

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

January 29, 1987

008251

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

January 29, 1987

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE
JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: William A. McInnis, Deputy Executive Director *WAM*
SUBJECT: Summary of Board Actions at January 29, 1987, Meeting

This listing of actions is not the minutes of the referenced meeting. It is an unofficial (meaning it has not been approved by the Board) summary of the Board actions taken at that meeting. The minutes of the meeting are presented in a separate, much more detailed document which becomes official when approved by the Board at a subsequent meeting.

1. Approved the minutes of the January 16, 1987, Budget and Control Board meeting;
2. Received as information a report that, at the request of the Ways and Means Committee, Regulation Document #700, relating to the procurement preference for South Carolina and United States products, has been withdrawn;
3. Received as information a report that Board and Department of Corrections staff are gathering information on the Department's request for 1,800 additional bedspaces and was advised that staff expects to present a report on it within a month;
4. Received as information a report that, in accord with Code Section 9-1-1530 and Board policy, the Division of Human Resource Management approved the continuation of employment for one employee during the October-December, 1986, period;
5. Received as information reports on the reimbursement of interviewee travel expenses by Mental Health (1); Lander College (1); Francis Marion College (1);
6. Received as information a report on the Ernst & Whinney study of the Workers Compensation Fund and asked staff of the Fund and the Board to continue studying the situation when definitive information is available;

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7. Allocated \$2,500 from the Civil Contingent Fund to the Southeastern Intergovernmental Audit Forum, on the condition that this amount be repaid to the Fund by March 1, 1987, and that this be considered a one-time request;
8. Denied a request for \$1,333 from the Civil Contingent Fund by the State Cemetery Board to fund two additional meetings during 1986-87;
9. Adopted resolutions approving proposals to issue the following revenue bonds, on the condition that the required reviews are completed with satisfactory results; and allocated a portion of the State Ceiling to each project: (a) Lancaster County, \$1,000,000 Industrial Revenue Note, Forrest R. Wilkerson, Jr., project; (b) Spartanburg County, \$1,500,000 Industrial Development Revenue Note, Hoke, Inc., project; (c) Family Farm Development Authority, \$215,000 Agricultural Development Revenue Bonds, Charles H. Gray project; (d) Family Farm Development Authority, \$180,000 Agricultural Development Revenue Bonds, Gwen C. Bulman project; (e) Laurens County, \$750,000 Industrial Development Revenue Note, Dispos-o Plastics, Inc., project;
10. Received as information the status report on the State Ceiling which showed that no allocations had been made against the 1987 ceiling of \$253,350,000;
11. Adopted a resolution approving the issuance by Oconee County of (a) not exceeding \$25,000,000 pollution control revenue bonds, refunding, Series 1987A (Duke Power Company Project), and (b) not exceeding \$10,000,000 pollution control revenue bonds, Series 1987B (Duke Power Company Project), on the condition that the required reviews are completed with satisfactory results, and allocated \$10,000,000 of the State Ceiling to the project;
12. Adopted a resolution approving the negotiated sale of \$5,400,000 USC Student and Faculty Housing Revenue Bonds, Series 1987, to finance the acquisition of student housing facilities for USC-Coastal Carolina, on the condition that the project budget increase of \$400,000 be reviewed by the Joint Bond Review Committee;
13. Consulted with Joint Bond Review Committee by agreeing to the release of all "new start" projects in Priority Group 10 except #5 and #9 in the Committee's schedule (Clemson and MUSC asbestos projects) and by asking the Committee to agree to release additional funds in Group 10 for asbestos survey and related purposes with trailing draws in Groups 11-15, after asking staff to gather additional information on survey costs and potential recoveries for consideration by the Committee and the Board, and after not approving a Group 9 USC asbestos removal project;

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14. Received as information the Task Force report on priority asbestos abatement activities and estimated costs of survey and related work;
15. Approved the following permanent improvement project establishment requests and budget revisions which had been reviewed favorably by the Joint Bond Review Committee:

On Summary 13-87:

- (a) Item 8: Agency: Medical University
Project: 7075, East Addition (Hospital)
Request: Increase budget to \$50,898,470.84
- (b) Item 14: Agency: Mental Retardation
Project: J16-9343, PD-8 Bed Community Residence-Conway
Request: Establish project and budget
- (c) Item 15: Agency: Mental Retardation
Project: J16-9344, Piedmont-8 Bed Community Residence-Belton
Request: Establish project and budget, on the condition that the Division of General Services, Property Management, signs off on the land acquisition transaction in accord with Code Section 1-11-65;

On Summary 14-87:

- (d) Item 4: Agency: B&C Board-General Services
Project: Statewide Asbestos Survey & Emergency Abatement
Request: Establish project and budget (as a source-of-funds project)
- (e) Item 11: Agency: Mental Retardation
Project: Piedmont-8 Bed Community Residence-Laurens
Request: Establish project and budget (same condition as for Belton)
- (f) Supplement 1 Agency: Technical & Comprehensive Education
Project: Midlands-Multipurpose Resource Center
Request: Establish project and budget (released as a part of Priority Group 10)

16. After hearing a report by Insurance Reserve Fund staff on the proposals received for a "stop loss" reinsurance program which advised the Board that the two proposals received were found unacceptable, authorized Fund staff to negotiate with the London market for such a program provided that the coverage not be purchased if a premium of more than \$500,000 is required;

17. In accord with Section 11-35-1210, granted procurement certification to Trident Technical College within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of two years: \$10,000 per purchase commitment for (1) goods and services, local funds only; (2) consultants, local funds only; and (3) information technology in accordance with the approved information technology plan, local funds only;
18. Approved the travel of James T. Lindsay, Manager, International Business Development, State Development Board to West Germany during the March 29 - April 11, 1987, period;
19. Approved a \$40,000 rural improvement funds grant to the City of Union;
20. Agreed to hold a regular meeting at 9:30 a.m. on Tuesday, February 10, 1987, in the Governor's conference room in the State House and asked Dr. Coles to ask the Board of Economic Advisors to present its 1986-87 revenue forecast at that meeting;
21. Approved the execution of a lease allowing PEK Foundation, a non-profit organization, to build a facility on two acres of Department of Youth Services property, under the terms of the agreement entered into by DYS and PEK;
22. In accord with Regulation 713.03B and on the recommendation of the Division of Human Resource Management, approved an annual salary for the Director of the Bryan Psychiatric Hospital, effective upon appointment after January 29, 1987;
23. Approved a salary for Clemson University Vice President for Agriculture and Natural Resources effective upon appointment after January 29, 1987, and granted an exception to the 97% of agency head salary limitation; and
24. Ratified actions taken during executive session.

WAM/dw

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

JANUARY 29, 1987

11:00 A. M.

The Budget and Control Board met at 11 a.m. on Thursday, January 29, 1987, in the Governor's conference room in the State House with the following members in attendance:

Governor Carroll A. Campbell, Jr., Chairman;
Mr. Grady L. Patterson, Jr., State Treasurer;
Mr. Earle E. Morris, Jr., Comptroller General;
Senator Rembert C. Dennis, Chairman, Senate Finance Committee;
Representative Robert N. McLellan, Chairman, House Ways & Means Committee.

Also attending were:

Jesse A. Coles, Jr., Ph.D.	Executive Director
William A. McInnis	Secretary
E. A. Laurent, Ph.D.	Deputy Executive Director
J. Samuel Griswold, Ph.D.	Deputy Executive Director
Q. Whitfield Ayres, Ph.D.	Governor's Director of Budget and Social Policy
Luther F. Carter, Ph.D.	Governor's Executive Assistant for Finance and Planning
Joseph A. Wilson, II	Chief Deputy Attorney General
Charles H. Smith	Special Projects Administrator
Donna K. Williams	Assistant to Board Secretary
Other Board staff	

Minutes of Previous Meeting (Regular #1)

Board members previously had been furnished a draft version of the minutes of the January 16, 1987, meeting.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board approved the referenced minutes as written.

Blue Agenda

Following a review by Dr. Coles of the items included, the Board received as information all items on the blue agenda.

Blue agenda items are identified as such in these minutes.

Ways & Means Committee: Withdraw Regulations (Document #700) (B1)

The Board was advised that Ways and Means Committee Chairman Robert N. McLellan, on behalf of the Committee, had requested that the Board withdraw Regulation Document #700 relating to procurement preference for South Carolina and United States products.

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Mr. McLellan, in his January 21 letter to Board Secretary McInnis, had advised that the Committee cannot approve the regulations as submitted. He noted that several nonsubstantive clarifications need to be made and that a further review is necessary of the section defining "unreasonable cost" and of the section providing "exceptions" to the regulations. He also indicated that details of specific changes and recommendations would be submitted to the Board later.

The Board was advised that, because these regulations would have been effective January 26, 1987, if not acted upon and because not enough time remained to allow reworking them, Dr. Coles had asked Mr. McLellan and the presiding officer of the Senate and the House to allow the Board to withdraw the regulations in Document #700.

The Board received as information a report that, at the request of the Ways and Means Committee, Regulation Document #700, relating to the procurement preference for South Carolina and United States products, had been withdrawn.

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

Bond Review Committee: Corrections Request for Three Prisons (Blue #2)

The Board was reminded that, at its meeting on December 16, 1986, it had considered the Bond Committee's proposal that the Board make recommendations on the Department of Corrections request for funding for three new prisons. At that meeting, Governor Riley noted that, with efforts in place to deal with the growing inmate population, it would not be in order for the Board to recommend more new construction now.

At that meeting, the Board determined that, as there is not supposed to be a bond bill in 1987, it would receive the request as information and authorize staff along with Department of Corrections staff to proceed with efforts to gather information on the request for funding authorization for three additional 600-bed medium security prisons.

The Board was advised that Board staff and the Department of Corrections staff have discussed the situation and that the Department of Corrections is reevaluating its proposal, especially the means of meeting the third 600-bed

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spaces it projects. Staff also advised the Board that, as the work progresses, reports will be made to the Board.

In response to Mr. McLellan, who indicated that this request needs to be acted on as soon as possible, Mr. McInnis indicated that staff plans to have the necessary information for the Board within a month.

The Board received as information a report that Board and Department of Corrections staff are gathering information on the Department's request for 1,800 additional bedspaces and was advised that staff expects to present a report on it within a month.

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

Human Resource Management: Employment Continuation, Oct-Dec 1986 (B#3)

The Board received as information a report that, in accord with Code Section 9-1-1530 and Board policy, the Division of Human Resource Management approved the continuation of employment for one employee during the October-December, 1986, period.

Dr. Coles noted that federal law on mandatory retirement age which is now in effect ended mandatory retirement except for certain exempted categories. He said that an effort is underway in the General Assembly to conform State law and that, in the meantime, staff would continue to bring these reports to the Board.

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

Executive Director: Interviewee Travel Expense Reimbursements (Blue #4)

The Board received as information reports on the reimbursement of interviewee travel expenses by Mental Health (1); Lander College (1); Francis Marion College (1).

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

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Addendum

Mr. McLellan asked unanimous consent to add an emergency request by the City of Union for rural improvement funds to the present agenda.

The Board without objection agreed to add this item at the end of the regular session.

Workers Compensation Fund: Results of Ernst & Whinney Study (Regular #2)

Appearing before the Board on this matter were Workers Compensation Fund Interim Director Irwin Parker and Ernst & Whinney representatives J. Gary LaRose, H. Duane Tolan and Lee M. Smith.

The Board was reminded in the agenda materials that, in August of 1986, it had authorized an actuarial examination of the Workers Compensation Fund to make the following determinations:

- (1) the amount of the outstanding liability against the Fund prior to July 1, 1985 (and to develop a schedule of when that liability must be paid); and
- (2) the adequacy of the current premium structure to cover Fund operations, to pay current claims and to provide adequate reserves.

The Board was advised that results of the study had been received and that major findings are listed on page 3 in the copy of the report provided. In abbreviated form, they are:

- (1) Ernest & Whinney estimates of several items in the [Fund's] June 30, 1986 Annual Report have indicated adjustments to reported figures but these estimated adjustments may differ substantially from actual needed adjustments due to data limitations and variability of insurance results. "Surplus" is estimated to be approximately minus \$7.6 million.
- (2) The firm estimates liabilities for accidents occurring prior to July 1, 1985 for State agencies to be approximately \$6.6 million.
- (3) The current manual rate level of the Fund, set at 60% of National Council on Compensation Insurance (NCCI) manual rates, cannot be justified solely on expense savings. Available information indicates that a factor of approximately 80% of NCCI rates would be reasonable for the Fund. This rate level assumes the Fund is credited with investment income on collected premiums.
- (4) The current system of actuarial reports is not adequate to reasonably determine rates, reserves, and other information necessary for the Fund to operate on a financially sound basis.

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- (5) The Fund does not currently purchase reinsurance.
- (6) The Fund is not credited with investment earnings on premiums deposited with the State Treasury prior to payment of losses from those premiums.

Mr. Parker stated that the financial condition of the Fund depends on the treatment of interest earnings. He said that premium collections are deposited with the State Treasurer but that present law is silent on the question of interest earnings. He said the study shows that, if the Fund were to be credited with interest earnings on prior premium collections, it would have a positive surplus and that, if deprived of interest earnings, it would have the negative balance of \$7.6 million indicated.

With regard to the premium structure, Mr. Parker noted that until 1974 the premium charged by the Fund was limited to 50% of National Council on Compensation Insurance (NCCI) rates. At that time, the 50% restriction was removed and replaced by a self-imposed rate of 60% of NCCI rates. He reported that the study view is that a 20% reduction from the NCCI rates is reasonable if the Fund were to be credited with investment income on collected premiums. He said that the lack of historical data meant that the consulting actuary could not determine if a deviation of more than 20% from the NCCI rates would be appropriate. Mr. Parker noted that South Carolina's experience apparently has been better than the average since the Fund's rates for some forty years have been 40% to 60% of the NCCI rates.

On the question of liability for State agency claims prior to July 1, 1985 when the basis for State agencies was changed from reimbursement (no premiums were paid into the Fund by State agencies up to that time which meant that all premiums in the Fund then came from local political subdivisions) to premium pay, Mr. Parker reported that the study concludes that the estimated liability is \$6,613,000 of which an estimated 95% would be paid out during the first ten years with the balance to be paid over the next ten years.

Mr. Parker expressed the view that the Fund clearly should be subject to regular actuarial audits and that an ongoing analysis of the Fund is essential to assure that the entire process is sound.

