Carolina, and as such is the "Governing Board" of such County referred to in the Act.

2. The Act, amongst other things, authorizes the County Council, subject to obtaining the approval and appropriate findings from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, pursuant to Sections 14 and 7 of the Act, respectively, (i) to issue its bonds pursuant to the Act, (ii) to loan the proceeds of such bonds to qualified industrial concerns in order to aid such concerns to finance the cost of the construction, acquisition and installation of pollution control facilities and (iii) to enter into loan agreements with such industrial concerns prescribing the

terms and conditions of the payments to be made to the County to meet the payments that shall become due on such bonds issued pursuant to the Act.

3. The County Council has agreed to aid Duke Power Company, a North Carolina corporation, qualified to do business as a foreign corporation in South Carolina (the "Industry"), to finance the cost of certain air and water pollution control facilities more fully described in Exhibit A which is a part of Exhibit 1 attached hereto, at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina (the "Pollution Control Facilities").

4. The County Council has been advised by the Industry that it will be necessary at this time to finance a portion of the cost of the Pollution Control Facilities and that it will be necessary to issue and sell \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) for such purposes (the "Bonds").

5. Pursuant to Section 7 of the Act, the South Carolina Department of Health and Environmental Control has made the requisite finding that the Pollution Control Facilities are necessary, and that the design thereof will result in the elimination, mitigation or prevention of air and water pollution, and in that connection there is attached hereto as Exhibit 1 to this Petition, a certificate setting forth the finding of the Department of Health and Environmental Control relating to the Pollution Control Facilities.

6. Pursuant to Section 14 of the Act, the County Council sets forth the following information:

A. The Pollution Control Facilities (more fully described in Exhibit A which is a part of Exhibit 1 attached hereto) to be financed in part out of the proceeds of the Bonds are necessary and are designed for the elimination, mitigation and prevention of air or water pollution at the Industry's Oconee Nuclear Station.

B. The cost (as defined in the Act) of said portion of the Pollution Control Facilities is at least \$1,000,000.

C. The proposed Loan Agreement between the Industry and the County, a draft copy of which is attached hereto as Exhibit 2, provides in general:

(a) To finance a portion of the cost of the acquisition, construction and installation of the Pollution Control Facilities, the County Council has adopted a resolution on May <sup>12</sup>~~8~~, 1976 (the "Resolution") authorizing the issuance of the Bonds.

(b) The Bonds will be secured by a pledge of all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except for certain indemnification payments and administration expenses), the funds created under the Resolution, the income earned on investment of such funds and a security in-

terest in a portion of the Pollution Control Facilities.

*Bonds* (c) Proceeds derived from the sale of the Notes will be deposited with Morgan Guaranty Trust Company of New York, the Depository appointed by the Resolution, and will be applied solely for the payment of the costs incident to the acquisition, construction and installation of the Pollution Control Facilities.

(d) Under the terms of the Loan Agreement, the Industry obligates itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bonds prove insufficient without diminution of any payments to the County required by the Loan Agreement, to pay the amount necessary to meet the payments of principal and interest on the Bonds as the same become due, and to pay the cost of maintaining and insuring the Pollution Control Facilities.

(e) As permitted by the Act, the Loan Agreement provides that the Pollution Control Facilities shall be the property of the Industry but the County shall have a security interest in a portion thereof.

(f) The Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

D. The State Department of Health and Environmental Control, as evidenced by the certificate attached hereto as Exhibit 1, has found that the Pollution Control Facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

E. The Resolution, a copy of which is attached hereto as Exhibit 3, provides in general:

(a) The irrevocable pledge and assignment to the holders of the Bonds of the County's rights and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except certain indemnification payments and administration expenses), all the funds created under the Resolution and the investment income of such funds and the security interest of the County in a portion of the Pollution Control Facilities.

(b) The terms of the Bonds, the rate of interest of the Bonds, the provisions for exchange and transfer of the Bonds, the redemption provisions, the means of disbursement and investment of the Bond proceeds, the authorization and execution of the Loan Agreement and the Bond Purchase Agreement (hereinafter mentioned), default provisions and remedies therefor and various other matters relating to the Bonds.

(c) The adoption of the Resolution will not impose any pecuniary liability on the County or create a charge upon the general credit or taxing power of the County.

F. The proposed Bond Purchase Agreement, a draft of which is attached hereto as Exhibit 4, provides for the sale of the Bonds to the purchasers indicated therein.

6 7. The County Council has adopted the Resolution on May 3, 1976 and it is the intent of the County Council that the Loan Agreement and the Bond Purchase Agreement shall be executed and delivered in substantially the forms attached hereto and that the execution of the Loan Agreement and Bond Purchase Agreement has been authorized with such changes and insertions therein as may be approved by the persons executing same, such approval to be conclusively evidenced by their execution thereof and adoption of the Resolution is conclusive evidence of final adoption of such Resolution.

Upon the basis of the foregoing, the County Council respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents attached hereto, and that the State Board do as soon as practicable make such investigation as it deems advisable and that if it finds that the Pollution Control Facilities are intended to

promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bonds pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of its approval in the manner set forth in Section 14 of the Act.

May <sup>6</sup>~~3~~, 1976.

Respectfully submitted,

OCONEE COUNTY, SOUTH CAROLINA

By \_\_\_\_\_  
Chairman of the County Council  
of Oconee County

(SEAL)

Attest:

\_\_\_\_\_  
Clerk of the County  
Council of Oconee County

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,000,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
A (DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council (the "County Council")  
of Oconee County, South Carolina (the "County"), pursuant  
to Act No. 156 of the General Assembly of the State of  
South Carolina (the "Act"), has petitioned the State Budget  
and Control Board of South Carolina (the "State Board")  
pursuant to the Petition attached hereto as Exhibit A  
(the "Petition") seeking approval of the State Board of  
a proposal by the County Council pursuant to the Act;  
and

WHEREAS, the proposal consists of the issuance,  
sale and delivery of \$1,000,000 Pollution Control Revenue  
Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds")  
by the County pursuant to the Act, proceeds of which will be  
loaned to Duke Power Company (the "Industry") and used to  
finance part of the cost of constructing, acquiring and  
installing the pollution control facilities described in  
Exhibit A which is a part of Exhibit 1 to the Petition (the  
"Facilities");

WHEREAS, the State Board has, as required by  
the Act, made such investigation of the proposal of the  
County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be.

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Notes when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Board, by action de novo

*Council*

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

B-6

1293

B

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND.

I, P. C. SMITH, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

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

The Honorable F. Julian Lea Mond, Chairman of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at the office of the State Auditor, in the Hampton Office Building, at Columbia, South Carolina, at 11:00 A.M., May 13, 1976, was given to all members in writing, and at least four (4) days prior to said meeting: that all members of said Board were present at said meeting, with the exception of:

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

FOR MOTION

AGAINST MOTION

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

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Secretary

May 13, 1976

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,000,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
A (DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council (the "County Council") of Oconee County, South Carolina (the "County"), pursuant to Act No. 156 of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds") by the County pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to finance part of the cost of constructing, acquiring and installing the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities");

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE,  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Notes when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Council, by action de novo

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

B-6

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instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

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**OCONEE COUNTY, SOUTH CAROLINA**

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**BOND RESOLUTION**

**AUTHORIZING THE ISSUANCE OF AND SECURING OF**

**\$1,000,000 POLLUTION CONTROL**

**REVENUE BONDS, 1976 SERIES A**

**(DUKE POWER COMPANY PROJECT)**

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**Adopted May 6, 1976**

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A RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,000,000 AGGREGATE PRINCIPAL AMOUNT OF POLLUTION CONTROL REVENUE BONDS, 1976 SERIES A (DUKE POWER COMPANY PROJECT) OF OCONEE COUNTY, SOUTH CAROLINA FOR THE PURPOSE OF LOANING THE PROCEEDS OF SAID BONDS TO DUKE POWER COMPANY TO FINANCE A PORTION OF THE COST OF CONSTRUCTION, ACQUISITION AND INSTALLATION OF POLLUTION CONTROL FACILITIES; AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT WITH SAID DUKE POWER COMPANY IN CONNECTION THEREWITH; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE SALE OF SAID BONDS; AND PROVIDING FOR THE SECURING OF SAID BONDS

WHEREAS, Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") empowers the several counties and incorporated municipalities of the State of South Carolina to issue their bonds and to loan the proceeds of the sale of such bonds to industrial concerns to finance the construction, acquisition and installation by such industrial concerns of pollution control facilities as defined in the Act; and

WHEREAS, Oconee County, South Carolina (the "County") is this day authorizing the issuance pursuant to the Act of \$1,000,000 aggregate principal amount of its Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) to be dated the date of delivery thereof (the "Bonds") to finance a portion of the cost of the construction, acquisition and installation of certain pollution control facilities (the "Facilities"), pursuant to a Loan Agreement dated as of June 1, 1976 (the "Loan Agreement") between the County and Duke Power Company (the "Corporation"); and

WHEREAS, the County is prepared to (i) authorize the issuance of the Bonds, (ii) authorize the loaning of the proceeds of the Bonds to the Corporation to finance a portion of the cost of the acquisition, construction and installation of the Facilities pursuant to the Loan Agreement, and (iii) authorize the sale of the Bonds pursuant to a bond purchase agreement;

NOW, THEREFORE, Oconee County, South Carolina resolves as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. The terms defined in this Article I shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

#### *Act:*

"Act" shall mean Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina and all future acts supplemental thereto or amendatory thereof.

#### *Administration Expenses:*

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the County in connection with the Loan Agreement, this Resolution, the Bond Purchase Agreement and the financing of the Facilities, including the compensation and expenses paid to the Depository under this Resolution.

*Authorized Corporation Representative:*

"Authorized Corporation Representative" shall mean the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Corporation by its President or a Vice President and its Secretary or an Assistant Secretary, which certificate shall continue in full force and effect until the County and the Depository have received a notice of revocation thereof by the Corporation.

*Bank:*

"Bank" shall mean Morgan Guaranty Trust Company of New York.

*Bond Purchase Agreement:*

"Bond Purchase Agreement" shall mean that agreement dated as of June 1, 1976 between the County and the Bank with regard to the sale of the Bonds.

*Bonds:*

"Bonds" shall mean the \$1,000,000 (except as otherwise provided herein) aggregate principal amount of Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) of the County executed and delivered pursuant to this Resolution.

*Bondholder:*

"Bondholder" or "holder of the Bonds" or "holder" shall mean the registered owner of any of the Bonds.

*Corporation:*

"Corporation" shall mean Duke Power Company, a North Carolina corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 of the Loan Agreement.

*Cost:*

"Cost" shall mean the cost of acquiring by construction or purchase the Facilities within the meaning of the Act, including without limitation (a) obligations of the Corporation incurred for labor, materials and other expenses in connection with the construction, acquisition and installation of the Facilities; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Facilities; (c) the expenses of the Corporation for test borings, surveys, estimates, plans and specifications and preliminary investigations thereof, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary for the construction, acquisition and installation of the Facilities; (d) legal, accounting, financial and printing expenses, fees, compensation and all other expenses incurred in connection with the authorization, sale and issuance of the Bonds; (e) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction, acquisition and installation of the Facilities and (f) any sums required to reimburse the Corporation for advances made by it for any of the above items.

*County:*

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

*Debt Service Fund:*

"Debt Service Fund" shall mean the fund created under Section 6.01 of this Resolution which is held by the Depository.

*Depository:*

"Depository" shall mean Morgan Guaranty Trust Company of New York, appointed under this Resolution as Depository, and its corporate successors and any successor Depository under this Resolution.

*Facilities:*

"Facilities" shall mean the pollution control facilities described in Exhibit A to the Loan Agreement, and related improvements and any substitutions therefor in accordance with Section 3.04 of the Loan Agreement, to be constructed, acquired and installed by the Corporation and to be financed in part from the proceeds of the Bonds for operation by the Corporation as pollution control facilities, as defined in the Act.

*Loan Agreement:*

"Loan Agreement" shall mean the Loan Agreement dated as of June 1, 1976 between the County and the Corporation and any and all modifications, alterations, amendments and supplements made in accordance with the provisions thereof.

*Loan Fund:*

"Loan Fund" shall mean the fund created under Section 5.01 of this Resolution which is held by the Depository.

*Minimum Commercial Lending Rate:*

"Minimum Commercial Lending Rate" shall mean the minimum commercial lending rate charged from time to time by the Bank for loans in New York City, which rate shall be adjusted automatically as of the opening of business on the effective date of any change.

*Outstanding:*

"Outstanding" or "outstanding" shall mean all Bonds executed and delivered by the County under this Resolution, except Bonds which have been paid in accordance with the provisions of this Resolution or cancelled pursuant to the provisions of Section 2.04 or 2.05 of this Resolution.

*Resolution:*

"Resolution" shall mean this resolution of the County adopted on May 6, 1976 authorizing, among other things, the issuance of the Bonds, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

*Revenues:*

"Revenues" shall mean all payments, receipts and revenues which the County has a right to receive under or pursuant to the Loan Agreement (except payments of Administration Expenses and any indemnification payments pursuant to Sections 4.02 and 4.06 of the Loan Agreement, respectively), and all income earned by the investment of funds pursuant to Section 7.02 of this Resolution.

SECTION 1.02. As security for the punctual payment of all amounts payable by the County pursuant to the Bonds or this Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Bonds or this Resolution and to assure the correctness of all representations and warranties made in the Bond Purchase Agreement, the Bonds or this Resolution or in any document or certificate delivered pursuant to any thereof, the County irrevocably assigns and pledges to the holders of the Bonds all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the security interest in the Facilities created thereby, the Revenues, all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 hereof, all moneys and securities in the Loan Fund. The Bonds, together with the interest thereon, are limited obligations of the County payable solely from the Revenues and the other funds pledged under this Resolution and shall not constitute an indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing power of the County.

SECTION 1.03. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, which shall not be amended, rescinded or modified except in accordance with Section 12.06 of this Resolution, shall for all purposes be deemed to be and shall constitute a contract between the County and the holders from time to time of the Bonds.

## ARTICLE II

### THE BONDS

SECTION 2.01. There shall be issued under and secured by this Resolution an issue of Bonds to be designated "Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project)" in the aggregate principal amount of \$1,000,000 (except as otherwise provided in this Resolution). The Bonds shall be dated the date of delivery thereof, and shall bear interest in accordance with this Resolution on the unpaid principal amount thereof from time to time outstanding from their date, payable on the first day of September, December, March and June of each year and at maturity at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, and shall mature on May 31, 1983.

The Bonds shall be numbered from one upward and shall be in the denomination of \$5,000 each, or any multiple thereof, not exceeding the aggregate principal amount of the Bonds. All payments of the principal of and interest on the Bonds shall be payable in lawful money of the United States of America and in Federal or other immediately available funds at the principal office of the Depository.

Bonds issued on or subsequent to the first interest payment date thereon shall be dated as of the interest payment date next preceding the date of delivery thereof, unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown on the books of the County kept by the Depository, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. The Bonds shall bear interest from their date.

SECTION 2.02. The Bonds shall be executed on behalf of the County by the manual signatures of the Chairman or Acting Chairman of the County Council and the Treasurer of the County, and the corporate seal of the County shall be impressed thereon. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had held such office at the time of the delivery of the Bonds.

SECTION 2.03. The Bonds shall be substantially in the form set forth in Section 12.08 hereof with such appropriate variations, omissions and insertions as are permitted or required by this Resolution, including Section 12.06 of this Resolution.

SECTION 2.04. In the event any Bond is lost, stolen or destroyed, the County shall issue a new Bond of like date, maturity and denomination as the Bond lost, stolen or destroyed; provided that there shall be first furnished to the County and the Depository evidence of ownership of such Bond and of such loss, theft or destruction satisfactory to the County and the Depository, together with indemnity satisfactory to them. In the event any Bond is mutilated, the County may issue a new Bond of like date, maturity and denomination as the Bond mutilated, provided such mutilated Bond is surrendered to the Depository. Upon the issuance of a new Bond in exchange for a mutilated Bond, the Depository shall cancel such mutilated Bond. In the event any such Bond shall have matured, instead of issuing a substitute Bond, the Depository may pay the same without surrender thereof. The County and the Depository may charge the holder of such Bonds with their reasonable fees and expenses in this connection.

SECTION 2.05. 1. Each Bond shall be transferable or exchangeable only upon the books of the County, which shall be kept for such purpose by the Depository at its principal office, by the holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Depository duly executed by the holder or his duly authorized attorney. Upon surrender of such Bond and delivery of such a written instrument of transfer, the County shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond and record on its books such transfer of ownership of such Bond.

2. The County and the Depository may deem and treat the person in whose name any registered Bond shall be registered upon the books of the County as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Depository shall be affected by any notice to the contrary.

3. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the County shall execute and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer or exchange shall forthwith be cancelled by the Depository. There shall be no charge for such transfer of Bonds except that the Depository may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect thereto. Neither the County nor the Depository shall be required (a) to transfer Bonds for a period of ten days next preceding an interest payment date on the Bonds or (b) to transfer any Bonds called for redemption.

SECTION 2.06. The Bonds are, to the extent provided in this Resolution, equally and ratably secured by this Resolution without preference, priority or distinction on account of the actual time or times of execution or delivery of the Bonds, so that the Bonds at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Resolution and shall all be equally and ratably secured hereby with like effect as if they had all been executed and delivered simultaneously on the date hereof, whether they, or any of them, shall actually be disposed of at such date or at some future date, or whether they, or any of them, shall have been authorized to be executed and delivered under Section 2.07 hereof or may be authorized to be executed and delivered pursuant to Sections 2.04 and 2.05 hereof.

SECTION 2.07. The Bonds to be issued pursuant to Section 2.01 of this Resolution shall be executed and delivered by the County, but only (i) upon the execution and delivery of the Loan Agreement as provided in Section 4.01 hereof and (ii) against the receipt by the Depository of the proceeds of sale of the Bonds pursuant to the Bond Purchase Agreement, for deposit in the Loan Fund.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 3.01. The Bonds are callable for redemption at any time in whole at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. Bonds shall be called for redemption by the Depository as provided in Section 3.02 of this Resolution upon receipt by the Depository, at least five business days prior to the date fixed for redemption, of written notice by the County to that effect.

SECTION 3.02. Notice of the call for such redemption shall be given by the Depository in the name of the County by depositing in the United States mails a copy of the redemption notice, first class postage prepaid, at least three business days prior to the date fixed for redemption, addressed to the holder of each Bond at the address of such holder shown on the registration books. The requirements for mailing any notice of redemption may be waived by written consent of the holders of the Bonds affected by the redemption filed with the Depository.

Prior to the date fixed for redemption, funds or securities in which such funds are invested pursuant to Section 11.01 hereof sufficient to pay the principal and interest on the Bonds shall be deposited in the Debt Service Fund to pay the principal of the Bonds plus accrued interest thereon to the redemption date. Upon the happening of the above conditions and compliance with the provisions of this Resolution, the Bonds shall cease to bear interest from and after the redemption date and shall not be deemed to be outstanding under the provisions of this Resolution.

### ARTICLE IV

#### LOAN AGREEMENT AND BOND PURCHASE AGREEMENT

SECTION 4.01. The Chairman or Acting Chairman of the County Council and the Clerk of the County Council are hereby authorized and directed to execute, seal and deliver, on behalf of the County, the Loan Agreement and the Bond Purchase Agreement each in the form presented to the County Council of the County as evidenced by a copy of each such agreement certified by the Clerk of the County Council and thereupon filed among the permanent records of the County Council. The Chairman or Acting Chairman of the County Council, however, is hereby authorized, prior to execution and delivery of the Loan Agreement and the Bond Purchase Agreement, to make such changes or modifications in the form of either of such Agreements as may be required or deemed appropriate by him in order to accomplish the purposes of the transactions authorized by this Resolution. The execution and delivery of the Loan Agreement or the Bond Purchase Agreement by the Chairman or the Acting Chairman of the County Council shall be conclusive evidence of the due execution in accordance with this Resolution, on behalf of the County, of such instrument which shall thereupon become binding upon and enforceable against the County in accordance with its terms.

SECTION 4.02. The Facilities shall be constructed, acquired and installed by the Corporation as provided in the Loan Agreement. The County covenants that no change shall be made in the Facilities which would render inaccurate the representations contained in subsection (c) of Section 2.02 of the Loan Agreement or render inaccurate Exhibit A to the Loan Agreement unless and until the Depository shall have been furnished, with respect to such change, the opinion, certificates and certification of an Authorized Corporation Representative required by Section 3.04 of the Loan Agreement.

### ARTICLE V

#### LOAN FUND

SECTION 5.01. There is hereby created a Loan Fund, which shall be held in trust by the Depository in accordance with this Resolution. The proceeds from the sale of the Bonds shall be deposited in the Loan Fund. In addition, any moneys designated by the Corporation from any other source may be deposited in the Loan Fund.

SECTION 5.02. The moneys in the Loan Fund, until applied in payment of any item of the Cost of the Facilities, shall be held by the Depository and, pending such application, shall be subject to a claim and charge in favor of the holders of the Bonds as set forth in Section 1.02 of this Resolution until paid out as herein provided.

SECTION 5.03. The Depository shall make payments from the Loan Fund to pay the Cost of the Facilities upon receipt of a requisition signed by a principal financial or accounting officer of the Corporation (upon which both the Depository and the County may conclusively rely), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is to be paid or has been paid, (3) the amount to be paid, and (4) that each obligation, item of cost, or expense mentioned therein has been properly incurred or recognized by the Corporation, is a proper charge against the Loan Fund as a Cost of the Facilities and has not been the basis of any previous withdrawal.

SECTION 5.04. For three years from the date thereof the Depository shall retain in its possession all requisitions received by it as herein required, subject to the inspection of the County, its agents and representatives, the Corporation and the Bondholders and their representative at all reasonable times.

SECTION 5.05. Upon completion of the Facilities, the Depository shall be furnished with a certificate of an Authorized Corporation Representative to the effect set forth in Section 3.05 of the Loan Agreement. Thereupon, any moneys and securities in the Loan Fund shall be deposited in the Debt Service Fund and disbursed therefrom solely to pay the principal coming due on the Bonds.

SECTION 5.06. In addition, if at the stated date of maturity of the Bonds or at the date fixed for redemption of the Bonds, as the case may be, any moneys and securities shall be remaining in the Loan Fund, such moneys and securities shall be transferred to the Debt Service Fund for the payment of the principal and interest on the Bonds on such date.

## ARTICLE VI

### APPLICATION OF REVENUES

SECTION 6.01. There is hereby created a Debt Service Fund, which shall be held in trust by the Depository in accordance with this Resolution. The County hereby directs payment to be made to the Depository of any and all of the Revenues. Upon receipt of the Revenues and of such other moneys as may be paid to the Depository by the County for deposit in the Debt Service Fund, the Depository shall deposit the same in the Debt Service Fund. The County hereby authorizes and directs the Depository to withdraw sufficient funds from the Debt Service Fund to pay the principal and interest on the Bonds as the same become due and payable in accordance with this Resolution.

SECTION 6.02. Except as otherwise provided in Sections 5.05 and 7.03 of this Resolution, all moneys in the Debt Service Fund shall be used for the payment of the interest on the Bonds or for the payment or redemption of the Bonds. Whenever the amount in the Debt Service Fund from any source whatsoever is sufficient to redeem all of the outstanding Bonds and to pay interest to accrue thereon to the date of such redemption, the County covenants and agrees, upon request of the Corporation, to take and cause to be taken the necessary steps to redeem all such Bonds subject to the provisions of Article III of this Resolution.

SECTION 6.03. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at stated maturity or on the date fixed for redemption thereof, if moneys sufficient to pay such Bonds shall be held by the Depository for the benefit of the holder or holders

thereof, all liability of the County to the holders thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Depository to hold such funds without liability for any interest thereon from and after the stated maturity or the date fixed for redemption, as the case may be, for the benefit of the holders of such Bonds, which holders shall thereafter be restricted exclusively to such funds for any claim of whatever nature on their part under this Resolution or on, or with respect to, said Bonds.

SECTION 6.04. Pursuant to the provisions of Section 4.02 of the Loan Agreement, the Corporation has agreed to pay on each interest payment date for the Bonds as provided in Section 2.01 of this Resolution, directly to the Depository or the County, as the case may be, such amounts as may be necessary to pay or provide for Administration Expenses of the Depository and the County.

## ARTICLE VII

### SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 7.01. As indicated in Section 5.01 and Section 6.01 of this Resolution, the Loan Fund and the Debt Service Fund, respectively, shall each be trust funds completely segregated and set apart from other funds of the County.

SECTION 7.02. Moneys on deposit in the Loan Fund or the Debt Service Fund shall, upon receipt from time to time of a certificate of an Authorized Corporation Representative so directing, be invested and reinvested by the Depository in (i) interest-bearing time deposit accounts (which may be represented by certificates of deposit) in one or more national or state banks (which may include the Depository) having a combined capital and surplus of not less than \$10,000,000 or (ii) obligations of, or obligations the principal of and interest on which are guaranteed or insured by, the United States of America or any agency of the United States of America controlled by or supervised by and acting as an instrumentality of the United States of America as authorized by the Congress of the United States.

The securities purchased with the moneys in each such Fund shall be deemed a part of each such Fund and, for the purpose of determining the amount of money in each such Fund, the securities therein shall be valued at their cost or current market value, whichever is lower. Any interest accruing on the moneys held in the Loan Fund or the Debt Service Fund, any profit realized from such investments and any loss resulting from such investments shall be charged, as the case may be, to each such Fund. The Depository shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption or sale of any such investment authorized above. If at any time it shall become necessary that some of or all the securities purchased with the moneys in the Loan Fund or the Debt Service Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Resolution, the Depository shall effect such redemption or sale, employing, in the case of a sale, any method of effecting the same which it deems commercially reasonable.

The County covenants that it will not make, or permit the Depository or the Corporation to make, any use of the proceeds of the Bonds or of any moneys or securities on deposit in the Loan Fund or Debt Service Fund which may be deemed to be proceeds of the Bonds pursuant to Section 103(d) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, or any such amounts withdrawn from the Loan Fund under the provisions of Section 5.03 of this Resolution, which use would, had such use been reasonably expected at the time of issuance of the Bonds, have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder as the same may be in force and applicable at the time of any such use to obligations issued on the date of issuance of the Bonds.

SECTION 7.03. Any balance in the Loan Fund or the Debt Service Fund or otherwise held by the Depository in connection with the issuance of the Bonds or in connection with the Loan Agreement or

this Resolution after all the Bonds issued hereunder, together with the interest thereon, have been paid in full and all amounts due to the Depository and the County (including amounts due as Administration Expenses) have been paid shall belong to and, upon request of the Corporation shall be paid over to, the Corporation.

## ARTICLE VIII

### PARTICULAR COVENANTS OF THE COUNTY

SECTION 8.01. The County will promptly pay the principal of, and the interest on, every Bond issued hereunder and outstanding and provide for the redemption at the places, on the dates and in the manner specified herein and in said Bonds.

SECTION 8.02. The County will at all times maintain its corporate existence or assure the assumption of its obligations under this Resolution by any public body succeeding to its powers, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the matters contemplated by the Bond Purchase Agreement, the Loan Agreement, the Bonds or this Resolution.

SECTION 8.03. So long as any of the Bonds are outstanding, the County will enforce the obligation of the Corporation to pay, or cause to be paid, all the payments and other expenses and charges payable by the Corporation under the Loan Agreement.

SECTION 8.04. The County covenants and agrees to effect all filings and recordings, including without limitation the filing of all financing statements and continuation statements in respect thereof under the Uniform Commercial Code of South Carolina, which, in the judgment of the Bank or (in the event that the Bank shall have transferred ownership of any of the Bonds) Bondholders holding an aggregate of at least twenty-five per centum (25%) of the aggregate principal amount of outstanding Bonds, is necessary or desirable from time to time to establish, protect and preserve such security interests as valid, perfected and enforceable security interests in the collateral provided for in Section 1.02 of this Resolution.

SECTION 8.05. The County will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Resolution; provided, however, that no such instruments or actions shall constitute an indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the County.

SECTION 8.06. Except to the extent contemplated by Section 1.02 of this Resolution, the County will not sell, assign, pledge, convey or otherwise transfer or encumber its rights or interest in the Loan Agreement or any of the Revenues, the moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 of this Resolution, the moneys and securities in the Loan Fund, and will promptly pay or cause to be discharged or make adequate provision to satisfy and discharge any lien or charge on any part of such collateral.

SECTION 8.07. Notwithstanding anything contained in the Loan Agreement or in this Resolution to the contrary, the County agrees that it will not consent to or acquiesce in the submission of any requisition by the Corporation in respect of any item or expense which would not constitute a "cost of acquiring pollution control facilities" within the meaning of the Act.

ARTICLE IX  
DEFAULTS AND REMEDIES

SECTION 9.01. In case one or more of the following events, in this Resolution referred to as the "Events of Default", shall happen, that is to say, if

- (a) payment of the principal of and interest on any Bond shall not be made when the same shall become due (whether at stated maturity or upon the date fixed for redemption); or
- (b) there shall be an event of default as defined in Section 7.01 of the Loan Agreement; or
- (c) an order or decree appointing a receiver of the Revenues or any part thereof shall be entered with the consent or acquiescence of the County or such order or decree shall be entered without the consent or acquiescence of the County and shall not be vacated, discharged or stayed within sixty (60) days after entry; or
- (d) the County shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or in this Resolution (other than the covenant to make the payments referred to in (a) above) on the part of the County to be performed and such default shall subsist thirty (30) days after written notice indicating such default and requesting the same to be remedied shall have been given to the County and the Corporation by the Bank or (in the event that the Bank shall have transferred ownership of any Bonds) holders of twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding ("Qualifying Amount of Bondholders");

then, in any such case, the Bank or (if the Bank shall have transferred ownership of any of the Bonds) a Qualifying Amount of Bondholders, may, provided the default is subsisting, declare the unpaid principal of all Bonds then outstanding to be due and payable immediately by notice in writing delivered to the County, the Corporation and the Depository, and upon such declaration the said principal, together with all interest accrued thereon and unpaid, shall become due and payable immediately at the then principal office of the Depository, anything in this Resolution or in said Bonds to the contrary notwithstanding. Notice of any default received by the Depository pursuant to this Section 9.01 shall be deposited in the United States mails, first class postage prepaid, to each of the Bondholders at the addresses of such Bondholders as shown in the books of the County maintained by the Depository pursuant to Section 2.05 of this Resolution.

The above provisions, however, are subject to the condition that if, after the principal of said Bonds shall have been so declared to be due and payable, all arrears of interest upon the Bonds, and interest on overdue installments of interest (to the extent lawful) at a rate per annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, and all other sums payable under this Resolution, except the principal of and interest on the Bonds which by such declaration shall have become due and payable and would otherwise not be due and payable, shall have been paid by or on behalf of the County, and the County also shall have performed all other things in respect of which it may have been in default hereunder, and shall have paid the reasonable expenses of the Bank and Bondholders affected by such default or Event of Default, including reasonable attorneys' fees paid or incurred, then and in every such case, such default may be waived as an Event of Default and such declaration and its consequences rescinded and annulled by (i) the Bank or (ii) (if the Bank shall have transferred ownership of any of the Bonds) such other holders of outstanding Bonds as are necessary to aggregate at least eighty-five per centum (85%) in principal amount of the outstanding Bonds, by written notice to the County; provided that no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 9.02. The Bank or (in the event the Bank shall have transferred ownership of any of the Bonds) a Qualifying Amount of Bondholders, as the assignees of all the rights, title and interest of the County in and to the Loan Agreement, shall be entitled to enforce each and every right of the County under the Loan Agreement.

SECTION 9.03. Upon the happening of any Event of Default, then and in every such case any of the Bondholders may:

(a) by mandamus, or by appointment of a receiver in equity with such powers as may be necessary to enforce all rights of the Bondholders, require the County or the Corporation to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Loan Agreement and this Resolution;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Bondholders; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of any right of the Bondholders.

SECTION 9.04. In case any proceeding taken by the holders of the Bonds on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the holders of the Bonds, then and in every case the County and all the holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the holders of the Bonds shall continue as though no such proceeding had been taken.

SECTION 9.05. Anything in this Resolution to the contrary notwithstanding, the first of the Bondholders (unless holders of a majority in aggregate principal amount of the Bonds then outstanding shall have requested or directed the County to act otherwise) to execute and deliver to the County a written instrument directing the method and place of conducting remedial proceedings to be taken by the County on behalf of the Bondholders, shall have the right to direct such proceedings and the County shall be entitled to rely upon such instrument in taking such action.

SECTION 9.06. Each holder of any of the Bonds shall have the right to institute any suit, action or proceeding in equity or at law or any other remedy hereunder or on said Bonds without any notice of an Event of Default as hereinabove provided being given to any of the other holders of the Bonds but it is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under the Bonds, except in accordance with this Resolution including Section 9.07 hereof, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all holders of outstanding Bonds.

SECTION 9.07. No remedy herein conferred upon or reserved to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

SECTION 9.08. No delay or omission of the holders of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.09. Any moneys or other property received by the County or any of the Bondholders or by any receiver pursuant to this Article IX shall first be paid over to the Depository and applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment to the holders of all installments of interest then due on the Bonds, with interest on overdue installments, to the extent lawful, at a rate per

annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment with such interest, then to the payment ratably, according to the amounts due on such installment, to the holders, without any discrimination or privilege.