Mr. Parker reported that a new data system which incorporates the recommendations of the actuary is to be operational in June of 1987. He also

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advised that 1987 premiums have been billed at 70% of NCCI rates which is up from the 60% level charged previously. He also recommended that Code Section 42-7-70 should be amended to clear the question on interest earnings and to provide that the Fund be given credit for past and future earnings. He said the Fund is in no danger of being unable to pay claims.

Mr. Patterson was advised by Mr. Parker that the rate adjustment for 1987-88 was made to cover claims payments in the then-current period and that it was not made to make up any deficit. He also was told by Mr. Parker that premiums are paid by State agencies from funds appropriated by the General Assembly for that purpose.

Mr. Patterson expressed concern about deviating from the way the interest earnings on the Fund have been handled. He noted that \$76 million was earned on investments last year for the General Fund. He expressed the view that changing this practice would be bad policy which could erode this \$60 million to \$70 million of interest income to the General Fund.

Governor Campbell noted that the Fund handles local political subdivisions as well as State agencies and that a number of the locals have dropped out because of the rates being charged. He observed that that sort of loss has eroded the base of the Fund and has produced more pressure on it. He said he understands Mr. Patterson's argument and that he would be reluctant to do anything to erode General Fund revenues but he urged looking at the whole issue, noting that it may be false economy to increase premiums in the face of an eroding Fund base.

Mr. Parker responded by saying that there was an exodus of counties, school districts, and cities from the Fund in 1983 to join smaller self-insured groups. He said that, according to the literature circulated at the time, the main reason for their leaving the Fund was that they were being surcharged unfairly because investment earnings on the premiums they paid went to the General Fund of the State. Mr. Parker wondered about the condition of the funds into which those leaving the Fund went, noting that they are not regulated. He also said that numbers of those have been calling about getting back into the Fund.

Mr. Patterson observed that if it is decided to deviate from the present policy on interest earnings the General Assembly will have to make up the difference.

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Mr. McLellan noted that the interest income loss to the Fund is between \$6 million and \$10 million for the period since 1943 rather than an annual loss in that amount. He said he supports Mr. Patterson's general position but he said we are really talking about a General Fund loss of about \$400,000 if interest earnings on Fund premiums were to benefit the Fund. He also suggested that the Fund's base had eroded because of service complaints and he questioned how competitive the Fund could be by raising premium rates to 70% of the NCCI rates from 60%.

Mr. Parker responded by expressing the position that the Fund first has to be sound and then it has to provide topnotch service.

Mr. McLellan then observed that he did not see that a change in the interest income policy would change the overall picture and he asked the Ernst & Whinney representatives if their recommendations aren't speculative since research on the Fund was not used because of its inadequacies.

Mr. LaRose agreed that an element of uncertainty always is present in projections. He also said NCCI statistics were used in the analysis and that he did not know if the Fund's actual risks would be different from those used.

Governor Campbell asked the Ernst & Whinney representatives about data and file availability limitations faced in performing the work and if they were uneasy with the data available from the Fund.

Mr. LaRose said that they were looking for two types of data, i.e., an evaluation of current reported paid losses at June 30, 1986, and how liabilities are likely to change over time. He said that the historical pattern of the Fund's experience cannot be obtained because of a computer malfunction which resulted in the loss of about 75% of the historical claim data. He also noted that a large amount of hard copy computer reports of claim experience are available although the Fund's policy is to throw out those older than two years. He said that two years of such records were examined but that the volume was so great as make the task of summarizing that data impossible.

[Secretary's Note: Mr. Morris joined the meeting at this point.]

In response to Governor Campbell's query about what data had been lost as a result of a computer malfunction, Fund staff member Mark Kirby said that the data in question is still in the system but that it cannot be accessed now.

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He said that the program is obsolete and that key access codes have been lost. He stated that the Division of Information Resource Management had not yet been able to write a program which would retrieve the data still in the system. Mr. Parker said that that data will be accessible when the new program is in operation.

Mr. Parker advised Mr. McLellan that the Fund's claims volume is about 6,000 per year on which manual files are maintained.

Mr. LaRose of the Ernst & Whinney firm noted that many private firms and insurance companies themselves often have difficulty in summarizing the data needed for actuarial analyses. He observed that the Fund is not unlike others in that regard.

Mr. Patterson asked how the Fund knows who it owes if the files are not available. Mr. Parker said that the Fund has the active files but it does not have accessible the historic data to provide a projection base. He also advised Mr. McLellan that the Fund reserves individual losses in the computer. Mr. McLellan also was advised by Ernst & Whinney representatives that NCCI figures had been assumed to be safe to use. Mr. Kirby said that the new language IDMS program for accessing the Fund's files is expected to be ready in June or July.

Senator Dennis noted that the interest earnings which would be lost to the General Fund amount to some \$400,000 annually. Mr. Patterson again observed that if the present policy is changed it will start eroding this source of funds. Governor Campbell expressed concern over the loss of participation in the Fund by local subdivisions and the resulting more narrow basis of operation. Mr. McLellan stated that only putting the interest earnings back is not likely to attract the locals back into the Fund. Governor Campbell was advised by Mr. Parker that the first actuarial audit of the Fund was done in 1973 and a representative of Ernst & Whinney said he had read that report but he did not recall if it contained historical data.

Governor Campbell then asked the consultants to address the reinsurance question. Mr. LaRose said that most risk-taking organizations will purchase reinsurance to protect against a large single event with catastrophic losses associated. He said that the Fund has the potential for such situations and he urged that the Fund consider some type of reinsurance, possibly handling it

within the State system. Mr. Morris noted that the State has been having difficulty getting anyone to take its business in this area.

Mr. Morris then asked Mr. Parker if the Fund approves structured settlements rather than making lump sum payments. In response, Mr. Parker said the Fund is looking at this question and that it is a permissible means of settlement. He said that the Fund has no policy against structured settlements and that it will approve them if the terms are not detrimental to the Fund.

Governor Campbell asked if some rules on structured settlements, in cases involving amounts above a certain level, would not be a reasonable policy. He expressed interest in seeing recommendations on a policy setting a level on structured settlements and in seeing an analysis of the impact of such a policy on the Fund. Senator Dennis observed that this appears to be a statutory matter.

Following this discussion, upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board received as information the report on the Ernst & Whinney study of the Workers Compensation Fund and asked staff of the Fund and the Board to continue studying the situation when definitive information is available.

Governor Campbell expressed his delight that Mr. Parker now is serving as Fund Director and his appreciation for Mr. Parker's efforts thus far.

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

Office of the State Auditor: Civil Contingent Fund Allocation (Reg #3)

At the meeting, Dr. Coles reviewed the current status of the Civil Contingent Fund. He noted that the Attorney General's Office had released \$75,000 of the funds encumbered previously for litigation on the Catawba Indian land suit which produced an unencumbered balance of \$59,946.

State Auditor Edgar A. Vaughn, Jr., advised by letter that his Office is hosting a meeting of the Southeastern Intergovernmental Audit Forum in Charleston on February 26 and 27, 1987. He indicated that the Forum is comprised of state auditors, local auditors, and federal regional inspectors general from the southeast region and that the attendance expected is about 100.

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Mr. Vaughn asked for \$2,500 from the Civil Contingent Fund to finance the meeting. He pointed out that registration fees will be charged to cover the meeting costs but that a dinner to be held aboard the USS Yorktown must be paid for in advance. He stated that the group should be in position by March 1, 1987, to reimburse the Fund.

The Board was advised that, if the request is approved, Mr. Vaughn has asked that the check be made payable to the Southeastern Intergovernmental Audit Forum.

Dr. Coles noted that the only alternative appears to be to use funds appropriated to the agency. He noted that State Auditor Vaughn is concerned that a clean audit trail be kept.

Mr. McLellan expressed the view that this use of Civil Contingent Funds is not a proper way to deal with this request. He suggested that the State Auditor could find the available funds in his own budget and still leave clear audit trails.

Mr. Morris questioned whether the approach suggested by Mr. McLellan would be a legitimate use of State funds. Dr. Coles said that fees collected would be run through a clearing account but that no funds are available initially to cover costs.

Governor Campbell noted that the Auditor is looking to front payments until the fees are paid. He saw no reason this couldn't be done from the Office budget but Mr. Wilson expressed doubt that it could.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board, in response to a request by State Auditor Vaughn, allocated \$2,500 from the Civil Contingent Fund to the Southeastern Intergovernmental Audit Forum, on the condition that this amount be repaid to the Fund by March 1, 1987, and that this be considered a one-time request.

Mr. McLellan abstained from voting.

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

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Budget Division: Civil Contingent Fund Allocation, Cemetery Board (R#4)

Budget Division staff member Curtis Holt appeared before the Board on this matter.

The Budget Division advised that the Cemetery Board had requested an allocation of \$1,333 from the Civil Contingent Fund to fund two additional Board meetings in 1986-87 which would increase per diem costs by \$630 and travel costs by \$703. The agency's 1986-87 budget includes these precise amounts which apparently cover the costs of two meetings.

The Budget Division advised that the Cemetery Board has increased fees and should generate an additional \$7,374 in 1986-87 which would be sufficient to cover this and other increased costs of operation.

Mr. McLellan questioned why the Cemetery Board would go from two to four meetings this year when in 1981 it held only one meeting. Mr. Holt indicated that new regulations require that that Board now inspect mausoleums in addition to cemeteries.

Senator Dennis moved that the request be approved. Mr. Patterson seconded this motion.

In the ensuing discussion, Mr. McLellan said that regulatory boards always use the argument that they pay their own way but that he looks on this request as evidence of improper budget planning. Governor Campbell agreed with Mr. McLellan and said that it is changing the way of doing business in midstream. Governor Campbell continued by saying that he would not object to this request because notice had not been given but he expressed serious concern about what the request suggests. He suggested that the Board serve notice that the agencies should do a better job of advance planning on their budgets.

Following this discussion, four members of the Board (Governor Campbell, Mr. Patterson, Mr. Morris and Senator Dennis) voted to allocate \$1,333 from the Civil Contingent Fund to the Cemetery Board. Mr. McLellan voted against the motion.

Mr. Wilson advised the Board that allocations from the Civil Contingent Fund require unanimous approval by those Board members present and voting. Mr. McLellan indicated that that ruling would not change his vote.

Governor Campbell then declared that the request for \$1,333 from the Civil Contingent Fund by the State Cemetery Board to fund two additional meetings during 1986-87 was denied because it failed to get a unanimous vote.

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

Executive Director: Private Activity Bonds; Allocations (Regular #5)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

He advised the Board that the ceiling requests in this item are the first for calendar year 1987. He called the Board's attention to the certificate in the agenda materials which showed the State Ceiling calculation for 1987 which resulted in a ceiling of \$253,350,000, an increase of \$2,325,000 over 1986. He noted that the ceiling increase results from a population increase, as reported by the U. S. Bureau of the Census, to 3,378,000 from 3,347,000.

Mr. McInnis advised the Board that the five proposals on this item include three by local issuing authorities and two by the Family Farm Development Authority. He said that each of the proposed issues requires approval under State law and, because the required reviews had not yet been completed, he asked that the Board grant conditional approval to them.

He also asked that a portion of the State Ceiling be allocated to each.

- | | |
|------------------------|---|
| (a) Issuing Authority: | Lancaster County |
| Amount of Issue: | \$1,000,000 Industrial Revenue Note |
| Name of Project: | Forrest R. Wilkerson, Jr. |
| Employment Impact: | 20-30 |
| Project Description: | Production of spices |
| (Exhibit 8) | |
| (b) Issuing Authority: | Spartanburg County |
| Amount of Issue: | \$1,500,000 Industrial Development Revenue Note |
| Name of Project: | Hoke, Inc. |
| Employment Impact: | 170 |
| Project Description: | Manufacture of valves and fittings |
| (Exhibit 9) | |
| (c) Issuing Authority: | Family Farm Development Authority |
| Amount of Issue: | \$215,000 Agricultural Development Revenue Bonds |
| Name of Project: | Charles H. Gray |
| Project Description: | Purchase land, greenhouses, used equipment |
| Maturity Schedule: | Payable as to principal and interest on
April 15, 1988, June 15, 1988 and thereafter on
June 15 of each year for a period of 14 years
at 10% per annum |
| Bond Purchaser | R. B. Hines |
| (Exhibit 10) | |

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- (d) Issuing Authority: Family Farm Development Authority
Amount of Issue: \$180,000 Agricultural Development Revenue Bonds
Name of Project: Gwen C. Bulman
Project Description: Purchase depreciable assets, new and used equipment and cutting stock for greenhouses
Maturity Schedule: Payable as to principal and interest on April 15, 1988, June 15, 1988 and thereafter on June 15 of each year for a period of 14 years at 10% per annum
Bond Purchaser: R. B. Hines
(Exhibit 11)
- (e) Issuing Authority: Laurens County
Amount of Issue: \$750,000 Industrial Development Revenue Note
Name of Project: Dispoz-o Plastics, Inc.
Employment Impact: 20
Project Description: Manufacture disposable cutlery/related products
(Exhibit 12)

Mr. McInnis advised that the status report on the State Ceiling (with 40% in the State Pool and 60% in the Local Pool) as of January 29, 1987, (year elapsed 8%) shows:

	<u>CY 1987 Ceiling</u>	<u>Allocated (%)</u>	<u>Not Allocated (%)</u>
State Pool	\$101,340,000	\$ 0 (0%)	\$101,340,000 (100%)
Local Pool	<u>152,010,000</u>	<u>0 (0%)</u>	<u>152,010,000 (100%)</u>
Total	\$253,350,000	\$ 0 (0%)	\$253,350,000 (100%)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted resolutions approving the following proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results; and allocated a portion of the State Ceiling to each: (a) Lancaster County, \$1,000,000 Industrial Revenue Note, Forrest R. Wilkerson, Jr., project; (b) Spartanburg County, \$1,500,000 Industrial Development Revenue Note, Hoke, Inc., project; (c) Family Farm Development Authority, \$215,000 Agricultural Development Revenue Bonds, Charles H. Gray project; (d) Family Farm Development Authority, \$180,000 Agricultural Development Revenue Bonds, Gwen C. Bulman project; (e) Laurens County, \$750,000 Industrial Development Revenue Note, Dispoz-o Plastics, Inc., project.

The Board received as information the status report on the State Ceiling which showed that no allocations had been made against the 1987 ceiling of \$253,350,000 (Exhibit 13).

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Information relating to this matter has been retained in these files and is identified as Exhibits 8 through 13, respectively.

Oconee County: Pollution Control Revenue Bonds (Duke) (Regular #6)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

Mr. McInnis advised that, in November of 1982, the Budget and Control Board approved an Oconee County proposal to issue \$130 million of pollution control revenue bonds for Duke Power Company's Oconee Nuclear Station project. The purpose of that project was to provide various facilities, systems, structures, etc., to abate, eliminate, control or prevent air or water pollution and to dispose of solid waste at the Station.

In June of 1983, \$102 million of these bonds were issued. It is now proposed to refund \$25 million of that issue.

He advised that, in addition, the County proposes a new issue of not to exceed \$28 million of pollution control bonds to finance a portion of the cost of completing the facilities contemplated initially. This new issue portion of the proposal requires an allocation of a portion of the State Ceiling.

He reminded the Board that Section 5(b) of Executive Order 87-01, which sets out the procedures governing the State Ceiling allocation process, would defer until after July 1 Ceiling allocation requests greater than \$10 million, unless the Board, after review and comment by the Bond Committee, determines in any particular instance that the positive impact upon the State of approving an allocation greater than \$10 million is of such significance that approval is warranted.

He also advised that, because the positive impact of the project upon the State appears not to be significant, the staff recommendation is that an allocation of \$10 million be approved.

In response to Mr. McLellan who indicated that he supported the \$10 million limit on allocations at this time, Mr. McInnis agreed that the Board needs to get into the question of defining significant impact in connection with requests for large allocations. He noted that the limiting provision in Section 5(b) is a means of buying time until a better feel for the situation during 1987 can be gotten and for devising the means for choosing among

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competing claims for allocations. He noted that the employment impact of this project is said to be 35 jobs.

Following this discussion, upon a motion by Mr. Patterson, seconded by Mr. McLellan, the Board adopted a resolution approving the issuance by Oconee County of (a) not exceeding \$25,000,000 pollution control revenue bonds, refunding, Series 1987A (Duke Power Company Project), and (b) not exceeding \$10,000,000 pollution control revenue bonds, Series 1987B (Duke Power Company Project), on the condition that the required reviews are completed with satisfactory results, and allocated \$10,000,000 of the State Ceiling to the project.

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

USC: Student and Faculty Housing Revenue Bonds (Regular #7)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

He reviewed the agenda materials in which it was noted that, on May 27, 1986, the Board had approved the establishment of the USC-Coastal Residence Hall Complex permanent improvement project, following the favorable review of the project by the Bond Committee. The estimated cost of the 426-bed student housing complex then was \$5,000,000 and Student and Faculty Housing Revenue Bonds were to be issued to finance the project as an exercise of the authority granted to the University of South Carolina in Act 904 of 1960, as amended, under which the aggregate of such bonds outstanding at any one time is not to exceed \$25 million. At November 30, 1986, \$17,447,000 of such bonds were outstanding.

The agenda materials noted that bond counsel for USC had advised that construction of the facilities was underway and that the University had found the total amount necessary to finance the project requires the issuance of \$5,400,000 of bonds. The agenda materials also noted that, presumably, USC also will ask that the budget of the project be revised to reflect the \$400,000 increase. No expenditures on the project were reported to the Statewide Permanent Improvements Reporting System (SPIRS) as of December 30.

Bond counsel also advised that the USC Board of Trustees had solicited proposals from a number of investment banking firms and that five financing proposals had been received. Counsel further indicated that the Trustees propose to sell the bonds to Cranston Securities Company, the underwriter which offered the lowest underwriting cost to the University. With the Board's approval, the Trustees may sell these bonds at negotiated sale which is what they propose.

Mr. McInnis pointed out that Act 904 also calls for the review of the issue by the Joint Bond Review Committee.

Mr. Patterson noted that this involves housing for students at the Conway campus and, although it has received necessary approvals from the Commission on Higher Education and others, it is a departure from the USC satellite campus being a walk-in campus. He also noted that this is a negotiated sale and expressed the opinion that these should be done with public bids.

Mr. Morris indicated that this is a negotiated sale because the Conway campus has no track record on issuing bonds. Mr. McInnis noted that these bonds are issued against the University's general authority, not the Conway campus.

Mr. McInnis distributed a revised version of the resolution proposed for adoption by the Board. He noted that it had been changed by the addition of Article 2 which provides for explicit Board approval of the issue as is required by the 1979 amendment of Act 904 of 1960.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the issuance and the negotiated sale of \$5,400,000 USC Student and Faculty Housing Revenue Bonds, Series 1987, to finance the acquisition of student housing facilities for USC-Coastal Carolina, on the condition that the project budget increase of \$400,000 be reviewed by the Joint Bond Review Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

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Bond Review Committee: "New Start" Projects in Priority Group 10 (Reg #8)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

Mr. McInnis advised the Board that the Bond Committee has agreed to the release of 24 "new start projects" included in Priority Group 10 (for initiation during the January - June 1987 period). They represent a total of \$31,871,458 of Capital Improvement Bond funds which are scheduled for draw as follows:

Jan - June 1987	Group 10	\$9,739,222
July - Dec 1987	Group 11	3,288,778
Jan - June 1988	Group 12	2,882,586
July - Dec 1988	Group 13	2,804,000
Jan - June 1989	Group 14	2,446,872
July - Dec 1989	Group 15	4,833,000
Jan - June 1990	Group 16	5,877,000

The Board's particular attention was called in the agenda materials to the Committee's inclusion as new start projects in Group 10 of two asbestos abatement projects, one listed at \$1,000,000 for a Clemson University dormitory and the other at \$792,000 for the MUSC Teaching Hospital.

The Board was advised in the agenda materials that a third asbestos abatement project (\$1,200,000 for USC Columbia, Columbia Hall dormitory) also is considered by the Committee as having been released. It does not appear as a new start in Group 10 because the Committee applied the \$500,000 released in Group 9 for general asbestos abatement to this USC project.

The Board was reminded in the agenda materials and at the meeting that it has not approved the establishment of any of these three asbestos projects.

The Board was advised in the agenda materials that staff also questioned the use of capital improvement bond funds to finance asbestos abatement in dormitories in view of the proviso in Part I, Section 130 of the Appropriations Act for 1986-87 which says that fees applicable to student housing shall be sufficient to fully cover the total direct operating and capital expenses of providing such facilities and services over their expected useful life.

The agenda materials noted that the effect of these Committee actions on asbestos abatement projects, if the Board were to concur in them, is that none

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of the \$8.2 million of capital improvement bond funds authorized for asbestos abatement is available to pay for surveying the asbestos situation. The \$5,208,000 balance remaining after the allocations to the three referenced projects is now scheduled as follows: \$508,000, Group 12, January - June 1988; \$2,000,000 Group 13, July - December, 1988; and \$2,700,000 Group 14, January - June 1989.

Mr. McInnis advised the Board that the Bond Committee had forwarded the Priority Group 10 "new start" projects and that, if the Board agrees with the Committee, the Board should approve the release of Priority Group 10 as presented. He noted that that action would include the approval of establishing the "new start" projects listed in Group 10, including the Clemson and MUSC asbestos projects. He also said that, if the Board agrees with the Committee, it should in a separate action approve the establishment of the USC dormitory asbestos removal project at \$1,200,000, again noting that the Board has not yet approved the establishment of that project.

He recommended that the Board concur with the Committee on the release of new start projects in Group 10 except on the asbestos abatement projects at #5 and #9 and that the Board not approve the USC asbestos project at this time.

Mr. McInnis said that the Board probably should look at agenda item 9 in conjunction with item 8 since it is a report of the Board's asbestos task force. He noted that the Task Force had agreed that the three projects for which the Bond Committee had released funds are top priority. He suggested that the Board consult further with the Committee on the entire asbestos issue.

Mr. McLellan noted that the Bond Committee had asked the Task Force on Asbestos Abatement to develop information on the type of survey needed in view of the recovery possibilities and expressed surprise that the request for the survey funds was included here.

Mr. McInnis observed that the purpose of his recommendation was to allow the Task Force to go back to the Committee for further consultation.

General Services Division Director Kelly reviewed the background on the asbestos situation. He said that the Bond Committee's January 7 action left the Task Force with the question of going to the consulting law firm to see about cutting survey costs to fit recovery potentials. He said the staff had

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been advised up to now to get a professional survey of the situation and to keep careful control of the evidence. He said he expects to go back to the Bond Committee within thirty days with information on costs to be recommended and when the funds are recommended for draw.

Mr. Patterson said that someone has to determine what the expected cost recovery is likely to be and he noted that survey work has to be evidentiary.

Governor Campbell noted that the conduct of the survey itself, by disturbing asbestos, may create a need to deal with the problem. He observed that it appears to be an enormously expensive and long-term problem. He observed that the decision on the type of survey has not yet been made and that information on the potential recovery is to be presented. He suggested that not enough information is in hand for a decision.

Mr. McLellan said that the asbestos survey needs to be done and that it potentially is a \$500 million project. He expressed the view that the General Assembly needs to address this issue and that is not a proper subject with which the Board should deal. He said if there is no real chance to recover funds, the State could save money and just get going on the problem. He expressed concern with the prospect of financing operating costs, such as he considered the survey to be, from 15-year bond money.

In the ensuing discussion, Mr. Morris said that not enough information was available. Mr. Wilson noted that the State of Virginia has spent \$8 million and has recovered nothing.

Governor Campbell then refocused on item 8 and suggested that the question be divided by agreeing to release the new start projects scheduled by the Bond Committee in Priority Group 10 except #5 and #9.

Following this discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board provided the required consultation with Joint Bond Review Committee by agreeing to the release of all new-start projects in Priority Group 10 except #5 and #9 in the Committee's schedule (Clemson and MUSC asbestos projects) and by asking the Committee to agree to release additional funds in Group 10 for asbestos survey and related purposes with trailing draws in Groups 11-15, after asking staff to gather additional information on survey costs and potential recoveries for consideration by the Committee and the Board.

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Mr. McLellan called the Board's attention to appropriations act Part I, Section 130 and noted that approval of the projects in Priority Group 10 involved committing the use of general obligation bonds to finance work in dormitories when the statute refers to the use of student fees for these purposes. Other Board members advised Mr. McLellan that projects 5 and 9 in Priority Group 10 (Clemson dormitory asbestos abatement and MUSC hospital asbestos abatement, respectively) had not been approved.

Mr. McInnis pointed out that the USC dormitory asbestos removal project for which Priority Group 9 funds had been allocated by the Committee also had not yet been approved by the Board.

Information relating to this matter has been retained in these files and is identified as Exhibit 16.

General Services: Asbestos Task Force (Regular #9)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

As noted in the previous item, Mr. McInnis had suggested that the Board consider this item in conjunction with item 8 which the Board did.

The Division of General Services advised that, early in fiscal year 1986-87, the Budget and Control Board authorized the Division to develop a plan of action regarding the abatement of asbestos-related hazards in State-owned buildings.

The General Assembly authorized \$8.2 million in general obligation bonds and another \$10 million in loan authorization (which is to come from the Insurance Reserve Fund and be repaid) for abatement-related activities. The Bond Committee now has scheduled the \$8.2 million of capital improvement bond funds as follows:

	<u>Jul-Dec 86</u> <u>Group 9</u>	<u>Jan-Jun 87</u> <u>Group 10</u>	<u>Jul-Dec 87</u> <u>Group 11</u>	<u>Jan-Jun 88</u> <u>Group 12</u>	<u>After</u> <u>June 88</u>
USC - Dormitory	500,000	600,000	100,000	-0-	-0-
Clemson - Dorm	-0-	500,000	500,000	-0-	-0-
MUSC - Hospital	-0-	792,000	-0-	-0-	-0-
B & C Board	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>508,000</u>	<u>4,700,000</u>
	500,000	1,892,000	600,000	508,000	4,700,000

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The Task Force agreed that the USC, Clemson and MUSC asbestos abatement projects are top priority though it expressed concern that the work included in the plan approved by the Board in October of 1986 cannot go forward because no funds are made available under the Bond Committee's action.

The Task Force proposed that the following capital improvement bonds be scheduled for surveying the asbestos situation in State-owned buildings and related work (these are the amounts shown in agenda item 8 which were proposed for release):

	<u>Group 10</u>	<u>Group 11</u>	<u>Group 12</u>	<u>Group 13</u>	<u>Total</u>
Research & Training	105,000	30,000	15,000	-0-	150,000
Davis & Floyd, Inc.	472,000	893,000	841,000	841,000	3,047,000*
DHEC	<u>50,000</u>	<u>-0-</u>	<u>27,500</u>	<u>27,500</u>	<u>105,000**</u>
	627,000	923,000	883,500	868,500	3,302,000

*An estimated \$1,563,000 additional will be required for Groups 14 and 15 periods.

**An estimated \$55,000 additional will be required for Groups 14 and 15 periods.

Following the discussion outlined in the prior item, upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board received as information the Task Force report on priority asbestos abatement activities and estimated costs of survey and related work, after asking staff to provide additional information on survey costs and recovery potentials to the Committee and the Board.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

Executive Director: Permanent Improvement Projects (Regular #10)

Board Secretary/Deputy Executive Director William A. McInnis appeared before the Board on this matter.

Mr. McInnis reminded the Board that the projects included in this item involve funding in excess of the \$250,000 approval level delegated to staff by the Board.

The agenda materials indicated that Budget and Control Board approval was requested for the following permanent improvement project establishment requests and budget revisions which had been reviewed favorably by the Joint Bond Review Committee:

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On Summary 13-87:

(a) Item 8:

Agency: Medical University
Project: 7075, East Addition (Hospital)
Request: Increase budget to \$50,898,470.84
Amount: Add net of \$528,402.18
Source: MUSC Hospital Revenue Bonds (add \$2,516,321.41); Other [Builder's Risk Insurance Claim Reimbursement]; (add \$12,080.77); Capital Improvement Bonds (deduct \$2,000,000);
Purpose: To reflect interest earned on Hospital Facility Revenue Bonds and to show decrease of Capital Improvement Bonds. This \$2 million reduction in the Capital Improvement Bond funds in the budget of this project is the result of a previous agreement with the Board. For increased cost of equipment. Original estimate was too low.

(b) Item 14:

Agency: Mental Retardation
Project: J16-9343, PD-8 Bed Community Residence-Conway
Request: Establish project and budget
Amount: \$300,000
Source: Capital Improvement Bonds (\$178,535) and Departmental Capital Improvement Bonds (\$121,465).
Purpose: Projects J16-8830 & J16-8914, Statewide Community Residences, which were submitted and approved in the 1985-86 Annual Permanent Improvement Programs (APIP), were to be revised into individual projects as sites and/or existing buildings were identified for location of the community residences. This project proposes the construction of an 8-bed, 3,075 gross square foot facility on DMR-owned property. Estimated costs are: construction \$250,000; equipment/supplies \$22,000; and other \$28,000.