(b) If the principal of any of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the holders without any discrimination or privilege.

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

Whenever said moneys or other property are to be applied pursuant to the provisions of this Section, such amounts shall be applied at such times, and from time to time, as the Depository shall, in its discretion, determine, having considered the amounts available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Depository shall apply such moneys, the Depository shall fix the date (which shall be an interest payment date unless it shall deem another date appropriate) upon which such application is to be made and upon such date interest on any amounts of principal paid on such dates shall cease to accrue. The Depository shall give such notice of the deposit with it of any such moneys or other property and of the fixing of any date, by depositing in the United States mails, first class postage prepaid, addressed to each of the holders of Bonds then outstanding at the address of such Bondholder shown on the books of the County kept by the Depository pursuant to Section 2.05 of this Resolution. The Depository shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Depository for appropriate endorsement or for cancellation if fully paid.

## ARTICLE X

### THE DEPOSITORY

SECTION 10.01. Morgan Guaranty Trust Company of New York is hereby appointed Depository under this Resolution. The Depository shall signify its acceptance, upon the terms and conditions set forth in this Resolution (including, without limitation, in this Article X) of the duties imposed upon it by this Resolution by written acceptance delivered to the County.

SECTION 10.02. The duties of the Depository shall be determined solely by the express provisions of this Resolution, and the Depository shall not be liable except for wilful misconduct or negligence in the performance of such duties as are specifically set forth in this Resolution, and no implied covenants, duties or obligations shall be read into this Resolution against the Depository. The Depository shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion, rights, duties, privileges or powers conferred upon it by this Resolution. The Depository shall not be liable for any error of judgment made in good faith by an officer or officers of the Depository, unless it shall be proved that the Depository was negligent in ascertaining the pertinent facts. The Depository shall not be liable to any person (including the holder of a Bond, the Corporation or the County) with respect to any action taken, omitted or suffered to be taken by it in accordance with the provisions of this Resolution or in accordance with directions of the holders of a majority in aggregate

principal amount of the outstanding Bonds (or other principal amount specified in this Resolution) or of a court. The duties of the Depository to any holder of a Bond shall not be increased or otherwise affected by reason of the fact that such holder is a party to the Bond Purchase Agreement.

SECTION 10.03. (a) Notwithstanding anything contained in this Resolution, the Loan Agreement or the Bonds to the contrary, the Depository may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, direction, certificate, invoice, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, promissory note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper person or persons. The Depository shall not be bound to make any investigation into the facts or matters stated in any resolution, direction, certificate, invoice, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, promissory note or other paper or document. In the absence of bad faith on the part of the Depository, the Depository may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any such paper or document furnished to the Depository, reasonably believed by the Depository to be genuine and to have been signed or presented by the proper person or persons and conforming to the requirements, if any, of this Resolution.

(b) The Depository may consult with counsel, auditors and other experts and any opinion of counsel or written opinion of such auditors or other experts shall be full and complete authorization and protection with respect to any action taken or suffered or omitted by the Depository hereunder in good faith and in accordance with such opinion of counsel or opinion of such auditors or other experts.

(c) The Depository may, whenever it shall deem it necessary or desirable that a matter be proved or established on the part of the Corporation or the County prior to taking, omitting or suffering any action hereunder, deem such matter to be conclusively proved and established by a certificate delivered to it signed by a principal financial or accounting officer of the Corporation or other Authorized Corporation Representative or the Chairman or Acting Chairman of the County Council, the County Attorney of Oconee County or other appropriate representative of the County, as the case may be, and such certificate shall be full warrant to the Depository for any action taken, omitted or suffered by it under the provisions of this Resolution in reliance thereon.

SECTION 10.04. The Depository shall not be under any obligation to exercise any of the duties, trusts, rights, powers or remedies hereunder at, or otherwise to take any action or to omit the taking of any action in accordance with, the request or direction of the holder or holders of any Bonds, unless such holder or holders shall have offered to the Depository security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby. None of the provisions of this Resolution shall be construed as requiring the Depository to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 10.05. The Depository may execute any of its powers or responsibilities hereunder and exercise any right or remedy hereunder either directly or by or through its agents or attorneys. Nothing in this Resolution shall be deemed to impose upon the Depository any liability to the Corporation, the holder of any Bond, the County or any other person as a result of any failure of the Depository to qualify to do business or to act as a fiduciary or otherwise in any jurisdiction other than the State of New York.

SECTION 10.06. The Depository shall not be responsible in any manner whatsoever for the correctness of the recitals contained herein, in the Loan Agreement or the Bond Purchase Agreement. The Depository shall not be responsible or accountable in any manner whatsoever for, or with respect to, and shall not be under a duty to examine into or pass upon, the validity, binding effect, execution or sufficiency of this Resolution, the Loan Agreement or the Bond Purchase Agreement or of any agreement amendatory

or supplemental to any thereof, or the security afforded hereby, and the Depository is entitled to assume that all such agreements and this Resolution and each amendment or modification thereof or supplement thereto are genuine, valid, binding and enforceable in accordance with their respective terms.

SECTION 10.07. (a) Neither this Resolution nor any action or inaction on the part of the Depository nor any assignment by virtue of or pursuant to this Resolution shall constitute an assumption on the part of the Depository of any duties or obligations under the Loan Agreement or the Bond Purchase Agreement or create any duties or obligations or liabilities of the Depository under either thereof.

(b) The Depository shall not be required to ascertain or inquire as to the performance of any of the covenants or agreements contained in the Loan Agreement or the Bond Purchase Agreement on the part of any party thereto. The Depository shall be under no duty to ascertain the amounts payable in respect of the Loan Agreement or this Resolution or the dates upon which such payments are due or to make inquiries as to the sufficiency under the Loan Agreement or this Resolution of any such payments, or to present or file any claim or to take any other action to collect amounts due or payable hereunder or the Loan Agreement or enforce any claim under the Loan Agreement or this Resolution or to enter into any disputes between the parties to the Loan Agreement or the Bond Purchase Agreement or between the Corporation and the County or any other person with respect to the collateral pledged in Section 1.02 of this Resolution or (except as specified in Section 3.02 or 9.01 hereof) to give any notice to any person.

(c) The Depository shall be under no duty to see to any filing, recording or registration, refiling, re-recording or re-registration of the Loan Agreement or this Resolution or of any agreement amendatory thereof or supplemental thereto or of any financing statement or continuation statement or any instrument of assignment, conveyance or further assurance, or to the payment of any taxes, fees or charges in connection therewith or to give any notice with respect thereto or to inquire or see to the payment of, or be under any duty in respect of or arising out of, any tax or assessment or other governmental charge which may be levied or assessed on the collateral pledged in Section 1.02 of this Resolution or any part thereof or against the County or any Bondholder or any confiscation of the collateral pledged in Section 1.02 of this Resolution or any part thereof. The Depository shall be under no obligation to see to the payment or discharge of any liens upon any such collateral.

SECTION 10.08. The Depository shall not be required to take notice of, or be deemed to have notice or knowledge of, and may conclusively assume the absence of, any default referred to in Section 9.01 of this Resolution or the acceleration of the principal of any Bond unless and until (i) an officer of the Depository assigned to carry out the duties of the Depository under this Resolution shall in the course of his duties have received actual knowledge of such default or acceleration, as the case may be, (ii) the Depository shall have received a written notice from the County that such a default exists or that such an acceleration has occurred, or (iii) the Depository shall have received a written notice signed by the holder of a Bond (or the agent of such holder) stating that such a default exists or that the principal of such Bond has been accelerated, as the case may be. In the event that a notice relating to a default or the declaration of acceleration with respect to any Bond has been given, the Depository may conclusively rely on such notice unless it shall have received a notice or concurrent notices of similar tenor signed by the Bank and such other holders of outstanding Bonds, if any, as are necessary to aggregate at least eighty-five per centum (85%) in aggregate principal amount of the outstanding Bonds (or their agents identified as such) stating that such holders have waived all events of default thereunder, or that such holders have rescinded and annulled a declaration of acceleration of the principal of the Bonds and its consequences in accordance with Section 9.01 of this Resolution and that such action is sufficient for such waiver or rescission. In the event that the Depository shall receive or shall have knowledge or notice of the acceleration of the principal of any Bond, the Depository may conclusively presume that the holder of such Bond has complied with the provisions of Section 9.01 hereof, and shall not be affected by any notice to the contrary.

SECTION 10.09. The Depository shall not be liable by reason of any act or omission of any additional or successor Depository.

SECTION 10.10. Any request, approval, consent, notice or direction made or given under this Resolution to the Depository by the holder of any Bond shall be embodied in or evidenced by an instrument or instruments signed by the holder of a Bond or by holders of the requisite aggregate principal amount of Bonds (or their agent identified as such). The Depository shall have the right to decline to follow any such request or direction if the Depository being advised by counsel shall determine that the proceeding so requested or directed is not in accordance with the provisions of this Resolution or may not lawfully be taken.

SECTION 10.11. The Depository may acquire and hold Bonds and otherwise deal with the County and the Corporation in the same manner and to the same extent and with like effect as if it were not the Depository hereunder.

SECTION 10.12. The Depository may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the County and the Corporation and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 10.14, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 10.13. The Depository shall be removed by the consent of all the Bondholders if at any time so requested by an instrument or concurrent instruments in writing, filed with the Depository, the County, and the Corporation and signed by such Bondholders or their attorneys-in-fact duly authorized.

SECTION 10.14. In case at any time the Depository shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Depository, or of its property, shall be appointed, or if any public officer shall take charge or control of the Depository or of its property or affairs, the County covenants and agrees that, at the written direction of holders of at least a majority in principal amount of the outstanding Bonds, it will thereupon appoint such Bondholders' designee as successor Depository.

If in a proper case no appointment of a successor Depository shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Depository shall have given to the County written notice, as provided in Section 10.12, or after a vacancy in the office of the Depository shall have occurred by reason of its inability to act, the Depository or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Depository. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Depository.

Any Depository appointed under the provisions of this Section 10.14 in succession to the Depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and having a capital and surplus aggregating at least Ten Million Dollars (\$10,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

SECTION 10.15. Any successor Depository appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Depository, and also to the County, an instrument accepting such appointment, and thereupon such successor Depository, without any further act, deed or conveyance, shall be fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Depository, with like effect as if originally named as Depository; but the Depository ceasing to act shall nevertheless, on the written request of the County, or of the successor Depository, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Depository all the right, title and interest of the Depository in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Depository any money or other property subject to the conditions herein set forth. Should any deed, conveyance or instrument in writing

from the County be required by such successor Depository for more fully and certainly vesting and confirming in such successor Depository any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the County.

SECTION 10.16. Any company into which the Depository may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Depository may sell or transfer all or substantially all of its commercial banking business shall be the successor to such Depository without the execution or filing of any paper or the performance of any further act, if so designated by the Depository and such company accepts appointment as Depository hereunder.

## ARTICLE XI

### DISCHARGE OF LIEN

SECTION 11.01. If the County shall pay or cause to be paid, or there shall otherwise be paid to the holders of all Bonds, principal and interest, if any, due or to become due thereon, or any other amounts payable under this Resolution (including, without limitation, Section 1.02 of this Resolution) at the times and in the manner provided in this Resolution and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Resolution to be kept, performed and observed by it or on its part, then the lien of this Resolution shall be cancelled and discharged and the Depository shall, upon the request of the Corporation, pay to the Corporation any amounts in the Debt Service Fund required to be paid to the Corporation under Section 7.03 hereof, except for funds or securities in which such funds are invested and held by the Depository for the payment of interest on and principal of the Bonds.

All outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case the Bonds are to be redeemed on any date prior to their maturity, the County shall have given to the Depository in form satisfactory to it instructions to mail notice of redemption of such Bonds as provided in Section 3.02 hereof and (b) there shall have been deposited with the Depository either moneys in an amount which shall be sufficient, or, if consented to in writing by all of the Bondholders, Investment Securities the principal of and the interest on which will provide moneys which, together with the moneys, if any, on deposit with the Depository at the same time, shall be sufficient, to pay the principal and the interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither Investment Securities nor moneys deposited with the Depository pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Depository, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal and interest to become due on the Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and if not needed for such purpose on the stated maturity for such Bonds or the date fixed for redemption therefor, interest, as received by the Depository, earned from such reinvestments shall be paid over to the Corporation, free and clear of any lien or pledge. For the purposes of this Section 11.01, Investment Securities shall mean and include the securities of the types listed in Section 7.02 of this Resolution.

## ARTICLE XII

### MISCELLANEOUS

SECTION 12.01. Any consent, request, direction, approval, objection or other instrument required by this Resolution to be signed and executed by the Bank or any Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by the Bank or any Bondholders in

person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Resolution and shall be conclusive in favor of any of the Bondholders with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has the power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership by any person or the Bank of any Bonds shall be proved by the registration books maintained by the Depository.

For all purposes of this Resolution and of the proceedings for the enforcement hereof, such person or the Bank shall be deemed to continue to be the holder of such Bond until transfer of ownership shall take place on the books of the County maintained by the Depository.

SECTION 12.02. In the event of the dissolution of the County or the consolidation of any part of the County with any other political subdivision or the transfer of any other rights of the County to any other such political subdivision or other authority, all the covenants, stipulations, promises and agreements in this Resolution contained, by or on behalf of, or for the benefit of, the County, shall bind or inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County shall be transferred.

SECTION 12.03. Except as herein otherwise specifically provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the County and the holders of the Bonds issued hereunder and the Depository, any right, remedy or claim under or by reason of this Resolution; this Resolution being intended to be for the sole and exclusive benefit of the County and the holders of the Bonds issued hereunder.

SECTION 12.04. If any clause, provision or section of this Resolution, the Loan Agreement or the Bonds be held illegal or invalid by any court, the invalidity of such clause, provision or section of this Resolution, the Loan Agreement or the Bonds shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained therein. In case any agreement or obligation contained in this Resolution, the Loan Agreement or the Bonds is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Corporation, as the case may be, to the full extent permitted by applicable law.

SECTION 12.05. No covenant or agreement contained in the Bonds or in this Resolution shall be deemed to be the covenant or agreement of any official, officer, agent, or employee of the County in his individual capacity, and neither the Chairman of the County Council, the members of the County Council nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 12.06. Neither the Loan Agreement nor this Resolution shall be amended, modified or rescinded without prior written consent of the Bank or (if the Bank shall have transferred ownership of any of the Bonds) such other holders of outstanding Bonds as are necessary to aggregate at least sixty-six and two-thirds per centum (66⅔%) in principal amount of the outstanding Bonds; *provided, however*, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity date of the principal of or of the date on which any payment of interest on any Bond is due and payable hereunder, or (b) a reduction in the principal amount of any

Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) any modification, amendment of any provision of Article III or Article IX hereof, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or rescission, without the prior written consent of the holders of all the outstanding Bonds; *provided, further*, that no modification, amendment or rescission of any provision affecting the rights, duties or immunities of the Depository shall be made without the prior written consent of the Depository.

SECTION 12.07. The laws of the State of South Carolina shall govern the construction of this Resolution and of all Bonds issued hereunder.

SECTION 12.08. Subject to the provisions of this Resolution and any resolution supplemental hereto adopted in accordance with Section 12.06 hereof, the Bonds are to be in substantially the following form, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution:

**(FORM OF BOND)**

No. ....

\$.....

**OCONEE COUNTY, SOUTH CAROLINA  
POLLUTION CONTROL REVENUE BOND,  
1976 SERIES A**

**(DUKE POWER COMPANY PROJECT)**

Oconee County, South Carolina (the "County"), a political subdivision and a body politic and corporate created and existing under the Constitution and laws of the State of South Carolina, for value received, hereby promises to pay (but only out of the "Revenues" as defined in the Resolution or the other collateral referred to in Section 1.02 of the Resolution)

or registered assigns, on May 31, 1983 upon the presentation and surrender hereof, the principal sum of Dollars (\$ ) and to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity or, if this bond shall have been duly called for earlier redemption and payment of the redemption price shall have been made, until the date fixed for redemption hereof, at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate (as defined in the Resolution) charged from time to time by the Bank, payable on the first day of September, December, March and June of each year and at maturity. Both principal and interest on this bond are payable at the principal office of Morgan Guaranty Trust Company of New York, New York, New York (the "Depository") in Federal or other immediately available funds.

This bond is one of a duly authorized issue of bonds of the County, aggregating (except as otherwise provided in the Resolution) One Million Dollars (\$1,000,000) in principal amount, designated as "Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project)" (the "Bonds"), and issued under and pursuant to the Constitution and laws of the State of South Carolina, particularly Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (herein referred to as the "Act") and under and pursuant to a Resolution adopted by the County on May 6, 1976 (herein referred to as the "Resolution") for the purpose of financing a portion of the cost of the construction, acquisition and installation by Duke Power Company (the "Corporation") of certain pollution control facilities (the "Facilities") at the Oconee Nuclear Station of the Corporation located in the County.

The Bonds are equally and ratably secured, to the extent provided in the Resolution, by the pledge contained in Section 1.02 of the Resolution of certain collateral including the "Revenues", which term is used herein as defined in the Resolution and which as therein defined refers to all the payments, receipts and revenues which the County has a right to receive under the Loan Agreement between the County and the Corporation dated as of June 1, 1976 (the "Loan Agreement") (except for certain indemnification payments and payments of the administration expenses of the County and the Depository) and all income earned by the investment of funds pursuant to the Resolution.

As more fully provided in the Resolution, the Bonds are limited obligations of the County, which is obligated to pay the principal of and interest on the Bonds out of the Revenues and other pledged collateral. The County may also utilize any other available funds for the payment of the principal and interest on the Bonds. The principal of and interest on this bond does not constitute an indebtedness of the County within the meaning of any South Carolina constitutional or statutory limitation and shall not constitute nor give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

Reference is hereby made to the Resolution for a full and complete statement of the provisions with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of the collateral pledged as security for the payment of the Bonds and interest thereon, the nature and extent of the security and the rights of the holders of the Bonds and the terms and conditions on which, and the purposes for which, the Bonds are issued, the rights, duties and obligations of the County under the Resolution, the duties of the Depository (which shall not be liable except for wilful misconduct or negligence in the performance of such duties as are specifically set forth in the Resolution), the rights and remedies of the holders of the Bonds to enforce the provisions of the Resolution, including Section 9.07 of the Resolution, to accelerate payments of the Bonds on any Event of Default set forth in Section 9.01 of the Resolution, or to waive or repeal such acceleration and the rights of the holders of the Bonds to institute, appear in or defend any suit or other proceeding with respect to the Bonds to all of which the holder hereof, by acceptance of this bond, assents.

The Bonds are issuable in the form of registered Bonds in the denomination of \$5,000 or any multiple of \$5,000. The Bonds are callable for redemption in whole at any time upon payment of the principal amount thereof, together with accrued interest to the redemption date.

In the event the Bonds are called for redemption as aforesaid, notice thereof will be given by depositing in the United States mails a copy of the redemption notice, first class postage prepaid, at least three business days prior to the date fixed for redemption, addressed to the holder of each Bond at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided certain funds or securities in which such funds are invested for their redemption are on deposit at the place of payment at that time, and shall no longer be secured by the Resolution and shall not be deemed to be outstanding under the provisions of the Resolution.

This bond shall be transferable upon the books of the County which shall be kept for such purpose by the Depository at its principal office by the registered holder or his duly authorized attorney, and such registration shall be noted thereon. Such transfers shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege.

All acts, conditions and things required by the Constitution and statutes of the State of South Carolina, the Act and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, do exist, have happened and have been performed.

No covenant or agreement contained in this bond or the Resolution shall be deemed to be a covenant or agreement of any officer, agent or employee of the County in his individual capacity, and neither the members of the County Council nor any official executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

IN WITNESS WHEREOF, Oconee County, South Carolina, has caused this bond to be executed in its name and on its behalf by the manual signatures of the Chairman of the County Council of the County and the Treasurer of the County and its corporate seal to be impressed or imprinted hereon, all as of

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By .....

Chairman of the County Council of  
Oconee County

ATTEST:

.....  
Treasurer of Oconee County

SECTION 12.09. This Resolution shall take effect immediately.

APPROVED AND ADOPTED this 6th day of May, 1976, at a Meeting of the County Council of Oconee County, duly called, proper notice thereof having been given, at Walhalla, South Carolina.

.....  
Chairman of the County Council  
of Oconee County

(SEAL)

.....  
.....  
.....  
.....  
.....

.....  
Constituting the members of the  
County Council of Oconee County

ATTEST:

.....  
Clerk of the County Council  
of Oconee County



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**LOAN AGREEMENT**

**BETWEEN**

**OCONEE COUNTY, SOUTH CAROLINA**

**AND**

**DUKE POWER COMPANY**

\_\_\_\_\_  
Dated as of June 1, 1976  
\_\_\_\_\_

## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 1976 between OCONEE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the "County"), party of the first part, and DUKE POWER COMPANY, a corporation organized and existing under the laws of the State of North Carolina (hereinafter called the "Corporation"), party of the second part.

WHEREAS, Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") empowers the several counties and incorporated municipalities of the State of South Carolina to issue their bonds and to loan the proceeds of the sale of such bonds to industrial concerns to finance the construction, acquisition and installation by such industrial concerns of pollution control facilities as defined in the Act; and

WHEREAS, the County has adopted a resolution on May 3, 1976 authorizing the issuance of \$1,000,000 aggregate principal amount of its Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (herein called the "Bonds"), in order to loan the proceeds of the Bonds to the Corporation to finance a portion of the cost of the construction, acquisition and installation of the pollution control facilities more fully described in Exhibit A attached hereto at the Oconee Nuclear Station of the Corporation on the terms and conditions herein set forth.

### WITNESSETH:

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

#### ARTICLE I DEFINITIONS

The terms defined in this Article I shall for all purposes of this Agreement have the meanings herein specified, unless the context clearly otherwise requires:

##### *Act:*

"Act" shall mean Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina and all future acts supplemental thereto or amendatory thereof.

##### *Administration Expenses:*

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the County in connection with this Agreement, the Resolution, the Bond Purchase Agreement and the financing of the Facilities, including the compensation and expenses paid to the Depository under the Resolution.

##### *Agreement:*

"Agreement" shall mean this Loan Agreement dated as of June 1, 1976, between the County and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

##### *Authorized Corporation Representative:*

"Authorized Corporation Representative" shall mean the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Corporation by its President or a Vice President and its Secretary or an Assistant Secretary, which certificate shall continue in full force and effect until the County and the Depository have received a notice of revocation thereof by the Corporation.

##### *Bank:*

"Bank" shall mean Morgan Guaranty Trust Company of New York.

*Bond Purchase Agreement:*

"Bond Purchase Agreement" shall mean that agreement dated as of June 1, 1976 between the County and the Bank with regard to the sale of the Bonds.

*Bonds:*

"Bonds" shall mean the \$1,000,000 (except as otherwise provided in the Resolution) aggregate principal amount of Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) of the County executed and delivered pursuant to the Resolution.

*Bondholder:*

"Bondholder" or "holder of the Bonds" or "holder" shall mean the registered owner of any of the Bonds.

*Corporation:*

"Corporation" shall mean Duke Power Company, a North Carolina corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 hereof.

*Cost:*

"Cost" shall mean the cost of acquiring by construction or purchase the Facilities within the meaning of the Act, including without limitation (a) obligations of the Corporation incurred for labor, materials and other expenses in connection with the construction, acquisition and installation of the Facilities; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Facilities; (c) the expenses of the Corporation for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary for the construction, acquisition, and installation of the Facilities; (d) legal, accounting, financial and printing expenses, fees, compensation and all other expenses incurred in connection with the authorization, sale and issuance of the Bonds; (e) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction, acquisition and installation of the Facilities and (f) any sums required to reimburse the Corporation for advances made by it for any of the above items.

*County:*

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

*Debt Service Fund:*

"Debt Service Fund" shall mean the fund created under Section 6.01 of the Resolution which is held by the Depository.

*Depository:*

"Depository" shall mean Morgan Guaranty Trust Company of New York, appointed under the Resolution as Depository and its corporate successors and any successor Depository under the Resolution.

*Facilities:*

"Facilities" shall mean the pollution control facilities described in Exhibit A hereto, and related improvements and any substitutions therefor, to be constructed, acquired and installed by the Corporation and to be financed in part from the proceeds of the Bonds for operation by the Corporation as pollution control facilities, as defined in the Act.

*Loan Fund:*

"Loan Fund" shall mean the fund created under Section 5.01 of the Resolution which is held by the Depository.

*Minimum Commercial Lending Rate:*

"Minimum Commercial Lending Rate" shall mean the minimum commercial lending rate charged from time to time by the Bank for loans in New York City, which rate shall be adjusted automatically as of the opening of business on the effective date of any change.

*Outstanding:*

"Outstanding" or "outstanding" shall mean all Bonds executed and delivered by the County under the Resolution, except Bonds which have been paid in accordance with the provisions of the Resolution or cancelled pursuant to the provisions of Sections 2.04 or 2.05 of the Resolution.

*Resolution:*

"Resolution" shall mean the resolution of the County adopted on May 3, 1976 authorizing, among other things, the issuance of the Bonds, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

## ARTICLE II

### REPRESENTATIONS AND FINDINGS

SECTION 2.01. The County makes the following representations and warranties as the basis for the undertakings on the part of the Corporation herein contained:

(a) The County is a body politic and corporate and a validly existing political subdivision of the State of South Carolina, validly acting by and through the County Council of the County as its governing body.

(b) The County is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and the Resolution.

(c) The execution, delivery and performance of this Agreement and the adoption of the Resolution and the performance of all obligations of the County set forth in this Agreement and the Resolution are within the power and authority of the County validly acting by and through the County Council of the County, have been duly authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract or agreement or other instrument binding upon the County.

SECTION 2.02. The Corporation makes the following representations and warranties as the basis for the undertakings on the part of the County herein contained:

(a) The Corporation is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina.

(b) The execution and delivery of, and the consummation of the transactions contemplated by, this Agreement are within the corporate authority of the Corporation, have been duly authorized by all necessary corporate proceedings and will not contravene the Articles of Incorporation or By-Laws of the Corporation, or contravene, or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties.

(c) The Facilities are necessary and the design of the Facilities will result in the elimination, mitigation and prevention of air or water pollution and the South Carolina Department of Health and Environmental Control has made a finding to that effect; the Facilities are of a character subject to the allowance for depreciation provided in Section 167 of the Internal Revenue Code of 1954, as amended.

## ARTICLE III

### ACQUISITION OF THE FACILITIES BY THE CORPORATION; ISSUANCE OF THE BONDS

SECTION 3.01. The Corporation will construct, acquire and install the Facilities for its own use to effectuate the purposes of the Act and for the purposes set forth in subsection (c) of Section 2.02 of this

Agreement, and will bring them to completion, substantially in accordance with the plans and specifications therefor. The Facilities shall belong to and be the property of the Corporation.

In order to effectuate the purposes of this Agreement, the Corporation, in its own name, will do or cause to be done all things requisite or proper for constructing, acquiring and installing the Facilities and fulfilling the obligations of the Corporation under this Agreement.

The Corporation will acquire, construct and install the Facilities with all reasonable dispatch, and will use its best efforts with all due diligence to cause the acquisition, construction and installation thereof to be completed by December 31, 1977, or as soon thereafter as may be practicable, delays incident to strikes, riots, acts of God or the public enemy or any delay beyond the reasonable control of the Corporation only excepted; but if for any reason the acquisition, construction and installation of the Facilities shall not be completed by said date there shall be no resulting diminution in or postponement of any of the payments required in Section 4.01 hereof to be paid by the Corporation.

SECTION 3.02. In order to provide funds for payment of a portion of the Cost of the Facilities, the County, as soon as practicable after the execution of this Agreement, will issue the Bonds pursuant to the Resolution, sell the Bonds pursuant to the Bond Purchase Agreement, and deposit the proceeds thereof into the Loan Fund.

SECTION 3.03. The County has, in the Resolution, authorized and directed the Depository to make payments from the Loan Fund to pay the Cost of the Facilities upon receipt from time to time of requisitions signed by a principal financial or accounting officer of the Corporation (upon which both the Depository and the County may conclusively rely), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is to be paid or has been paid, (3) the amount to be paid, and (4) that each obligation, item of cost, or expense mentioned therein has been properly incurred or recognized by the Corporation, is a proper charge against the Loan Fund as a Cost of the Facilities and has not been the basis of any previous withdrawal.

SECTION 3.04. The Corporation may modify the Facilities at any time and from time to time prior to the completion of the Facilities, provided that no such change shall render inaccurate any of the representations contained in subsection (c) of Section 2.02 of this Agreement and that, in the case of any change that would render inaccurate the description of the Facilities contained in Exhibit A to this Agreement, there shall be delivered to the Depository (i) a revised Exhibit A containing a description of the Facilities as modified, the accuracy of which shall have been certified by an Authorized Corporation Representative, (ii) copies of any governmental or regulatory approvals required to assure that the Facilities as described in the revised Exhibit A are "pollution control facilities" within the meaning of the Act, and that the Facilities as described in the revised Exhibit A are such that the expenditure of the proceeds of the Bonds for the loan thereof by the County to the Corporation is authorized by the Act, and (iii) an opinion of counsel experienced in matters relating to the tax exemption of interest on, and validity of obligations of, States and their political subdivisions (which opinion shall be satisfactory in form and substance to the County and the Bank), and a certificate of an Authorized Corporation Representative, to the effect set forth in clause (ii) of this Section 3.04.

SECTION 3.05. When the Facilities have been completed, a certificate of completion shall be issued by an Authorized Corporation Representative stating that the Facilities have been completed substantially in accordance with the plans and specifications therefor and are suitable for the purpose for which the Facilities are designed as set forth in subsection (c) of Section 2.02 of this Agreement and stating the date of such completion. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being.

Upon the completion of the Facilities any moneys and securities in the Loan Fund shall be deposited in the Debt Service Fund and disbursed therefrom solely to pay the principal of the Bonds in accordance with the Resolution.

SECTION 3.06. If the moneys and securities in the Loan Fund shall not be sufficient to pay the Cost of the Facilities in full, the Corporation shall complete the Facilities in accordance with the plans and specifications therefor and pay (whether through financing or otherwise) all that portion of the Cost

of the Facilities in excess of the moneys and securities available therefor in the Loan Fund. The County does not make any warranty, either express or implied, that the moneys and securities which will be paid into the Loan Fund will be sufficient to pay the Cost of the Facilities. If the Corporation shall pay any portion of the Cost pursuant to the provisions of this Section, it shall not be entitled to any reimbursement under this Agreement for such payments from the County, the Depository or the holders of any of the Bonds, nor shall it be entitled to any diminution in or postponement of any of the payments required to be paid by the Corporation pursuant to this Agreement.

SECTION 3.07. Any moneys and securities held as a part of the Loan Fund shall, at the written request of the Corporation, be invested or reinvested by the Depository as provided in Section 7.02 of the Resolution.

The Corporation covenants that it will not cause the use of or make any use of the proceeds of the Bonds or of any moneys or securities on deposit in the Loan Fund or the Debt Service Fund which may be deemed to be proceeds of the Bonds pursuant to Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder or withdrawn therefrom under the provisions of Section 3.03 of this Agreement, which use would, had such use been reasonably expected at the time of issuance of the Bonds, have caused the Bonds to be "arbitrage bonds" within the meaning of such Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder as the same may be in force and applicable at the time of any such use to obligations issued on the date of issuance of the Bonds.

SECTION 3.08. Nothing contained in this Agreement shall preclude the County from making a future loan or loans under any other agreement to the Corporation from the proceeds of notes or bonds issued by the County pursuant to the Act or any other applicable legislation in order to finance any portion of the Cost of the Facilities in excess of the moneys available therefor in the Loan Fund.

#### ARTICLE IV

##### LOAN BY THE COUNTY TO THE CORPORATION; REPAYMENT

SECTION 4.01. The County shall loan the Corporation the proceeds of the sale of the Bonds to finance a portion of the cost of the construction, acquisition and installation by the Corporation of the Facilities. The Corporation will repay said loan, together with interest thereon at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, to the County as follows:

(a) On each interest payment date for the Bonds as set forth in Section 2.01 of the Resolution, the sum which, together with other moneys available therefor in the Debt Service Fund, except moneys deposited therein pursuant to Section 3.05 of this Agreement, will equal the interest to be paid on such date; and

(b) On the maturity date of the Bonds as set forth in Section 2.01 of the Resolution, the sum which, together with the other moneys available therefor in the Debt Service Fund, will equal the principal amount of the Bonds maturing on such date.

The Corporation shall have the option, exercisable at any time upon five business days' written notice to the County and the Depository, to accelerate payment of the entire unpaid balance of the loan by depositing such prepayment with the Depository. The Depository shall apply such prepayment to the payment of principal and interest due on the redemption of the Bonds in accordance with the provisions of the Resolution.

In the event the Corporation shall fail to make any payment of interest as required by Section 4.01(a) of this Agreement or shall fail to make any payment of principal (whether at maturity or at the date fixed for redemption) as required by Section 4.01(b) of this Agreement, such payment or payments shall continue as an obligation of the Corporation until fully paid, together with interest on overdue payments (including, to the extent lawful, interest on overdue payments of interest) through the date of final payment in full at a rate per annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank.

SECTION 4.02. It is understood and agreed that all payments by the Corporation pursuant to this Agreement are to be paid to the Depository for deposit in the Debt Service Fund. The Corporation

agrees that its obligation to make such payments to the Depository shall be absolute, irrevocable and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the County of any obligation to the Corporation, whether hereunder or otherwise, or out of any other indebtedness or liability at any time owing to the Corporation by the County. The County directs the Corporation, and the Corporation agrees, to pay to the Depository at its principal office, or such other office designated by the Depository from time to time, all payments pursuant to this Agreement.

So long as the Bonds are outstanding, the Corporation will pay directly to the County and the Depository, as the case may be, on the maturity payment date referred to in Section 2.01 of the Resolution the amount of Administration Expenses not theretofore paid which has accrued to the date thereof and has not been paid.

SECTION 4.03. As sole owner of the Facilities, the Corporation is entitled to sole and exclusive possession of the Facilities from the date of this Agreement. The Corporation hereby pledges and assigns to the County, as security for the payments described in Section 4.01 hereof, a security interest in the Facilities subject to First Mortgage Liens and equal to, but not superior to, Debenture Liens. "First Mortgage Liens" as used herein means (a) the lien of any mortgage purporting to be a first mortgage on a substantial portion of the Corporation's property (the only such lien at the date hereof being the lien of the Corporation's First and Refunding Mortgage dated as of December 1, 1927, as amended and supplemented, to Morgan Guaranty Trust Company of New York, as Trustee) and (b) permitted liens as defined in said First and Refunding Mortgage as amended and supplemented. "Debenture Liens" as used herein means liens hereafter created for the benefit of any indebtedness of the Corporation which may be hereafter issued under an indenture which expressly provides that any lien for the benefit of indebtedness issued thereunder shall be equal to the lien herein provided for on the Facilities.

SECTION 4.04. The Corporation will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities (a) the maintenance, repair, replacement or renewal of which becomes an unreasonable burden to the Corporation because of damage or destruction by a cause not within the control of the Corporation, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Corporation of the operation of the production facilities to which the element or unit of the Facilities is an adjunct, and (b) with respect to which the Corporation has furnished to the County a certificate of an Authorized Corporation Representative that the maintenance, repair, replacement or renewal of such element or unit of the Facilities is being discontinued for one of the foregoing reasons, which shall be stated therein.

The Corporation shall have the privilege of remodeling the Facilities or making substitutions, modifications and improvements to the Facilities from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitutions, modifications and improvements shall be paid by the Corporation and the same shall be the property of the Corporation and be included under the terms of this Agreement as part of the Facilities; provided, however, while the Bonds are outstanding, such remodeling or such substitutions, modifications and improvements shall be subject to the same provisions set forth in Section 3.04 of this Agreement with respect to a modification in the Facilities.

SECTION 4.05. The Corporation shall keep the Facilities continuously insured in a prudent manner, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Corporation may with respect to the Facilities self-insure to the extent and in the manner that it may legally do so and that it is the general practice of the Corporation to self-insure its properties and the Corporation deems it prudent to do so. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Corporation. Any insurance policies maintained pursuant to this Section 4.05 may be written with such deductible amounts and exceptions and exclusions as the Corporation may deem to be prudent.

SECTION 4.06. The Corporation releases the County from, agrees that the County shall not be liable for, and agrees to indemnify and hold the County harmless from, any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the financing of the Facilities.

SECTION 4.07. So long as the Bonds are outstanding the Facilities will be used only for the purposes set forth in subsection (c) of Section 2.02 of this Agreement and as pollution control facilities, as defined in the Act.

SECTION 4.08. It is understood and agreed that the payments required to be paid pursuant to Sections 4.01 and 4.02 hereof shall continue to be payable at the time and in the amounts herein specified, whether or not the Facilities, or any portion thereof, shall have been destroyed by fire or other casualty, or title thereto or the use thereof shall have been taken by the exercise of the power of eminent domain, and that there shall be no diminution or postponement of any such payments by reason thereof.

## ARTICLE V SPECIAL COVENANTS

SECTION 5.01. The County makes no warranty, either express or implied, as to the actual or designed capacity of the Facilities, as to the suitability of the Facilities for the purposes specified in this Agreement, as to the condition of the Facilities, or that the Facilities will be suitable for the Corporation's purposes or needs.

SECTION 5.02. The Corporation covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation; provided, however, that the Corporation may consolidate with or merge into another corporation, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter dissolve, if the successor corporation is an "Industry" as defined in the Act, assumes in writing all the obligations of the Corporation herein, has obtained all governmental or administrative approvals required to conduct its business and is duly qualified to do business in the State of South Carolina.

If consolidation, merger or sale or other transfer is made as permitted by this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 5.03. The Corporation covenants that it will remain qualified to do business in South Carolina, so long as the Bonds are outstanding, and that it will comply with any requirements imposed on it by the Act, so long as the Bonds are outstanding.

SECTION 5.04. In the event it may be necessary for the proper performance of this Agreement on the part of the County or the Corporation that any application or applications for any permit or license to be made to any governmental or other agency or authority by the Corporation or the County, the Corporation and the County each agree to execute upon the request of the other such application or applications.

SECTION 5.05. Notwithstanding anything contained in this Agreement or in the Resolution to the contrary, the Corporation covenants it will not submit, and the County agrees that it will not consent to or acquiesce in the submission of, any requisition by the Corporation in respect of any item or expense which would not constitute a "cost of acquiring pollution control facilities" within the meaning of the Act.

## ARTICLE VI ASSIGNMENT, LEASING AND SELLING

SECTION 6.01. The Corporation will not sell, lease or otherwise dispose of the Facilities except as provided in Section 5.02 hereof and in this Section 6.01. The Corporation may from time to time sell or otherwise dispose of any item constituting part of the Facilities if the Corporation, in regard to such item, has furnished to the County a certificate pursuant to clause (b) of Section 4.04 hereof. Any proceeds thereof shall be either (i) applied to the replacement of or substitution for the item so sold or

disposed of or to acquire other pollution control facilities, or (ii) paid to the Depository for deposit in the Debt Service Fund, all as the Corporation shall determine. In addition, this Agreement may be assigned in whole or in part, and the Facilities may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the County, subject, however, to the following conditions:

(a) No sale, assignment or lease (other than pursuant to Section 5.02 hereof) shall relieve the Corporation from liability for any of its obligations under this Agreement, and in the event of any such sale, assignment or lease the Corporation shall continue to remain liable for the payments specified in Section 4.01 hereof, and for performance and observance of the other agreements on its part herein provided;

(b) The purchaser, assignee or lessee from the Corporation shall assume the obligations of the Corporation under this Agreement to the extent of the interest sold, assigned or leased;

(c) Any sale, assignment or lease shall be made subject to the security interest created under this Agreement; and

(d) The Corporation shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the County a true and complete copy of each such sale agreement, assignment and lease, as the case may be.

SECTION 6.02. As set forth in Section 1.02 of the Resolution, the County irrevocably has pledged and assigned to the holders of the Bonds all rights (other than the rights to receive payment of Administration Expenses and indemnification rights pursuant to Section 4.02 and Section 4.06 of this Agreement, respectively) of the County under and all interests of the County in this Agreement, the security interest created hereby, the Revenues (as defined in the Resolution), all moneys or securities in the Debt Service Fund, and, until applied in payment of any of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund. Except as set forth above in this Section 6.02, the County will not sell, assign, pledge, convey or otherwise transfer or encumber its rights and interests in this Agreement, the security interest created hereby, said Revenues or other collateral referred to in Section 1.02 of the Resolution while the Bonds are outstanding.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay when due any payment required to be paid under Section 4.01 hereof.

(b) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement (other than the covenants contained in Sections 5.03 and 5.04 of this Agreement).

(c) The dissolution or liquidation of the Corporation or the filing by the Corporation of a voluntary petition in bankruptcy, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Agreement, or the commission by the Corporation of any act of bankruptcy, or adjudication of the Corporation as a bankrupt, or an assignment by the Corporation for the benefit of its creditors, or the entry by the Corporation into an agreement of composition or arrangement with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Corporation in any proceeding for its reorganization instituted under the provisions of any bankruptcy act, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Corporation", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or a dissolution or liquidation of the Corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions contained in Section 5.02 hereof.

(d) Any representation or warranty of the Corporation or the County made herein or in the Bond Purchase Agreement or in any certificate or instrument required to be delivered hereunder or thereunder shall have been incorrect in any material respect.

(e) The Corporation shall have defaulted in the performance of any covenant on the part of the Corporation contained in Sections 5.03 and 5.04 of this Agreement and such default shall have continued for a period of thirty days after notice thereof is given by the Bank to the Corporation.

The foregoing provisions of this Section are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other industrial disturbances; orders of any kind of the Government of the United States or of the State of South Carolina or the State of North Carolina or any department, agency, political subdivision or official or either of them, or any civil or military authority, riots, landslides, tornados, fires, hurricanes, storms, floods, washouts or explosions, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.01 and 5.02 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements and in any event carry out such agreements as soon as possible thereafter; provided however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. Any failure of the Corporation to perform its obligations under Sections 4.01 and 5.02 hereof shall constitute a default regardless of the reason for such failure to perform.

SECTION 7.02. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The County may declare all unpaid amounts payable under Section 4.01 hereof, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County may take any action at law or in equity to collect the payments then due and thereafter to become due, to foreclose upon the security interest created hereby, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

(c) The County may enforce the security interest created hereby through the exercise of the remedies provided by the Uniform Commercial Code of South Carolina or of any other jurisdiction the laws of which are applicable.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with Section 9.09 of the Resolution.

SECTION 7.03. No remedy conferred upon or reserved to the County in connection with the loan to the Corporation is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.04. If the Corporation shall default under any of the provisions of this Agreement and the County shall employ attorneys or incur other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained herein, the Corporation will on demand therefor reimburse the reasonable fees of such attorneys and such other reasonable expenses so incurred.

SECTION 7.05. In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the County's rights in and under this Agreement to the holders of the Bonds pursuant to the Resolution, the County shall have no power to waive any default hereunder by the Corporation except in accordance with Section 9.01 of the Resolution. In the event any default by the Corporation hereunder shall have been waived in accordance with said Section 9.01 of the Resolution as a default under the Resolution by all of the Bondholders the County shall be obligated to waive the Corporation's default hereunder.

#### ARTICLE VIII MISCELLANEOUS

SECTION 8.01. Any balance in the Loan Fund or Debt Service Fund or otherwise held by the Depository in connection with the issuance of the Bonds or in connection with this Agreement or the Resolution after all the Bonds issued under the Resolution, together with the interest thereon, have been paid in full and all amounts due to the Depository and the County (including amounts due as Administration Expenses) have been paid shall belong to and, upon request of the Corporation shall be paid over to, the Corporation by the Depository in accordance with the provisions of Section 7.03 of the Resolution.

SECTION 8.02. All notices, certificates, requests or other communications between the County, the Corporation and the Depository required to be given hereunder or under the Resolution shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, at the Oconee County Court House, Walhalla, South Carolina 29691, Attention: Chairman of the County Council of Oconee County; if to the Corporation, at 422 South Church Street, Charlotte, North Carolina 28242, Attention: Senior Vice President, Legal and Finance; and if to the Depository, at 23 Wall Street, New York, New York 10015, Attention: Robert W. Brose, Jr. A duplicate copy of each notice, certificate, request or other communication given hereunder to the County, the Corporation or the Depository shall also be given to the others. The Corporation, the County and the Depository may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.03. This Agreement shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns, subject to the limitation that any obligation of the County created by or arising out of this Agreement shall be a limited obligation of the County, payable solely from the Revenues (as defined in the Resolution) and other collateral pledged to the holders of the Bonds in Section 1.02 of the Resolution and shall not constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any South Carolina constitutional or charter provision or statutory limitation and shall not constitute or give rise to any pecuniary liability of the County.

SECTION 8.04. This Agreement may not be amended, modified or rescinded except in accordance with Section 12.06 of the Resolution.

SECTION 8.05. This Agreement supersedes any other prior agreements or understandings, written or oral, between the parties with respect to the matters referred to herein or contemplated hereby.

SECTION 8.06. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 8.07. If any clause, provision or section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Corporation, as the case may be, to the full extent permitted by applicable law.

SECTION 8.08. The laws of the State of South Carolina shall govern the construction of this Agreement.

IN WITNESS WHEREOF, Oconee County, South Carolina, has executed this Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Oconee County and the official seal of said Council to be impressed hereon and attested by the Clerk of said Council; and Duke Power Company has executed this Agreement by causing its name to be hereunto subscribed by one of its Vice Presidents and its seal to be impressed hereon and attested by one of its Assistant Secretaries.

(SEAL)

OCONEE COUNTY, SOUTH CAROLINA

By .....  
Chairman of the County Council  
of Oconee County

.....  
Clerk of the County Council  
of Oconee County

Signed, sealed and delivered  
in the presence of:

.....  
.....

(SEAL)

DUKE POWER COMPANY

By .....  
Vice President

Attest:

.....  
Assistant Secretary

STATE OF SOUTH CAROLINA }  
COUNTY OF OCONEE } ss.:

Personally appeared before \_\_\_\_\_ who being duly sworn says that \_\_\_\_\_ saw the  
corporation seal of COUNTY COUNCIL OF OCONEE COUNTY, SOUTH CAROLINA affixed to the foregoing  
Agreement, and that \_\_\_\_\_ also saw \_\_\_\_\_ as Chairman and  
\_\_\_\_\_ as Clerk of the County Council of Oconee County, sign and attest the same, and  
that \_\_\_\_\_ with \_\_\_\_\_ witnessed the execution and delivery thereof as  
the act and deed of the said Oconee County.

.....  
Sworn to before me this \_\_\_\_\_ day of June, 1976

.....  
Notary Public

My Commission Expires:

(SEAL)

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

I, \_\_\_\_\_, a Notary Public in and for the State and County aforesaid, certify that  
\_\_\_\_\_ personally came before me this day and acknowledged that he is  
\_\_\_\_\_ of DUKE POWER COMPANY, a North Carolina corporation, and that, by  
authority duly given and as the act of the corporation, the foregoing instrument was signed in its name  
by one of its \_\_\_\_\_, sealed with its corporate seal, and attested by  
himself as one of its Assistant Secretaries.

Witness my hand and official seal this \_\_\_\_\_ day of June, 1976.

.....  
Notary Public

**DUKE POWER COMPANY  
OCONEE NUCLEAR STATION POLLUTION CONTROL FACILITIES**

Oconee Nuclear Station, when completed will have three closed cycle, pressurized light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a nameplate capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Facilities for the control of air pollution include components of the Emergency Core Cooling Systems (the "Systems") installed in conjunction with each unit.

Failure of the reactor cooling system would allow partial or complete release of reactor coolant into the reactor building, thereby interrupting the normal mechanism for removing heat from the reactor core. If all the coolant were not released immediately, residual heat, fission product heat, and possible heat from chemical reactions would cause the remaining amount of coolant to be boiled off unless an alternate source of coolant were made available. Coolant from the Emergency Core Cooling Systems is available, and the fast cooling action provided by the core flooding tank water prevents any significant chemical reactions and destructive core heatup. Thus, by providing emergency cooling, structural integrity of the core and the reactor building is assured and radioactive contaminants are controlled within the confines of the reactor building and prevented from escaping into the environment.

The Systems are designed to operate in the following modes:

- (1) Injection of borated water from the borated water storage tank by the high pressure injection system.
- (2) Rapid injection of borated water by the core flooding system.
- (3) Injection of borated water from the borated water storage tank by the low pressure injection system.
- (4) Long term core cooling by recirculation of injection water from the reactor building sump to the core by the low pressure injection pumps.

Although the high and low pressure emergency injection strings operate to provide full protection across the entire spectrum of break sizes, each system may operate individually and each is initiated independently. High pressure injection prevents uncovering of the core for small coolant piping leaks where high system pressure is maintained, and to delay uncovering of the core for intermediate-sized leaks. The core flooding and low pressure injection provisions are designed to recover the core at intermediate-to-low pressures, and to assure adequate core cooling for break sizes ranging from intermediate breaks to the double-ended rupture of the largest pipe. The low pressure injection system is also designed to permit long-term core cooling in the recirculation mode after a loss-of-coolant accident. The injection and core flooding functions are subdivided so that there are two separate and independent strings, each including one high pressure pump, one low pressure pump, and one core flooding tank. This affords a redundant protection by the System components, subsystems and systems for the spectrum of reactor coolant pipe break sizes.

The related equipment of the Emergency Core Cooling Systems includes pumps, pipes, valves, tanks, heat exchangers, filters, controls and instrumentation.

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STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

\_\_\_\_\_)  
TO THE STATE BUDGET AND CONTROL )  
\_\_\_\_\_)  
BOARD OF SOUTH CAROLINA )  
\_\_\_\_\_)

P E T I T I O N

This Petition of the County Council of Oconee County (the "County Council"), pursuant to Act No. 156 of the Acts and Joint Resolution enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") and specifically to Section 14 thereof, respectfully shows:

1. The County Council is the governing body of Oconee County, having been so designated by the General Assembly of South Carolina, and as such is the "Governing Board" of such County referred to in the Act.

2. The Act, amongst other things, authorizes the County Council, subject to obtaining the approval and appropriate findings from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, pursuant to Sections 14 and 7 of the Act, respectively, (i) to issue its bonds pursuant to the Act, (ii) to loan the proceeds of such bonds to qualified industrial concerns in order to aid such concerns to finance the cost of the construction, acquisition and installation of pollution control facilities and (iii) to enter into loan agreements with such industrial concerns prescribing the

terms and conditions of the payments to be made to the County to meet the payments that shall become due on such bonds issued pursuant to the Act.

3. The County Council has agreed to aid Duke Power Company, a North Carolina corporation, qualified to do business as a foreign corporation in South Carolina (the "Industry"), to finance the cost of certain air and water pollution control facilities more fully described in Exhibit A which is a part of Exhibit 1 attached hereto, at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina (the "Pollution Control Facilities").

4. The County Council has been advised by the Industry that it will be necessary at this time to finance a portion of the cost of the Pollution Control Facilities and that it will be necessary to issue and sell \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) for such purposes (the "Bonds").

5. Pursuant to Section 7 of the Act, the South Carolina Department of Health and Environmental Control has made the requisite finding that the Pollution Control Facilities are necessary, and that the design thereof will result in the elimination, mitigation or prevention of air and water pollution, and in that connection there is attached hereto as Exhibit 1 to this Petition, a certificate setting forth the finding of the Department of Health and Environmental Control relating to the Pollution Control Facilities.

6. Pursuant to Section 14 of the Act, the County Council sets forth the following information:

A. The Pollution Control Facilities (more fully described in Exhibit A which is a part of Exhibit 1 attached hereto) to be financed in part out of the proceeds of the Bonds are necessary and are designed for the elimination, mitigation and prevention of air or water pollution at the Industry's Oconee Nuclear Station.

B. The cost (as defined in the Act) of said portion of the Pollution Control Facilities is at least \$1,500,000.

C. The proposed Loan Agreement between the Industry and the County, a draft copy of which is attached hereto as Exhibit 2, provides in general:

(a) To finance a portion of the cost of the acquisition, construction and installation of the Pollution Control Facilities, the County Council has adopted a resolution on May 6, 1976 (the "Resolution") authorizing the issuance of the Bonds.

(b) The Bonds will be secured by a pledge of all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except for certain indemnification payments and administration expenses), the funds created under the Resolution and the income earned on investment of such funds.

(c) Proceeds derived from the sale of the BONDS will be deposited with Morgan Guaranty Trust Company of New York, the Depository appointed by the Resolution, and will be applied solely for the payment of the costs incident to the acquisition, construction and installation of the Pollution Control Facilities.

(d) Under the terms of the Loan Agreement, the Industry obligates itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bonds prove insufficient without diminution of any payments to the County required by the Loan Agreement, to pay the amount necessary to meet the payments of principal and interest on the Bonds as the same become due, and to pay the cost of maintaining and insuring the Pollution Control Facilities.

(e) As permitted by the Act, the Loan Agreement provides that the Pollution Control Facilities shall be the property of the Industry and the County shall have no interest therein.

(f) The Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

D. The State Department of Health and Environmental Control, as evidenced by the certificate attached hereto as Exhibit 1, has found that the Pollution Control Facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

E. The Resolution, a copy of which is attached hereto as Exhibit 3, provides in general:

(a) The irrevocable pledge and assignment to the holders of the Bonds of the County's rights and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement (except certain indemnification payments and administration expenses), all the funds created under the Resolution and the investment income of such funds.

(b) The terms of the Bonds, the rate of interest of the Bonds, the provisions for exchange and transfer of the Bonds, the redemption provisions, the means of disbursement and investment of the Bond proceeds, the authorization and execution of the Loan Agreement and the Bond Purchase Agreement (hereinafter mentioned), default provisions and remedies therefor and various other matters relating to the Bonds.

(c) The adoption of the Resolution will not impose any pecuniary liability on the County or create a charge upon the general credit or taxing power of the County.

F. The proposed Bond Purchase Agreement, a draft of which is attached hereto as Exhibit 4, provides for the sale of the Bonds to the purchasers indicated therein.

7. The County Council has adopted the Resolution on May 6, 1976 and it is the intent of the County Council that the Loan Agreement and the Bond Purchase Agreement shall be executed and delivered in substantially the forms attached hereto and that the execution of the Loan Agreement and Bond Purchase Agreement has been authorized with such changes and insertions therein as may be approved by the persons executing same, such approval to be conclusively evidenced by their execution thereof and adoption of the Resolution is conclusive evidence of final adoption of such Resolution.

Upon the basis of the foregoing, the County Council respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents attached hereto, and that the State Board do as soon as practicable make such investigation as it deems advisable and that if it finds that the Pollution Control Facilities are intended to

promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bonds pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of its approval in the manner set forth in Section 14 of the Act.

May 6, 1976.

Respectfully submitted,

OCONEE COUNTY, SOUTH CAROLINA

By

*Louis B. Hill*  
Chairman of the County Council  
of Oconee County

(SEAL)

Attest:

*Ann S. Orr*  
Clerk of the County  
Council of Oconee County

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CERTIFICATE

WHEREAS, DUKE POWER COMPANY, a North Carolina corporation duly domesticated in South Carolina (the Industry), is acquiring, constructing and installing certain pollution control facilities designed for the elimination, mitigation or prevention of air or water pollution at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina; and

WHEREAS, such facilities include those fully described in Exhibit "A" attached hereto (hereinafter called the Facilities); and

WHEREAS, the South Carolina Department of Health and Environmental Control has been advised by the Industry and by the County Council of Oconee County that Oconee County proposes to finance a portion of the cost of the acquisition and installation of the Facilities through the issuance of not exceeding \$2,500,000 of pollution control facilities revenue bonds, pursuant to the authorization of Act No. 156 of 1971, and must obtain, pursuant to Section 7 of said Act, a finding of the South Carolina Department of Health and Environmental Control that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; and

WHEREAS, the Commissioner, Department of Health and Environmental Control, has been duly authorized by the South Carolina Board of Health and Environmental Control by resolution duly adopted to make such studies and investigation as shall be necessary and appropriate to determine whether or not the prerequisite findings contemplated by

Section 7 of said Act No. 156 of 1971 can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner, being satisfied based on the results of such studies and investigation that the facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution, is further empowered by the South Carolina Board of Health and Environmental Control to issue its Certificate to that effect,

NOW, THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the Facilities referred to in the attachment to this Certificate (i) are necessary and (ii) that the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

DONE at Columbia, South Carolina, this 30<sup>th</sup> day of April, 1976.

SOUTH CAROLINA DEPARTMENT OF  
HEALTH AND ENVIRONMENTAL CONTROL

By: E. K. Aycock  
E. K. Aycock, M. D.  
Commissioner

## DUKE POWER COMPANY

## OCONEE NUCLEAR STATION POLLUTION CONTROL FACILITIES

Oconee Nuclear Station, when completed, will have three closed cycle, pressurized, light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a nameplate capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Station includes facilities which are designed for the elimination, mitigation or prevention of air or water pollution. The body of water involved is Lake Keowee, next to which the Station is located. These facilities are being installed in order that Duke meet or exceed all applicable and anticipated Federal, State, and local water and air quality standards. Such facilities include the following Systems:

1. All facilities and systems described in three separate Certificates of the Department of Health and Environmental Control, each dated the 25th day of January, 1974, and duly executed in its behalf by the Assistant to the Commissioner for Environmental Affairs, pursuant to resolution adopted December 13, 1973.

2. Wastewater Retention Pond: The Wastewater Retention Pond is a holding pond with a total capacity of 1.48 million gallons designed to receive and hold nonradioactive process wastewater so

that it may be treated prior to its discharge to the Keowee River for disposal. The primary source of nonradioactive process wastewater is the Station's water purification equipment. This equipment is necessary in order to supply the large quantities of pure water used in generating steam to produce electricity. Wastewater effluent from this equipment contains the following contaminants: diatomaceous earth and powder resins resulting from filter backwashing, sodium hydroxide and sulfuric acid in spent demineralizer regenerating solutions, and various chemicals spilled to the drain systems of storage rooms. This facility consists of the pond itself and the necessary collecting sewers, drains, pumps, sumps, and control equipment and is in addition to another retention pond previously constructed for the same purposes and included in the facilities and systems in paragraph 1 above.

No part of the expenditure for the Wastewater Retention Pond provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

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**LOAN AGREEMENT**

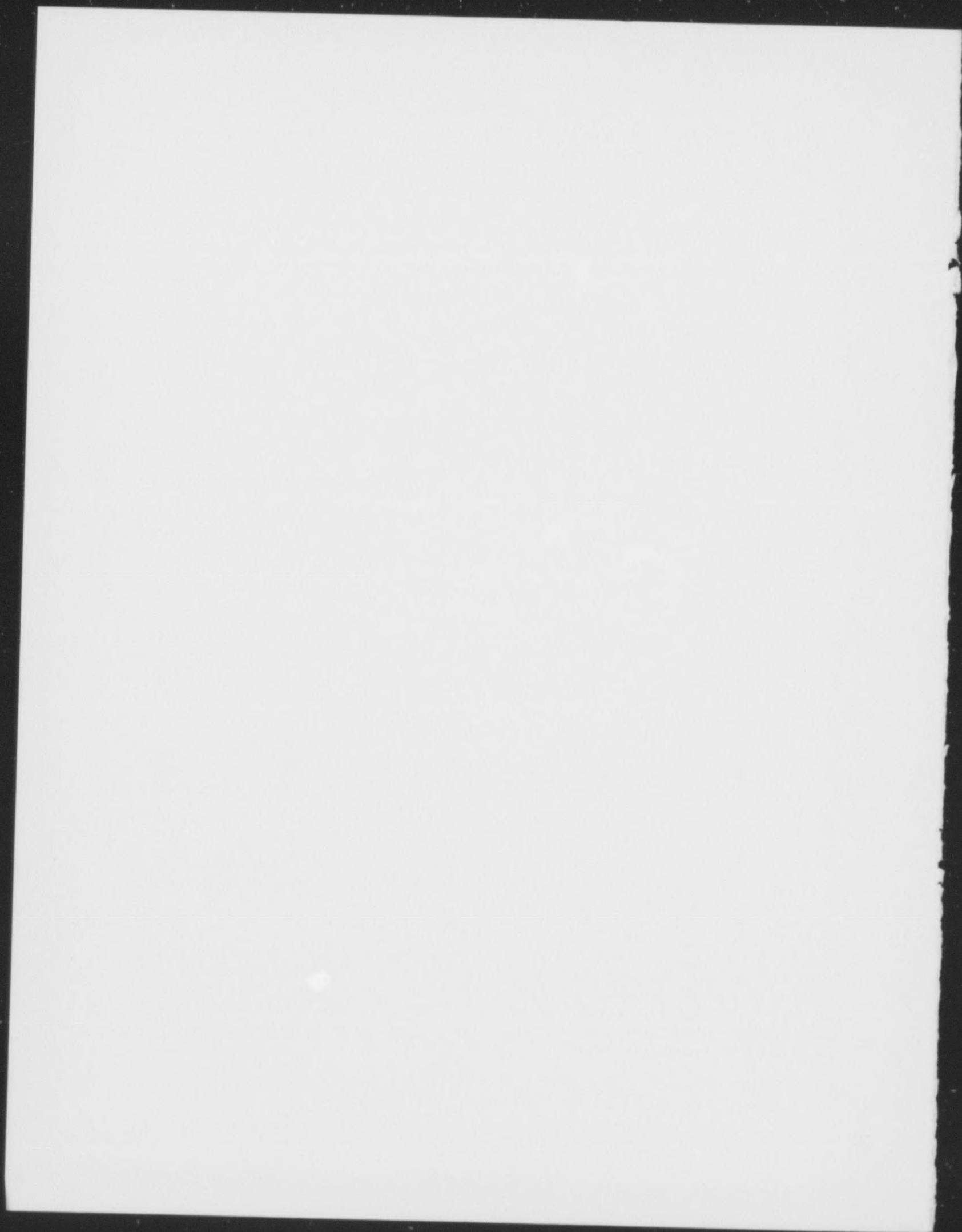
**BETWEEN**

**OCONEE COUNTY, SOUTH CAROLINA**

**AND**

**DUKE POWER COMPANY**

\_\_\_\_\_  
Dated as of June 1, 1976  
\_\_\_\_\_



## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 1976 between OCONEE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the "County"), party of the first part, and DUKE POWER COMPANY, a corporation organized and existing under the laws of the State of North Carolina (hereinafter called the "Corporation"), party of the second part.

WHEREAS, Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") empowers the several counties and incorporated municipalities of the State of South Carolina to issue their bonds and to loan the proceeds of the sale of such bonds to industrial concerns to finance the construction, acquisition and installation by such industrial concerns of pollution control facilities as defined in the Act; and

WHEREAS, the County has adopted a resolution on May 3, 1976 authorizing the issuance of \$1,500,000 aggregate principal amount of its Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (herein called the "Bonds"), in order to loan the proceeds of the Bonds to the Corporation to finance a portion of the cost of the construction, acquisition and installation of the pollution control facilities more fully described in Exhibit A attached hereto at the Oconee Nuclear Station of the Corporation on the terms and conditions herein set forth.

### WITNESSETH:

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

#### ARTICLE I DEFINITIONS

The terms defined in this Article I shall for all purposes of this Agreement have the meanings herein specified, unless the context clearly otherwise requires:

*Act:*

"Act" shall mean Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina and all future acts supplemental thereto or amendatory thereof.

*Administration Expenses:*

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the County in connection with this Agreement, the Resolution, the Bond Purchase Agreement and the financing of the Facilities, including the compensation and expenses paid to the Depository under the Resolution.

*Agreement:*

"Agreement" shall mean this Loan Agreement dated as of June 1, 1976, between the County and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

*Authorized Corporation Representative:*

"Authorized Corporation Representative" shall mean the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Corporation by its President or a Vice President and its Secretary or an Assistant Secretary, which certificate shall continue in full force and effect until the County and the Depository have received a notice of revocation thereof by the Corporation.

*Bank:*

"Bank" shall mean Morgan Guaranty Trust Company of New York.

*Bond Purchase Agreement:*

"Bond Purchase Agreement" shall mean that agreement dated as of June 1, 1976 between the County and the Bank with regard to the sale of the Bonds.

*Bonds:*

"Bonds" shall mean the \$1,500,000 (except as otherwise provided in the Resolution) aggregate principal amount of Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) of the County executed and delivered pursuant to the Resolution.

*Bondholder:*

"Bondholder" or "holder of the Bonds" or "holder" shall mean the registered owner of any of the Bonds.

*Corporation:*

"Corporation" shall mean Duke Power Company, a North Carolina corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 hereof.

*Cost:*

"Cost" shall mean the cost of acquiring by construction or purchase the Facilities within the meaning of the Act, including without limitation (a) obligations of the Corporation incurred for labor, materials and other expenses in connection with the construction, acquisition and installation of the Facilities; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Facilities; (c) the expenses of the Corporation for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary for the construction, acquisition, and installation of the Facilities; (d) legal, accounting, financial and printing expenses, fees, compensation and all other expenses incurred in connection with the authorization, sale and issuance of the Bonds; (e) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction, acquisition and installation of the Facilities; (f) any sums required to reimburse the Corporation for advances made by it for any of the above items and (g) any sums required to pay the 1976 Notes.

The Cost of the Facilities shall not include any item or amount which will result in less than substantially all of the proceeds of the Bonds being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

*County:*

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

*Debt Service Fund:*

"Debt Service Fund" shall mean the fund created under Section 6.01 of the Resolution which is held by the Depository.

*Depository:*

"Depository" shall mean Morgan Guaranty Trust Company of New York, appointed under the Resolution as Depository and its corporate successors and any successor Depository under the Resolution.

*Facilities:*

"Facilities" shall mean the pollution control facilities described in Exhibit A hereto, and related improvements and any substitutions therefor, to be constructed, acquired and installed by the Corporation and to be financed in part from the proceeds of the Bonds for operation by the Corporation as pollution control facilities, as defined in the Act.

*Loan Fund:*

"Loan Fund" shall mean the fund created under Section 5.01 of the Resolution which is held by the Depository.

*Minimum Commercial Lending Rate:*

"Minimum Commercial Lending Rate" shall mean the minimum commercial lending rate charged from time to time by the Bank for loans in New York City, which rate shall be adjusted automatically as of the opening of business on the effective date of any change.