(c) Item 15:

Agency: Mental Retardation
Project: J16-9344, Piedmont-8 Bed Community Residence-Belton
Request: Establish project and budget
Amount: \$300,000
Source: Dept Capital Impr Bonds (\$264,000) and Excess Debt Service funds (\$36,000)
Purpose: This project proposes the acquisition of about .7576 acre of land and the construction of an 8-bed, 3,075 gross square foot facility. Estimated costs are: construction \$250,000; equipment/supplies \$22,000; land purchase \$6,600; and other \$21,400.

On Summary 14-87:

(d) Item 4:

Agency: B&C Board-General Services
Project: Statewide Asbestos Survey & Emergency Abatement

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Request: Establish project and budget
Amount: \$8,200,000
Source: Capital Improvement Bond funds
Purpose: To finance survey of all State-owned buildings to determine the presence of asbestos and emergency abatement as required. Proposed as "source of funds" type project only which would be reduced as specific survey and abatement projects are identified.

(e) Item 11:

Agency: Mental Retardation
Project: Piedmont-8 Bed Community Residence-Laurens
Request: Establish project and budget
Amount: \$302,850
Source: Excess Debt Service funds
Purpose: Project 9214, Statewide-Seven Community Residences, which was submitted and approved in the 1986-87 APIP, was to be revised into individual projects as sites and/or existing buildings were identified for location of the community residences. This project proposes the acquisition of about .75 acre of land at an estimated cost of \$5,600 and the construction of an 8-bed, 3,075 square foot facility at an estimated cost of \$250,000 plus \$24,200 for equipment/supplies and \$53,350 for other costs.

(f) Supplement 1

Agency: Technical & Comprehensive Education
Project: Midlands-Multipurpose Resource Center
Request: Establish project and budget
Amount: \$1,480,000
Source: Other (Local Counties) funds
Purpose: Represents the establishment of project as authorized in Act 538 of 1986. Proviso in Act requires the certification of available local funds of 20% of total project cost. This will provide for the establishment of the project before the amended Priority Release Group 10 is formally adopted. Project consists of construction of approximately 80,000 square foot building with parking area. Building to be utilized on meeting space needs in various administrative and academic areas to include library, food service, lab and classroom, and auditorium.

Mr. McInnis called attention to item (a) which he said involved the deduction of \$2 million of capital improvement bond funds from the budget of the Medical University's Hospital East Addition project. He noted that this action is in accord with an earlier agreement with the Board in which MUSC agreed to relinquish these funds and replace them with interest earnings on the hospital revenue bond funds it was required to put into the project. He

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also pointed out that the net change in the budget of this project is an increase of \$528,402.18 for the cost of equipment which MUSC staff say was estimated too low originally.

He noted that three of the projects in the item, (b), (c) and (e), are proposals by the Department of Mental Retardation to construct 8-bed community residences at Conway, Belton and Laurens locations. He observed that these are quite similar projects which, essentially, are nursing homes which include numerous special and expensive items. In response to Governor Campbell, he pointed out that the residence in Conway is to be built on land owned by the agency but that land is to be acquired for the Belton and Laurens residences. He asked that Board approval of these latter two [items (c) and (e)] be conditioned upon the final sign-off of the land acquisition by General Services Property Management.

In response to Mr. McLellan's inquiries about any additional operating costs and FTEs which may be involved in the Mental Retardation projects, Mental Retardation Deputy Commissioner James Kirk observed first that one of the three residences (Laurens) is a replacement. He said that funding for this residence would be changed from State to State and Medicaid and that this change would result in savings of State funds of approximately \$100,000. Mr. Kirk also said that the State's share of the operating costs of the three residences under consideration will be about \$200,000. He noted that a proviso in the Board's recommended appropriations bill would, if adopted, permit his agency to carry forward excess Medicaid revenues which would cover the approximate net additional operating cost involved in the proposed residences during next fiscal year. He said that additional State funds would be needed in following years to cover the net costs of about \$100,000. He stated that Medicaid covers about 73% of these costs with the State supplying the 27% balance.

Mr. Kirk said that no FTEs are required in that the agency will be contracting for the operation of the facilities.

Mr. Patterson observed that the additional operating cost request will be for a net of about \$100,000, with no added FTEs, which means the agency will be housing 24 persons for that added cost.

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Following this discussion, upon a motion by Mr. Morris, seconded by Mr. McLellan, the Board approved the referenced permanent improvement project establishment requests and budget revisions which had been reviewed favorably by the Joint Bond Review Committee, on the condition that the Division of General Services, Property Management, signs off on the land acquisition transactions in Mental Retardation items (c) and (e), the Belton and Laurens Community Residence projects.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

General Services: Tort Liability Reinsurance (Regular #11)

Insurance Reserve Fund Director James Bennett and staff member John Trussell appeared before the Board on this matter.

The Insurance Reserve Fund advised that, at the instruction of the Budget and Control Board, proposals for a reinsurance program over the self-insuring program for tort liability were requested and were received on January 15, 1987.

In the report submitted to the Board, Mr. Bennett reminded the Board that the Tort Liability 100% reinsurance program was cancelled effective January 1, 1987, and, although the Insurance Reserve Fund has adequate resources to self-insure Tort Liability Insurance, he expressed the view that it is desirable to protect those resources against the possibility of unexpected, catastrophic loss. The Board earlier had agreed basically with that philosophy by instructing staff to seek an "annual aggregate excess" or "stop loss" reinsurance package. Mr. Bennett also noted that, because of the limited time available and the unusual nature of the desired program, the Board had authorized staff to solicit on a "request for proposal" basis rather than on a "bid" basis.

Mr. Bennett reported that representatives of nine firms had been invited to an initial meeting and to obtain an outline of the desired program. Representatives of seven of the firms attended a meeting on October 27, 1986, at which time a package containing the proposal outline, procurement procedures, statistical information, and various reports was distributed to those present. He reminded the Board that, initially, proposals were to have

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been delivered and opened on December 15, 1986, but, in response to several requests, the opening date had been extended to January 15, 1987. He noted that, at the request of the Governor's Office, an additional member had been added to the evaluation team.

Mr. Bennett also reported that proposals were opened publicly at 2:30 p.m. on January 15, 1987, at which time two proposals were received. One of these, by broker Wood & Company, Inc., proposed coverage of \$5 million with an annual aggregate retention (deductible) of \$10 million for a premium of \$3.5 million. The second, by broker G. L. Hodson, proposed coverage of \$5 million with an annual aggregate retention of \$15 million for a premium of \$3,825,000.

He further reported that the evaluation team met on January 20, 1987, and judged the Hodson proposal to be better than the Wood proposal but the team agreed unanimously that neither proposal should be accepted which is what Mr. Bennett recommended to the Board. He also recommended that the Fund be allowed to negotiate directly with the London market in an effort to obtain reinsurance for Tort Liability. In his report, Mr. Bennett noted that, since reinsurance in this area is not an absolute necessity, he would expect the Board would establish a ceiling on the price to be paid prior to the beginning of negotiations and that such negotiations be timed to correspond with renewal negotiations on Medical Professional Liability reinsurance.

In the discussion, Mr. Bennett noted that direct negotiation with the London market had been successful last year.

After hearing the report by Insurance Reserve Fund staff on the proposals received for a stop loss reinsurance program in which the Board was advised that the two proposals received were found unacceptable, the Board, upon a motion by Mr. Morris, seconded by Mr. McLellan, authorized Fund staff to negotiate directly with the London market for such a program provided that the coverage not be purchased if a premium of more than \$500,000 is required.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

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General Services: Trident Tech. Procurement Certification (Regular #12)

The Division of General Services advised that, in accord with Section 11-35-1210, it has audited Trident Technical College and recommends certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of two years: \$10,000 per purchase commitment for (1) goods and services, local funds only; (2) consultants, local funds only; and (3) information technology in accordance with the approved information technology plan, local funds only.

In response to Mr. McLellan, Mr. Kelly indicated that procurement certifications vary according to agency size and capability.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board, in accord with Section 11-35-1210, granted procurement certification to Trident Technical College within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of two years: \$10,000 per purchase commitment for (1) goods and services, local funds only; (2) consultants, local funds only; and (3) information technology in accordance with the approved information technology plan, local funds only.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

State Development Board: Foreign Travel (Regular #13)

The State Development Board requested Board approval of the travel of James T. Lindsay, Manager, International Business Development, to West Germany during the March 29 - April 11, 1987, period to participate in a trade mission sponsored by the Columbia Chamber of Commerce which is paying part of Mr. Lindsay's travel costs. The estimated cost to the State of this travel is \$1,500.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the travel of James T. Lindsay, Manager, International Business Development, State Development Board to West Germany during the March 29 - April 11, 1987, period.

Information relating to this matter has been retained in these files and is identified as Exhibit 21.

Local Government: City of Union Grant Request (Addendum)

Local Government Division Director Mike Gullledge appeared before the Board on this matter which was added to the agenda by unanimous consent.

Mr. Gullledge advised that the City of Union has requested a \$40,000 rural improvement funds grant to provide water lines and water and sewer line extensions to accommodate industry. It was proposed that half of the \$40,000 come from Senate accounts and half from House accounts. He indicated that the City of Union will provide \$156,269 for this project.

Upon a motion by Mr. Patterson, seconded by Mr. McLellan, the Board approved a \$40,000 rural improvement funds grant to the City of Union.

Information relating to this matter has been retained in these files and is identified as Exhibit 22.

Budget and Control Board: Future Meeting (Regular #14)

The Board was advised that the next regular meeting had been scheduled to be held at 9:30 a.m. on Tuesday, February 10, 1987, in the Governor's conference room in the State House.

Mr. McLellan suggested that, as the Board of Economic Advisors is to provide its revenue estimates to the Board on February 15, the February 10 meeting might be rescheduled.

Dr. Coles indicated that he would ask the Board of Economic Advisors to provide the revenue forecasts at the February 10 meeting and that, if that could not be done, he would contact Board members to schedule a special meeting to hear the Board of Economic Advisors.

Following a brief discussion, the Board agreed to hold a regular meeting at 9:30 a.m. on Tuesday, February 10, 1987, in the Governor's conference room in the State House and asked Dr. Coles to ask the Board of Economic Advisors to present its 1986-87 and 1987-88 revenue forecasts at that meeting.

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Executive Session

Dr. Coles advised that one contractual and two personnel items had been proposed for consideration during executive session.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board agreed to consider these items in executive session whereupon Governor Campbell declared the meeting to be in executive session.

Ratification of Executive Session Actions

Following consideration of executive session actions, the meeting was opened and, upon a motion by Mr. Morris, seconded by Mr. McLellan, the Board ratified the following actions which were taken during executive session:

- (1) Approved the execution of a lease allowing PEK Foundation, a nonprofit organization, to build a facility on two acres of Department of Youth Services property, under the terms of the agreement entered into by DYS and PEK, after exempting the transaction from Procurement Code requirements, upon the recommendation of the Division of General Services;
- (2) In accord with Regulation 713.03B and on the recommendation of the Division of Human Resource Management, approved an annual salary for the Director of the Bryan Psychiatric Hospital, effective upon appointment after January 29, 1987; and
- (3) Approved a salary for Clemson University Vice President for Agriculture and Natural Resources effective upon appointment after January 29, 1987, and granted an exception to the 97% of agency head salary limitation.

Adjournment

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the meeting was adjourned at 1:10 p.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 1:15 p.m. on Friday, January 23, 1987.]

008284

EXHIBIT

JAN 29 1987

NO. 1

STATE BUDGET AND CONTROL BOARD AGENDA
MEETING OF January 29, 1987

ITEM NUMBER 1

AGENCY: Ways and Means Committee

SUBJECT: Request to Withdraw Regulations (Document #700)

Ways and Means Committee Chairman Robert N. McLellan, on behalf of the Committee, requested that the Board withdraw Regulation Document #700 relating to procurement preference for South Carolina and United States products.

Mr. McLellan advised that the Committee cannot approve the regulations as submitted. He noted that several non-substantive clarifications need to be made and that a further review is necessary of the section defining "unreasonable cost" and of the section providing "exceptions" to the regulations. Details of specific changes and recommendations will be submitted to the Board later.

Because these regulations would have been effective January 26, 1987, if not acted upon and because not enough time remained to allow re-working them, Dr. Coles asked Mr. McLellan to allow the Board to withdraw the regulations in Document #700.

BOARD ACTION REQUESTED:

Receive as information a report that, at the request of the Ways and Means Committee, Regulation Document #700, relating to the procurement preference for South Carolina and United States products, has been withdrawn.

ATTACHMENTS:

McLellan January 21 letter to McInnis

008285

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 22, 1987

EXHIBIT

JAN 29 1987 NO. 1

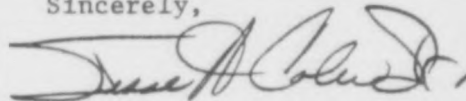
The Honorable Robert N. McLellan, Chairman
House Ways and Means Committee
525A Blatt Building
Columbia, SC 29211

STATE BUDGET & CONTROL BOARD

Dear Mr. McLellan:

In response to the request in your January 21, 1987, letter to Board Secretary William A. McInnis, this is to respectfully ask that the Budget and Control Board be allowed to withdraw regulations Document Number 700 relating to procurement preference for South Carolina and U. S. products.

Sincerely,



Jesse A. Coles, Jr., Ph.D.

M

cc: Richard W. Kelly
William A. McInnis

008286

JAN 21 1987



House of Representatives

State of South Carolina

Robert N. McLellan

District No. 2 — Oconee-Anderson Counties
Box 796
Seneca, S.C. 29679-0796

525-A Blatt Building
Columbia, S.C. 29211

Tel (803) 734-3144

Committee:

Ways and Means, Chairman

January 21, 1987

Mr. William A. McInnis, Secretary
State Budget and Control Board
Box 12444
Columbia, S. C. 29211

Dear Mr. McInnis:

I am writing on behalf of the House Ways and Means Committee to request that the Budget and Control Board withdraw House Regulation #700, concerning purchase of products of South Carolina and the United States.

The committee cannot approve the regulations in the form submitted. There are several non-substantive clarifications that need to be made and a further review is necessary of the section defining "unreasonable cost" and the section providing "exceptions" to the regulations. Details of specific changes and recommendations will follow.

I respectfully request consideration on this matter as soon as possible and request immediate notification of the Board's decision. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Robert N. McLellan".

Robert N. McLellan, Chairman
Ways and Means Committee

cc: Richard W. Kelly
Jesse A. Coles, Jr.