*1976 Notes:*

"1976 Notes" shall mean the \$1,500,000 aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) of the County dated March 10, 1976 and maturing June 8, 1976.

*Outstanding:*

"Outstanding" or "outstanding" shall mean all Bonds executed and delivered by the County under the Resolution, except Bonds which have been paid in accordance with the provisions of the Resolution or cancelled pursuant to the provisions of Sections 2.04 or 2.05 of the Resolution.

*Resolution:*

"Resolution" shall mean the resolution of the County adopted on May 3, 1976 authorizing, among other things, the issuance of the Bonds, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

## ARTICLE II

### REPRESENTATIONS AND FINDINGS

SECTION 2.01. The County makes the following representations and warranties as the basis for the undertakings on the part of the Corporation herein contained:

(a) The County is a body politic and corporate and a validly existing political subdivision of the State of South Carolina, validly acting by and through the County Council of the County as its governing body.

(b) The County is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and the Resolution.

(c) The execution, delivery and performance of this Agreement and the adoption of the Resolution and the performance of all obligations of the County set forth in this Agreement and the Resolution are within the power and authority of the County validly acting by and through the County Council of the County, have been duly authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract or agreement or other instrument binding upon the County.

SECTION 2.02. The Corporation makes the following representations and warranties as the basis for the undertakings on the part of the County herein contained:

(a) The Corporation is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina.

(b) The execution and delivery of, and the consummation of the transactions contemplated by, this Agreement are within the corporate authority of the Corporation, have been duly authorized by all necessary corporate proceedings and will not contravene the Articles of Incorporation or By-Laws of the Corporation, or contravene, or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties.

(c) The Facilities are necessary and the design of the Facilities will result in the elimination, mitigation and prevention of air or water pollution and the South Carolina Department of Health and Environmental Control has made a finding to that effect; the Facilities are of a character subject to the allowance for depreciation provided in Section 167 of the Internal Revenue Code of 1954, as amended; are to be used to abate or control water or atmospheric pollution or contamina-

tion by removing, altering, disposing of or storing pollutants, contaminants and wastes; are designed for no significant purpose other than the control of pollution; and without limiting the generality of the foregoing, will not result in any increase in production or capacity, or in a material extension of the useful life, of a manufacturing or production facility or a part thereof.

(d) Construction, acquisition and installation of the Facilities were commenced prior to September 2, 1972 and the Facilities had not been first placed in service, as those terms are used in United States Treasury Regulations Section 1.103-8(a)(5), as of October 26, 1973, upon which date the County adopted its resolution determining, among other things, to issue its bonds under and pursuant to the Act to finance the Facilities, said resolution having been intended by the County to constitute official action on its part toward the issuance of bonds pursuant to the Act within the meaning of said United States Treasury Regulations.

### ARTICLE III

#### ACQUISITION OF THE FACILITIES BY THE CORPORATION; ISSUANCE OF THE BONDS

SECTION 3.01. The Corporation will construct, acquire and install the Facilities for its own use to effectuate the purposes of the Act and for the purposes set forth in subsection (c) of Section 2.02 of this Agreement, and will bring them to completion, substantially in accordance with the plans and specifications therefor. The Facilities shall belong to and be the property of the Corporation.

In order to effectuate the purposes of this Agreement, the Corporation, in its own name, will do or cause to be done all things requisite or proper for constructing, acquiring and installing the Facilities and fulfilling the obligations of the Corporation under this Agreement.

The Corporation will acquire, construct and install the Facilities with all reasonable dispatch, and will use its best efforts with all due diligence to cause the acquisition, construction and installation thereof to be completed by December 31, 1977, or as soon thereafter as may be practicable, delays incident to strikes, riots, acts of God or the public enemy or any delay beyond the reasonable control of the Corporation only excepted; but if for any reason the acquisition, construction and installation of the Facilities shall not be completed by said date there shall be no resulting diminution in or postponement of any of the payments required in Section 4.01 hereof to be paid by the Corporation.

SECTION 3.02. In order to provide funds for payment of a portion of the Cost of the Facilities, the County, as soon as practicable after the execution of this Agreement, will issue the Bonds pursuant to the Resolution, sell the Bonds pursuant to the Bond Purchase Agreement, and deposit the proceeds thereof into the Loan Fund.

SECTION 3.03. The County has, in the Resolution, authorized and directed the Depository to make payments from the Loan Fund to pay the Cost of the Facilities upon receipt from time to time of requisitions signed by a principal financial or accounting officer of the Corporation (upon which both the Depository and the County may conclusively rely), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is to be paid or has been paid, (3) the amount to be paid, and (4) that each obligation, item of cost, or expense mentioned therein has been properly incurred or recognized by the Corporation, is a proper charge against the Loan Fund as a Cost of the Facilities and has not been the basis of any previous withdrawal.

SECTION 3.04. The Corporation may modify the Facilities at any time and from time to time prior to the completion of the Facilities, provided that no such change shall render inaccurate any of the representations contained in subsection (c) of Section 2.02 of this Agreement and that, in the case of any change that would render inaccurate the description of the Facilities contained in Exhibit A to this Agreement, there shall be delivered to the Depository (i) a revised Exhibit A containing a description of the Facilities as modified, the accuracy of which shall have been certified by an Authorized Corporation Representative, (ii) copies of any governmental or regulatory approvals required to assure that the Facilities as described in the revised Exhibit A are "pollution control facilities" within the meaning of the Act, that the Facilities as described in the revised Exhibit A are such that the expenditure of the proceeds of the Bonds for the loan thereof by the County to the Corporation is authorized by the Act and would not result in less than substantially all of the proceeds of the Bonds being used for air or

water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder and (iii) an opinion of counsel experienced in matters relating to the tax exemption of interest on, and validity of obligations of, States and their political subdivisions (which opinion shall be satisfactory in form and substance to the County and the Bank), and a certificate of an Authorized Corporation Representative, to the effect set forth in clause (ii) of this Section 3.04.

SECTION 3.05. When the Facilities have been completed, a certificate of completion shall be issued by an Authorized Corporation Representative stating that the Facilities have been completed substantially in accordance with the plans and specifications therefor and are suitable for the purpose for which the Facilities are designed as set forth in subsection (c) of Section 2.02 of this Agreement and stating the date of such completion. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being.

Upon the completion of the Facilities any moneys and securities in the Loan Fund shall be deposited in the Debt Service Fund and disbursed therefrom solely to pay the principal of the Bonds in accordance with the Resolution.

SECTION 3.06. If the moneys and securities in the Loan Fund shall not be sufficient to pay the Cost of the Facilities in full, the Corporation shall complete the Facilities in accordance with the plans and specifications therefor and pay (whether through financing or otherwise) all that portion of the Cost of the Facilities in excess of the moneys and securities available therefor in the Loan Fund. The County does not make any warranty, either express or implied, that the moneys and securities which will be paid into the Loan Fund will be sufficient to pay the Cost of the Facilities. If the Corporation shall pay any portion of the Cost pursuant to the provisions of this Section, it shall not be entitled to any reimbursement under this Agreement for such payments from the County, the Depository or the holders of any of the Bonds, nor shall it be entitled to any diminution in or postponement of any of the payments required to be paid by the Corporation pursuant to this Agreement.

SECTION 3.07. Any moneys and securities held as a part of the Loan Fund shall, at the written request of the Corporation, be invested or reinvested by the Depository as provided in Section 7.02 of the Resolution.

The Corporation covenants that it will not cause the use of or make any use of the proceeds of the Bonds or of any moneys or securities on deposit in the Loan Fund or the Debt Service Fund which may be deemed to be proceeds of the Bonds pursuant to Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder or withdrawn therefrom under the provisions of Section 3.03 of this Agreement, which use would, had such use been reasonably expected at the time of issuance of the Bonds, have caused the Bonds to be "arbitrage bonds" within the meaning of such Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder as the same may be in force and applicable at the time of any such use to obligations issued on the date of issuance of the Bonds.

SECTION 3.08. Nothing contained in this Agreement shall preclude the County from making a future loan or loans under any other agreement to the Corporation from the proceeds of notes or bonds issued by the County pursuant to the Act or any other applicable legislation in order to finance any portion of the Cost of the Facilities in excess of the moneys available therefor in the Loan Fund.

#### ARTICLE IV

##### LOAN BY THE COUNTY TO THE CORPORATION; REPAYMENT

SECTION 4.01. The County shall loan the Corporation the proceeds of the sale of the Bonds to finance a portion of the cost of the construction, acquisition and installation by the Corporation of the Facilities. The Corporation will repay said loan, together with interest thereon at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, to the County as follows:

- (a) On each interest payment date for the Bonds as set forth in Section 2.01 of the Resolution, the sum which, together with other moneys available therefor in the Debt Service Fund, except

moneys deposited therein pursuant to Section 3.05 of this Agreement, will equal the interest to be paid on such date; and

(b) On the maturity date of the Bonds as set forth in Section 2.01 of the Resolution, the sum which, together with the other moneys available therefor in the Debt Service Fund, will equal the principal amount of the Bonds maturing on such date.

The Corporation shall have the option, exercisable at any time upon five business days' written notice to the County and the Depository, to accelerate payment of the entire unpaid balance of the loan by depositing such prepayment with the Depository. The Depository shall apply such prepayment to the payment of principal and interest due on the redemption of the Bonds in accordance with the provisions of the Resolution.

In the event the Corporation shall fail to make any payment of interest as required by Section 4.01(a) of this Agreement or shall fail to make any payment of principal (whether at maturity or at the date fixed for redemption) as required by Section 4.01(b) of this Agreement, such payment or payments shall continue as an obligation of the Corporation until fully paid, together with interest on overdue payments (including, to the extent lawful, interest on overdue payments of interest) through the date of final payment in full at a rate per annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank.

SECTION 4.02. It is understood and agreed that all payments by the Corporation pursuant to this Agreement are to be paid to the Depository for deposit in the Debt Service Fund. The Corporation agrees that its obligation to make such payments to the Depository shall be absolute, irrevocable and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the County of any obligation to the Corporation, whether hereunder or otherwise, or out of any other indebtedness or liability at any time owing to the Corporation by the County. The County directs the Corporation, and the Corporation agrees, to pay to the Depository at its principal office, or such other office designated by the Depository from time to time, all payments pursuant to this Agreement.

So long as the Bonds are outstanding, the Corporation will pay directly to the County and the Depository, as the case may be, on the maturity payment date referred to in Section 2.01 of the Resolution the amount of Administration Expenses not theretofore paid which has accrued to the date thereof and has not been paid.

SECTION 4.03. As sole owner of the Facilities, the Corporation is entitled to sole and exclusive possession of the Facilities from the date of this Agreement. It is expressly recognized by the parties that the Facilities will not constitute any part of the security for the Bonds.

SECTION 4.04. The Corporation will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities (a) the maintenance, repair, replacement or renewal of which becomes an unreasonable burden to the Corporation because of damage or destruction by a cause not within the control of the Corporation, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Corporation of the operation of the production facilities to which the element or unit of the Facilities is an adjunct, and (b) with respect to which the Corporation has furnished to the County a certificate of an Authorized Corporation Representative that the maintenance, repair, replacement or renewal of such element or unit of the Facilities is being discontinued for one of the foregoing reasons, which shall be stated therein.

The Corporation shall have the privilege of remodeling the Facilities or making substitutions, modifications and improvements to the Facilities from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitutions, modifications and improvements shall be paid by the Corporation and the same shall be the property of the Corporation and be included under the terms of this Agreement as part of the Facilities; provided, however, while the Bonds are outstanding, such remodeling or such substitutions, modifications and improvements

shall be subject to the same provisions set forth in Section 3.04 of this Agreement with respect to a modification in the Facilities.

SECTION 4.05. The Corporation shall keep the Facilities continuously insured in a prudent manner, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Corporation may with respect to the Facilities self-insure to the extent and in the manner that it may legally do so and that it is the general practice of the Corporation to self-insure its properties and the Corporation deems it prudent to do so. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Corporation. Any insurance policies maintained pursuant to this Section 4.05 may be written with such deductible amounts and exceptions and exclusions as the Corporation may deem to be prudent.

SECTION 4.06. The Corporation releases the County from, agrees that the County shall not be liable for, and agrees to indemnify and hold the County harmless from, any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the financing of the Facilities.

SECTION 4.07. So long as the Bonds are outstanding the Facilities will be used only for the purposes set forth in subsection (c) of Section 2.02 of this Agreement and as pollution control facilities, as defined in the Act.

SECTION 4.08. It is understood and agreed that the payments required to be paid pursuant to Sections 4.01 and 4.02 hereof shall continue to be payable at the time and in the amounts herein specified, whether or not the Facilities, or any portion thereof, shall have been destroyed by fire or other casualty, or title thereto or the use thereof shall have been taken by the exercise of the power of eminent domain, and that there shall be no diminution or postponement of any such payments by reason thereof.

## ARTICLE V

### SPECIAL COVENANTS

SECTION 5.01. The County makes no warranty, either express or implied, as to the actual or designed capacity of the Facilities, as to the suitability of the Facilities for the purposes specified in this Agreement, as to the condition of the Facilities, or that the Facilities will be suitable for the Corporation's purposes or needs.

SECTION 5.02. The Corporation covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation; provided, however, that the Corporation may consolidate with or merge into another corporation, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter dissolve, if the successor corporation is an "Industry" as defined in the Act, assumes in writing all the obligations of the Corporation herein, has obtained all governmental or administrative approvals required to conduct its business and is duly qualified to do business in the State of South Carolina.

If consolidation, merger or sale or other transfer is made as permitted by this Section 5.02, the provisions of this Section 5.02 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 5.03. The Corporation covenants that it will remain qualified to do business in South Carolina, so long as the Bonds are outstanding, and that it will comply with any requirements imposed on it by the Act, so long as the Bonds are outstanding.

SECTION 5.04. In the event it may be necessary for the proper performance of this Agreement on the part of the County or the Corporation that any application or applications for any permit or license to be made to any governmental or other agency or authority by the Corporation or the County, the Corporation and the County each agree to execute upon the request of the other such application or applications.

SECTION 5.05. Notwithstanding anything contained in this Agreement or in the Resolution to the contrary, the Corporation covenants it will not submit, and the County agrees that it will not consent to or acquiesce in the submission of, any requisition by the Corporation in respect of any item or expense

which would not constitute a "cost of acquiring pollution control facilities" within the meaning of the Act or which, if paid, would result in less than substantially all of the proceeds from the issuance of the Bonds being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

## ARTICLE VI

### ASSIGNMENT, LEASING AND SELLING

SECTION 6.01. The Corporation will not sell, lease or otherwise dispose of the Facilities except as provided in Section 5.02 hereof and in this Section 6.01. The Corporation may from time to time sell or otherwise dispose of any item constituting part of the Facilities if the Corporation, in regard to such item, has furnished to the County a certificate pursuant to clause (b) of Section 4.04 hereof. Any proceeds thereof shall be either (i) applied to the replacement of or substitution for the item so sold or disposed of or to acquire other pollution control facilities, or (ii) paid to the Depository for deposit in the Debt Service Fund, all as the Corporation shall determine. In addition, this Agreement may be assigned in whole or in part, and the Facilities may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the County, subject, however, to the following conditions:

(a) No sale, assignment or lease (other than pursuant to Section 5.02 hereof) shall relieve the Corporation from liability for any of its obligations under this Agreement, and in the event of any such sale, assignment or lease the Corporation shall continue to remain liable for the payments specified in Section 4.01 hereof, and for performance and observance of the other agreements on its part herein provided;

(b) The purchaser, assignee or lessee from the Corporation shall assume the obligations of the Corporation under this Agreement to the extent of the interest sold, assigned or leased; and

(c) The Corporation shall, within fifteen (15) days after the delivery thereof, furnish or cause to be furnished to the County a true and complete copy of each such sale agreement, assignment and lease, as the case may be.

SECTION 6.02. As set forth in Section 1.02 of the Resolution, the County irrevocably has pledged and assigned to the holders of the Bonds all rights (other than the rights to receive payment of Administration Expenses and indemnification rights pursuant to Section 4.02 and Section 4.06 of this Agreement, respectively) of the County under and all interests of the County in this Agreement, the Revenues (as defined in the Resolution), all moneys or securities in the Debt Service Fund, and, until applied in payment of any of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund. Except as set forth above in this Section 6.02, the County will not sell, assign, pledge, convey or otherwise transfer or encumber its rights and interests in this Agreement, said Revenues or other collateral referred to in Section 1.02 of the Resolution while the Bonds are outstanding.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay when due any payment required to be paid under Section 4.01 hereof.

(b) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement (other than the covenants contained in Sections 5.03 and 5.04 of this Agreement).

(c) The dissolution or liquidation of the Corporation or the filing by the Corporation of a voluntary petition in bankruptcy, or failure by the Corporation promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry out its obligations under this Agreement, or the commission by the Corporation of any act of bankruptcy, or

adjudication of the Corporation as a bankrupt, or an assignment by the Corporation for the benefit of its creditors, or the entry by the Corporation into an agreement of composition or arrangement with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Corporation in any proceeding for its reorganization instituted under the provisions of any bankruptcy act, or under any similar act which may hereafter be enacted. The term "dissolution or liquidation of the Corporation", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or a dissolution or liquidation of the Corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions contained in Section 5.02 hereof.

(d) Any representation or warranty of the Corporation or the County made herein or in the Bond Purchase Agreement or in any certificate or instrument required to be delivered hereunder or thereunder shall have been incorrect in any material respect.

(e) The Corporation shall have defaulted in the performance of any covenant on the part of the Corporation contained in Sections 5.03 and 5.04 of this Agreement and such default shall have continued for a period of thirty days after notice thereof is given by the Bank to the Corporation.

The foregoing provisions of this Section are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other industrial disturbances; orders of any kind of the Government of the United States or of the State of South Carolina or the State of North Carolina or any department, agency, political subdivision or official or either of them, or any civil or military authority, riots, landslides, tornados, fires, hurricanes, storms, floods, washouts or explosions, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.01 and 5.02 hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements and in any event carry out such agreements as soon as possible thereafter; provided however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. Any failure of the Corporation to perform its obligations under Sections 4.01 and 5.02 hereof shall constitute a default regardless of the reason for such failure to perform.

SECTION 7.02. Whenever any event of default referred to in Section 7.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The County may declare all unpaid amounts payable under Section 4.01 hereof, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County may take any action at law or in equity to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with Section 9.09 of the Resolution.

SECTION 7.03. No remedy conferred upon or reserved to the County in connection with the loan to the Corporation is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 7.04. If the Corporation shall default under any of the provisions of this Agreement and the County shall employ attorneys or incur other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained herein, the Corporation will on demand therefor reimburse the reasonable fees of such attorneys and such other reasonable expenses so incurred.

SECTION 7.05. In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the County's rights in and under this Agreement to the holders of the Bonds pursuant to the Resolution, the County shall have no power to waive any default hereunder by the Corporation except in accordance with Section 9.01 of the Resolution. In the event any default by the Corporation hereunder shall have been waived in accordance with said Section 9.01 of the Resolution as a default under the Resolution by all of the Bondholders the County shall be obligated to waive the Corporation's default hereunder.

#### ARTICLE VIII MISCELLANEOUS

SECTION 8.01. Any balance in the Loan Fund or Debt Service Fund or otherwise held by the Depository in connection with the issuance of the Bonds or in connection with this Agreement or the Resolution after all the Bonds issued under the Resolution, together with the interest thereon, have been paid in full and all amounts due to the Depository and the County (including amounts due as Administration Expenses) have been paid shall belong to and, upon request of the Corporation shall be paid over to, the Corporation by the Depository in accordance with the provisions of Section 7.03 of the Resolution.

SECTION 8.02. All notices, certificates, requests or other communications between the County, the Corporation and the Depository required to be given hereunder or under the Resolution shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, at the Oconee County Court House, Walhalla, South Carolina 29691, Attention: Chairman of the County Council of Oconee County; if to the Corporation, at 422 South Church Street, Charlotte, North Carolina 28242, Attention: Senior Vice President, Legal and Finance; and if to the Depository, at 23 Wall Street, New York, New York 10015, Attention: Robert W. Brose, Jr. A duplicate copy of each notice, certificate, request or other communication given hereunder to the County, the Corporation or the Depository shall also be given to the others. The Corporation, the County and the Depository may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.03. This Agreement shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns, subject to the limitation that any obligation of the County created by or arising out of this Agreement shall be a limited obligation of the County, payable solely from the Revenues (as defined in the Resolution) and other collateral pledged to the holders of the Bonds in Section 1.02 of the Resolution and shall not constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any South Carolina constitutional or charter provision or statutory limitation and shall not constitute or give rise to any pecuniary liability of the County.

SECTION 8.04. This Agreement may not be amended, modified or rescinded except in accordance with Section 12.06 of the Resolution.

SECTION 8.05. This Agreement supersedes any other prior agreements or understandings, written or oral, between the parties with respect to the matters referred to herein or contemplated hereby.

SECTION 8.06. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SECTION 8.07. If any clause, provision or section of this Agreement be held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Corporation, as the case may be, to the full extent permitted by applicable law.

SECTION 8.08. The laws of the State of South Carolina shall govern the construction of this Agreement.

IN WITNESS WHEREOF, Oconee County, South Carolina, has executed this Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Oconee County and the official seal of said Council to be impressed hereon and attested by the Clerk of said Council; and Duke Power Company has executed this Agreement by causing its name to be hereunto subscribed by one of its Vice Presidents and its seal to be impressed hereon and attested by one of its Assistant Secretaries.

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By .....  
Chairman of the County Council  
of Oconee County

.....  
Clerk of the County Council  
of Oconee County

Signed, sealed and delivered  
in the presence of:

.....  
.....

DUKE POWER COMPANY

(SEAL)

By .....  
Vice President

Attest:

.....  
Assistant Secretary

STATE OF SOUTH CAROLINA }  
COUNTY OF OCONEE } ss.:

Personally appeared before \_\_\_\_\_ who being duly sworn says that \_\_\_\_\_ saw the  
corporation seal of COUNTY COUNCIL OF OCONEE COUNTY, SOUTH CAROLINA affixed to the foregoing  
Agreement, and that \_\_\_\_\_ also saw \_\_\_\_\_ as Chairman and  
as Clerk of the County Council of Oconee County, sign and attest the same, and that  
with \_\_\_\_\_ witnessed the execution and delivery thereof as the act  
and deed of the said Oconee County.

Sworn to before me this \_\_\_\_\_ day of June, 1976

.....  
Notary Public

My Commission Expires:

(SEAL)

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

I, \_\_\_\_\_, a Notary Public in and for the State and County aforesaid, certify that  
personally came before me this day and acknowledged that he is  
of DUKE POWER COMPANY, a North Carolina corporation, and that, by  
authority duly given and as the act of the corporation, the foregoing instrument was signed in its name  
by one of its \_\_\_\_\_, sealed with its corporate seal, and attested by  
himself as one of its Assistant Secretaries.

Witness my hand and official seal this \_\_\_\_\_ day of June, 1976.

.....  
Notary Public

**DUKE POWER COMPANY  
OCONEE NUCLEAR STATION POLLUTION CONTROL FACILITIES**

**WASTE SYSTEMS**

Oconee Nuclear Station, when completed, will have three closed cycle, pressurized, light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a nameplate capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Station includes facilities which are designed for the elimination, mitigation or prevention of air or water pollution. The body of water involved is Lake Keowee, next to which the Station is located. These facilities are being installed in order that Duke meet or exceed all applicable and anticipated Federal, State, and local water and air quality standards. Such facilities include but are not limited to the following Waste Systems:

1. Contaminated Wastewater and Waste Gas Disposal Facilities
  - a. Wastewater
  - b. Waste Gas
2. Sewage Treatment System
3. Wastewater Retention Ponds

**1. Contaminated Wastewater and Waste Gas Disposal Facilities**

**a. Wastewater**

Two mixed bed demineralizers and one interim filter, along with the associated piping, instrumentation and electrical equipment are provided to collect, remove, store, and dispose of radioactive and potentially radioactive contaminants in the process wastewater produced during normal operation of the Station so that effluent released to the Keowee River for disposal meets all applicable government water quality standards.

Also included is a hydraulic compactor and associated electrical equipment and instrumentation to compress solid wastes in metal containers for ultimate disposal at an off-site burial facility in accordance with applicable government regulations.

**b. Waste Gas**

Four waste gas compressors, two exhausters, seven decay tanks and two filter systems, including prefilters, high efficiency particulate absolute filters and charcoal absorbers, along with monitoring equipment are provided to collect, remove, store and dispose of radioactive contaminants in waste gases produced during normal operation of the Station so that gaseous emissions to the atmosphere meet all applicable government air quality standards.

No part of the expenditure for the Contaminated Wastewater and Waste Gas Disposal Facilities provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

**2. Sewage Treatment Facility**

A facility is provided to treat the Station's sanitary waste effluent before it is released to the Keowee River. This facility consists of a package type extended aeration unit, along with associated sewers, pipes, pumps, sumps, and necessary control equipment.

No part of the expenditure for the Sewage Treatment Facility provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

### 3. Wastewater Retention Ponds

The Wastewater Retention Ponds are two holding ponds with a total capacity of 2.8 million gallons designed to receive and hold nonradioactive process wastewater so that it may be treated prior to its discharge to the Keowee River for disposal. The primary source of nonradioactive process wastewater is the Station's water purification equipment. This equipment is necessary in order to supply the large quantities of pure water used in generating steam to produce electricity. Wastewater effluent from this equipment contains the following contaminants: diatomaceous earth and powder resins resulting from filter backwashing, sodium hydroxide and sulfuric acid in spent demineralizer regenerating solutions, and various chemicals spilled to the drain systems of storage rooms. This facility consists of the ponds and the necessary collecting sewers, drains, pumps, sumps, and control equipment.

No part of the expenditure for the Wastewater Retention Ponds provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

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**OCONEE COUNTY, SOUTH CAROLINA**

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**BOND RESOLUTION**

**AUTHORIZING THE ISSUANCE OF AND SECURING OF**

**\$1,500,000 POLLUTION CONTROL**

**REVENUE BONDS, 1976 SERIES**

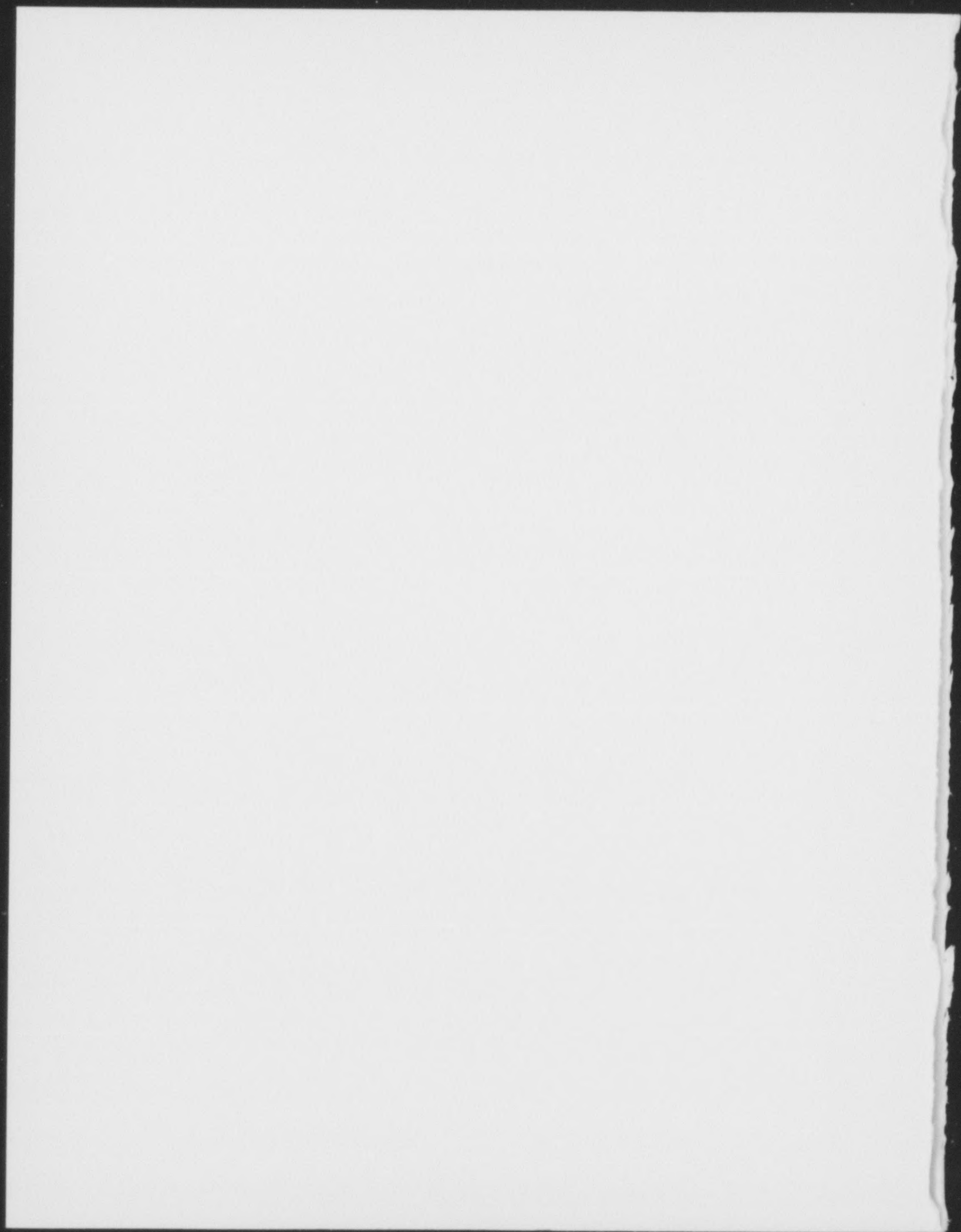
**(DUKE POWER COMPANY PROJECT)**

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**Adopted May 6, 1976**

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A RESOLUTION AUTHORIZING THE ISSUANCE OF \$1,500,000 AGGREGATE PRINCIPAL AMOUNT OF POLLUTION CONTROL REVENUE BONDS, 1976 SERIES (DUKE POWER COMPANY PROJECT) OF OCONEE COUNTY, SOUTH CAROLINA FOR THE PURPOSE OF LOANING THE PROCEEDS OF SAID BONDS TO DUKE POWER COMPANY TO FINANCE A PORTION OF THE COST OF CONSTRUCTION, ACQUISITION AND INSTALLATION OF POLLUTION CONTROL FACILITIES; AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT WITH SAID DUKE POWER COMPANY IN CONNECTION THEREWITH; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE SALE OF SAID BONDS; AND PROVIDING FOR THE SECURING OF SAID BONDS

WHEREAS, Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act") empowers the several counties and incorporated municipalities of the State of South Carolina to issue their bonds and to loan the proceeds of the sale of such bonds to industrial concerns to finance the construction, acquisition and installation by such industrial concerns of pollution control facilities as defined in the Act; and

WHEREAS, Oconee County, South Carolina (the "County") has issued \$1,500,000 aggregate principal amount of its Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) dated March 10, 1976 and maturing on June 8, 1976 (the "1976 Notes") to finance a portion of the cost of the construction, acquisition and installation of pollution control facilities (the "Facilities"), pursuant to a Loan Agreement dated as of March 10, 1976 between the County and Duke Power Company (the "Corporation"); and

WHEREAS, it is now necessary to authorize the issuance of \$1,500,000 aggregate principal amount of Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) to be dated the date of delivery thereof (the "Bonds") to pay the principal and interest on the 1976 Notes and to authorize the execution of a Loan Agreement (the "Loan Agreement") to be dated as of June 1, 1976 between the County and the Corporation to provide for the payment of the principal and interest on the Bonds; and

WHEREAS, the County is prepared to (i) authorize the issuance of the Bonds, (ii) authorize the loaning of the proceeds of the Bonds to the Corporation to finance a portion of the cost of the acquisition, construction and installation of the Facilities pursuant to the Loan Agreement, and (iii) authorize the sale of the Bonds pursuant to a bond purchase agreement;

NOW, THEREFORE, Oconee County, South Carolina resolves as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. The terms defined in this Article I shall for all purposes of this Resolution have the meanings herein specified, unless the context clearly otherwise requires:

#### *Act:*

"Act" shall mean Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina and all future acts supplemental thereto or amendatory thereof.

#### *Administration Expenses:*

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the County in connection with the Loan Agreement, this Resolution, the Bond Purchase Agreement and the financing of the Facilities, including the compensation and expenses paid to the Depository under this Resolution.

*Authorized Corporation Representative:*

"Authorized Corporation Representative" shall mean the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Corporation by its President or a Vice President and its Secretary or an Assistant Secretary, which certificate shall continue in full force and effect until the County and the Depository have received a notice of revocation thereof by the Corporation.

*Bank:*

"Bank" shall mean Morgan Guaranty Trust Company of New York.

*Bond Purchase Agreement:*

"Bond Purchase Agreement" shall mean that agreement dated as of June 1, 1976 between the County and the Bank with regard to the sale of the Bonds.

*Bonds:*

"Bonds" shall mean the \$1,500,000 (except as otherwise provided herein) aggregate principal amount of Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) of the County executed and delivered pursuant to this Resolution.