008287

Synopsis of Proposed Regulation

DOCUMENT #700

Paragraph A of the proposed regulation provides that it is the policy of the State of South Carolina that all governmental bodies, including the General Assembly, procure products made manufactured or grown in South Carolina, if available, before procuring the same or similar products from other states of the United States, and before procuring the same or similar foreign-made, manufactured or grown products.

Paragraph B defines the relevant terms including made, manufactured or grown, unreasonable cost and end-product.

Paragraph C defines the preconditions and operation of the regulation.

Paragraph D defines the exceptions to the regulation including procurements of improvements on real estate, or contracts by contractors or subcontractors, those products with unreasonable costs, those that exceed \$10,000 for a single item, and those for which a South Carolina Minority Firm preference is claimed.

Paragraph E provides for suspension or debarment for invalid certification of the geographical origin of end-products, and the repayment to the State of the extra costs incurred thereby.

EXHIBIT

JAN 29 1987 NO. 1

STATE BUDGET & CONTROL BOARD

008288

Proposed Regulations on Purchase of Products of South Carolina
And The United States

A. General Policy. It is the policy of the State of South Carolina that governmental bodies including the General Assembly, in performing assigned duties and functions, procure necessary end-products which are made, manufactured, or grown in South Carolina if available, and if the same or substantially similar end-products are not available in South Carolina, then procure the same or substantially similar end-products which are made, manufactured or grown in other states of the United States, before the same or substantially similar foreign-made, manufactured or grown end-products may be procured.

B. Definitions. The following words, unless the content clearly indicates otherwise, shall mean:

1. Made: To assemble, fabricate or process component parts into a finished end-product.

2. Manufacture: To make or process raw materials into a finished end-product.

3. Grown: To produce, cultivate, raise or harvest, lumber, agricultural produce, or livestock, on the land, or to cultivate, raise, catch, or harvest products or food from the water.

4. End-Product: The item sought by a governmental body of the State and described in the solicitation including all component parts and in final form and ready for the use intended by the governmental body.

5. A product is made, manufactured or grown in South Carolina, or the United States, if, within the territorial limits of South Carolina or the United States, the end-product itself has been subjected to one or more of the processes included in the definition of made, manufacture or grown. An end-product which has not been subjected to one of these processes within the

EXHIBIT

JAN 29 1987

NO. 1

008289

STATE BUDGET & CONTROL BOARD

territorial limits of South Carolina, or the United States, is foreign-made, manufactured or grown.

6. Unreasonable Cost. The cost of an end-product made, manufactured or grown in South Carolina is unreasonable if the bid or offer exceeds by more than five percent the lowest qualified bid or proposal on the same end-product which is made, manufactured or grown in other states of the United States, or if the bid or offer exceeds by more than two percent the lowest qualified bid or proposal on the same end-product which is foreign-made, manufactured or grown.

C. Application. Competitive procurements made by governmental bodies, including the General Assembly, shall be of end-products made, manufactured or grown in South Carolina if available, and if not available, of the same or similar end-products made, manufactured or grown in other states of the United States, before the same or similar foreign-made, manufactured or grown end-products are procured, provided that: (1) the bidder or offerer has certified in writing in the bid or offer that the end-product was made, manufactured or grown in South Carolina, or in other states of the United States, and (2) the end-product is available, and (3) the cost of the end-product is not unreasonable, and (4) the vendor is a responsible and responsive bidder or offerer, and, (5) the bid or offer otherwise complies with the Procurement Code and regulations, and, (6) the procurement is not otherwise inconsistent with the public interest.

This regulation shall apply to each line item or each lot in a solicitation to which a separate, responsive bid may be made.

D. Exceptions. This regulation shall not apply: (1) to any procurement of permanent improvements for real estate, or, (2) to any prime contractor or sub-contractor providing materials or services relating to permanent improvements on real estate, or (3) to any solicitation, bid, offer, or procurement when the price of a single unit of the end-product is more than \$10,000, whether or not more than one unit is bid or offered, or, (4) to any solicitation, bid, offer or procurement where the cost is less than \$2500, or

EXHIBIT

JAN 29 1987

NO. 1

008290

STATE BUDGET & CONTROL BOARD

(5) to any bidder or offerer who is certified South Carolina Minority firm, regardless of the cost, or geographic origin of the end-product.

E. Enforcement. A bidder or offerer shall be suspended or debarred from doing business with the State in accord with Section 11-35-4220 of the South Carolina Procurement Code if the Chief Procurement Officer, or his designee or the head of a governmental body determines that the certification made by the bidder or offerer as to the origin of the end-product is not valid. In addition, if the bidder or offerer with the invalid certification of origin was awarded the contract he shall also pay the State of South Carolina the amount by which the bid based on the invalid certification exceeded the lowest responsible and responsive bidder who would have been selected but for the invalid certification.

EXHIBIT

JAN 29 1987 NO. 1

STATE BUDGET & CONTROL BOARD

008291

EXHIBIT

JAN 29 1987

NO. 2

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

STATE BUDGET & CONTROL BOARD

BLUE AGENDA

ITEM NUMBER

2

AGENCY: Joint Bond Review Committee

SUBJECT: Department of Corrections Request for Three Prisons

At its meeting on December 16, 1986, the Board considered the Bond Committee's proposal that the Board make recommendations on the Department of Corrections request for funding for three new prisons. At that meeting, Governor Riley noted that, with efforts in place to deal with the growing inmate population, it would not be in order for the Board to recommend more new construction now.

The Board determined that, as there is not supposed to be a bond bill in 1987, it would receive the request as information and authorize staff along with Department of Corrections staff to proceed with efforts to gather information on the request for funding authorization for three additional 600-bed medium security prisons.

Board staff and staff of the Department of Corrections have discussed the situation. The Department of Corrections is reevaluating its proposal, especially the means of meeting the third 600-bed spaces it projects. As the work progresses, reports will be made to the Board.

BOARD ACTION REQUESTED:

Receive as information a report that Board and Department of Corrections staff are gathering information on the Department's request for 1,800 additional bedspaces.

ATTACHMENTS:

008292

EXHIBIT

JAN 29 1987

NO. 3

STATE BUDGET AND CONTROL BOARD AGENDA
MEETING OF January 29, 1987

ITEM NUMBER

3

AGENCY: Human Resource Management

SUBJECT: Continuation of Employment, October-December 1986

In accord with Code Section 9-1-1530 and Board policy, the Division of Human Resource Management has approved the continuation of employment for one employee during the October - December, 1986, period.

BOARD ACTION REQUESTED:

Receive as information a report that, in accord with Code Section 9-1-1530 and Board policy, the Division of Human Resource Management has approved the continuation of employment for one employee during the October-December, 1987, period.

ATTACHMENTS:

Agenda item worksheet and attachment

008293

EXHIBIT

JAN 29 1987 NO. 3

AGE EXTENTIONS FOR FY 86-87 STATE BUDGET & CONTROL BOARD
OCTOBER - DECEMBER 1986 QUARTERLY REPORT

AGENCY	EMPLOYEE	DATE OF BIRTH	APPROVED/ DISAPPROVED
UNIVERSITY OF SOUTH CAROLINA	DR. SAM GREENLY (PROFESSOR)	06-19-17	APPROVED

008294

§ 9-1-1530. Employees shall be retired at age seventy; exceptions.

Any employee or teacher in service who has attained the age of seventy years shall be retired forthwith, except that:

- (1) With the approval of his employer he may remain in service until the end of the year following the date on which he attains the age of seventy years;
- (2) With the approval of his employer and the Board he may, upon his request therefor, be continued in service for a period of one year following each such request until such employee has reached the age of seventy-two years; and
- (3) With the approval of his employer, upon his request therefor, be continued in service for such period of time as may be necessary for such employee to qualify for coverage under the old age and survivors insurance provision of Title II of the Federal Social Security Act, as amended.

It shall be mandatory for any employee or teacher whether or not appointed and regardless of whether or not a member of the South Carolina Retirement System to retire no later than the end of the fiscal year in which he reaches his seventy-second birthday.

This section shall not apply to any person holding an elective office.

This section shall take effect July 1, 1969. *Provided*, however, no person affected by the provisions of this section shall be required to retire prior to July 1, 1971.

SOUTH CAROLINA RETIREMENT SYSTEM § 9-1-1530

Provided, however, that excepting constitutional offices, this section shall not apply to appointive offices receiving per diem or travel allowances as total compensation or to employees of the State Court System when such court employees are employed on a part-time basis.

HISTORY: 1962 Code § 61-103; 1952 Code § 61-103; 1945 (44) 212; 1949 (46) 424; 1955 (49) 654; 1969 (56) 444; 1978 Act No. 404 § 1; 1979 Act No. 31 § 1.

Cross references—

As to the mandatory retirement age for conservation officers of the Law Enforcement section of the Wildlife and Marine Resources Department, see § 9-1-1535.

For provision excepting employees or members of State Retirement System who have mandatorily retired because of age from provision allowing retired members of system to earn certain amounts without having their monthly retirement allowance affected, see §§ 9-1-1790, 9-11-90.

Research and Practice References—

60 Am Jur 2d, Pensions and Retirement Funds § 55.
70 CJS, Pensions § 4.

ALR and L Ed Annotations—

Mandatory retirement of public officer or employee based on age. 81 ALR3d 811.

CASE NOTES

Mandatory retirement age for university faculty.—The retirement policy of the University of South Carolina, under which teaching faculty were required to retire at the age of 65, violated the statute making 70 both the maximum and minimum mandatory retirement age for members of the state retirement system; nor was there anything in the University's Enabling Act authorizing the university to establish its own retirement schedule. *University of South Carolina v Batson* (1978) 271 SC 242, 246 SE2d 882.

Power of University of South Caro-

lina to lower retirement age to 65 from state mandatory retirement age of 70 is issue for state to determine, and where constitutional issues presented by plaintiff seeking to enjoin enforcement of this rule are dependent upon the state issue, and issue is novel to state, federal court will grant motion for abstention subject to condition that presentation of State court issue, for declaratory relief, be immediately, diligently, and expeditiously pursued by defendant. *Batson v University of South Carolina* (1977, DC SC) 443 F Supp 127.

ATTORNEY GENERAL'S OPINIONS

A State employee who is 72 years of age may continue working until the end of the fiscal year in which he attains such age. 1967-68 Ops. Att'y Gen., No 2527, p 217.

Public Service Commission members covered.—The mandatory provisions of the Retirement Act with respect to retirement from service are applicable

to the members of the Public Service Commission. 1968-69 Ops. Att'y Gen., No 2651, p 66.

As are members of Law Enforcement Division.—The provision for mandatory retirement at age 72 applies to members of the South Carolina Law Enforcement Division as State employees, regardless of their membership in

The Division indicated that the delegation of this authority would (1) significantly reduce the number of Board agenda items and (2) expedite the approval of such requests.

Effective this date, the Budget and Control Board delegated to the Director of the Division of Human Resource Management authority to approve employee requests to continue in service beyond age seventy (70), in accord with pertinent provisions of Section 9-1-1530 of the S. C. Code of Laws.

A report summarizing the requests approved is to be submitted to the Board for its information each quarter.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board delegated to the Director of the Division of Human Resource Management the authority to approve employee requests to continue in service beyond age 70 in accord with pertinent provisions of Section 9-1-1530 of the S. C. Code of Laws, with a summary report of such approvals to be provided to the Board quarterly.

Information relating to this matter has been retained in these files and is identified as Exhibit 29.

EXHIBIT

JAN 29 1987 NO. 3

STATE BUDGET & CONTROL BOARD

008296

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

January 26, 1987

☒ Blue Agenda

☐ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of Human Resource Management

(b) Authorized Official Signature: Phyllis M. Mayes

2. Subject:

Age Extension

3. Summary Background Information:

Attached is the quarterly report for an age extension for October through December, 1986, for your information. This request was approved in accordance with the requirements of Section 9-1-1530, the South Carolina Code of Laws.

4. What is Board asked to do?

No action required.

5. What is recommendation of the Board Division involved?

No action required.

6. Recommendation of other office (as required)?

(a) Office Name _____ (b) Signature _____

7. Supporting Documents:

List Those Attached

Age Extension for FY 86-87

October - December 1986 Quarterly Report

List Those Not Attached But Available from Submitter

008297

EXHIBIT

JAN 29 1987

NO. 4

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

BLUE AGENDA
ITEM NUMBER

4

AGENCY: Executive Director

SUBJECT: Interviewee Travel Expense Reimbursement

Please refer to the attached report for details on payments of interviewee travel expenses by the following agencies:

<u>Agency</u>	<u>Number</u>	<u>Estimated Cost</u>
(a) Mental Health	1	\$300.00
(b) Lander College	1	374.75
(c) Francis Marion College	1	813.23

BOARD ACTION REQUESTED:

Receive as information reports on the reimbursement of interviewee travel expenses by Mental Health (1); Lander College (1); Francis Marion College (1).

ATTACHMENTS:

Referenced report

008298

INTERVIEWEE TRAVEL EXPENSE REIMBURSEMENT PAYMENTS

Agency	Period	Total Number	Total Cost	Number of Payments			
				\$100 or Less	\$101 to \$300	\$301 to \$500	\$501 and Over
Mental Health	December	1	\$300.00	0	1	0	0
Lander College	November	1	374.75	0	0	1	0
Francis Marion College	November	1	813.23	0	0	0	1
Total		3	\$1487.98	0	1	1	1

008299

EXHIBIT
JAN 29 1987 NO. 4
STATE BUDGET & CONTROL BOARD

JAN 13 1987

EXHIBIT

RECEIVED

JAN 29 1987

NO. 4

JAN 2 1987

STATE BUDGET & CONTROL BOARD

Commissioner of
Mental Health
Department of Mental Health

MEMORANDUM

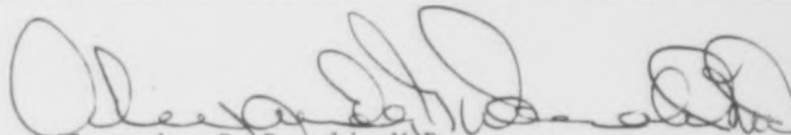
TO: Joseph J. Bevilacqua, Ph.D.
State Commissioner of Mental Health

FROM: Alexander G. Donald, M.D.
Director, William S. Hall Psychiatric Institute

DATE: December 12, 1986

SUBJECT: Reimbursement for Interview Travel

I request approval of travel reimbursement in the amount of approximately \$300 for Vinod Gangolli, M.D., to visit the Institute on December 30, 1986, for the purpose of interviewing for a Teaching Psychiatrist I position at the William S. Hall Psychiatric Institute. This is a significant position to be filled in light of the teaching mission of the Institute, and the cost is warranted. The cost of this interview will be significantly less than to pay the costs of five staff members to travel to Waterloo, Ontario, for the interview. In addition, it is imperative that the applicant see the Institute in order to make an informed decision. This interview is necessary in that no qualified applicants within South Carolina have applied for the position.