*Bondholder:*

"Bondholder" or "holder of the Bonds" or "holder" shall mean the registered owner of any of the Bonds.

*Corporation:*

"Corporation" shall mean Duke Power Company, a North Carolina corporation, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 5.02 of the Loan Agreement.

*Cost:*

"Cost" shall mean the cost of acquiring by construction or purchase the Facilities within the meaning of the Act, including without limitation (a) obligations of the Corporation incurred for labor, materials and other expenses in connection with the construction, acquisition and installation of the Facilities; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Facilities; (c) the expenses of the Corporation for test borings, surveys, estimates, plans and specifications and preliminary investigations thereof, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary for the construction, acquisition and installation of the Facilities; (d) legal, accounting, financial and printing expenses, fees, compensation and all other expenses incurred in connection with the authorization, sale and issuance of the Bonds; (e) all other costs which the Corporation shall be required to pay, under the terms of any contract or contracts, for the construction, acquisition and installation of the Facilities; (f) any sums required to reimburse the Corporation for advances made by it for any of the above items and (g) any sums required to pay the 1976 Notes.

The Cost of the Facilities shall not include any item or amount which will result in less than substantially all of the proceeds of the Bonds being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

*County:*

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

*Debt Service Fund:*

"Debt Service Fund" shall mean the fund created under Section 6.01 of this Resolution which is held by the Depository.

*Depository:*

"Depository" shall mean Morgan Guaranty Trust Company of New York, appointed under this Resolution as Depository, and its corporate successors and any successor Depository under this Resolution.

*Facilities:*

"Facilities" shall mean the pollution control facilities described in Exhibit A to the Loan Agreement, and related improvements and any substitutions therefor in accordance with Section 3.04 of the Loan Agreement, to be constructed, acquired and installed by the Corporation and to be financed in part from the proceeds of the Bonds for operation by the Corporation as pollution control facilities, as defined in the Act.

*Loan Agreement:*

"Loan Agreement" shall mean the Loan Agreement dated as of June 1, 1976 between the County and the Corporation and any and all modifications, alterations, amendments and supplements made in accordance with the provisions thereof.

*Loan Fund:*

"Loan Fund" shall mean the fund created under Section 5.01 of this Resolution which is held by the Depository.

*Minimum Commercial Lending Rate:*

"Minimum Commercial Lending Rate" shall mean the minimum commercial lending rate charged from time to time by the Bank for loans in New York City, which rate shall be adjusted automatically as of the opening of business on the effective date of any change.

*1976 Notes:*

"1976 Notes" shall mean the \$1,500,000 aggregate principal amount of Pollution Control Revenue Bond Anticipation Notes, 1976 Series (Duke Power Company Project) of the County dated March 10, 1976 and maturing June 8, 1976.

*Outstanding:*

"Outstanding" or "outstanding" shall mean all Bonds executed and delivered by the County under this Resolution, except Bonds which have been paid in accordance with the provisions of this Resolution or cancelled pursuant to the provisions of Section 2.04 or 2.05 of this Resolution.

*Resolution:*

"Resolution" shall mean this resolution of the County adopted on May 6, 1976 authorizing, among other things, the issuance of the Bonds, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

*Revenues:*

"Revenues" shall mean all payments, receipts and revenues which the County has a right to receive under or pursuant to the Loan Agreement (except payments of Administration Expenses and any indemnification payments pursuant to Sections 4.02 and 4.06 of the Loan Agreement, respectively), and all income earned by the investment of funds pursuant to Section 7.02 of this Resolution.

SECTION 1.02. As security for the punctual payment of all amounts payable by the County pursuant to the Bonds or this Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Bonds or this Resolution and to assure the correctness of all representations and warranties made in the Bond Purchase Agreement, the Bonds or this Resolution or in any document or certificate delivered pursuant to any thereof, the County irrevocably assigns and pledges to the holders of the Bonds all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues, all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 hereof, all moneys and securities in the Loan Fund. The Bonds, together with the interest thereon, are limited obligations of the County payable solely from the Revenues and the other funds pledged under this Resolution and shall not constitute an indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing power of the County.

SECTION 1.03. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, which shall not be amended, rescinded or modified except in accordance with Section 12.06 of this Resolution, shall for all purposes be deemed to be and shall constitute a contract between the County and the holders from time to time of the Bonds.

SECTION 1.04. That pursuant to Section 1.103-8(g)(4) of the Proposed Treasury Regulations published in the Federal Register on August 30, 1975 (the "Proposed Regulations"), the County hereby elects to have the provisions in effect prior to the publication of the Proposed Regulations apply in determining whether the Bonds qualify under Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended.

## ARTICLE II

### THE BONDS

SECTION 2.01. There shall be issued under and secured by this Resolution an issue of Bonds to be designated "Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project)" in the aggregate principal amount of \$1,500,000 (except as otherwise provided in this Resolution). The Bonds shall be dated the date of delivery thereof, and shall bear interest in accordance with this Resolution on the unpaid principal amount thereof from time to time outstanding from their date, payable on the first day of September, December, March and June of each year and at maturity at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, and shall mature on May 31, 1983.

The Bonds shall be numbered from one upward and shall be in the denomination of \$5,000 each, or any multiple thereof, not exceeding the aggregate principal amount of the Bonds. All payments of the principal of and interest on the Bonds shall be payable in lawful money of the United States of America and in Federal or other immediately available funds at the principal office of the Depository.

Bonds issued on or subsequent to the first interest payment date thereon shall be dated as of the interest payment date next preceding the date of delivery thereof, unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown on the books of the County kept by the Depository, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. The Bonds shall bear interest from their date.

SECTION 2.02. The Bonds shall be executed on behalf of the County by the manual signatures of the Chairman or Acting Chairman of the County Council and the Treasurer of the County, and the

SECTION 1.02. As security for the punctual payment of all amounts payable by the County pursuant to the Bonds or this Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Bonds or this Resolution and to assure the correctness of all representations and warranties made in the Bond Purchase Agreement, the Bonds or this Resolution or in any document or certificate delivered pursuant to any thereof, the County irrevocably assigns and pledges to the holders of the Bonds all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues, all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 hereof, all moneys and securities in the Loan Fund. The Bonds, together with the interest thereon, are limited obligations of the County payable solely from the Revenues and the other funds pledged under this Resolution and shall not constitute an indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing power of the County.

SECTION 1.03. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, which shall not be amended, rescinded or modified except in accordance with Section 12.06 of this Resolution, shall for all purposes be deemed to be and shall constitute a contract between the County and the holders from time to time of the Bonds.

SECTION 1.04. That pursuant to Section 1.103-8(g)(4) of the Proposed Treasury Regulations published in the Federal Register on August 30, 1975 (the "Proposed Regulations"), the County hereby elects to have the provisions in effect prior to the publication of the Proposed Regulations apply in determining whether the Bonds qualify under Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended.

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### THE BONDS

SECTION 2.01. There shall be issued under and secured by this Resolution an issue of Bonds to be designated "Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project)" in the aggregate principal amount of \$1,500,000 (except as otherwise provided in this Resolution). The Bonds shall be dated the date of delivery thereof, and shall bear interest in accordance with this Resolution on the unpaid principal amount thereof from time to time outstanding from their date, payable on the first day of September, December, March and June of each year and at maturity at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, and shall mature on May 31, 1983.

The Bonds shall be numbered from one upward and shall be in the denomination of \$5,000 each, or any multiple thereof, not exceeding the aggregate principal amount of the Bonds. All payments of the principal of and interest on the Bonds shall be payable in lawful money of the United States of America and in Federal or other immediately available funds at the principal office of the Depository.

Bonds issued on or subsequent to the first interest payment date thereon shall be dated as of the interest payment date next preceding the date of delivery thereof, unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown on the books of the County kept by the Depository, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer shall be dated as of the date to which interest has been paid in full on the Bonds surrendered. The Bonds shall bear interest from their date.

SECTION 2.02. The Bonds shall be executed on behalf of the County by the manual signatures of the Chairman or Acting Chairman of the County Council and the Treasurer of the County, and the

corporate seal of the County shall be impressed thereon. In case any officer whose signature shall appear on the Bonds shall cease to be an officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had held such office at the time of the delivery of the Bonds.

SECTION 2.03. The Bonds shall be substantially in the form set forth in Section 12.08 hereof with such appropriate variations, omissions and insertions as are permitted or required by this Resolution, including Section 12.06 of this Resolution.

SECTION 2.04. In the event any Bond is lost, stolen or destroyed, the County shall issue a new Bond of like date, maturity and denomination as the Bond lost, stolen or destroyed; provided that there shall be first furnished to the County and the Depository evidence of ownership of such Bond and of such loss, theft or destruction satisfactory to the County and the Depository, together with indemnity satisfactory to them. In the event any Bond is mutilated, the County may issue a new Bond of like date, maturity and denomination as the Bond mutilated, provided such mutilated Bond is surrendered to the Depository. Upon the issuance of a new Bond in exchange for a mutilated Bond, the Depository shall cancel such mutilated Bond. In the event any such Bond shall have matured, instead of issuing a substitute Bond, the Depository may pay the same without surrender thereof. The County and the Depository may charge the holder of such Bonds with their reasonable fees and expenses in this connection.

SECTION 2.05. 1. Each Bond shall be transferable or exchangeable only upon the books of the County, which shall be kept for such purpose by the Depository at its principal office, by the holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Depository duly executed by the holder or his duly authorized attorney. Upon surrender of such Bond and delivery of such a written instrument of transfer, the County shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond and record on its books such transfer of ownership of such Bond.

2. The County and the Depository may deem and treat the person in whose name any registered Bond shall be registered upon the books of the County as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Depository shall be affected by any notice to the contrary.

3. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the County shall execute and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer or exchange shall forthwith be cancelled by the Depository. There shall be no charge for such transfer of Bonds except that the Depository may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect thereto. Neither the County nor the Depository shall be required (a) to transfer Bonds for a period of ten days next preceding an interest payment date on the Bonds or (b) to transfer any Bonds called for redemption.

SECTION 2.06. The Bonds are, to the extent provided in this Resolution, equally and ratably secured by this Resolution without preference, priority or distinction on account of the actual time or times of execution or delivery of the Bonds, so that the Bonds at any time outstanding hereunder shall have the same right, lien and preference under and by virtue of this Resolution and shall all be equally and ratably secured hereby with like effect as if they had all been executed and delivered simultaneously on the date hereof, whether they, or any of them, shall actually be disposed of at such date or at some future date, or whether they or any of them, shall have been authorized to be executed and delivered under Section 2.07 hereof or may be authorized to be executed and delivered pursuant to Sections 2.04 and 2.05 hereof.

SECTION 2.07. The Bonds to be issued pursuant to Section 2.01 of this Resolution shall be executed and delivered by the County, but only (i) upon the execution and delivery of the Loan Agreement as provided in Section 4.01 hereof and (ii) against the receipt by the Depository of the proceeds of sale of the Bonds pursuant to the Bond Purchase Agreement, for deposit in the Loan Fund.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 3.01. The Bonds are callable for redemption at any time in whole at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. Bonds shall be called for redemption by the Depository as provided in Section 3.02 of this Resolution upon receipt by the Depository, at least five business days prior to the date fixed for redemption, of written notice by the County to that effect.

SECTION 3.02. Notice of the call for such redemption shall be given by the Depository in the name of the County by depositing in the United States mails a copy of the redemption notice, first class postage prepaid, at least three business days prior to the date fixed for redemption, addressed to the holder of each Bond at the address of such holder shown on the registration books. The requirements for mailing any notice of redemption may be waived by written consent of the holders of the Bonds affected by the redemption filed with the Depository.

Prior to the date fixed for redemption, funds or securities in which such funds are invested pursuant to Section 11.01 hereof sufficient to pay the principal and interest on the Bonds shall be deposited in the Debt Service Fund to pay the principal of the Bonds plus accrued interest thereon to the redemption date. Upon the happening of the above conditions and compliance with the provisions of this Resolution, the Bonds shall cease to bear interest from and after the redemption date and shall not be deemed to be outstanding under the provisions of this Resolution.

### ARTICLE IV

#### LOAN AGREEMENT AND BOND PURCHASE AGREEMENT

SECTION 4.01. The Chairman or Acting Chairman of the County Council and the Clerk of the County Council are hereby authorized and directed to execute, seal and deliver, on behalf of the County, the Loan Agreement and the Bond Purchase Agreement each in the form presented to the County Council of the County as evidenced by a copy of each such agreement certified by the Clerk of the County Council and thereupon filed among the permanent records of the County Council. The Chairman or Acting Chairman of the County Council, however, is hereby authorized, prior to execution and delivery of the Loan Agreement and the Bond Purchase Agreement, to make such changes or modifications in the form of either of such Agreements as may be required or deemed appropriate by him in order to accomplish the purposes of the transactions authorized by this Resolution. The execution and delivery of the Loan Agreement or the Bond Purchase Agreement by the Chairman or the Acting Chairman of the County Council shall be conclusive evidence of the due execution in accordance with this Resolution, on behalf of the County, of such instrument which shall thereupon become binding upon and enforceable against the County in accordance with its terms.

SECTION 4.02. The Facilities shall be constructed, acquired and installed by the Corporation as provided in the Loan Agreement. The County covenants that no change shall be made in the Facilities which would render inaccurate the representations contained in subsection (c) of Section 2.02 of the Loan Agreement or render inaccurate Exhibit A to the Loan Agreement unless and until the Depository shall have been furnished, with respect to such change, the opinion, certificates and certification of an Authorized Corporation Representative required by Section 3.04 of the Loan Agreement.

SECTION 2.07. The Bonds to be issued pursuant to Section 2.01 of this Resolution shall be executed and delivered by the County, but only (i) upon the execution and delivery of the Loan Agreement as provided in Section 4.01 hereof and (ii) against the receipt by the Depository of the proceeds of sale of the Bonds pursuant to the Bond Purchase Agreement, for deposit in the Loan Fund.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

SECTION 3.01. The Bonds are callable for redemption at any time in whole at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. Bonds shall be called for redemption by the Depository as provided in Section 3.02 of this Resolution upon receipt by the Depository, at least five business days prior to the date fixed for redemption, of written notice by the County to that effect.

SECTION 3.02. Notice of the call for such redemption shall be given by the Depository in the name of the County by depositing in the United States mails a copy of the redemption notice, first class postage prepaid, at least three business days prior to the date fixed for redemption, addressed to the holder of each Bond at the address of such holder shown on the registration books. The requirements for mailing any notice of redemption may be waived by written consent of the holders of the Bonds affected by the redemption filed with the Depository.

Prior to the date fixed for redemption, funds or securities in which such funds are invested pursuant to Section 11.01 hereof sufficient to pay the principal and interest on the Bonds shall be deposited in the Debt Service Fund to pay the principal of the Bonds plus accrued interest thereon to the redemption date. Upon the happening of the above conditions and compliance with the provisions of this Resolution, the Bonds shall cease to bear interest from and after the redemption date and shall not be deemed to be outstanding under the provisions of this Resolution.

### ARTICLE IV

#### LOAN AGREEMENT AND BOND PURCHASE AGREEMENT

SECTION 4.01. The Chairman or Acting Chairman of the County Council and the Clerk of the County Council are hereby authorized and directed to execute, seal and deliver, on behalf of the County, the Loan Agreement and the Bond Purchase Agreement each in the form presented to the County Council of the County as evidenced by a copy of each such agreement certified by the Clerk of the County Council and thereupon filed among the permanent records of the County Council. The Chairman or Acting Chairman of the County Council, however, is hereby authorized, prior to execution and delivery of the Loan Agreement and the Bond Purchase Agreement, to make such changes or modifications in the form of either of such Agreements as may be required or deemed appropriate by him in order to accomplish the purposes of the transactions authorized by this Resolution. The execution and delivery of the Loan Agreement or the Bond Purchase Agreement by the Chairman or the Acting Chairman of the County Council shall be conclusive evidence of the due execution in accordance with this Resolution, on behalf of the County, of such instrument which shall thereupon become binding upon and enforceable against the County in accordance with its terms.

SECTION 4.02. The Facilities shall be constructed, acquired and installed by the Corporation as provided in the Loan Agreement. The County covenants that no change shall be made in the Facilities which would render inaccurate the representations contained in subsection (c) of Section 2.02 of the Loan Agreement or render inaccurate Exhibit A to the Loan Agreement unless and until the Depository shall have been furnished, with respect to such change, the opinion, certificates and certification of an Authorized Corporation Representative required by Section 3.04 of the Loan Agreement.

## ARTICLE V

### LOAN FUND

SECTION 5.01. There is hereby created a Loan Fund, which shall be held in trust by the Depository in accordance with this Resolution. The proceeds from the sale of the Bonds shall be deposited in the Loan Fund. In addition, any moneys designated by the Corporation from any other source may be deposited in the Loan Fund.

SECTION 5.02. The moneys in the Loan Fund, until applied in payment of any item of the Cost of the Facilities, shall be held by the Depository and, pending such application, shall be subject to a claim and charge in favor of the holders of the Bonds as set forth in Section 1.02 of this Resolution until paid out as herein provided.

SECTION 5.03. The Depository shall make payments from the Loan Fund to pay the Cost of the Facilities upon receipt of a requisition signed by a principal financial or accounting officer of the Corporation (upon which both the Depository and the County may conclusively rely), stating with respect to each payment to be made: (1) the requisition number, (2) the name and address of the person, firm or corporation to whom payment is to be paid or has been paid, (3) the amount to be paid, and (4) that each obligation, item of cost, or expense mentioned therein has been properly incurred or recognized by the Corporation, is a proper charge against the Loan Fund as a Cost of the Facilities and has not been the basis of any previous withdrawal.

SECTION 5.04. For three years from the date thereof the Depository shall retain in its possession all requisitions received by it as herein required, subject to the inspection of the County, its agents and representatives, the Corporation and the Bondholders and their representative at all reasonable times.

SECTION 5.05. Upon completion of the Facilities, the Depository shall be furnished with a certificate of an Authorized Corporation Representative to the effect set forth in Section 3.05 of the Loan Agreement. Thereupon, any moneys and securities in the Loan Fund shall be deposited in the Debt Service Fund and disbursed therefrom solely to pay the principal coming due on the Bonds.

SECTION 5.06. In addition, if at the stated date of maturity of the Bonds or at the date fixed for redemption of the Bonds, as the case may be, any moneys and securities shall be remaining in the Loan Fund, such moneys and securities shall be transferred to the Debt Service Fund for the payment of the principal and interest on the Bonds on such date.

## ARTICLE VI

### APPLICATION OF REVENUES

SECTION 6.01. There is hereby created a Debt Service Fund, which shall be held in trust by the Depository in accordance with this Resolution. The County hereby directs payment to be made to the Depository of any and all of the Revenues. Upon receipt of the Revenues and of such other moneys as may be paid to the Depository by the County for deposit in the Debt Service Fund, the Depository shall deposit the same in the Debt Service Fund. The County hereby authorizes and directs the Depository to withdraw sufficient funds from the Debt Service Fund to pay the principal and interest on the Bonds as the same become due and payable in accordance with this Resolution.

SECTION 6.02. Except as otherwise provided in Sections 5.05 and 7.03 of this Resolution, all moneys in the Debt Service Fund shall be used for the payment of the interest on the Bonds or for the payment or redemption of the Bonds. Whenever the amount in the Debt Service Fund from any source whatsoever is sufficient to redeem all of the outstanding Bonds and to pay interest to accrue thereon to the date of such redemption, the County covenants and agrees, upon request of the Corporation, to take and cause to be taken the necessary steps to redeem all such Bonds subject to the provisions of Article III of this Resolution.

SECTION 6.03. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at stated maturity or on the date fixed for redemption thereof, if moneys sufficient to pay such Bonds shall be held by the Depository for the benefit of the holder or holders thereof, all liability of the County to the holders thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Depository to hold such funds without liability for any interest thereon from and after the stated maturity or the date fixed for redemption, as the case may be, for the benefit of the holders of such Bonds, which holders shall thereafter be restricted exclusively to such funds for any claim of whatever nature on their part under this Resolution or on, or with respect to, said Bonds.

SECTION 6.04. Pursuant to the provisions of Section 4.02 of the Loan Agreement, the Corporation has agreed to pay on each interest payment date for the Bonds as provided in Section 2.01 of this Resolution, directly to the Depository or the County, as the case may be, such amounts as may be necessary to pay or provide for Administration Expenses of the Depository and the County.

## ARTICLE VII

### SECURITY FOR AND INVESTMENT OF MONEYS

SECTION 7.01. As indicated in Section 5.01 and Section 6.01 of this Resolution, the Loan Fund and the Debt Service Fund, respectively, shall each be trust funds completely segregated and set apart from other funds of the County.

SECTION 7.02. Moneys on deposit in the Loan Fund or the Debt Service Fund shall, upon receipt from time to time of a certificate of an Authorized Corporation Representative so directing, be invested and reinvested by the Depository in (i) interest-bearing time deposit accounts (which may be represented by certificates of deposit) in one or more national or state banks (which may include the Depository) having a combined capital and surplus of not less than \$10,000,000 or (ii) obligations of, or obligations the principal of and interest on which are guaranteed or insured by, the United States of America or any agency of the United States of America controlled by or supervised by and acting as an instrumentality of the United States of America as authorized by the Congress of the United States.

The securities purchased with the moneys in each such Fund shall be deemed a part of each such Fund and, for the purpose of determining the amount of money in each such Fund, the securities therein shall be valued at their cost or current market value, whichever is lower. Any interest accruing on the moneys held in the Loan Fund or the Debt Service Fund, any profit realized from such investments and any loss resulting from such investments shall be charged, as the case may be, to each such Fund. The Depository shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption or sale of any such investment authorized above. If at any time it shall become necessary that some of or all the securities purchased with the moneys in the Loan Fund or the Debt Service Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Resolution, the Depository shall effect such redemption or sale, employing, in the case of a sale, any method of effecting the same which it deems commercially reasonable.

The County covenants that it will not make, or permit the Depository or the Corporation to make, any use of the proceeds of the Bonds or of any moneys or securities on deposit in the Loan Fund or Debt Service Fund which may be deemed to be proceeds of the Bonds pursuant to Section 103(d) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, or any such amounts withdrawn from the Loan Fund under the provisions of Section 5.03 of this Resolution, which use would, had such use been reasonably expected at the time of issuance of the Bonds, have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder as the same may be in force and applicable at the time of any such use to obligations issued on the date of issuance of the Bonds.

SECTION 7.03. Any balance in the Loan Fund or the Debt Service Fund or otherwise held by the Depository in connection with the issuance of the Bonds or in connection with the Loan Agreement or this Resolution after all the Bonds issued hereunder, together with the interest thereon, have been paid in full and all amounts due to the Depository and the County (including amounts due as Administration Expenses) have been paid shall belong to and, upon request of the Corporation shall be paid over to, the Corporation.

## ARTICLE VIII

### PARTICULAR COVENANTS OF THE COUNTY

SECTION 8.01. The County will promptly pay the principal of, and the interest on, every Bond issued hereunder and outstanding and provide for the redemption at the places, on the dates and in the manner specified herein and in said Bonds.

SECTION 8.02. The County will at all times maintain its corporate existence or assure the assumption of its obligations under this Resolution by any public body succeeding to its powers, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the matters contemplated by the Bond Purchase Agreement, the Loan Agreement, the Bonds or this Resolution.

SECTION 8.03. So long as any of the Bonds are outstanding, the County will enforce the obligation of the Corporation to pay, or cause to be paid, all the payments and other expenses and charges payable by the Corporation under the Loan Agreement.

SECTION 8.04. The County covenants and agrees to effect all filings and recordings, including without limitation the filing of all financing statements and continuation statements in respect thereof under the Uniform Commercial Code of South Carolina, which, in the judgment of the Bank or (in the event that the Bank shall have transferred ownership of any of the Bonds) Bondholders holding an aggregate of at least twenty-five per centum (25%) of the aggregate principal amount of outstanding Bonds, is necessary or desirable from time to time to establish, protect and preserve such security interests as valid, perfected and enforceable first security interests in the collateral provided for in Section 1.02 of this Resolution.

SECTION 8.05. The County will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Resolution; provided, however, that no such instruments or actions shall constitute an indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the County.

SECTION 8.06. Except to the extent contemplated by Section 1.02 of this Resolution, the County will not sell, assign, pledge, convey or otherwise transfer or encumber its rights or interest in the Loan Agreement or any of the Revenues, the moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.02 of this Resolution, the moneys and securities in the Loan Fund, and will promptly pay or cause to be discharged or make adequate provision to satisfy and discharge any lien or charge on any part of such collateral.

SECTION 8.07. Notwithstanding anything contained in the Loan Agreement or in this Resolution to the contrary, the County agrees that it will not consent to or acquiesce in the submission of any requisition by the Corporation in respect of any item or expense which would not constitute a "cost of acquiring pollution control facilities" within the meaning of the Act or which, if paid, would result in less than substantially all of the proceeds from the issuance of the Bonds being used to provide air and water pollution control facilities or other exempt facilities within the meaning of Section 103(c)(4) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

## ARTICLE IX

### DEFAULTS AND REMEDIES

SECTION 9.01. In case one or more of the following events, in this Resolution referred to as the "Events of Default", shall happen, that is to say, if

(a) payment of the principal of and interest on any Bond shall not be made when the same shall become due (whether at stated maturity or upon the date fixed for redemption); or

(b) there shall be an event of default as defined in Section 7.01 of the Loan Agreement; or

(c) an order or decree appointing a receiver of the Revenues or any part thereof shall be entered with the consent or acquiescence of the County or such order or decree shall be entered without the acquiescence or consent of the County and shall not be vacated, discharged or stayed within sixty (60) days after entry; or

(d) the County shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or in this Resolution (other than the covenant to make the payments referred to in (a) above) on the part of the County to be performed and such default shall subsist thirty (30) days after written notice indicating such default and requesting the same to be remedied shall have been given to the County and the Corporation by the Bank or (in the event that the Bank shall have transferred ownership of any Bonds) holders of twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding ("Qualifying Amount of Bondholders");

then, in any such case, the Bank or (if the Bank shall have transferred ownership of any of the Bonds) a Qualifying Amount of Bondholders, may, provided the default is subsisting, declare the unpaid principal of all Bonds then outstanding to be due and payable immediately by notice in writing delivered to the County, the Corporation and the Depository, and upon such declaration the said principal, together with all interest accrued thereon and unpaid, shall become due and payable immediately at the then principal office of the Depository, anything in this Resolution or in said Bonds to the contrary notwithstanding. Notice of any default received by the Depository pursuant to this Section 9.01 shall be deposited in the United States mails, first class postage prepaid, to each of the Bondholders at the addresses of such Bondholders as shown in the books of the County maintained by the Depository pursuant to Section 2.05 of this Resolution.

The above provisions, however, are subject to the condition that if, after the principal of said Bonds shall have been so declared to be due and payable, all arrears of interest upon the Bonds, and interest on overdue installments of interest (to the extent lawful) at a rate per annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, and all other sums payable under this Resolution, except the principal of and interest on the Bonds which by such declaration shall have become due and payable and would otherwise not be due and payable, shall have been paid by or on behalf of the County, and the County also shall have performed all other things in respect of which it may have been in default hereunder, and shall have paid the reasonable expenses of the Bank and Bondholders affected by such default or Event of Default, including reasonable attorneys' fees paid or incurred, then and in every such case, such default may be waived as an Event of Default and such declaration and its consequences rescinded and annulled by (i) the Bank or (ii) (if the Bank shall have transferred ownership of any of the Bonds) such other holders of outstanding Bonds as are necessary to aggregate at least eighty-five per centum (85%) in principal amount of the outstanding Bonds, by written notice to the County; provided that no such waiver, rescission and annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

SECTION 9.02. The Bank or (in the event the Bank shall have transferred ownership of any of the Bonds) a Qualifying Amount of Bondholders, as the assignees of all the rights, title and interest of the County in and to the Loan Agreement, shall be entitled to enforce each and every right of the County under the Loan Agreement.

SECTION 9.03. Upon the happening of any Event of Default, then and in every such case any of the Bondholders may:

(a) by mandamus, or by appointment of a receiver in equity with such powers as may be necessary to enforce all rights of the Bondholders, require the County or the Corporation to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Loan Agreement and this Resolution;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the County to account as if it were the trustee of an express trust for the Bondholders; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of any right of the Bondholders.

SECTION 9.04. In case any proceeding taken by the holders of the Bonds on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the holders of the Bonds, then and in every case the County and all the holders of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the holders of the Bonds shall continue as though no such proceeding had been taken.

SECTION 9.05. Anything in this Resolution to the contrary notwithstanding, the first of the Bondholders (unless holders of a majority in aggregate principal amount of the Bonds then outstanding shall have requested or directed the County to act otherwise) to execute and deliver to the County a written instrument directing the method and place of conducting remedial proceedings to be taken by the County on behalf of the Bondholders, shall have the right to direct such proceedings and the County shall be entitled to rely upon such instrument in taking such action.

SECTION 9.06. Each holder of any of the Bonds shall have the right to institute any suit, action or proceeding in equity or at law or any other remedy hereunder or on said Bonds without any notice of an Event of Default as hereinabove provided being given to any of the other holders of the Bonds but it is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under the Bonds, except in accordance with this Resolution including Section 9.07 hereof, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all holders of outstanding Bonds.

SECTION 9.07. No remedy herein conferred upon or reserved to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

SECTION 9.08. No delay or omission of the holders of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.09. Any moneys or other property received by the County or any of the Bondholders or by any receiver pursuant to this Article IX shall first be paid over to the Depository and applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment to the holders of all installments of interest then due on the Bonds, with interest on overdue installments, to the extent lawful, at a rate per annum equal to ninety per centum (90%) of the Minimum Commercial Lending Rate charged from time to time by the Bank, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment with such interest, then to the payment ratably, according to the amounts due on such installments, to the holders, without any discrimination or privilege.

(b) If the principal of any of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the holders without any discrimination or privilege.

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

Whenever said moneys or other property are to be applied pursuant to the provisions of this Section, such amounts shall be applied at such times, and from time to time, as the Depository shall, in its discretion, determine, having considered the amounts available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Depository shall apply such moneys, the Depository shall fix the date (which shall be an interest payment date unless it shall deem another date appropriate) upon which such application is to be made and upon such date interest on any amounts of principal paid on such dates shall cease to accrue. The Depository shall give such notice of the deposit with it of any such moneys or other property and of the fixing of any date, by depositing in the United States mails, first class postage prepaid, addressed to each of the holders of Bonds then outstanding at the address of such Bondholder shown on the books of the County kept by the Depository pursuant to Section 2.05 of this Resolution. The Depository shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Depository for appropriate endorsement or for cancellation if fully paid.

## ARTICLE X

### THE DEPOSITORY

SECTION 10.01. Morgan Guaranty Trust Company of New York is hereby appointed Depository under this Resolution. The Depository shall signify its acceptance, upon the terms and conditions set forth in this Resolution (including, without limitation, in this Article X) of the duties imposed upon it by this Resolution by written acceptance delivered to the County.

SECTION 10.02. The duties of the Depository shall be determined solely by the express provisions of this Resolution, and the Depository shall not be liable except for wilful misconduct or negligence in the performance of such duties as are specifically set forth in this Resolution, and no implied covenants, duties or obligations shall be read into this Resolution against the Depository. The Depository shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion, rights, duties, privileges or powers conferred upon it by this Resolution. The Depository shall not be liable for any error of judgment made in good faith by an officer or officers of the Depository, unless it shall be proved that the Depository was negligent in ascertaining the pertinent facts. The Depository shall not be liable to any person (including the holder of a Bond, the Corporation or the County) with respect to any action taken, omitted or suffered to be taken by it in accordance with the provisions of this Resolution or in accordance with directions of the holders of a majority in aggregate principal amount of the outstanding Bonds (or other principal amount specified in this Resolution) or of a court. The duties of the Depository to any holder of a Bond shall not be increased or otherwise affected by reason of the fact that such holder is a party to the Bond Purchase Agreement.

SECTION 10.03. (a) Notwithstanding anything contained in this Resolution, the Loan Agreement or the Bonds to the contrary, the Depository may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, direction, certificate, invoice, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, promissory note or other paper or document

(b) If the principal of any of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the holders without any discrimination or privilege.

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

Whenever said moneys or other property are to be applied pursuant to the provisions of this Section, such amounts shall be applied at such times, and from time to time, as the Depository shall, in its discretion, determine, having considered the amounts available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Depository shall apply such moneys, the Depository shall fix the date (which shall be an interest payment date unless it shall deem another date appropriate) upon which such application is to be made and upon such date interest on any amounts of principal paid on such dates shall cease to accrue. The Depository shall give such notice of the deposit with it of any such moneys or other property and of the fixing of any date, by depositing in the United States mails, first class postage prepaid, addressed to each of the holders of Bonds then outstanding at the address of such Bondholder shown on the books of the County kept by the Depository pursuant to Section 2.05 of this Resolution. The Depository shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Depository for appropriate endorsement or for cancellation if fully paid.

## ARTICLE X

### THE DEPOSITORY

SECTION 10.01. Morgan Guaranty Trust Company of New York is hereby appointed Depository under this Resolution. The Depository shall signify its acceptance, upon the terms and conditions set forth in this Resolution (including, without limitation, in this Article X) of the duties imposed upon it by this Resolution by written acceptance delivered to the County.

SECTION 10.02. The duties of the Depository shall be determined solely by the express provisions of this Resolution, and the Depository shall not be liable except for wilful misconduct or negligence in the performance of such duties as are specifically set forth in this Resolution, and no implied covenants, duties or obligations shall be read into this Resolution against the Depository. The Depository shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion, rights, duties, privileges or powers conferred upon it by this Resolution. The Depository shall not be liable for any error of judgment made in good faith by an officer or officers of the Depository, unless it shall be proved that the Depository was negligent in ascertaining the pertinent facts. The Depository shall not be liable to any person (including the holder of a Bond, the Corporation or the County) with respect to any action taken, omitted or suffered to be taken by it in accordance with the provisions of this Resolution or in accordance with directions of the holders of a majority in aggregate principal amount of the outstanding Bonds (or other principal amount specified in this Resolution) or of a court. The duties of the Depository to any holder of a Bond shall not be increased or otherwise affected by reason of the fact that such holder is a party to the Bond Purchase Agreement.

SECTION 10.03. (a) Notwithstanding anything contained in this Resolution, the Loan Agreement or the Bonds to the contrary, the Depository may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, direction, certificate, invoice, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, promissory note or other paper or document

reasonably believed by it to be genuine and to have been signed or presented by the proper person or persons. The Depository shall not be bound to make any investigation into the facts or matters stated in any resolution, direction, certificate, invoice, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, promissory note or other paper or document. In the absence of bad faith on the part of the Depository, the Depository may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any such paper or document furnished to the Depository, reasonably believed by the Depository to be genuine and to have been signed or presented by the proper person or persons and conforming to the requirements, if any, of this Resolution.

(b) The Depository may consult with counsel, auditors and other experts and any opinion of counsel or written opinion of such auditors or other experts shall be full and complete authorization and protection with respect to any action taken or suffered or omitted by the Depository hereunder in good faith and in accordance with such opinion of counsel or opinion of such auditors or other experts.

(c) The Depository may, whenever it shall deem it necessary or desirable that a matter be proved or established on the part of the Corporation or the County prior to taking, omitting or suffering any action hereunder, deem such matter to be conclusively proved and established by a certificate delivered to it signed by a principal financial or accounting officer of the Corporation or other Authorized Corporation Representative or the Chairman or Acting Chairman of the County Council, the County Attorney of Oconee County or other appropriate representative of the County, as the case may be, and such certificate shall be full warrant to the Depository for any action taken, omitted or suffered by it under the provisions of this Resolution in reliance thereon.

SECTION 10.04. The Depository shall not be under any obligation to exercise any of the duties, trusts, rights, powers or remedies hereunder at, or otherwise to take any action or to omit the taking of any action in accordance with, the request or direction of the holder or holders of any Bonds, unless such holder or holders shall have offered to the Depository security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby. None of the provisions of this Resolution shall be construed as requiring the Depository to expend or risk its own funds or otherwise incur any personal financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 10.05. The Depository may execute any of its powers or responsibilities hereunder and exercise any right or remedy hereunder either directly or by or through its agents or attorneys. Nothing in this Resolution shall be deemed to impose upon the Depository any liability to the Corporation, the holder of any Bond, the County or any other person as a result of any failure of the Depository to qualify to do business or to act as a fiduciary or otherwise in any jurisdiction other than the State of New York.

SECTION 10.06. The Depository shall not be responsible in any manner whatsoever for the correctness of the recitals contained herein, in the Loan Agreement or the Bond Purchase Agreement. The Depository shall not be responsible or accountable in any manner whatsoever for, or with respect to, and shall not be under a duty to examine into or pass upon, the validity, binding effect, execution or sufficiency of this Resolution, the Loan Agreement or the Bond Purchase Agreement or of any agreement amendatory or supplemental to any thereof, or the security afforded hereby, and the Depository is entitled to assume that all such agreements and this Resolution and each amendment or modification thereof or supplement thereto are genuine, valid, binding and enforceable in accordance with their respective terms.

SECTION 10.07. (a) Neither this Resolution nor any action or inaction on the part of the Depository nor any assignment by virtue of or pursuant to this Resolution shall constitute an assumption on the part of the Depository of any duties or obligations under the Loan Agreement or the Bond Purchase Agreement or create any duties or obligations or liabilities of the Depository under either thereof.

(b) The Depository shall not be required to ascertain or inquire as to the performance of any of the covenants or agreements contained in the Loan Agreement or the Bond Purchase Agreement on the part of any party thereto. The Depository shall be under no duty to ascertain the amounts payable in

respect of the Loan Agreement or this Resolution or the dates upon which such payments are due or to make inquiries as to the sufficiency under the Loan Agreement or this Resolution of any such payments, or to present or file any claim or to take any other action to collect amounts due or payable hereunder or the Loan Agreement or enforce any claim under the Loan Agreement or this Resolution or to enter into any disputes between the parties to the Loan Agreement or the Bond Purchase Agreement or between the Corporation and the County or any other person with respect to the collateral pledged in Section 1.02 of this Resolution or (except as specified in Sections 3.02 or 9.01 hereof) to give any notice to any person.

(c) The Depository shall be under no duty to see to any filing, recording or registration, refiling, re-recording or re-registration of the Loan Agreement or this Resolution or of any agreement amendatory thereof or supplemental thereto or of any financing statement or continuation statement or any instrument of assignment, conveyance or further assurance, or to the payment of any taxes, fees or charges in connection therewith or to give any notice with respect thereto or to inquire or see to the payment of, or be under any duty in respect of or arising out of, any tax or assessment or other governmental charge which may be levied or assessed on the collateral pledged in Section 1.02 of this Resolution or any part thereof or against the County or any Bondholder or any confiscation of the collateral pledged in Section 1.02 of this Resolution or any part thereof. The Depository shall be under no obligation to see to the payment or discharge of any liens upon any such collateral.

SECTION 10.08. The Depository shall not be required to take notice of, or be deemed to have notice or knowledge of, and may conclusively assume the absence of, any default referred to in Section 9.01 of this Resolution or the acceleration of the principal of any Bond unless and until (i) an officer of the Depository assigned to carry out the duties of the Depository under this Resolution shall in the course of his duties have received actual knowledge of such default or acceleration, as the case may be, (ii) the Depository shall have received a written notice from the County that such a default exists or that such an acceleration has occurred, or (iii) the Depository shall have received a written notice signed by the holder of a Bond (or the agent of such holder) stating that such a default exists or that the principal of such Bond has been accelerated, as the case may be. In the event that a notice relating to a default or the declaration of acceleration with respect to any Bond has been given, the Depository may conclusively rely on such notice unless it shall have received a notice or concurrent notices of similar tenor signed by the Bank and such other holders of outstanding Bonds, if any, as are necessary to aggregate at least eighty-five per centum (85%) in aggregate principal amount of the outstanding Bonds (or their agents identified as such) stating that such holders have waived all events of default thereunder, or that such holders have rescinded and annulled a declaration of acceleration of the principal of the Bonds and its consequences in accordance with Section 9.01 of this Resolution and that such action is sufficient for such waiver or rescission. In the event that the Depository shall receive or shall have knowledge or notice of the acceleration of the principal of any Bond, the Depository may conclusively presume that the holder of such Bond has complied with the provisions of Section 9.01 hereof, and shall not be affected by any notice to the contrary.

SECTION 10.09. The Depository shall not be liable by reason of any act or omission of any additional or successor Depository.

SECTION 10.10. Any request, approval, consent, notice or direction made or given under this Resolution to the Depository by the holder of any Bond shall be embodied in or evidenced by an instrument or instruments signed by the holder of a Bond or by holders of the requisite aggregate principal amount of Bonds (or their agent identified as such). The Depository shall have the right to decline to follow any such request or direction if the Depository being advised by counsel shall determine that the proceeding so requested or directed is not in accordance with the provisions of this Resolution or may not lawfully be taken.

SECTION 10.11. The Depository may acquire and hold Bonds and otherwise deal with the County and the Corporation in the same manner and to the same extent and with like effect as if it were not the Depository hereunder.

SECTION 10.12. The Depository may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the County and the Corporation and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 10.14, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 10.13. The Depository shall be removed by the consent of all the Bondholders if at any time so requested by an instrument or concurrent instruments in writing, filed with the Depository, the County, and the Corporation and signed by such Bondholders or their attorneys-in-fact duly authorized.

SECTION 10.14. In case at any time the Depository shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Depository, or of its property, shall be appointed, or if any public officer shall take charge or control of the Depository or of its property or affairs, the County covenants and agrees that, at the written direction of holders of at least a majority in principal amount of the outstanding Bonds, it will thereupon appoint such Bondholders' designee as successor Depository.

If in a proper case no appointment of a successor Depository shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Depository shall have given to the County written notice, as provided in Section 10.12, or after a vacancy in the office of the Depository shall have occurred by reason of its inability to act, the Depository or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Depository. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Depository.

Any Depository appointed under the provisions of this Section 10.14 in succession to the Depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and having a capital and surplus aggregating at least Ten Million Dollars (\$10,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

SECTION 10.15. Any successor Depository appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Depository, and also to the County, an instrument accepting such appointment, and thereupon such successor Depository, without any further act, deed or conveyance, shall be fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Depository, with like effect as if originally named as Depository; but the Depository ceasing to act shall nevertheless, on the written request of the County, or of the successor Depository, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Depository all the right, title and interest of the Depository in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Depository any money or other property subject to the conditions herein set forth. Should any deed, conveyance or instrument in writing from the County be required by such successor Depository for more fully and certainly vesting and confirming in such successor Depository any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the County.

SECTION 10.16. Any company into which the Depository may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Depository may sell or transfer all or substantially all of its commercial banking business shall be the successor to such Depository without the execution or filing of any paper or the performance of any further act, if so designated by the Depository and such company accepts appointment as Depository hereunder.

ARTICLE XI  
DISCHARGE OF LIEN

SECTION 11.01. If the County shall pay or cause to be paid, or there shall otherwise be paid to the holders of all Bonds, principal and interest, if any, due or to become due thereon, or any other amounts payable under this Resolution (including, without limitation, Section 1.02 of this Resolution) at the times and in the manner provided in this Resolution and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Resolution to be kept, performed and observed by it or on its part, then the lien of this Resolution shall be cancelled and discharged and the Depository shall, upon the request of the Corporation, pay to the Corporation any amounts in the Debt Service Fund required to be paid to the Corporation under Section 7.03 hereof, except for funds or securities in which such funds are invested and held by the Depository for the payment of interest on and principal of the Bonds.

All outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) in case the Bonds are to be redeemed on any date prior to their maturity, the County shall have given to the Depository in form satisfactory to it instructions to mail notice of redemption of such Bonds as provided in Section 3.02 hereof and (b) there shall have been deposited with the Depository either moneys in an amount which shall be sufficient, or, if consented to in writing by all of the Bondholders, Investment Securities the principal of and the interest on which will provide moneys which, together with the moneys, if any, on deposit with the Depository at the same time, shall be sufficient, to pay the principal and the interest due and to become due on the Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Neither Investment Securities nor moneys deposited with the Depository pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Depository, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal and interest to become due on the Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and if not needed for such purpose on the stated maturity for such Bonds or the date fixed for redemption therefor, interest, as received by the Depository, earned from such reinvestments shall be paid over to the Corporation, free and clear of any lien or pledge. For the purposes of this Section 11.01, Investment Securities shall mean and include the securities of the types listed in Section 7.02 of this Resolution.

ARTICLE XII  
MISCELLANEOUS

SECTION 12.01. Any consent, request, direction, approval, objection or other instrument required by this Resolution to be signed and executed by the Bank or any Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by the Bank or any Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Resolution and shall be conclusive in favor of any of the Bondholders with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has the power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership by any person or the Bank of any Bonds shall be proved by the registration books maintained by the Depository.

For all purposes of this Resolution and of the proceedings for the enforcement hereof, such person or the Bank shall be deemed to continue to be the holder of such Bond until transfer of ownership shall take place on the books of the County maintained by the Depository.

SECTION 12.02. In the event of the dissolution of the County or the consolidation of any part of the County with any other political subdivision or the transfer of any other rights of the County to any other such political subdivision or other authority, all the covenants, stipulations, promises and agreements in this Resolution contained, by or on behalf of, or for the benefit of, the County, shall bind or inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County shall be transferred.

SECTION 12.03. Except as herein otherwise specifically provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the County and the holders of the Bonds issued hereunder and the Depository, any right, remedy or claim under or by reason of this Resolution; this Resolution being intended to be for the sole and exclusive benefit of the County and the holders of the Bonds issued hereunder.

SECTION 12.04. If any clause, provision or section of this Resolution, the Loan Agreement or the Bonds be held illegal or invalid by any court, the invalidity of such clause, provision or section of this Resolution, the Loan Agreement or the Bonds shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained therein. In case any agreement or obligation contained in this Resolution, the Loan Agreement or the Bonds is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Corporation, as the case may be, to the full extent permitted by applicable law.

SECTION 12.05. No covenant or agreement contained in the Bonds or in this Resolution shall be deemed to be the covenant or agreement of any official, officer, agent, or employee of the County in his individual capacity, and neither the Chairman of the County Council, the members of the County Council nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 12.06. Neither the Loan Agreement nor this Resolution shall be amended, modified or rescinded without prior written consent of the Bank or (if the Bank shall have transferred ownership of any of the Bonds) such other holders of outstanding Bonds as are necessary to aggregate at least sixty-six and two-thirds per centum (66⅔%) in principal amount of the outstanding Bonds; *provided, however*, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity date of the principal of or of the date on which any payment of interest on any Bond is due and payable hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) any modification, amendment of any provision of Article III or Article IX hereof, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such modification, amendment or rescission, without the prior written consent of the holders of all the outstanding Bonds; *provided, further*, that no modification, amendment or rescission of any provision affecting the rights, duties or immunities of the Depository shall be made without the prior written consent of the Depository.

SECTION 12.07. The laws of the State of South Carolina shall govern the construction of this Resolution and of all Bonds issued hereunder.

SECTION 12.08. Subject to the provisions of this Resolution and any resolution supplemental hereto adopted in accordance with Section 12.06 hereof, the Bonds are to be in substantially the following form, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution:

(FORM OF BOND)

No. ....

\$.....

**OCONEE COUNTY, SOUTH CAROLINA  
POLLUTION CONTROL REVENUE BOND,  
1976 SERIES  
(DUKE POWER COMPANY PROJECT)**

Oconee County, South Carolina (the "County"), a political subdivision and a body politic and corporate created and existing under the Constitution and laws of the State of South Carolina, for value received, hereby promises to pay (but only out of the "Revenues" as defined in the Resolution or the other collateral referred to in Section 1.02 of the Resolution)

or registered assigns, on May 31, 1983 upon the presentation and surrender hereof, the principal sum of  
Dollars (\$) ) and to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity or, if this bond shall have been duly called for earlier redemption and payment of the redemption price shall have been made, until the date fixed for redemption hereof, at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate (as defined in the Resolution) charged from time to time by the Bank, payable on the first day of September, December, March and June of each year and at maturity. Both principal and interest on this bond are payable at the principal office of Morgan Guaranty Trust Company of New York, New York, New York (the "Depository") in Federal or other immediately available funds.

This bond is one of a duly authorized issue of bonds of the County, aggregating (except as otherwise provided in the Resolution) One Million Five Hundred Thousand Dollars (\$1,500,000) in principal amount, designated as "Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project)" (the "Bonds"), and issued under and pursuant to the constitution and laws of the State of South Carolina, particularly Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (herein referred to as the "Act") and under and pursuant to a Resolution adopted by the County on May 6, 1976 (herein referred to as the "Resolution") for the purpose of financing a portion of the cost of the construction, acquisition and installation by Duke Power Company (the "Corporation") of certain pollution control facilities (the "Facilities") at the Oconee Nuclear Station of the Corporation located in the County.

The Bonds are equally and ratably secured, to the extent provided in the Resolution, by the pledge contained in Section 1.02 of the Resolution of certain collateral including the "Revenues", which term is used herein as defined in the Resolution and which as therein defined refers to all the payments, receipts and revenues which the County has a right to receive under the Loan Agreement between the County and the Corporation dated as of June 1, 1976 (the "Loan Agreement") (except for certain indemnification payments and payments of the administration expenses of the County and the Depository) and all income earned by the investment of funds pursuant to the Resolution.

As more fully provided in the Resolution, the Bonds are limited obligations of the County, which is obligated to pay the principal of and interest on the Bonds out of the Revenues and other pledged collateral. The County may also utilize any other available funds for the payment of the principal and interest on the Bonds. The principal of and interest on this bond does not constitute an indebtedness of the County within the meaning of any South Carolina constitutional or statutory limitation and shall not constitute nor give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

Reference is hereby made to the Resolution for a full and complete statement of the provisions with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of the

collateral pledged as security for the payment of the Bonds and interest thereon, the nature and extent of the security and the rights of the holders of the Bonds and the terms and conditions on which, and the purposes for which, the Bonds are issued, the rights, duties and obligations of the County under the Resolution, the duties of the Depository (which shall not be liable except for wilful misconduct or negligence in the performance of such duties as are specifically set forth in the Resolution), the rights and remedies of the holders of the Bonds to enforce the provisions of the Resolution, including Section 9.07 of the Resolution, to accelerate payments of the Bonds on any Event of Default set forth in Section 9.01 of the Resolution, or to waive or repeal such acceleration and the rights of the holders of the Bonds to institute, appear in or defend any suit or other proceeding with respect to the Bonds to all of which the holder hereof, by acceptance of this bond, assents.

The Bonds are issuable in the form of registered Bonds in the denomination of \$5,000 or any multiple of \$5,000. The Bonds are callable for redemption in whole at any time upon payment of the principal amount thereof, together with accrued interest to the redemption date.

In the event the Bonds are called for redemption as aforesaid, notice thereof will be given by depositing in the United States mails a copy of the redemption notice, first class postage prepaid, at least three business days prior to the date fixed for redemption, addressed to the holder of each Bond at the address shown on the registration books. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided certain funds or securities in which such funds are invested for their redemption are on deposit at the place of payment at that time, and shall no longer be secured by the Resolution and shall not be deemed to be outstanding under the provisions of the Resolution.

This bond shall be transferable upon the books of the County which shall be kept for such purpose by the Depository at its principal office by the registered holder or his duly authorized attorney, and such registration shall be noted thereon. Such transfers shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege.

All acts, conditions and things required by the Constitution and statutes of the State of South Carolina, the Act and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, do exist, have happened and have been performed.

No covenant or agreement contained in this bond or the Resolution shall be deemed to be a covenant or agreement of any officer, agent or employee of the County in his individual capacity, and neither the members of the County Council nor any official executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

IN WITNESS WHEREOF, Oconee County, South Carolina, has caused this bond to be executed in its name and on its behalf by the manual signatures of the Chairman of the County Council of the County and the Treasurer of the County and its corporate seal to be impressed or imprinted hereon, all as of

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By .....  
Chairman of the County Council of  
Oconee County

ATTEST:

.....  
Treasurer of Oconee County

1381

APPROVED AND ADOPTED this 6th day of May, 1976, at a Meeting of the County Council of Oconee County, duly called, proper notice thereof having been given, at Walhalla, South Carolina.

(SEAL)

ATTEST:

Clerk of the County Council  
of Oconee County

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,500,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
(DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council (the "County Council") of Oconee County, South Carolina (the "County"), pursuant to Act No. 156 of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") by the County pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to finance part of the cost of constructing, acquiring and installing the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities");

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Bonds when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Council, by action de novo

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina, and  
Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

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

The Honorable F. Julian Leamond, Chairman of the  
House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at  
the office of the Governor of South Carolina, in the State House, at  
Columbia, South Carolina, at 2:30 P.M., May 13, 1976, was given to  
all members in writing, and at least four (4) days prior to said meeting;  
that all members of said Board were present at said meeting, with the  
exception of:

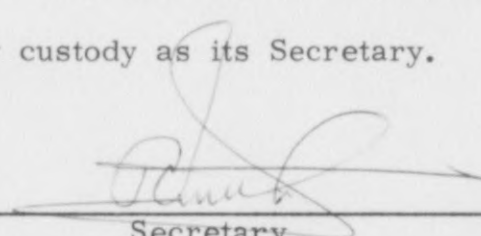
That at said meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by *MR. LEAMOND* who moved its adoption; said motion was seconded by *MR. PATTERSON* and upon vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

0

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

  
Secretary

May 13, 1976

# DUKE POWER COMPANY

LEGAL DEPARTMENT

P. O. Box 2178

CHARLOTTE, N. C. 28242

LEWIS F. CAMP  
ASSISTANT GENERAL COUNSEL  
AND  
ASSISTANT SECRETARY

(704) 373-4317

May 14, 1976

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

Dear Mr. Putnam:

Pursuant to our recent conversation, please find attached twelve copies of a certificate to be executed by Mr. P. C. Smith in connection with the pollution control revenue bonds authorized by the State Budget and Control Board yesterday. This document has been revised to indicate the proper location of the meeting.

Please have ten copies (five for each resolution) duly executed and return them to me at your convenience.

Very truly yours,

*Lewis F. Camp*

Lewis F. Camp

LFC:ph

Attachments (12)

1390

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,500,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
(DUKE POWER COMPANY PROJECT)

WHEREAS, the County Council (the "County Council")  
of Oconee County, South Carolina (the "County"), pursuant  
to Act No. 156 of the General Assembly of the State of  
South Carolina (the "Act"), has petitioned the State Budget  
and Control Board of South Carolina (the "State Board")  
pursuant to the Petition attached hereto as Exhibit A  
(the "Petition") seeking approval of the State Board of  
a proposal by the County Council pursuant to the Act;  
and

WHEREAS, the proposal consists of the issuance,  
sale and delivery of \$1,500,000 Pollution Control Revenue  
Bonds, 1976 Series (Duke Power Company Project) (the "Bonds")  
by the County pursuant to the Act, proceeds of which will be  
loaned to Duke Power Company (the "Industry") and used to  
finance part of the cost of constructing, acquiring and  
installing the pollution control facilities described in  
Exhibit A which is a part of Exhibit 1 to the Petition (the  
"Facilities");

WHEREAS, the State Board has, as required by  
the Act, made such investigation of the proposal of the  
County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Bonds when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Council, by action de novo

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

RESOLUTION APPROVING THE PROPOSAL  
OF OCONEE COUNTY, SOUTH CAROLINA  
TO ISSUE \$1,000,000 POLLUTION CON-  
TROL REVENUE BONDS, 1976 SERIES  
A (DUKE POWER COMPANY PROJECT)

---

WHEREAS, the County Council (the "County Council") of Oconee County, South Carolina (the "County"), pursuant to Act No. 156 of the General Assembly of the State of South Carolina (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to the Petition attached hereto as Exhibit A (the "Petition") seeking approval of the State Board of a proposal by the County Council pursuant to the Act; and

WHEREAS, the proposal consists of the issuance, sale and delivery of \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds") by the County pursuant to the Act, proceeds of which will be loaned to Duke Power Company (the "Industry") and used to finance part of the cost of constructing, acquiring and installing the pollution control facilities described in Exhibit A which is a part of Exhibit 1 to the Petition (the "Facilities");

WHEREAS, the State Board has, as required by the Act, made such investigation of the proposal of the County Council as it deems necessary;

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

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

A. That the County has filed a proper petition to the State Board in accordance with the provisions of Section 14 of the Act, setting forth a brief description of the Facilities, the action taken by the South Carolina Department of Health and Environmental Control in connection therewith, a reasonable estimate of the cost of the Facilities, and a general summary of the terms and conditions of the Loan Agreement and Resolution (both as defined in the Petition), together with draft copies of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement pursuant to which the Bonds will be sold.

B. The financing of the Facilities by the County through the issuance of the Bonds will promote the purposes of the Act, and the Facilities may be reasonably anticipated to effect such result.

2. On the basis of the foregoing findings, the proposal of the County Council to issue, sell and deliver the Bonds as set forth in the Petition (including changes in any details of the proposal as set forth in the Petition as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and the Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) be, and the same is hereby approved, and the County Council may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of

the County shall be published in "The Seneca Journal" which is a newspaper having general circulation in Oconee County.

4. That the Notice, mentioned in Section 3 above, to be published shall be in form substantially set forth in Exhibit "B" of this Resolution.

5. This Resolution shall take effect immediately.

EXHIBIT "B"

NOTICE PURSUANT TO ACT NO. 156 OF  
THE ACTS AND JOINT RESOLUTIONS EN-  
ACTED AT THE 1971 SESSION OF THE  
GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council (the "Council") of Oconee County (the "County") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following proposal of the County Council (including changes in any details of the said proposal as finally consummated which do not increase the aggregate principal amount of Bonds to be issued or otherwise materially change the terms and conditions of the Loan Agreement and Bond Resolution which are set forth in Paragraphs (A) through (F) of Section 6 of the Petition) viz:

The adoption of a resolution (the "Bond Resolution") authorizing issuance, sale and delivery by the County of \$1,000,000 Pollution Control Revenue Bonds, 1976 Series A (Duke Power Company Project) (the "Bonds") pursuant to a Bond Purchase Agreement between the County and Morgan Guaranty Trust Company of New York in accordance with Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina (the "Act"). The proceeds of the Bonds shall be

loaned by Oconee County, South Carolina to Duke Power Company (the "Industry") and used to finance part of the cost of the acquisition, construction and installation by the Industry of certain pollution control facilities located at the Industry's Oconee Nuclear Station (the "Facilities") pursuant to a Loan Agreement between Oconee County, South Carolina and the Industry, pursuant to which the Industry will among other things unconditionally agree to make payments sufficient to repay the principal of and interest on the Notes when due.

A draft of the Loan Agreement, the Bond Resolution and the Bond Purchase Agreement are on file at the office of the County Council, located in the Oconee County Courthouse, Walhalla, South Carolina.

The South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and are designed for the elimination, mitigation and prevention of air pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the said proposals of the County Council, by action de novo

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

B-6

1402

## BOND PURCHASE AGREEMENT

AGREEMENT dated as of June 1, 1976 between OCONEE COUNTY, South Carolina (the "County"), County Court House, Walhalla, South Carolina 29691 and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 23 Wall Street, New York, New York 10015 (the "Bank").

### SECTION 1. Representations and Warranties.

The County represents and warrants that:

1.1 *Authority.* The County is a duly constituted and validly existing body politic and corporate and political subdivision of the State of South Carolina, validly acting by and through the County Council of Oconee County (the "County Council") as the governing body of the County established pursuant to Act No. 555 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended. The County is authorized and empowered by the provisions of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the "Act"), to enter into the transactions contemplated by (i) this Agreement, (ii) the Loan Agreement dated as of June 1, 1976 (the "Loan Agreement") between the County and Duke Power Company (the "Company"), and (iii) the resolution of the County Council adopted on May 3, 1976 (the "Resolution"), and to apply the proceeds from the issuance of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") as set forth in the Resolution.

The execution, delivery and performance of this Agreement, the Loan Agreement and the Bonds are within the power and authority of the County, have been authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. The Resolution has been duly and validly adopted on behalf of the County and the adoption of the Resolution and the performance of all obligations of the County set forth therein will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. This Agreement and the Loan Agreement constitute valid and binding agreements of the County enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Resolution constitutes a valid and binding obligation of the County; the Pledge (referred to in Section 2.4 hereof) contained in Section 1.02 of the Resolution is enforceable in accordance with its terms and the Resolution (other than such Pledge) is enforceable in accordance with the terms thereof except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Bonds, when executed and delivered on behalf of the County in accordance with the Resolution, will constitute valid and binding obligations of the County enforceable in accordance with their terms except as enforcement thereof may be limited by bankruptcy or other laws of general application affecting creditors' rights.

1.2 *Litigation and Governmental Authorization.* There is no action, suit or proceeding pending, or to the best knowledge of the County threatened, against or affecting the County or the County Council before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power or authority of the County or the County Council or the ability of the County to perform its obligations under this Agreement, the Loan Agreement, the Bonds or the Resolution. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of this Agreement, the Loan Agreement and the Bonds, the adoption of the Resolution, and the consummation of the transactions contemplated by this Agreement, the Loan Agreement, the Bonds and the Resolution, including without limitation (i) a finding by the South Carolina Department of Health and Environmental Control that certain pollution control facilities being acquired, installed and constructed by the Company in Oconee County, South Carolina at the Company's Oconee Nuclear Station,

meaning of any provision of the Constitution or any law of the State of South Carolina and shall not constitute or give rise to any pecuniary liability of the County, or a charge against its general credit or taxing powers.

### **SECTION 3. Closing.**

3.1 *Closing Date.* The Closing with respect to the purchase and sale of the Bonds by the County to the Bank shall take place at the offices of the Bank, 23 Wall Street, New York, New York 10015, at 10:00 a.m., New York Time on June 8, 1976 or such other place, time and date as the parties hereto may mutually agree upon (the "Closing Date").

3.2 *Delivery and Payment.* On the Closing Date the County will deliver to the Bank Bonds in the aggregate principal amount of \$1,500,000, against delivery of evidence of the transfer of Federal or other immediately available funds in an amount equal to the purchase price of the Bonds, into that account of the County with the Depository which constitutes the Loan Fund under the Resolution. The Bonds will be delivered to the Bank in denominations aggregating \$1,500,000 and registered in the name of Morgan Guaranty Trust Company of New York.

### **SECTION 4. Conditions to Purchase of Bonds.**

4.1 *Closing Conditions.* The obligation of the Bank to purchase the Bonds hereunder on the Closing Date is conditioned upon:

(a) the fact that the representations and warranties of the County contained in Sections 1.1 and 1.2 hereof and in the first sentence of Section 2.4 hereof are true and correct in all material respects on and as of the Closing Date and that the covenant of the County contained in the second sentence of such Section 2.4 has been performed to the satisfaction of the Bank;

(b) receipt by the Bank of fully registered Bonds complying with the provisions of Section 3.2 hereof and conforming to the form of Bond set forth in the Resolution;

(c) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect set forth in Section 4.1(a) above;

(d) receipt by the Bank of evidence satisfactory to the Bank that

(i) all necessary or appropriate findings or approvals of the South Carolina Department of Health and Environmental Control have been obtained, including receipt by the County Council of the finding of such Department that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution,

(ii) all necessary or appropriate approvals of the State Budget and Control Board of South Carolina have been received, including receipt of the approval by such State Budget and Control Board of the Facilities and of the proposal of the County Council to issue the Bonds pursuant to the Resolution, and

(iii) all necessary or appropriate action by the County Council to authorize the execution, delivery and performance of this Agreement, the Loan Agreement, and the Bonds has been duly taken, including adoption of the Resolution;

(e) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect that

(i) on the basis of the facts, estimates and circumstances (including the certificate of the Company delivered to the County and the covenants of the County contained herein) in existence on the date of the issuance of the Bonds, which facts, estimates and circumstances shall be set forth therein, it is not expected that the proceeds of the issuance of the Bonds will be used

CORRECTION

instituted in the Court of Common Pleas for Oconee County.

THE STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

BY: P. C. SMITH, Secretary

DATED: May , 1976

B-6

1402

## BOND PURCHASE AGREEMENT

AGREEMENT dated as of June 1, 1976 between OCONEE COUNTY, South Carolina (the "County"), County Court House, Walhalla, South Carolina 29691 and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 23 Wall Street, New York, New York 10015 (the "Bank").

### SECTION 1. Representations and Warranties.

The County represents and warrants that:

1.1 *Authority.* The County is a duly constituted and validly existing body politic and corporate and political subdivision of the State of South Carolina, validly acting by and through the County Council of Oconee County (the "County Council") as the governing body of the County established pursuant to Act No. 555 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended. The County is authorized and empowered by the provisions of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the "Act"), to enter into the transactions contemplated by (i) this Agreement, (ii) the Loan Agreement dated as of June 1, 1976 (the "Loan Agreement") between the County and Duke Power Company (the "Company"), and (iii) the resolution of the County Council adopted on May 3, 1976 (the "Resolution"), and to apply the proceeds from the issuance of \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds") as set forth in the Resolution.

The execution, delivery and performance of this Agreement, the Loan Agreement and the Bonds are within the power and authority of the County, have been authorized by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. The Resolution has been duly and validly adopted on behalf of the County and the adoption of the Resolution and the performance of all obligations of the County set forth therein will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County. This Agreement and the Loan Agreement constitute valid and binding agreements of the County enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Resolution constitutes a valid and binding obligation of the County; the Pledge (referred to in Section 2.4 hereof) contained in Section 1.02 of the Resolution is enforceable in accordance with its terms and the Resolution (other than such Pledge) is enforceable in accordance with the terms thereof except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights. The Bonds, when executed and delivered on behalf of the County in accordance with the Resolution, will constitute valid and binding obligations of the County enforceable in accordance with their terms except as enforcement thereof may be limited by bankruptcy or other laws of general application affecting creditors' rights.

1.2 *Litigation and Governmental Authorization.* There is no action, suit or proceeding pending, or to the best knowledge of the County threatened, against or affecting the County or the County Council before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power or authority of the County or the County Council or the ability of the County to perform its obligations under this Agreement, the Loan Agreement, the Bonds or the Resolution. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of this Agreement, the Loan Agreement and the Bonds, the adoption of the Resolution, and the consummation of the transactions contemplated by this Agreement, the Loan Agreement, the Bonds and the Resolution, including without limitation (i) a finding by the South Carolina Department of Health and Environmental Control that certain pollution control facilities being acquired, installed and constructed by the Company in Oconee County, South Carolina at the Company's Oconee Nuclear Station,

which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities"), are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution and (ii) approval by the State Budget and Control Board of South Carolina of the Facilities and of the proposal of the County Council to issue the Bonds pursuant to the Resolution, have been obtained.