Alexander G. Donald, M.D.
Director

AGD/jas

cc Mr. William S. McInnis
Deputy Executive Director
State Budget and Control Board



008300

JAN 13 1987

Lander

COLLEGE

Greenwood, South Carolina 29646

Telephone (803)229-8320

Office of Academic Affairs

EXHIBIT

JAN 29 1987

NO. 4

STATE BUDGET & CONTROL BOARD

DATE: 11-10-86

TO: Larry A. Jackson, President

FROM: Oscar C. Page

Your approval is requested to invite Michael Shurden to campus for an interview for the position of Quantitative Methods/Production Mgmt. and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ 304.50
Food-----	\$ 80.00
Lodging-----	\$
TOTAL	\$ 384.50

Initial Approval: L. A. Jackson

Larry A. Jackson

Date: 11/10/86

Actual Costs:

Travel----	\$ 304.50
Food-----	\$ 70.25
Lodging---	\$
TOTAL	\$ 374.75

APPROVAL RECOMMENDED

Oscar C. PageDate: 1-5-87

APPROVED

Larry A. JacksonDate: Jan. 6, 1987

008301

JAN 20 1987



FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 661-1281

Office of the Vice President
for Academic Affairs and
Dean of the College

November 3, 1986

EXHIBIT

JAN 29 1987

NO. 4

STATE BUDGET & CONTROL BOARD

TO: President Thomas C. Stanton

FROM: William C. Moran

Your approval is requested to invite Dr. Donald Grace to campus for an interview for the position of Assistant/Associate Professor of Computer Science and to pay his travel expenses. The significance of this position is such that it warrants the costs of an interview. Further, participation of a number of Francis Marion College persons is vital to this particular interview; therefore, the costs of bringing Dr. Grace to campus would be far less than would be the expense of conducting the interview at his home area or elsewhere. As is our usual policy, candidates residing within South Carolina were considered before candidates from other states were sought.

Estimated Costs:

Travel-----	\$ 802.00
Food-----	\$ 18.00
Lodging-----	\$ 60.00
 TOTAL	 \$ 880.00

William C. Moran
Dean of the College

WCM:rbd

Initial Approval:

Date: 11/5/86

Actual Costs:

Travel-----	\$ 782.00
Food-----	\$ 3.41
Lodging-----	\$ 27.82
 TOTAL	 \$ 813.23

Budget to Charge: 1-305-E3300-0000
(Academic Admin.
Non-State Employee)

APPROVAL RECOMMENDED

Date: December 10, 1986

APPROVED:

Date: 12/12/86

008302

EXHIBIT

JAN 29 1987

NO. 5

STATE BUDGET AND CONTROL BOARD
MEETING OF JANUARY 29, 1987

REGULAR SESSION
ITEM NUMBER

2

AGENCY: Workers Compensation Fund

SUBJECT: Results of Ernst & Whinney Study

In August of 1986, the Board authorized an actuarial examination of the Workers Compensation Fund basically to make the following determinations:

- (1) the amount of the outstanding liability against the Fund prior to July 1, 1985 (and to develop a schedule of when that liability must be paid); and
- (2) the adequacy of the current premium structure to cover Fund operations, to pay current claims and to provide adequate reserves.

Study results have been received. Fund Director Pete Parker will present an overview of what he plans to do in response to the report. A representative of the Ernst & Whinney firm will be present to discuss the conclusions.

Major findings are listed on report page 3. In abbreviated form, they are:

(1) Ernest & Whinney estimates of several items in the [Fund's] June 30, 1986 Annual Report have indicated adjustments to reported figures but these estimated adjustments may differ substantially from actual needed adjustments due to data limitations and variability of insurance results. "Surplus" is estimated to be approximately minus \$7.6 million.

(2) The firm estimates liabilities for accidents occurring prior to July 1, 1985 for State agencies to be approximately \$6.6 million.

(3) The current manual rate level of the Fund, set at 60% of National Council on Compensation Insurance (NCCI) manual rates, cannot be justified solely on expense savings. Available information indicates that a factor of approximately 80% of NCCI rates would be reasonable for the Fund. This rate level assumes the Fund is credited with investment income on collected premiums.

(4) The current system of actuarial reports is not adequate to reasonably determine rates, reserves, and other information necessary for the Fund to operate on a financially sound basis.

(5) The Fund does not currently purchase reinsurance.

(6) The Fund is not credited with investment earnings on premiums deposited with the State Treasury prior to payment of losses from those premiums.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Ernst & Whinney January 13, 1987 report on Workers Compensation Fund.

008303

State Workers' Compensation Fund

800 DUTCH SQUARE BOULEVARD
SUITE 160

Columbia, S.C. 29210

RECEIVED

FEB 2 1987



January 30, 1987

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR
Vin D. Parker
Acting Director
(803) 737-9450

EXHIBIT

Honorable Carroll A. Campbell, Jr., Governor
State of South Carolina
612 Wade Hampton Office Building
Columbia, South Carolina 29211

JAN 29 1987

NO. 5

STATE BUDGET & CONTROL BOARD

Dear Governor Campbell:

A couple of important points may not have been entirely clear in our discussion about treatment of interest earnings on policy holder premiums held in the State Workers' Compensation Fund.

Until July 1, 1985, all of the premiums in the Fund came from counties, municipalities and their subdivisions. State claims payments were advanced by the Fund and the State reimbursed the Fund periodically for actual payments made.

If such interest earnings are diverted from Fund use (premium reduction) to the general fund for state expenditures, it amounts to a surcharge or tax on counties, municipalities and their subdivisions in the form of premiums.

Promoters of various self insured funds in recent years have pointed out this "inequity" as the principal reason why these entities should leave the State Fund and participate in the newer, ostensibly less expensive, self insured funds.

As it has developed, in fact, there was no surcharge actually collected. Instead the Fund charged premium rates which would be substantially adequate if the interest earnings in question were credited to the Fund, but which were inadequate to pay claims and cover the loss of such premium revenue.

The issue as it relates to past interest earnings appears to be one of semantics. The money was earned on premiums belonging to counties, municipalities, etc. According to industry practice it should have stayed in the Fund. If it is returned to the Fund, the Fund has a small surplus (for contingencies). If not, it will be short by about \$7.6 million of funds which will be ultimately required to pay benefits for injuries received in prior years.

We cannot make up this deficiency by charging higher premiums in future years for reasons of competition.

008304

THIS CASE MAY HAVE SOME OR ALL OF THE FOLLOWING DEFECTS WHICH MAY BE QUESTIONABLE WHEN READING. IN SPECIAL PROBLEM AREAS, THIS ROLL NOTE MAY BE REFILMED BEFORE THE DOCUMENT OR DOCUMENTS IN QUESTION.

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.
2. DOCUMENTS ARE OF POOR QUALITY AND MAY NOT PHOTOGRAPH WELL.
3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.
4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.
6. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
7. EXTREMELY DARK COLORED DOCUMENTS THAT LACK CONTRAST BETWEEN WRITING AND BACKGROUND.
8. THE NUMBERED PAGES OF THESE FILMS MAY APPEAR TO BE MISSING, OR NUMBERED WRONG.

EXHIBIT

Honorable Carroll A. Campbell, Jr.
Page Two
January 30, 1987

JAN 29 1987 NO. 5

STATE BUDGET & CONTROL BOARD

Alternative sources of coverage available to counties, municipalities, etc. will charge premium based only on losses and expenses incurred in those future years.

The bottom line is that if the State Fund is to remain solvent, long range, this deficiency must be covered either by "crediting the Fund with its interest earnings", or by "a general appropriation", of an equivalent amount. Whatever we call it, the result is the same.

With regard to future interest earnings, however, we must receive credit if we are to compete for other than state agency business. If we handle only state agency business we lose the interest income anyway, plus the benefits of economies of scale.

I recognize and do not disagree with the general policy of crediting to the general fund the interest earned on revenue taken in by state agencies to off-set the expenses of such agencies.

There is a clear distinction, however, between that situation and that of the Workers' Compensation Fund. We are a workers' compensation insurance carrier. We are in competition with other carriers. Our interest is earned on unearned premiums collected in advance of loss and held to pay losses as they come due over time. The insurance industry uses such interest earnings to maintain lower premiums and appropriate reserves. Premium rates are set for the industry based upon such use. Taking that money from the State Fund will distort its financial picture, make it non-competitive and produce an inequitable surcharge to those counties, municipalities and subdivisions which elect to stay with the Fund.

I am also aware that poor service has contributed to the loss of accounts in the last several years. Since September we have completely revamped the claims handling procedures and policies. It is too soon to have erased all of the negative image created by prior service problems. And we still have some way to go in eliminating service problems. However, we are receiving substantial, regular feed back now from employer-participants and claimants alike which is pinpointing lingering problem areas and rapidly eliminating them. (See survey dated November, 1986 and response forms.)

008305

Honorable Carroll A. Campbell, Jr.
Page Three
January 30, 1987

If allowed to operate as a workers' compensation insurance "business" I am confident we can quickly reverse the situation in which the Fund finds itself.

Sincerely,

STATE WORKERS' COMPENSATION FUND

/s/
Irvin D. Parker
Director

IDP/se

CC: Dr. Jesse A. Coles, Executive Director, Budget & Control Board

EXHIBIT

JAN 29 1987

NO. 5

STATE BUDGET & CONTROL BOARD

008306

PARTICIPANT SURVEY-NOVEMBER, 1986

EXHIBIT

595 Surveyed

JAN 29 1987 NO. 5

111 Responded (18.7%)

STATE BUDGET & CONTROL BOARD

	Claims Handled Satisfactorily	Staff Helpful, Courteous & Knowledgeable	Medical Paid Promptly	Lost Time Paid Promptly
YES	91 (82%)	*106 (94.6%)	*79 (70.5%)	87 (78.4%)
NO	13 (11.7%)	1 (.9%)	26 (23.2%)	14 (12.6%)
LEFT BLANK	7 (6.3%)	5 (4.5%)	7 (6.3%)	10 (9%)

Bamberg County Memorial Hospital advised Sandria Earles is definitely an asset to the agency and has always been helpful; also, the Hospital advised Yates Caudle is a pleasure to work with and any dealings they have had with him have always been very good.

S. C. Patriots Point advised they feel the staff is doing a super job.

City of Easley advised that the personnel here, whether it be Yates Caudle or the receptionist, are so very helpful.

Whitten Center advised how nice and patient Sharon Weathersbee has been and how all the help she has given them is appreciated.

The Town of Cowpens said that all of the staff they have talked with have been very helpful to them in everyway. They advised Betty Durham has been a great help on many claims and expressed their appreciation of her.

*Responded yes and no to question.

/se

12/18/86

008307

State Workers' Compensation Fund

800 DUTCH SQUARE BOULEVARD
SUITE 160

Columbia, S.C. 29210

Irvin D. Parker
Acting Director
(803) 737-9450

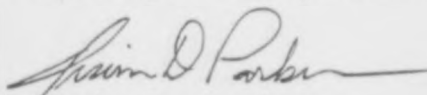
Dear Participant:

Please help us serve you better by taking a moment to check and mail this report card to me.

1. Our claims are handled satisfactorily. ☐ Yes ☐ No
2. State Fund staff are helpful and courteous. ☐ Yes ☐ No
3. State Fund staff are knowledgeable. ☐ Yes ☐ No
4. Medical charges are paid promptly. ☐ Yes ☐ No
5. Lost time compensation is paid promptly. ☐ Yes ☐ No

If you answer no to any questions, please comment on what problem you see and how it might be corrected.

Thank you for your comments.


Irvin D. Parker
Director

Signature

Date

Governmental Agency/Participant

008308

W.C.C. File Number
Employee Name:

Dear

The Workers' Compensation Fund is always seeking ways in which it can be of better service to the citizens of South Carolina.

Would you please take a few minutes to complete this form by circling the description of the service you received during the processing of your claim?

Please add any additional comments you wish to make on the reverse of the form and return it to me in the enclosed, self-addressed envelope.

Thank you for helping us improve our service to you.

Sincerely yours,

Irvin D. Parker
Director

The WORKERS' COMPENSATION FUND EXAMINER was:

PROMPT	(Circle One)	Excellent	Good	Fair	Poor
KNOWLEDGEABLE	(Circle One)	Excellent	Good	Fair	Poor
HELPFUL	(Circle One)	Excellent	Good	Fair	Poor
EFFECTIVE	(Circle One)	Excellent	Good	Fair	Poor
POLITE	(Circle One)	Excellent	Good	Fair	Poor

The WORKERS' COMPENSATION FUND INVESTIGATOR was:

PROMPT	(Circle One)	Excellent	Good	Fair	Poor
KNOWLEDGEABLE	(Circle One)	Excellent	Good	Fair	Poor
HELPFUL	(Circle One)	Excellent	Good	Fair	Poor
EFFECTIVE	(Circle One)	Excellent	Good	Fair	Poor
POLITE	(Circle One)	Excellent	Good	Fair	Poor

008309

The WORKERS' COMPENSATION FUND LAWYER was:

PROMPT	(Circle One)	Excellent	Good	Fair	Poor
KNOWLEDGEABLE	(Circle One)	Excellent	Good	Fair	Poor
HELPFUL	(Circle One)	Excellent	Good	Fair	Poor
EFFECTIVE	(Circle One)	Excellent	Good	Fair	Poor
POLITE	(Circle One)	Excellent	Good	Fair	Poor

OTHERS at WORKERS' COMPENSATION FUND with whom I dealt were:

PROMPT	(Circle One)	Excellent	Good	Fair	Poor
KNOWLEDGEABLE	(Circle One)	Excellent	Good	Fair	Poor
HELPFUL	(Circle One)	Excellent	Good	Fair	Poor
EFFECTIVE	(Circle One)	Excellent	Good	Fair	Poor
POLITE	(Circle One)	Excellent	Good	Fair	Poor

COMMENTS:

EXHIBIT

JAN 29 1987 NO. 5

STATE BUDGET & CONTROL BOARD

008310

Ernst & Whinney

150 South Wacker Drive
Chicago, Illinois 60606

312/368-1800

January 13, 1987

State of South Carolina
Budget and Control Board
Division of General Services
800 Dutch Square Boulevard, Suite 150
Columbia, South Carolina 29210

EXHIBIT

JAN 29 1987 NO. 5

STATE BUDGET & CONTROL BOARD

Dear Sirs:

Enclosed is a copy of our report on the evaluation of rates and reserves of the South Carolina Workers Compensation Fund as of June 30, 1986. We will be pleased to present our report in person to the Board on January 16, 1987 and answer any questions regarding the report at that time.