## SECTION 2. **Bonds.**

2.1 *Agreement to Sell and Purchase.* The County hereby agrees to sell to the Bank, and in reliance upon the representations, warranties, covenants and agreements of the County set forth herein or made pursuant hereto, and subject to all the terms and conditions hereof, the Bank agrees to purchase from the County on the Closing Date specified in Section 3.1 hereof, the Bonds in the aggregate principal amount of \$1,500,000 at a purchase price of 100% of the principal amount. The Bonds shall be dated the date of delivery thereof, shall mature on May 31, 1983, shall bear interest on the unpaid principal amount thereof from time to time outstanding at a rate per annum equal to seventy-five per centum (75%) of the Minimum Commercial Lending Rate (as defined in the Resolution) charged from time to time by the Bank, payable on the first day of September, December, March and June of each year and on the stated maturity of the Bonds, and shall conform to the form thereof set forth in the Resolution. Interest on overdue payments of principal and interest shall be paid in accordance with the provisions of Section 9.09 of the Resolution.

2.2 *Redemption.* The County, at the prior written direction of the Company, shall, upon three business days' written notice to the holder of the Bonds, redeem without penalty the Bonds at a redemption price equal to the sum of the unpaid principal amount of the Bonds, together with all interest accrued and unpaid to the date of redemption on the Bonds.

2.3 *Funds.* Payment for the purchase by the Bank of the Bonds hereunder and all payments of principal of and interest on the Bonds shall be made in Federal or other immediately available funds.

2.4 *Security.* The County represents and warrants that, as security for the punctual payment of all amounts payable by the County pursuant to the Bonds or the Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Bonds or the Resolution and to assure the correctness of all representations and warranties made in this Agreement, the Bonds or the Resolution or in any document or certificate delivered pursuant to any thereof, the County has in Section 1.02 of the Resolution irrevocably assigned and pledged to the holders of the Bonds all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues (as defined in the Resolution), all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund (the "Pledge"). The County covenants and agrees that on or prior to the Closing Date referred to in Section 3 hereof it will effect all filings and recordings currently required in order to establish, protect and preserve the security interest of the holder of the Bonds created by the Pledge as a valid, perfected and enforceable first security interest in the above-mentioned Revenues, moneys and securities (the "Collateral"). The County covenants and agrees to effect all other filings or recordings, including without limitation the filing of all financing statements and continuation statements in respect thereof under the Uniform Commercial Code of South Carolina, which, in the judgment of the Bank, is necessary or desirable from time to time to establish, protect and preserve such security interest as a valid, perfected and enforceable first security interest in the Collateral.

2.5 *Limited Obligations.* Anything in this Agreement or in the Bonds or Resolution to the contrary notwithstanding, the Bank understands and agrees that the obligations of the County to make payments of principal of and interest on the Bonds are limited obligations of the County payable solely out of the Collateral, that such obligations do not constitute indebtedness of the County within the

meaning of any provision of the Constitution or any law of the State of South Carolina and shall not constitute or give rise to any pecuniary liability of the County, or a charge against its general credit or taxing powers.

### **SECTION 3. Closing.**

3.1 *Closing Date.* The Closing with respect to the purchase and sale of the Bonds by the County to the Bank shall take place at the offices of the Bank, 23 Wall Street, New York, New York 10015, at 10:00 a.m., New York Time on June 8, 1976 or such other place, time and date as the parties hereto may mutually agree upon (the "Closing Date").

3.2 *Delivery and Payment.* On the Closing Date the County will deliver to the Bank Bonds in the aggregate principal amount of \$1,500,000, against delivery of evidence of the transfer of Federal or other immediately available funds in an amount equal to the purchase price of the Bonds, into that account of the County with the Depository which constitutes the Loan Fund under the Resolution. The Bonds will be delivered to the Bank in denominations aggregating \$1,500,000 and registered in the name of Morgan Guaranty Trust Company of New York.

### **SECTION 4. Conditions to Purchase of Bonds.**

4.1 *Closing Conditions.* The obligation of the Bank to purchase the Bonds hereunder on the Closing Date is conditioned upon:

(a) the fact that the representations and warranties of the County contained in Sections 1.1 and 1.2 hereof and in the first sentence of Section 2.4 hereof are true and correct in all material respects on and as of the Closing Date and that the covenant of the County contained in the second sentence of such Section 2.4 has been performed to the satisfaction of the Bank;

(b) receipt by the Bank of fully registered Bonds complying with the provisions of Section 3.2 hereof and conforming to the form of Bond set forth in the Resolution;

(c) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect set forth in Section 4.1(a) above;

(d) receipt by the Bank of evidence satisfactory to the Bank that

(i) all necessary or appropriate findings or approvals of the South Carolina Department of Health and Environmental Control have been obtained, including receipt by the County Council of the finding of such Department that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution,

(ii) all necessary or appropriate approvals of the State Budget and Control Board of South Carolina have been received, including receipt of the approval by such State Budget and Control Board of the Facilities and of the proposal of the County Council to issue the Bonds pursuant to the Resolution, and

(iii) all necessary or appropriate action by the County Council to authorize the execution, delivery and performance of this Agreement, the Loan Agreement, and the Bonds has been duly taken, including adoption of the Resolution;

(e) receipt by the Bank of a certificate of the County, signed on behalf of the County by the Chairman or Acting Chairman of the County Council, to the effect that

(i) on the basis of the facts, estimates and circumstances (including the certificate of the Company delivered to the County and the covenants of the County contained herein) in existence on the date of the issuance of the Bonds, which facts, estimates and circumstances shall be set forth therein, it is not expected that the proceeds of the issuance of the Bonds will be used

in a manner that would cause the Bonds to be arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and

(ii) to the best of the knowledge and belief of the County there are no other facts, estimates or circumstances that would materially change such expectations;

(f) receipt by the Bank of an opinion of W. Jerry Fedder, Esq., County Attorney for Oconee County, South Carolina, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit A hereto;

(g) receipt by the Bank of an opinion of Messrs. Reid & Priest, counsel for the Company, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit B hereto;

(h) receipt by the Bank of opinions of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibits C-1 and C-2 hereto;

(i) receipt by the Bank of an opinion of Messrs. Davis Polk & Wardwell, special counsel for the Bank, dated the Closing Date and in form and substance satisfactory to the Bank, to the effect set forth in Exhibit D hereto; and

(j) receipt by the Bank of all other documents and opinions which it may reasonably request.

To the extent that the opinions required by paragraphs (h), (i) and (j) of this Section 4.1 are governed by matters of South Carolina law, Messrs. Reid & Priest, Messrs. Mudge Rose Guthrie & Alexander and Messrs. Davis Polk & Wardwell may rely upon the opinion of W. Jerry Fedder, Esq., County Attorney for Oconee County, South Carolina and, to the extent that such opinions are governed by matters of North Carolina law, Messrs. Reid & Priest, Messrs. Mudge Rose Guthrie & Alexander and Messrs. Davis Polk & Wardwell may rely upon the opinion of Steve C. Griffith, Jr., Esq., General Counsel of the Company.

#### **SECTION 5. Miscellaneous.**

The County covenants and agrees that:

5.1 *Notices.* All notices, requests or demands hereunder shall be deemed to have been given when deposited in the United States mails, first class postage prepaid, addressed to the appropriate party at its address given above or at any other address of which it shall have notified the person giving such notice in writing.

5.2 *Term of Agreement.* The term of this Agreement shall be until the consummation of the purchase of the Bonds by the Bank.

5.3 *No Waivers.* No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Resolution or the Bonds shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.4 *Definitions.* All terms and phrases which are used herein as defined terms and which are defined in the Resolution and not defined herein shall have the meaning set forth in the Resolution, unless the context hereof requires otherwise.

5.5 *Copies of Certificates, etc.* Whenever the County is required to deliver notices, certificates, opinions, statements or other information hereunder to the Bank, it shall do so in such number of copies as the Bank shall specify.

5.6 *Changes, Waivers, etc.* Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated, except by a statement in writing signed by each party against which enforcement of the change, waiver, discharge or termination is sought.

5.7 *Counterparts.* This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

5.8 *Successors and Assigns.* This Agreement and the Resolution shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

OCONEE COUNTY, SOUTH CAROLINA

(SEAL)

By .....

Chairman of the County Council  
of Oconee County

Attest:

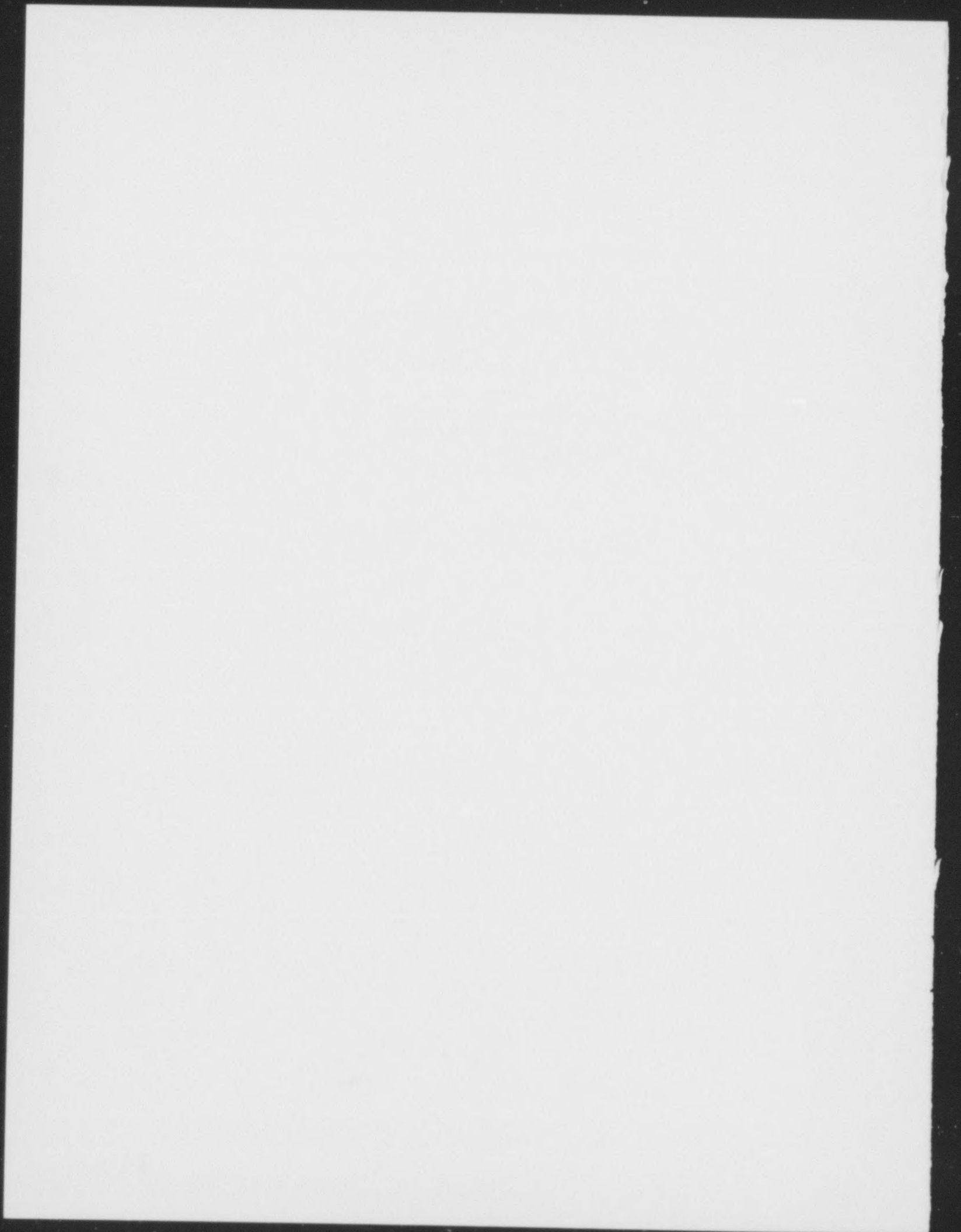
.....  
Clerk of the County Council  
of Oconee County

Signed, sealed and delivered in the presence of:

.....  
.....

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By .....  
Vice President



W. JERRY FEDDER  
WILLIAM F. DERRICK  
RICHARD L. RITTER

*Fedder & Derrick*  
ATTORNEYS AT LAW  
NORTH FAIRPLAY STREET  
*Seneca, South Carolina 29678*

TELEPHONE 882-2747  
AREA CODE 803  
P. O. BOX 791

June 8, 1976

COUNTY COUNCIL OF OCONEE COUNTY  
County Court House  
Walhalla, South Carolina 29691

DUKE POWER COMPANY  
422 South Church Street  
Charlotte, North Carolina 28242

MORGAN GUARANTY TRUST COMPANY OF NEW YORK  
23 Wall Street  
New York, New York 10015

Gentlemen:

I am County Attorney for Oconee County, South Carolina (the "County") and as such I have acted as counsel to the County in connection with the authorization, issuance and sale of its \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds").

I have examined and am familiar with originals or copies, certified or otherwise identified to my satisfaction, of such statutes, certificates of public officials, proceedings and records, documents and instruments as are necessary for the purposes of this opinion, including without limitation (i) Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the "Act"); (ii) the Bond Resolution adopted by the County on May 3, 1976 pursuant to which the Bonds are issued (the "Resolution"); (iii) the Loan Agreement dated as of June 1, 1976 between the County and Duke Power Company, a company organized and existing under the laws of the State of North Carolina and qualified to do business as a foreign corporation in the State of South Carolina (the "Company"); (iv) the Bond Purchase Agreement dated as of June 1, 1976 between the County and Morgan Guaranty Trust Company of New York (the "Bond Purchase Agreement"); and (v) the Bonds.

Upon the basis of the foregoing, I am of the opinion that:

(i) The County is a duly constituted and validly existing body politic and corporate and political subdivision of the State of South Carolina, validly acting by and through the County Council of Oconee County (the "County Council") as the governing body of the County established pursuant to Act No. 555 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended, and the County is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by the Bond Purchase Agreement, the Loan Agreement and the Resolution, and to apply the proceeds from the issuance of the Bonds as set forth in the Resolution.

(ii) The execution, delivery and performance of the Bond Purchase Agreement, the Loan Agreement and the Bonds are within the power and authority of the County, have been authorized

by all necessary proceedings and will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County; the Resolution has been duly and validly adopted on behalf of the County; and the adoption of the Resolution and the performance of all obligations of the County set forth therein will not contravene, or constitute a default under, any provision of law or regulation or any judgment, order, decree, contract, agreement or other instrument binding upon the County.

(iii) There is no action, suit or proceeding pending, or to the best of my knowledge threatened, against or affecting the County or the County Council before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power or authority of the County or the County Council or the ability of the County to perform its obligations under the Bond Purchase Agreement, the Loan Agreement, the Bonds or the Resolution.

(iv) All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery of the Bond Purchase Agreement, the Loan Agreement and the Bonds, the adoption of the Resolution and the consummation of the transactions contemplated by the Bond Purchase Agreement, the Loan Agreement, the Bonds and the Resolution have been obtained, and in particular (a) the South Carolina Department of Health and Environmental Control has found that certain pollution control facilities being acquired, installed and constructed by the Company in Oconee County, South Carolina at the Company's Oconee Nuclear Station, which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities"), are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution and (b) the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Bonds pursuant to the Resolution; and all such authorizations, consents and approvals are in full force and effect on the date hereof.

(v) The Act has been duly and validly enacted into law, is validly in effect on the date hereof and the provisions of the Act have been upheld as constitutional by the Supreme Court of the State of South Carolina.

(vi) The Resolution has been duly and validly adopted on behalf of the County under the Act and constitutes a valid and binding obligation of the County; the pledge contained in Section 1.02 of the Resolution (the "Pledge") is enforceable in accordance with its terms and the Resolution (other than such Pledge contained therein) is enforceable in accordance with the terms thereof except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights; the issuance and sale of the Bonds have been duly authorized in accordance with the Act; and the Bonds are in conformity with the Resolution.

(vii) The Bond Purchase Agreement and the Loan Agreement have been duly executed and delivered on behalf of the County, and the Bond Purchase Agreement and the Loan Agreement constitute valid and binding agreements of the County enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

(viii) The Bonds being delivered to Morgan Guaranty Trust Company of New York on the date hereof have been duly authorized, executed and delivered on behalf of the County and constitute valid and binding obligations of the County enforceable in accordance with their terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights, and any Bond or Bonds issued in exchange therefor, when duly executed and delivered on behalf of the County in accordance with the Resolution, will have been duly authorized, executed and delivered and will constitute valid and binding obligations of the County enforceable in accordance with their terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights.

(ix) The Facilities constitute "pollution control facilities" within the meaning of the Act.

(x) As security for the punctual payment of all amounts payable by the County pursuant to the Bonds or the Resolution, for the performance and observance by the County of all of its covenants and agreements contained in the Bonds or the Resolution and to assure the correctness of all representations and warranties made in the Bond Purchase Agreement, the Bonds or the Resolution or in any document or certificate delivered pursuant to any thereof, the County has in the Resolution irrevocably assigned and pledged to the holders of the Bonds all rights of the County under and all interests of the County in the Loan Agreement (other than the rights to receive payment of the Administration Expenses and rights to indemnification pursuant to Sections 4.02 and 4.06 thereof, respectively), the Revenues (as defined in the Resolution), all moneys and securities in the Debt Service Fund and, until applied in payment of any item of the Cost of the Facilities in accordance with Section 5.03 of the Resolution, all moneys and securities in the Loan Fund; in the event of any Event of Default referred to in Section 9.01 of the Resolution (including a default in respect of the performance of any covenant or agreement contained in the Resolution or the Bonds), payment of the unpaid principal of and all accrued interest on the Bonds and the performance of the covenants and agreements contained in the Resolution or the Bonds may be enforced by mandamus or by the appointment of a receiver in equity with such powers as may be necessary to enforce the obligations of the County to make all such payments and to perform all such covenants and agreements; and the Debt Service Fund created by Section 6.01 of the Resolution is a trust fund completely segregated and set apart from all other funds of the County for the sole benefit of the holders of the Bonds.

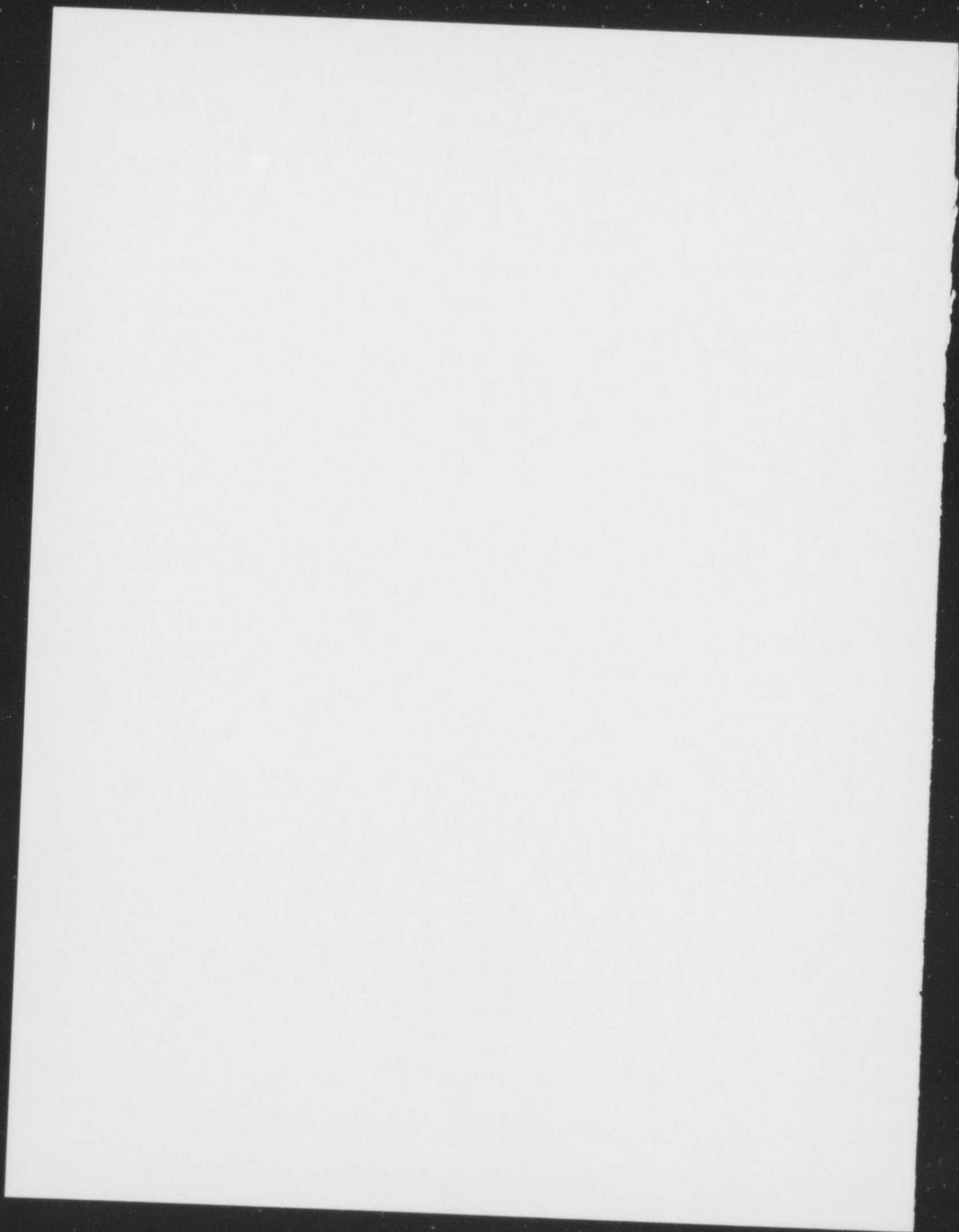
(xi) Except for the filing of financing statements under the Uniform Commercial Code of South Carolina with the Secretary of State of South Carolina and at the County Court House of Oconee County, which filings have been effected on or prior to the date hereof, no filing or recording of any document or instrument is required under the laws of the State of South Carolina in order to establish, protect and preserve the security interest of Morgan Guaranty Trust Company of New York created by the Pledge as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Bond Purchase Agreement), and there are no requirements with respect to re-recording or re-filing any such financing statements or filing any continuation statements in respect thereof, other than a requirement to file continuation statements in respect of the above-mentioned financing statements in the event that the Bonds are outstanding after May 31, 1981.

(xii) Under the Constitution and general laws and statutes of the State of South Carolina, the County may not invoke any rights of immunity on the grounds of sovereignty in any judicial proceeding in respect of its obligations under the Bond Purchase Agreement, the Loan Agreement, the Resolution or the Bonds.

In rendering the opinion set forth in paragraph (ix) above, I have relied upon the finding of the South Carolina Department of Health and Environmental Control and the approval of the State Budget and Control Board referred to in paragraph (iv) above.

Yours very truly,

W. JERRY FEDDER  
*Oconee County Attorney*



REID & PRIEST

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NEW YORK, N. Y. 10005  
212 344-2233

MIDTOWN OFFICE  
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CABLE ADDRESS: "REIDAPT"  
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WASHINGTON OFFICE  
1701 K STREET, N. W.  
WASHINGTON, D. C. 20006  
202 331-1752

June 8, 1976

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK  
23 Wall Street  
New York, N. Y. 10015

Dear Sirs:

In connection with the loan by Oconee County, South Carolina (the County), of \$1,500,000 to Duke Power Company (the Company), pursuant to a Loan Agreement dated as of June 1, 1976 between the County and the Company, to finance a portion of the cost of the construction, acquisition and installation of certain pollution control facilities described in Exhibit A to such Loan Agreement (the Facilities), we, as counsel to the Company, have examined and are familiar with the originals, or copies certified or otherwise identified to our satisfaction of the Articles of Incorporation and By-Laws of the Company and all amendments thereto, and corporate proceedings relating to the authorization and approval by the Company of the Loan Agreement, and such other records, certificates and documents as we have considered necessary for the purposes of this opinion.

On the basis of the foregoing, we are of the opinion that:

(i) The Company is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina. The execution and delivery of, and the consummation of the transactions contemplated by, the Loan Agreement are within the corporate authority of the Company, have been duly authorized by all necessary corporate proceedings, will not contravene the Articles of Incorporation or By-Laws of the Company, or contravene or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties, and the Loan Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights;

(ii) Except as disclosed to you in writing by the Company, there is no action, suit or proceeding pending against the Company or involving any of its properties, or to the best of our knowledge threatened, against the Company or in respect of any of its properties, before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power of the Company to enter into, or the ability of the Company to perform its obligations under the Loan Agreement. All authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Company in connection with the execution and delivery by the Company of the Loan Agreement, in connection with the carrying out by the Company of its obligations under, the Loan Agreement, in connection with the financing of a portion of the cost of acquisition, construction and

installation by the Company of the Facilities, or in connection with the financing of the Facilities through the issuance by the County of bonds, within the meaning of Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971, as amended (the Bonds), pursuant to the resolution adopted by the County Council of Oconee County (County Council) on May 3, 1976 (the Resolution), have been obtained; the South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Bonds in accordance with the Resolution; and the County Council has adopted the Resolution;

(iii) No filing or recording of any document is required under the laws of the States of North Carolina or New York in order to establish, protect and preserve your security interest created by the Pledge, as defined in the agreement dated as of June 1, 1976 between the County and you relating to the purchase of the Bonds (the Bond Purchase Agreement), as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Bond Purchase Agreement); and

(iv) Except to the extent attributable to a relationship between the State of North Carolina or any political subdivision thereof or therein and you not derived from the transactions contemplated by the Loan Agreement, the Resolution, the Bonds and the Bond Purchase Agreement, all revenues and securities which may be received by you pursuant to the Bonds or the Resolution (including without limitation all payments of the principal of or interest on the Bonds and all payments, receipts, moneys or other revenues and securities which you may receive pursuant to the Pledge) will be exempt from any taxation which may be imposed by the State of North Carolina or any political subdivision thereof or therein, except for inheritance, estate or transfer taxes; and that the Bond Purchase Agreement, the Loan Agreement and the Resolution will be exempt from all North Carolina stamp and transfer taxes.

In rendering the foregoing opinion, we have assumed, and, accordingly, express no opinion with respect to, the due authorization, validity and enforceability of the Resolution; the due authorization, execution, delivery, validity and enforceability of the Bond Purchase Agreement and the Bonds and the due authorization, execution and delivery by the County of the Loan Agreement and its validity and enforceability as it relates to the County.

We have also assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as photostatic or certified copies.

We are members of the New York Bar and do not hold ourselves out as experts with respect to the laws of any other State. Accordingly, in rendering the foregoing opinion, we are, with your approval, relying as to each and every matter of North Carolina or South Carolina law upon the opinions addressed to you of even date of Steve C. Griffith, Jr., Esq., General Counsel of the Company, and W. Jerry Fedder, Esq., Attorney for the County.

Very truly yours,

1412

STEVE C. GRIFFITH, JR.  
ATTORNEY AT LAW  
422 SOUTH CHURCH ST.  
CHARLOTTE, NORTH CAROLINA 28242

June 8, 1976

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK  
23 Wall Street  
New York, N. Y. 10015

Dear Sirs:

In connection with the loan by Oconee County, South Carolina (the County), of \$1,500,000 to Duke Power Company (the Company), pursuant to a Loan Agreement dated as of June 1, 1976 between the County and the Company, to finance a portion of the cost of the construction, acquisition and installation of certain pollution control facilities described in Exhibit A to such Loan Agreement (the Facilities), I, as General Counsel to the Company, have examined and am familiar with the originals, or copies certified or otherwise identified to my satisfaction of the Articles of Incorporation and By-Laws of the Company and all amendments thereto, and corporate proceedings relating to the authorization and approval by the Company of the Loan Agreement, and such other records, certificates and documents as I have considered necessary for the purposes of this opinion.

On the basis of the foregoing, I am of the opinion that:

(i) The Company is duly incorporated, validly existing and in good standing under the laws of the State of North Carolina and is qualified to do business as a foreign corporation and is in good standing under the laws of the State of South Carolina. The execution and delivery of, and the consummation of the transactions contemplated by, the Loan Agreement are within the corporate authority of the Company, have been duly authorized by all necessary corporate proceedings, will not contravene the Articles of Incorporation or By-Laws of the Company, or contravene or constitute a default under, any provision of law or regulation or any contract, agreement, judgment, order, decree or other instrument binding upon it or involving its properties and the Loan Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms except as enforcement may be limited by bankruptcy or other laws of general application affecting creditors' rights;

(ii) Except as disclosed to you in writing by the Company, there is no action, suit or proceeding pending against the Company or involving any of its properties, or to the best of my knowledge threatened, against the Company or in respect of any of its properties, before any court, governmental department, commission, board or other Federal, state, county, municipal or other instrumentality, agency or authority which might adversely affect the power of the Company to enter into, or the ability of the Company to perform its obligations under, the Loan Agreement. All authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Company in connection with the execution and delivery by the Company of the Loan Agreement, in connection with the carrying out by the Company of its obligations under the Loan Agreement, in connection with the financing of a portion of the cost of acquisition, construction and installation by the Company of the Facilities, or in connection with the financing of the Facilities through the issuance by the County of bonds, within the meaning of Act No. 156 of the

Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971 (the Bonds), pursuant to the resolution adopted by the County Council of Oconee County (County Council) on May 3, 1976 (the Resolution), have been obtained; the South Carolina Department of Health and Environmental Control has found that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; the State Budget and Control Board of South Carolina has approved the Facilities and the proposal of the County Council to issue the Bonds in accordance with the Resolution; and the County Council has adopted the Resolution;

(iii) No filing or recording of any document is required under the laws of the State of North Carolina in order to establish, protect and preserve your security interest created by the Pledge, as defined in the agreement dated as of June 1, 1976 between the County and you relating to the purchase of the Bonds (the Bond Purchase Agreement) as a valid, perfected and enforceable first security interest in the Collateral (as defined in the Bond Purchase Agreement); and

(iv) Except to the extent attributable to a relationship between the State of North Carolina or any political subdivision thereof or therein and you not derived from the transactions contemplated by the Loan Agreement, the Resolution, the Bonds and the Bond Purchase Agreement, all revenues and securities which may be received by you pursuant to the Bonds or the Resolution (including without limitation all payments of the principal of or interest on the Bonds and all payments, receipts, moneys or other revenues and securities which you may receive pursuant to the Pledge) will be exempt from any taxation which may be imposed by the State of North Carolina or any political subdivision thereof or therein, except for inheritance, estate or transfer taxes; and that the Bond Purchase Agreement, the Loan Agreement and the Resolution will be exempt from all North Carolina stamp and transfer taxes.

In rendering the foregoing opinion, I have assumed, and, accordingly, express no opinion with respect to, the due authorization, validity and enforceability of the Resolution; the due authorization, execution, delivery, validity and enforceability of the Bond Purchase Agreement and the Bonds and the due authorization, execution and delivery by the County of the Loan Agreement and its validity and enforceability as it relates to the County.

I have also assumed the genuineness of all signatures and the authenticity of all documents submitted to me as originals, and the conformity to original documents of all documents submitted to me as photostatic or certified copies.

Very truly yours,

## MUDGE ROSE GUTHRIE &amp; ALEXANDER

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C. BROOKE DORMIRE  
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CABLE ADDRESS  
BALUCHINS-NEW YORK

TELEX 127889

June 8, 1976

COUNTY COUNCIL OF  
OCONEE COUNTY, SOUTH CAROLINA  
Walhalla, South Carolina

Gentlemen:

We have examined a record of proceedings relating to the issuance by Oconee County, South Carolina, a body corporate and politic and a political subdivision of the State of South Carolina (the "County"), of its \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) (the "Bonds").

The Bonds are issued under and pursuant to the Constitution and laws of the State of South Carolina, including Act No. 156 of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina, as amended (the "Act"), and under and pursuant to a resolution duly adopted by the County on May 3, 1976 (the "Bond Resolution"). The Bonds are being sold on the date hereof to Morgan Guaranty Trust Company of New York (the "Bank") pursuant to a Bond Purchase Agreement dated as of June 1, 1976 between the County and the Bank (the "Bond Purchase Agreement").

The Bonds will mature on May 31, 1983 and will bear interest at the rates provided in the Bond Resolution, payable on the first day of September, December, March and June of each year and at maturity. The Bonds are dated June 8, 1976. The Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bond Resolution. The Bonds are in the form of fully registered Bonds without coupons in the aggregate principal amount of \$1,500,000.

The Bonds are being issued for the purpose of loaning the proceeds thereof to Duke Power Company, a North Carolina corporation (the "Corporation"), pursuant to a Loan Agreement dated as of June 1, 1976 between the County and the Corporation (the "Loan Agreement") to finance a portion of the cost of construction, acquisition and installation of certain air and water pollution control facilities by the Corporation at the Oconee Nuclear Station of the Corporation in Oconee County, South Carolina, which facilities are more fully described in Exhibit A to the Loan Agreement (the "Facilities").

We are of the opinion that:

1. The County is a duly constituted and validly existing body corporate and politic and political subdivision of the State of South Carolina.

2. The County has good right and lawful authority to loan the proceeds of the Bonds to the Corporation, and to collect revenues from such loan, in accordance with the terms of the Loan Agreement and as provided in the Bond Resolution.

3. The County has the right and power under South Carolina law, including the Act, to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted, is in full force and effect, and is legal, valid and binding upon the County enforceable in accordance with its terms (except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium, or similar laws relating to the enforcement of creditors' rights); and the County is duly authorized by the provisions of the Act to apply the proceeds of the Bonds in accordance with the Bond Resolution.

4. The County is duly authorized and entitled to issue the Bonds and the Bonds have been duly and validly authorized and issued by the County in accordance with the Constitution and laws of the State of South Carolina, including the Act, and has the right and power to enter into the Bond Purchase Agreement (except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium, or similar laws relating to the enforcement of creditors' rights). The Bonds are legal, valid and binding obligations of the County enforceable in accordance with their terms and the terms of the Bond Resolution and the Bond Purchase Agreement and are entitled to the benefits of the Bond Resolution, including, without limitation, the pledge contained in Section 1.02 thereof, and the Act. The security interest created by such pledge constitutes a valid and perfected first security interest in the payments, receipts, revenues, moneys and securities and other rights and interests of the County under and in the Loan Agreement pledged in said Section 1.02.

5. The Bonds are limited obligations of the County payable solely from and secured by the pledge created by Section 1.02 of the Bond Resolution of the payments, receipts, revenues, moneys and securities and other rights and interests of the County under and in the Loan Agreement, all as more fully set forth in the Bond Resolution. The Bonds shall not constitute an indebtedness of the County within the meaning of any constitutional provision or statutory limitation of the State of South Carolina and shall not give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

6. The Loan Agreement and the Bond Purchase Agreement have been duly authorized, executed and delivered by the County and are legal, valid and binding obligations of the County enforceable in accordance with their terms (except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium, or similar laws relating to the enforcement of creditors' rights).

7. All approvals or consents of governmental authorities required for the execution and delivery of the Loan Agreement and the Bond Purchase Agreement by the County, the adoption of the Bond Resolution by the County and the issuance of the Bonds by the County have been obtained.

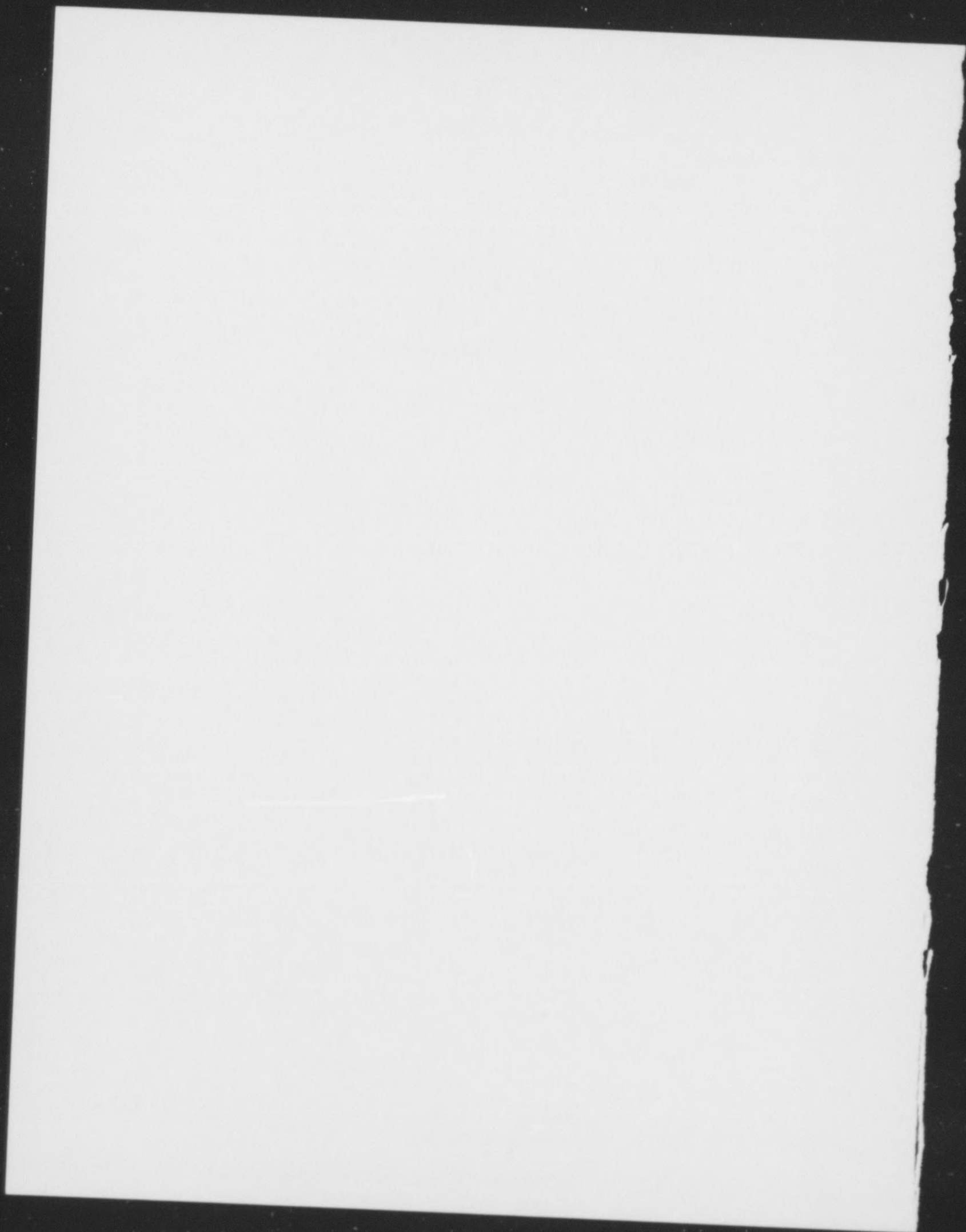
8. Interest on the Bonds is exempt from Federal income taxes under existing statute, court decisions, rulings and regulations, except that no opinion is expressed as to whether such exemption shall apply with respect to any Bond for any period during which it is held by a substantial user of the Facilities (or a related person) within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended.

9. Under the Act, the Bonds and the income therefrom, the Facilities and the revenues derived from the Loan Agreement are exempt from all taxation in the State of South Carolina except for inheritance, estate or transfer taxes. The Act also provides that the Loan Agreement is exempt from South Carolina stamp and transfer taxes.

We have examined executed Bond No. 1, and, in our opinion, the form of said Bond and its execution are regular and proper.

We have not been requested to pass upon, nor are we passing upon, and the foregoing opinion in so far as it relates to the perfection of the security interest created by the Loan Agreement and the Bond Resolution is rendered subject to the due execution of the financing statements by Morgan Guaranty Trust Company of New York as a secured party, or the effectiveness of the filing thereof pursuant to the South Carolina Uniform Commercial Code. In addition, in rendering the foregoing opinion we have also relied upon the opinion, dated this date, of W. Jerry Fedder, County Attorney, with respect to the due filing of such financing statements in all offices of the State of South Carolina where such filings are required, in order to perfect the security interest created by the Loan Agreement and the Bond Resolution.

Respectfully yours,



## MUDGE ROSE GUTHRIE &amp; ALEXANDER

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NEW YORK, N.Y. 10005

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261-57-71

CABLE ADDRESS

BALTUCHINS-NEW YORK

TELEX 127889

June 8, 1976

MORGAN GUARANTY TRUST COMPANY  
 OF NEW YORK  
 23 Wall Street  
 New York, New York 10015

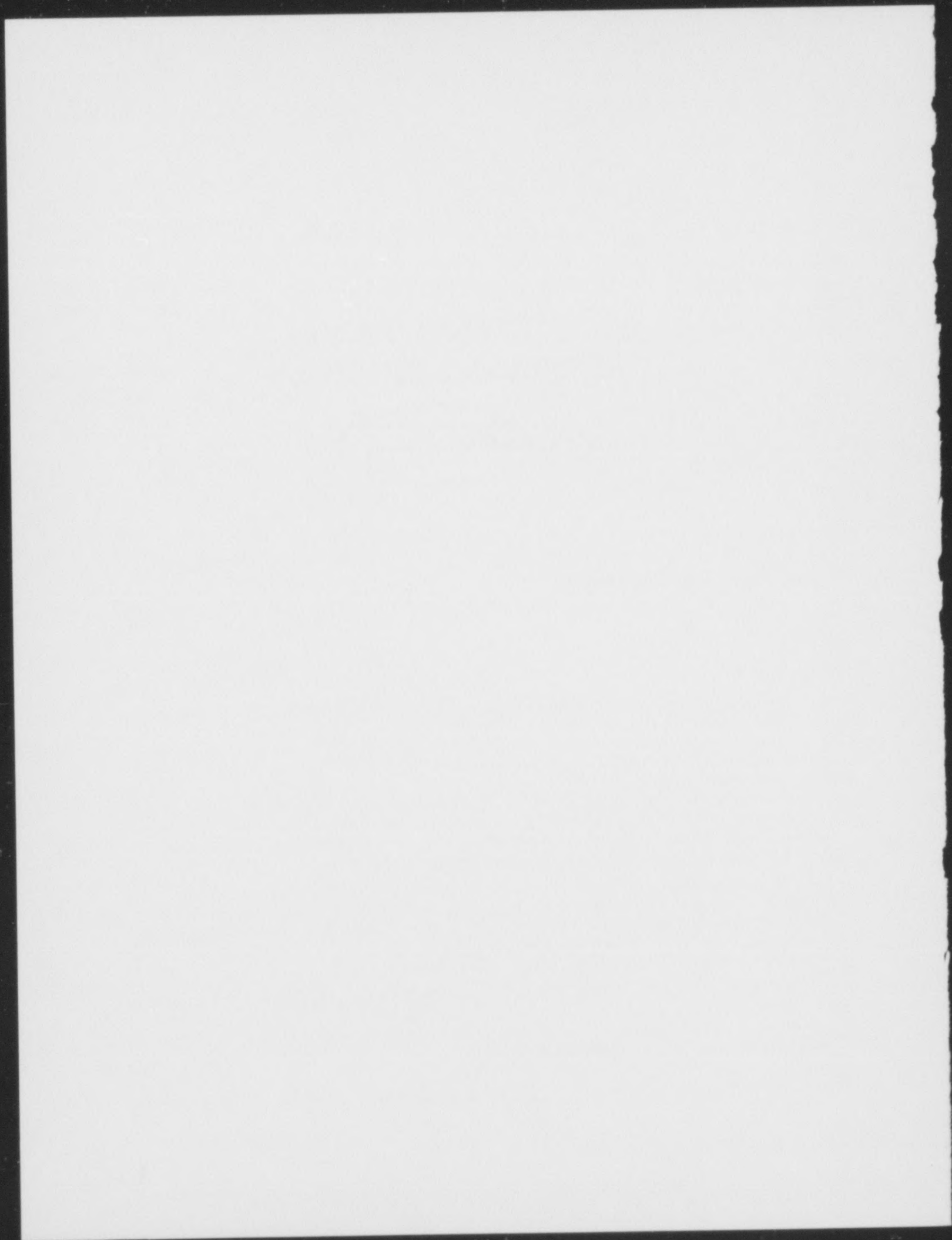
Dear Sirs:

You have requested our opinion as to whether the receipt of certain payments of interest will result in a Federal income tax liability to the parties to the Loan Agreement described below. The payments referred to above are those made pursuant to a certain Loan Agreement by and between Oconee County, South Carolina (the "County"), and Duke Power Company ("Duke"), dated as of June 1, 1976. The payments will be made by Duke to you, as Depository (the "Depository") under a certain Bond Resolution adopted by the County on May 3, 1976, for the account of the County, as security for your benefit as the purchaser of the \$1,500,000 Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) of the County dated June 8, 1976, under a Bond Purchase Agreement between the County and you dated as of June 1, 1976 (the "Bond Purchase Agreement").

We have examined said Loan Agreement, Bond Resolution and Bond Purchase Agreement. We have also examined the Constitution and statutes of the State of South Carolina, the applicable provisions of the United States Internal Revenue Code of 1954, as amended, and the judicial decisions and administrative regulations and determinations thereunder, including Revenue Rulings 71-131 and 71-132.

On the basis of the foregoing, it is our opinion that, under existing statutes, judicial decisions, and administrative regulations and rulings, the receipt by the Depository of the payments described above will not result in Federal income tax liability to the County or to you in your capacity as Depository or in your capacity as holder of the Bonds mentioned above.

Very truly yours,



# EXHIBIT D

D. NELSON ADAMS  
LAWRENCE E. WALSH  
S. HAZARD GILLESPIE  
ANDREW Y. ROGERS  
TAGGART WHIPPLE  
MORTON FEAREY  
PETER O. A. SOLBERT  
WALLACE S. JONES  
DAVID A. LINDSAY  
WILLIAM D. TUCKER, JR.  
C. PAYSON COLEMAN  
PETER A. BATOR  
JOHN P. CARROLL, JR. (LONDON)  
WILLIAM A. KAYNOR  
HENRY L. KING  
RICHARD S. SMITH  
EDWIN DEANE LEONARD  
BRUCE W. NICHOLS  
SAMUEL F. PRYOR, III  
ROBERT S. FISKE, JR.  
EDWARD S. REID  
PHILIP C. POTTER, JR.  
JOHN I. BROKAW  
JAMES F. DOLAN  
RICHARD E. NOLAN  
JOHN A. CORRY  
RICHARD D. SPIZZIRRI  
ALLAN A. A. FLYNN  
CHARLES S. HOPPIN  
JOEL J. COHEN  
TROLAND S. LINK  
HERBERT M. LOBL (PARIS)  
JOHN J. MCATEE, JR.  
JONATHAN M. CLARK  
CHRISTOPHER CROWLEY  
LYDIA E. KESS  
JAMES W. B. BENKARD  
COLIN E. HARLEY  
DANIEL F. KOLB  
DONALDSON C. PILLSBURY (PARIS)  
GUY MILLER STRUVE  
JOSEPH CHUBB  
JAMES WOODMAN LLOYD  
BARTLETT H. MCGUIRE  
STEPHEN H. CASE  
FRANCIS J. MORISON  
FRANK S. MOSELEY  
JEFFREY SMALL

## DAVIS POLK & WARDWELL

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CABLE: STETSON NEW YORK

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48 MOORGATE  
LONDON EC2R 6EL  
TELEPHONE: 01-638-9116  
TELEX: 888238  
CABLE: STETSONLON LONDON

June 8, 1976

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK  
23 Wall Street  
New York, New York 10015

Dear Sirs:

We have acted as special counsel for you in connection with the purchase by you pursuant to a Bond Purchase Agreement dated as of June 1, 1976 between Oconee County, South Carolina (the "County") and you (the "Bond Purchase Agreement") of the County's Pollution Control Revenue Bonds, 1976 Series (Duke Power Company Project) in the principal amount of \$1,500,000 (hereinafter the "Bonds") issued under a Bond resolution adopted by the County Council of Oconee County on May 3, 1976 (the "Bond Resolution") on behalf of the County. Pursuant to the Loan Agreement dated as of June 1, 1976 between the County and Duke Power Company (the "Company"), organized under the laws of the State of North Carolina, the Company agrees to construct pollution control facilities, as defined in Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1971 (the "Act"), at the Company's Oconee Nuclear Station, and the County agrees to make loans to the Company from the proceeds of the sale of the Bonds to you. As security for the punctual payment of the principal of and interest on the Bonds and the performance of all obligations of the Company and the County, the County has assigned certain rights under and interest in the Loan Agreement, the Revenues, the Debt Service Fund and the Loan Fund (all as defined in the Bond Resolution).

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, proceedings of the County and other instruments as we have deemed necessary or appropriate for purposes of this opinion, including (i) the Bond Purchase Agreement, (ii) the Bond Resolution, (iii) the Loan Agreement, and (iv) the Bonds being delivered to you on the

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date hereof. In addition, we have examined the closing documents prepared in connection with the transactions described above, including the opinions of Messrs. Mudge Rose Guthrie & Alexander, Bond Counsel, W. Jerry Fedder, Esq., County Attorney, Steve C. Griffith, Jr., Esq., General Counsel for the Company, and Messrs. Reid & Priest, counsel for the Company.

On the basis of the foregoing, we are of the opinion that the Bond Resolution, the Bonds, the Bond Purchase Agreement, and the Loan Agreement are in acceptable legal form; that the closing documents referred to above are in acceptable form; and that the opinions of Messrs. Mudge Rose Guthrie & Alexander, W. Jerry Fedder, Esq., Steve C. Griffith, Jr., Esq., and Messrs. Reid & Priest referred to above are in acceptable form and are substantially responsive to the requirements of the Bond Purchase Agreement.

Very truly yours,

RESOLUTION APPROVING THE UNDERTAKING OF  
ISSUANCE, SALE AND DELIVERY OF \$1,500,000  
POLLUTION CONTROL REVENUE BONDS, 1976  
SERIES (DUKE POWER COMPANY PROJECT) BY  
OCONEE COUNTY, SOUTH CAROLINA; AND AUTHOR-  
IZING THE PETITION TO THE STATE BUDGET AND  
CONTROL BOARD OF SOUTH CAROLINA FOR ITS AP-  
PROVAL OF SUCH UNDERTAKING PURSUANT TO ACT  
NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA  
GENERAL ASSEMBLY.

WHEREAS, Oconee County, South Carolina (the "County")  
proposes to authorize the issuance, sale and delivery of  
\$1,500,000 aggregate principal amount of Pollution Control  
Revenue Bonds, 1976 Series (Duke Power Company Project) (the  
"Bonds") pursuant to the provisions of Act No. 156 of the  
Acts and Joint Resolutions enacted at the 1971 Session of  
the General Assembly of the State of South Carolina (the  
"Act") in order to finance a portion of the cost of the  
acquisition, construction and installation of pollution  
control facilities for the Oconee Nuclear Station of Duke  
Power Company located in the County; and

WHEREAS, the Act requires that the proposal of the  
County Council to issue the Bonds be approved by the State  
Budget and Control Board of South Carolina prior to the  
issuance of the Bonds and to that end a form of Petition to  
said State Board has been submitted to the County Council;

SECTION 1. The County Council finds and deter-  
mines that the facts set forth in the Petition to the State  
Budget and Control Board of South Carolina are true and  
correct and on such basis proposes to authorize the is-

suance, sale and delivery of the Bonds upon the approval of the attached Petition by the State Budget and Control Board of South Carolina in order to finance a portion of the cost of the Pollution Control Facilities (as defined in said Petition).

SECTION 2. The County Council approves the form of the Petition to the State Budget and Control Board of South Carolina in the form attached as Exhibit A and authorizes the Chairman of the County Council and the Clerk of the County to execute and attest, respectively, said Petition and submit it to said State Budget and Control Board.

SECTION 3. This resolution shall take effect immediately.

James B. Kel  
Chairman of the County Council  
of Oconee County

Annual mass  
 Robert L. Ramey  
 Buddy G. Herring  
 & Harold Thomas

Ann S. Orr  
Clerk of the County  
Council of Oconee County

RESOLUTION APPROVING THE UNDERTAKING OF  
ISSUANCE, SALE AND DELIVERY OF \$1,000,000  
POLLUTION CONTROL REVENUE BONDS, 1976  
SERIES A (DUKE POWER COMPANY PROJECT) BY  
OCONEE COUNTY, SOUTH CAROLINA; AND AUTHOR-  
IZING THE PETITION TO THE STATE BUDGET AND  
CONTROL BOARD OF SOUTH CAROLINA FOR ITS AP-  
PROVAL OF SUCH UNDERTAKING PURSUANT TO ACT  
NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA  
GENERAL ASSEMBLY.

WHEREAS, Oconee County, South Carolina (the "County")  
proposes to authorize the issuance, sale and delivery of  
\$1,000,000 aggregate principal amount of Pollution Control  
Revenue Bonds, 1976 Series A (Duke Power Company Project)  
(the "Bonds") pursuant to the provisions of Act No. 156 of  
the Acts and Joint Resolutions enacted at the 1971 Session  
of the General Assembly of the State of South Carolina (the  
"Act") in order to finance a portion of the cost of the  
acquisition, construction and installation of pollution  
control facilities for the Oconee Nuclear Station of Duke  
Power Company located in the County; and

WHEREAS, the Act requires that the proposal of the  
County Council to issue the Bonds be approved by the State  
Budget and Control Board of South Carolina prior to the  
issuance of the Bonds and to that end a form of Petition to  
said State Board has been submitted to the County Council;

SECTION 1. The County Council finds and deter-  
mines that the facts set forth in the Petition to the State  
Budget and Control Board of South Carolina are true and  
correct and on such basis proposes to authorize the is-

RESOLUTION APPROVING THE UNDERTAKING OF  
ISSUANCE, SALE AND DELIVERY OF \$1,000,000  
POLLUTION CONTROL REVENUE BONDS, 1976  
SERIES A (DUKE POWER COMPANY PROJECT) BY  
OCONEE COUNTY, SOUTH CAROLINA; AND AUTHOR-  
IZING THE PETITION TO THE STATE BUDGET AND  
CONTROL BOARD OF SOUTH CAROLINA FOR ITS AP-  
PROVAL OF SUCH UNDERTAKING PURSUANT TO ACT  
NO. 156 OF THE 1971 ACTS OF THE SOUTH CAROLINA  
GENERAL ASSEMBLY.

WHEREAS, Oconee County, South Carolina (the "County")  
proposes to authorize the issuance, sale and delivery of  
\$1,000,000 aggregate principal amount of Pollution Control  
Revenue Bonds, 1976 Series A (Duke Power Company Project)  
(the "Bonds") pursuant to the provisions of Act No. 156 of  
the Acts and Joint Resolutions enacted at the 1971 Session  
of the General Assembly of the State of South Carolina (the  
"Act") in order to finance a portion of the cost of the  
acquisition, construction and installation of pollution  
control facilities for the Oconee Nuclear Station of Duke  
Power Company located in the County; and

WHEREAS, the Act requires that the proposal of the  
County Council to issue the Bonds be approved by the State  
Budget and Control Board of South Carolina prior to the  
issuance of the Bonds and to that end a form of Petition to  
said State Board has been submitted to the County Council;

SECTION 1. The County Council finds and deter-  
mines that the facts set forth in the Petition to the State  
Budget and Control Board of South Carolina are true and  
correct and on such basis proposes to authorize the is-

suance, sale and delivery of the Bonds upon the approval of the attached Petition by the State Budget and Control Board of South Carolina in order to finance a portion of the cost of the Pollution Control Facilities (as defined in said Petition).

SECTION 2. The County Council approves the form of the Petition to the State Budget and Control Board of South Carolina in the form attached as Exhibit A and authorizes the Chairman of the County Council and the Clerk of the County to execute and attest, respectively, said Petition and submit it to said State Budget and Control Board.

SECTION 3. This resolution shall take effect immediately.

(SEAL)

*Humul. monse*

Robert L. Ramsey

Buddy & Herring

J. Harold Trimmer

Attest:

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CERTIFICATE

WHEREAS, DUKE POWER COMPANY, a North Carolina corporation duly domesticated in South Carolina (the Industry), is acquiring, constructing and installing certain pollution control facilities designed for the elimination, mitigation or prevention of air or water pollution at its Oconee Nuclear Station, an electric generating plant, located in Oconee County, South Carolina; and

WHEREAS, such facilities include those fully described in Exhibit "A" attached hereto (hereinafter called the Facilities); and

WHEREAS, the South Carolina Department of Health and Environmental Control has been advised by the Industry and by the County Council of Oconee County that Oconee County proposes to finance a portion of the cost of the acquisition and installation of the Facilities through the issuance of not exceeding \$2,500,000 of pollution control facilities revenue bonds, pursuant to the authorization of Act No. 156 of 1971, and must obtain, pursuant to Section 7 of said Act, a finding of the South Carolina Department of Health and Environmental Control that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air or water pollution; and

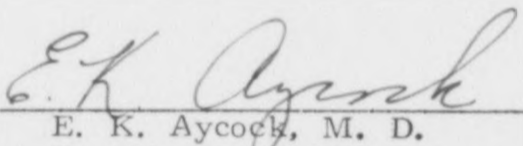
WHEREAS, the Commissioner, Department of Health and Environmental Control, has been duly authorized by the South Carolina Board of Health and Environmental Control by resolution duly adopted to make such studies and investigation as shall be necessary and appropriate to determine whether or not the prerequisite findings contemplated by

Section 7 of said Act No. 156 of 1971 can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner, being satisfied based on the results of such studies and investigation that the facilities are necessary and the design thereof will result in the elimination, mitigation and prevention of air or water pollution, is further empowered by the South Carolina Board of Health and Environmental Control to issue its Certificate to that effect,

NOW, THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the Facilities referred to in the attachment to this Certificate (i) are necessary and (ii) that the design thereof will result in the elimination, mitigation and prevention of air or water pollution.

DONE at Columbia, South Carolina, this 30<sup>th</sup> day of April, 1976.

SOUTH CAROLINA DEPARTMENT OF  
HEALTH AND ENVIRONMENTAL CONTROL

By:   
E. K. Aycock, M. D.  
Commissioner

## DUKE POWER COMPANY

## OCONEE NUCLEAR STATION POLLUTION CONTROL FACILITIES

Oconee Nuclear Station, when completed, will have three closed cycle, pressurized, light water moderated and cooled nuclear reactors for the generation of steam to produce electricity. Each unit will have a nameplate capacity of 886,300 kilowatts, making a total of 2,658,900 kilowatts for the Station.

The Station includes facilities which are designed for the elimination, mitigation or prevention of air or water pollution. The body of water involved is Lake Keowee, next to which the Station is located. These facilities are being installed in order that Duke meet or exceed all applicable and anticipated Federal, State, and local water and air quality standards. Such facilities include the following Systems:

1. All facilities and systems described in three separate Certificates of the Department of Health and Environmental Control, each dated the 25th day of January, 1974, and duly executed in its behalf by the Assistant to the Commissioner for Environmental Affairs, pursuant to resolution adopted December 13, 1973.

2. Wastewater Retention Pond: The Wastewater Retention Pond is a holding pond with a total capacity of 1.48 million gallons designed to receive and hold nonradioactive process wastewater so

that it may be treated prior to its discharge to the Keowee River for disposal. The primary source of nonradioactive process wastewater is the Station's water purification equipment. This equipment is necessary in order to supply the large quantities of pure water used in generating steam to produce electricity. Wastewater effluent from this equipment contains the following contaminants: diatomaceous earth and powder resins resulting from filter backwashing, sodium hydroxide and sulfuric acid in spent demineralizer regenerating solutions, and various chemicals spilled to the drain systems of storage rooms. This facility consists of the pond itself and the necessary collecting sewers, drains, pumps, sumps, and control equipment and is in addition to another retention pond previously constructed for the same purposes and included in the facilities and systems in paragraph 1 above.

No part of the expenditure for the Wastewater Retention Pond provided at the Oconee Nuclear Station serves any significant purpose other than the control of pollution, and the expenditure therefore would not be made but for the purpose of controlling pollution.

EMPLOYEE PERFORMANCE APPRAISAL

*Exhibit XIII*  
*May 13, 1976*

This document sets forth the policies and procedures of the State Budget and Control Board for the establishment and administration of personnel performance appraisal systems for the South Carolina agencies of State government, in accordance with Section 4 (6) of Act 190.

Section I Definitions

For the purpose of these policies and procedures, the following definitions apply:

- (A) Agency - any commission, board, authority, council, committee or department of State government.
- (B) Appointment - the act of placing an employee in an established position.
- (C) Demotion - the movement of an employee from a position in one class to a different position in another class having a lesser degree of responsibility and a lower maximum salary.
- (D) Established Position - a position included in an approved budget or approved by the Budget and Control Board and in the case of the classified service, one that has been classified.
- (E) Dismissal - the action taken against an employee by an agency to separate him/her from the State service.
- (F) Original Appointment - The initial employment of a person in a position in the State service.
- (G) Performance Appraisal - the overall rating given for the employee's performance during a specific period of service. Overall performance ratings are defined as follows:
  - (1) Outstanding - an appraisal resulting from performance that is exemplary and considerably above the performance standards of the position to which the employee has been assigned. It is characterized by unusual accomplishments and distinguished performance.

- (2) Superior - an appraisal resulting from performance that has been above the standard performance requirements of the position to which an employee has been assigned.
- (3) Satisfactory - an appraisal resulting from performance that fully meets the performance standards of the position to which an employee has been assigned.
- (4) Marginal - an appraisal resulting from performance that fails to meet the minimum performance requirements for the position, but the employee shows potential for improvement.
- (5) Unsatisfactory - an appraisal resulting from performance that fails to meet the minimum performance standards of the position to which an employee is assigned.
- (H) Permanent Status - the acquisition of full rights and privileges after satisfactory completion of the initial probationary period. Employees who are promoted, demoted or transferred after completing a satisfactory probationary period shall enjoy permanent status as a State employee but shall be required to complete a probationary period for the new job assignment.
- (I) Position - the work, consisting of duties and responsibilities, assigned to be performed by an employee.
- (J) Probationary Period - a working test period of six months required of an employee following appointment to a position in any class in which the employee does not hold permanent status. The probationary period may be extended by the agency for up to six additional months in the case of marginal ratings.
- (K) Promotion - the movement of an employee from a position in one class to a different position in another class having a greater degree of responsibility and a higher maximum salary.
- (L) Reassignment - the movement of an employee from one position to another

position in the same class or to a different class of the same grade level.

- (M) Reinstatement - the return to duty of an employee who held permanent status and who separated in good standing to a position in any class in which the employee meets the minimum training and experience requirements. Reinstatement shall be made within the two year period from the date of separation.
- (N) Review Date - the date on which an employee shall normally be considered for a merit salary advancement.

## Section II Statements of Policy

- (A) Each agency head shall be responsible for the establishment of written procedures and evaluation devices for appraising the performance of all employees on an impartial basis. All procedures shall be established in accordance with the provisions of this policy. All performance appraisal programs shall be submitted for review and approval to the State Personnel Director who shall act as the approving authority for the State Budget and Control Board. All plans are due six months from adoption of this policy. Failure to develop an agreeable plan shall constitute justification to discontinue approval of personnel actions.
- (B) Each employee's performance shall be appraised on a periodic basis in accordance with Section III of this policy.
- (C) An employee shall not be expected to meet performance standards that have not been defined and explained as part of the requirements of the position to which he/she has been appointed.
- (D) Employee performance appraisals shall be used for, but not limited to, the following:
  - (1) To inform the employee of strong and weak points, as well as training needs and expected improvements.
  - (2) To recognize the employee's potential for promotion.
  - (3) To determine the employee's eligibility for merit salary advancements.

- (4) To maintain a documented history of the employee's performance.

Section III Required Procedures

- (A) Each agency's employee performance appraisal program shall provide overall evaluations of five levels as follows:
- (1) Outstanding
  - (2) Superior
  - (3) Satisfactory
  - (4) Marginal
  - (5) Unsatisfactory
- (B) All performance appraisals shall be made by the employee's immediate supervisor and reviewed by the next higher level supervisor unless the appraiser is the agency head. The immediate supervisor's final appraisal shall not be changed by a higher level supervisor. The higher level supervisor may attach additional comments to the appraisal and in the attachment may take exception to any of the immediate supervisor's appraisal points. The rating shall be discussed with the reviewer before it is discussed with the employee being rated, unless the immediate supervisor is the agency head. The appraisal must bear the signatures of the rater, the reviewer, and the employee. If the employee refuses to sign the appraisal, note should be made in writing of the refusal with two witnessed signatures.
- (C) The performance of each employee who has been given an original, reinstatement, promotion, demotion, or reassignment appointment shall be appraised at least four weeks prior to the completion of the six months of service in the position.
- (D) The performance of each employee who has completed six months satisfactory service in a position shall be appraised at least thirty calendar days prior to the employee's review date.

- (E) Special or additional performance appraisals may be given at any time and are in fact required when performance has become less than satisfactory.
- (F) An official marginal or unsatisfactory appraisal of a permanent employee shall be preceded by a warning notice at least thirty working days before and no earlier than six months prior to the date of the appraisal.  
Evidence shall be entered in the official personnel file of the employee indicating counseling and training provided the employee during the warning notice period.
- (G) If an employee has received an overall appraisal of marginal, the immediate supervisor and other higher level supervisors shall be responsible for working with the employee in accomplishing the necessary improvement in performance. The employee's performance shall be reevaluated at least each ninety calendar days thereafter until:
  - (1) The employee's performance has improved and rated as satisfactory; or
  - (2) Six months have elapsed without the employee receiving a rating of satisfactory. In such a case the employee shall be dismissed or demoted.
- (H) If an employee has received an overall appraisal of unsatisfactory, the agency shall initiate immediate steps to remove the employee from the position.
- (I) All performance appraisals shall become a permanent part of the employee's personnel file. Upon request the agency shall furnish the employee a copy of the performance appraisal with copies of all pertinent attachments.
- (J) Performance appraisals shall not be a matter that can be grieved to the State Employee Grievance Committee unless the grievance involves alleged discrimination in which case it may be grieved to the State Employee Grievance Committee or to the State Human Affairs Commission.