Very truly yours,

Ernst & Whinney

008311

EXHIBIT

JAN 29 1987 NO. 5

STATE BUDGET & CONTROL BOARD

Actuarial Report on
South Carolina Workers Compensation Fund

Prepared by Ernst & Whinney

Actuarial Evaluation of the Fund
as of June 30, 1986

Ernst & Whinney

008312

EXHIBIT

JAN 29 1987 NO. 5

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STATE BUDGET & CONTROL BOARD

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Ernst & Whinney

008313

EXHIBIT

JAN 29 1987 NO. 5

I. SCOPE OF ASSIGNMENT STATE BUDGET & CONTROL BOARD

Ernst & Whinney (E&W) has been retained by the South Carolina Workers Compensation Fund (the Fund) to evaluate several aspects of their operations. The following list of items is paraphrased from the Request for Proposals which outlines what issues we have been requested to address.

1. Determine the current outstanding liability against the Fund for losses prior to July 1, 1985 and a payout schedule of those liabilities.
2. Determine the adequacy of the current premium structure.
3. Determine the need for an annual actuarial audit of the Fund.
4. Determine the adequacy of historical premiums collected.
5. Determine the accuracy of claims liability reserves based on a run-off of case reserves.
6. Determine whether rates established by the National Council on Compensation Insurance (NCCI) are appropriate for the Fund. Determine the need and process for internal ratemaking by classification. Determine the effect of a two-year versus a three-year experience rating plan.
7. Determine the financial condition of the Fund.
8. Determine the financial implications of lump-sum settlements versus weekly payments.
9. Determine the most effective means to modify premiums based on individual account loss experience.
10. Determine the effect of the retention of investment income accruing from the investment of collected premiums. Determine the investment income implications for dividends plans. Determine a dividend plan for Fund accounts.
11. Determine the feasibility of reinsurance.
12. Recommend data management for all of the above.
13. Determine any relevant statistics and/or recommendations which relate to strengths and/or weaknesses of the Fund's operations as compared to similar operations.

This report has been prepared for the exclusive use of the Fund. Further distribution of this report without permission of the Fund is prohibited.

II. BACKGROUND OF THE FUND

The Fund is a State agency providing workers compensation coverage for other State government agencies as well as city and county government agencies who elect to participate in the Fund. Currently, coverage is provided to approximately 600 accounts. The Fund is limited to workers compensation insurance, in accordance with South Carolina law.

The Fund is administered by a Director appointed by the Governor with the advice and consent of the Senate. Legal representation for the Fund is provided by a chief council and such staff attorneys as are necessary appointed by the Director of the Fund with the approval of the Attorney General. The monies of the Fund are deposited with the State Treasurer and payments therefrom are made by checks approved by the Comptroller General.

The Fund was created in 1943, and continued in effect from year to year by various Acts of the General Assembly. In 1947, the law governing the Fund became a permanent Act, and is now identified by Sections 42-7-10 through 42-7-100 of the 1976 Code of Laws of South Carolina, as amended.

III. EXECUTIVE SUMMARY OF FINDINGS

The following represent the major findings of our review of the operation of the Fund. Additional discussion of these findings is contained in the remainder of this report. Prior to drawing any conclusions, we recommend that the entire report be read.

1. E&W estimates of several items in the June 30, 1986 Annual Report have indicated adjustments to reported figures; however, due primarily to data limitations and the potential variability of insurance results, these estimated adjustments may differ substantially from actual needed adjustments. Modified unassigned reserves (i.e., surplus) is estimated to be approximately -7.6 million dollars. If the Fund were to receive credit from the State Treasury for investment earnings on prior collected premiums of 7.6 million dollars or more, estimated adjusted surplus would be a positive balance (see comment # 6 below). If, in addition, the Fund were to discount its loss reserves using a 5% rate of return assumption, estimated surplus would be 2.8 million dollars or more (assuming a 2.8 million dollar credit for future investment earnings).
2. Our estimate of liabilities for accidents occurring prior to July 1, 1985 for State agencies is approximately \$ 6,600,000.
3. The current manual rate level of the Fund, which is set at 60% of NCCI manual rates, cannot be justified solely on expense savings. Available information indicates that a factor of approximately 80% of NCCI rates would be reasonable for the Fund. This rate level assumes that the Fund is credited with investment income on collected premiums.
4. The current system of actuarial reports is not adequate to reasonably determine rates, reserves, and other information necessary for the Fund to operate on a financially sound basis. We have recommended several standard actuarial reports which will permit the Fund to have data available in the future to produce the required projections.
5. The Fund does not currently purchase reinsurance. We recommend that the Fund seek to structure a reinsurance program which would be equivalent to those programs in the private sector for companies insuring similar risks. Either private sector reinsurance could be sought or the State of South Carolina could reinsure the Fund.
6. The Fund is not credited with investment earnings on premiums deposited with the State Treasury prior to payment of losses from those premiums. We recommend that the Fund receive credit for investment earnings on prior collected premiums. Our estimate of lost investment earnings, from the inception of the Fund, is approximately 6 to 10 million dollars.

EXHIBIT

JAN 29 1987

NO. 5

IV. MANAGEMENT REPORTS

STATE BUDGET & CONTROL BOARD

A. Analysis of Current Database

A large number of hardcopy computer reports of claim experience are available at the Fund but the data is so detailed, incomplete, and voluminous as to render the task of summarizing the data impossible in the available time frame. Where summaries exist, report dates are not at evenly-spaced intervals of time which complicates the use of standard actuarial techniques for projecting historical loss experience. It has been a policy at the Fund to destroy hardcopy computer reports which are older than two years so that hardcopy reports are not available for all valuation dates.

An alternative approach to the data problem would be to run new reports against the existing claim file database to provide the necessary historical data summaries. However, we have learned that, of approximately 130,000 historical claim records, only approximately 30,000 exist today. In some way, the computer system malfunctioned with a resulting loss of approximately 75% of the historical claim records. Due to this unfortunate event, the Fund was unable to process new reports from the existing claim files in order to provide the type of claim data development totals necessary to apply standard actuarial projection techniques.

In view of the above-mentioned problems, we requested that the Fund prepare a computer run showing the current status of paid and reported losses for as many years as possible. This report was run as of December 31, 1986. In the next section, we address the data problem in the form of recommendations to the Fund to develop a system of management and/or actuarial reports that will facilitate the use of standard actuarial projection techniques in the future.

B. Future Management Reports

In this section, the essential components of a set of actuarial management reports is outlined. It is not our intention to identify all possible actuarial reports which could conceivably be of value to the Fund. Rather, we will outline a basic set of reports which would be essential in the preparation of annual actuarial analyses of rates and reserves.

The three basic items in an insurance data system are premiums, losses, and loss exposures. For workers compensation insurance, a widely-used measure of exposure is payroll. Each of these items is discussed separately as there is a need to produce projections of all of these items due to an inflationary effect on workers compensation premiums, losses, and exposures.

Before discussing specific reports, we would like to define certain crucial accounting terms which will be used in order to reduce the possibility of misunderstanding arising from differing definitions or interpretations.

- a. Accident year incurred losses = the sum of paid losses plus unpaid case reserves only for losses with accident dates during the calendar year.
- b. Calendar year earned premium = premiums written during the calendar year minus the change in the unearned premium reserve.
- c. Policy year incurred losses = the sum of paid losses plus unpaid case reserves only for policies with effective dates during the calendar year.
- d. Policy year earned premium = premiums earned on policies with effective dates during the calendar year.
- e. Calendar year incurred losses = the sum of paid losses during the calendar year plus the change in the total loss reserve.

These definitions essentially represent different ways in which an insurance entity can segregate its premium and loss data. It should be emphasized that, in each definition, all data is to be reflected - the only difference is in the manner of grouping the data. For example, total loss reserves can be segregated by accident year or policy year with the total being the same in both cases.

The policy year basis of accounting uses policy year losses and policy year premiums. Ratemaking for workers compensation is generally done on a policy year basis since this method of accounting gives the most accurate matching of premiums with the losses associated with those premiums. We recommend that the Fund use the policy year basis to define its actuarial reports. It should be noted that, since the Fund provides annual coverage to all accounts with a January 1 effective date, losses accumulated on an accident year basis will be the same as losses on a policy year basis.

Since the Fund operates on a fiscal-year basis from July 1 to June 30, we recommend that the Fund prepare its reports on an policy half-year basis so that reconciliation to fiscal-year data can be made.

1. Loss Reports

At the end of each six-month period, a report containing the current status of each prior policy half-year is needed. Incurred losses presented for each policy half-year should be cumulative and will generally increase from period to period since additional claims will be reported and reserved. It is important to have successive valuations of policy half-year losses so that the growth in incurred losses can be used to project the growth of incurred losses for more immature policy half-year periods. We would be pleased to provide the Fund with a sample format of how this information could be displayed, if desired.

The valuations can be subdivided in a variety of ways. One logical subdivisions would be to segregate cities, counties, and State agencies plus a total report for all accounts combined. In all cases, it is important to have totals for balancing purposes. It also would be desirable to have the total accounts subdivided by classification. This information could be used to estimate the ultimate losses by classification to test the current NCCI relativities against South Carolina experience. Medical losses versus non-medical losses would also be valuable since inflationary trends in loss experience may differ between these categories.

Additional loss information which is desirable includes claim count reports on a policy half-year basis. Separate reports for closed, open, and reported claim counts for each of the data classifications mentioned above would be valuable. In this way, averages can be examined to identify trends which are emerging and need to be recognized in the projections.

2. Premium Reports

For premiums, we recommend the same report format as for losses. The report should accumulate information for both written and earned premiums segregated into the same categories as mentioned for losses above (i.e., year, classification, etc.), where feasible. Since policy year premiums will exhibit a growth pattern as do losses, premiums should be shown on the report by valuation date to permit the projection of ultimate values by year. It would be of value to also develop a calendar year report of premiums (which would not require valuation dates by year) so that the calendar-accident year basis could be used, if desired.

3. Exposure Reports

For exposures, we recommend the same report be produced as described above for premiums. This report would be used to measure the amount of growth in the exposure base due to inflation in the general economy as reflected in payrolls. In this way, a measure of the automatic increase in premiums given a fixed rate level can be measured to see if rate increases are needed over and above the normal increase in premiums due to exposure growth.

V. FINANCIAL ANALYSIS

A. Fund Balance Sheet

Currently, the Fund reports its financial position using a mixture of the cash and accrual bases of accounting. This accounting basis may not be readily understandable to persons not familiar with governmental accounting. Therefore, we recommend that, in the future, the Fund prepare financial statements on an accrual basis so that interested parties may more easily assess the financial position of the Fund. We are not recommending any specific distribution of these accrual basis financial statements but believe that they should be internally prepared and available for review by authorized parties.

As shown in Exhibit 1, E&W has prepared adjustments to those balance sheet items which were estimated by Fund personnel for the Annual Report. The adjustments are to items which are subject to uncertainty for which we have prepared independent estimations. In addition, we have included a liability item for unearned premiums which the Fund does not currently recognize as a liability. It should be noted that we have not made an adjustment to reflect any monies which the State Treasury may be required to credit to the Fund as respects investment earnings on premiums collected prior to June 30, 1986 (see Section V. B.).

Items such as accruals for salaries, overhead expenses, etc. have not been reflected in the Fund's balance sheet. We recommend that, in the preparation of future accrual basis financial statements, the Fund include as many items as is necessary to present a reasonably comprehensive balance sheet presentation, including a reserve for unearned premiums.

A summary of the results of our estimation of loss reserves is presented as Exhibit 2. Several later exhibits provide supporting detail for the projections summarized in Exhibit 2. We have encountered substantial problems in locating historical data from which accurate loss reserve projections could be made. Even in the best of circumstances, loss reserve projections are subject to great uncertainty, however, in the case of the Fund, this uncertainty is increased due to the unavailability of certain actuarial loss experience summaries (see Section IV. A.). As a result, it should be understood that our estimates of unpaid loss liabilities may differ substantially from actual unpaid losses.

Exhibit 3 allocates policy year loss reserves between State and non-State accounts. Since the State has historically reimbursed the Fund on a calendar year paid basis and separate policy year data for State and non-State accounts is unavailable, it is difficult to allocate policy year reserves accurately. We have estimated this allocation on the basis of adjusted "receipts" contained in the Annual Report of the Fund. Inaccuracies in this allocation procedure may materially affect the indicated surplus position of the Fund since estimated

reimbursements for loss payments on State agency loss reserves has been reflected as an asset in Exhibit 1.

B. Investment Earnings on Collected Premiums

Premiums collected by the Fund are managed by the State Treasurer (see Section II.). It is our understanding that any investment earnings on those premiums are not credited to the Fund. There are several implications of this situation which we would like to address.

Any risk-bearing enterprise (such as an insurance company or a state insurance fund) should have sufficient surplus to guard against the possibility of insolvency. This requirement is in addition to the necessity for reinsurance since reinsurance will not eliminate the potential for insolvency. An excessive net retained aggregate loss occurring in an accounting period may result in a decrease in, or a depletion of, surplus for any risk-taking enterprise.

For insurance companies, solvency standards generally include the ratio of net premiums written to surplus as a measure of financial strength. For example, in the Insurance Regulatory Information System (IRIS), the National Association of Insurance Commissioners (NAIC) has established maximum annual net written premium at three times surplus. This evaluation system is designed to help insurance department financial examiners identify financially weak companies. The premium-to-surplus ratio is one of eleven tests of financial strength included in the system. In this system, surplus is a major element in determining the strength of insurance companies.

For many insurance companies, the sole source of contributions to surplus, other than initial invested capital, has been a portion of investment earnings on premiums collected from policyholders. This is partially due to competitive pressures and a regulatory focus on total return pricing. Total return pricing results in policyholders receiving at least partial credit for investment earnings on their premiums in the form of reduced premium rates.

It should be noted that the Fund uses NCCI rates in determining its premium charges, with a 40% rate credit to reflect savings on expenses underlying NCCI rates. Since the loss portion of rates established by NCCI are based on total return pricing, the Fund would not be collecting adequate total premiums and would, therefore, need to surcharge its rate level.

State agencies are, by statute, liable for the actual amount of incurred losses. A surcharge in the Fund's rate level would not be equitable to non-State agencies since they would then bear an additional financial burden of making up for the loss of investment earnings on their premiums.

If premium surcharges become necessary, the Fund may, due to competitive forces, face a decline in the number of non-State agency accounts it can retain. A decline in the number of insured accounts, and, hence, premium collections, would probably cause an additional drain on Fund surplus due to fixed overhead expenses. We are informed that the Fund is already experiencing a significant decrease in the number of retained accounts.

In view of the above-mentioned situation, we believe that a procedure should be implemented whereby investment earnings on all premiums collected by the Fund are credited to the Fund. Most importantly, this procedure would be a significant contribution to the accumulation of adequate Fund surplus. In addition, it would prevent non-equitable rate increases to non-State accounts and would contribute to the retention of non-State accounts in the presence of competitive forces.

Exhibits 13 through 16 show our estimation of the amount of lost investment earnings, beginning with the inception of the Fund, . We have used very conservative interest rate assumptions of 4%, 5%, and 6%. These calculations indicate that lost investment earnings is approximately 6 to 10 million dollars. In view of the above-mentioned considerations, it seems appropriate that the State Treasury credit the Fund with all or a portion of this amount.

C. Claim Settlement Options

There are essentially three options available to the Fund for the settlement of claims: weekly payments, a lump-sum payment, and structured settlements. It is assumed that the preferable method is one which minimizes losses to the Fund, given that the settlement is consistent with the Workers Compensation Law.

In some situations, the best option for the Fund and the claimant may be a structured settlement. This option relies heavily on the use of interest income to provide maximum benefits to the claimant while providing a lower ultimate paid loss to the Fund. However, three major considerations are important in the evaluation of this option. First is the amount of interest the Fund could earn if it were credited with these earnings. Second is the additional expense charged for purchasing a structured settlement. Third is competition in the marketplace for structured settlements.

If the Fund can obtain a higher investment yield than firms selling structured settlements, it may be preferable for the Fund to pay losses on a weekly basis since a structured settlement may be more expensive due to the expenses and profit loading included in the price of a structured settlement.

If we assume that the fund's investment yield is lower than firms selling structured settlements, the weekly benefit option may not be preferable since the lower interest may make the net cost to the Fund greater than the cost of a structured settlement.

Another consideration is the marketplace for structured settlements. Competition may be such that the Fund can purchase structured settlements for less than it would cost the fund after considering interest and the expense of administering the payments. Since the Fund is not currently credited with investment earnings, it is limited in its ability to take full advantage of the above-mentioned considerations. As previously discussed, the Fund may need to charge premiums which are higher than would be necessary if it were credited with investment earnings.

EXHIBIT

VI. LOSS RESERVE ANALYSIS

JAN 29 1987

NO. 5

STATE BUDGET & CONTROL BOARD

A. Loss Reserve Projections

Our first step in estimating loss reserves is to project ultimate incurred losses by policy year. The lag factor method has been used to obtain these projections of ultimate incurred losses. This method consists of projecting ultimate incurred losses by dividing the current valuation (i.e., the cumulative status) of losses by the corresponding lag factor. A lag factor can be defined as the ratio of accumulated losses (paid or reported), at successive 12 month intervals, to an estimate of ultimate incurred loss.

Since historical loss data for the Fund is not available to compute lag factors, we have relied on paid and reported lag factors obtained from NCCI data and data published by the A. M. Best Company, Inc. These four sets of lag factors result in four sets of projections of ultimate incurred losses by policy year as shown in Exhibits 8 through 11. While we believe that our projections are reasonable given the available information, we recognize that other projections may also yield reasonable, but different, results.

Loss reserves can now be obtained for each policy year by subtracting cumulative paid losses from the selected policy year ultimate incurred loss. Exhibit 2 summarizes the projections developed in Exhibits 8 through 11 and shows the calculation of reserves. Since cumulative paid losses by policy year are not available as of June 30, 1986, the differences between our selected ultimate incurred losses and cumulative paid losses in Exhibit 2 will result in reserves as of December 31, 1986. To estimate reserves as of June 30, 1986, it is necessary to add losses paid in the second half of 1986 on accidents occurring between 1/1/78 and 6/30/86 to the 12/31/86 reserves. We have allocated these payments to policy year reserves in proportion to reserves at 12/31/86 in Exhibit 3.

B. Payout of Loss Liabilities

We have estimated the timing of the payment of reserves in Exhibits 4 and 5. As mentioned earlier, we cannot estimate a payment pattern of losses based on Fund data. As an alternative, we have chosen to use payment patterns underlying NCCI data. The payment pattern of NCCI data has been shortened to 18 years which helps explain why there is a "lumping" effect of the last year of the payout. This is because the payments subsequent to 18 years are all assumed to be paid in the 18th year. The percentage of ultimate losses paid subsequent to the 17th year is only 1% of total losses as can be seen in Exhibit 12.

In addition to the payout of loss reserves, we have also calculated the present value of the payout of loss reserves in Exhibits 4 and 5. We have used a conservative rate of return assumption of 5%. The total value of discounted reserves is approximately 2.8 million dollars less than undiscounted reserves. If the Fund were to receive

investment earnings on their loss reserves, it would not be inappropriate for the Fund to state reserves in their balance sheet at the discounted value. It should be noted, however, that this calculation assumes that sufficient assets exist to earn the interest resulting from this calculation. It would not be appropriate to fully discount reserves unless a non-negative surplus exists prior to discounting.

EXHIBIT

JAN 29 1987 NO. 5

STATE BUDGET & CONTROL BOARD

VII. RATE ANALYSIS

A. Indicated Rate Level

We believe that it is appropriate for the Fund to use NCCI rates in the determination of premium charges until the Fund can generate sufficient loss data upon which to independently establish rates.

There are essentially two portions of any insurance rate. One is a provision for losses and the other is for expenses (including profit). Any differences between the Fund's loss experience and/or expenses and those underlying NCCI rates would justify the application of a modification factor (sometimes called a deviation factor) to NCCI rates. Currently, the Fund applies a deviation factor of 60% to NCCI rates in the establishment of account premiums.

It is our opinion that, given the current database and the uncertainties of our loss reserve projections, we cannot draw any firm ratemaking conclusions regarding the loss experience of the Fund relative to NCCI loss experience. However, in the future, the management reports we have previously discussed may provide the necessary information to indicate a deviation (either higher or lower) based on differences in loss experience. We recommend that, until those reports become available, the Fund assume that its loss experience is neither better or worse than the experience underlying NCCI rates.

However, a deviation can be developed based on an analysis of savings in expenses. Exhibit 17 outlines our calculation of a deviation factor which recognizes differences in expense levels but assumes that the loss provision and the investment earnings credit underlying NCCI manual rates are appropriate for the Fund. We estimate that a deviation factor of 80% would be reasonable for the Fund, based on these assumptions. Future analysis of loss experience may indicate either a higher or lower deviation based on loss differences and/or a different assumption regarding investment earnings. If the assumption of investment earnings is not appropriate, our recommended deviation factor would be 85%.

B. Classification Relativities

The establishment of classification relativities for any line of insurance is complicated by a lack of a sufficient volume of data when subdivided into classification detail. For this reason, most ratemakers prefer to use countrywide data for the establishment of these relativities.

At this time, insufficient data is available at the Fund to allow us to properly test the current NCCI relativities for consistency with Fund experience. Section IV identifies management reports which, in the future, can be used to test classification relativities.

C. Experience Rating Plans

The goal of experience rating is equity in premium rates among insureds. The manual rate represents the average of all insureds in a particular classification and, therefore, may not be correct for every insured. Experience rating uses several years of recent insured historical experience to modify the current average (i.e., manual) rate given the credibility of that historical loss experience.

In theory, the premiums collected from all experience-rated insureds should equal the premium which would have been collected if each insured were charged the average rate. In other words, experience rating does not attempt to collect more or less premium but, rather, to allocate the premium charges more equitably.

Viewed another way, the goal of experience rating is to bring individual insured loss ratios closer to the average loss ratio than would have been the case if an average premium were charged each insured. Since no insured is fully credible, the deviation from the average must be limited to the extent that the insured's loss experience is credible. This limitation creates the potential that the plan will be "out of balance". By this we mean that total experience-rated premiums collected will not equal premiums which would have been collected if average premiums had been charged all insureds.

E&W has tested the experience-rating modifications to see if an "off-balance" exists. During the available time, we tested the 1983 data and obtained an average experience-rating modification of 98.65%. This indicates that, for the year tested, collected premiums were approximately 1.3% less than manual premiums. Further testing could indicate whether other years are also generating an off-balance in order to form a conclusion as to the performance of the experience rating plan. Should there be an indication of an off-balance, the Fund would need to offset this loss of premium in some manner.

Currently, the Fund uses two years of historical loss experience in determining experience-rating modifications, whereas, the NCCI procedure is to use three years of experience. We have been unable to determine the premium level effect of using two years versus three years. However, we believe that, on average, the variation of modifications based on two years of loss experience will be greater than modifications based on three years of losses. Therefore, we recommend that the Fund adopt the NCCI procedure of three year experience-rating modifications in order to obtain more stability in experience-rated premiums by account.

D. Retrospective Rating Plans

The Fund does not currently offer retrospective rating plans to any of its accounts. These plans are currently available from the NCCI along with all of the information needed to apply the plans.

Briefly, retrospective rating is a formula approach to the determination of the policy period premium for an account based on its ultimate actual policy year loss experience. This method of premium determination differs from experience rating since the final retrospective premium cannot be finally determined until all loss experience of the policy period is known or a mutual agreement is made to close out the premium rating. Retrospective rating premium adjustments are made at specified future dates based on the maturing loss experience of the policy period.

The retrospective premium as determined by individual loss experience is subject to pre-determined maximum and minimum limits. In this way, an account can be partially self-rated without the risk that account premiums will exceed a pre-determined amount. The Fund is guaranteed a minimum premium to cover its expenses even if the account has no losses during the policy period.

There are several advantages to the Fund in offering this option to insureds. Some of these are:

- a. The Fund can be more competitive since an account who believes its loss experience is better than the average can select this plan with the Fund and secure a return premium if the loss experience justifies a return.
- b. The Fund can collect additional premium on those accounts who have poorer loss experience than is contemplated in experience-rated premiums.
- c. The Fund may earn interest income on premiums which may eventually be refunded to insureds after retrospective rating adjustments are calculated.

We recommend that the Fund consider making retrospective rating plans available to selected accounts based on prudent underwriting guidelines and eligibility rules promulgated by the NCCI.

E. Dividend Plans

The Fund has expressed an interest in the use of dividend rating plans in order to equitably distribute any excess premiums to their accounts. Due to the technical nature of the formulas for dividend plans and the wide variety of plans, the formulas are not included in this report. Formulas will be provided to the Fund when the range of alternatives has been narrowed to those likely to be adopted.

F. Schedule Rating Credits

In the past, the Fund has made "adjustments" to the experience-rating modifications of their accounts for competitive purposes. This was accomplished in 1980, for example, by subtracting 30% from the experience rating modifiers for most or all accounts. We also have been advised that, from time to time, the modifiers of selected accounts were "adjusted" in order to meet competitive or other pressures. We believe that this procedure is undesirable and may adversely affect total revenue since it contributes to inequity in premium rating among accounts.

These adjustments to experience-rated premiums are similar in application to a rating modification plan called schedule rating. In theory, schedule rating attempts to reflect rating factors which are of a more judgemental nature and not reflected in other areas of the rating plan. Examples would be the effect of safety programs, employee selection and training, condition and care of premises, condition and care of equipment, etc. Schedule rating plans contain maximum and minimum credits which are established for various categories and applied judgementally by underwriters.

While the application of a plan of schedule rating can be justified, it is essential that it be carefully defined and consistently and equitably applied to all accounts.

VIII. REINSURANCE

The Fund does not currently purchase reinsurance of any kind to reduce its exposure to loss. The Fund is insuring non-State accounts on a fixed premium basis and is, therefore, subject to the risk of a large accumulation of losses in one or more accounting periods which could deplete or exhaust its surplus. Excess of loss reinsurance would be a way of reducing this risk.

Since the Fund operates as a mechanism for the pooling of workers compensation loss experience for governmental agencies of the State of South Carolina, one could question the need for reinsurance. However, it is our understanding that the Fund is intended to operate on a sound financial basis without ultimate recourse to the State Treasury for additional funds in the event of financial impairment. Under this assumption, it seems necessary that the Fund consider some form of reinsurance to reduce risk of insolvency.

Reinsurance could be provided by the State of South Carolina or it could be provided by the private reinsurance sector. Due to the importance of reinsurance to any insurance mechanism, we recommend that a well-defined plan of reinsurance be considered by the Fund.

IX. RECOMMENDATIONS

1. That the Fund seek to establish a procedure to obtain credit for investment earnings or consider an increase in its deviation factor to offset the loss of investment earnings.
2. That the Fund increase its deviation factor to 80%, if it is able to gain credit for future investment earnings. If the Fund does not receive credit for future investment earnings, we recommend a deviation factor of 85%.
3. That the Fund develop specifications for at least a basic set of actuarial reports to be produced on a semi-annual basis to obtain actuarial data for premiums, losses, and exposures.
4. That the Fund develop actuarial data on a half-year basis in order to facilitate the presentation of financial information on a fiscal year basis consistent with their historical reporting basis.
5. That the Fund prepare financial statements on an accrual basis to be available to authorized parties for review.
6. That the Fund adopt a three-year experience-rating modification to provide more stability in individual account experience rating.
7. That the Fund consider offering one or more retrospective rating plans to accounts based on sound underwriting criteria.
8. That the Fund consider the establishment of a well-defined program of reinsurance to reduce its exposure to loss.
9. That the Fund obtain an annual actuarial analysis of rates and reserves from a qualified actuary.

EXHIBIT

JAN 29 1987

NO. 5

EXHIBIT 1

STATE BUDGET & CONTROL BOARD

FINANCIAL POSITION OF THE FUND

FUND BALANCE SHEET AS OF 6/30/86

ASSETS	Actual Report	Adjustments	Adjusted Report
1. Beginning Balance	\$ 6,043,606	\$ 0	\$ 6,043,606
2. Premium Receipts	8,756,419	0	8,756,419
3. Reimbursement for State Agency Claims	4,346,820	0	4,346,820
4. Second Injury Fund Recoveries	1,848,230	0	1,848,230
5. Third Party Recoveries	155,278	0	155,278
6. Reimbursement Receivable for State Agency Claims	6,000,000	4,639,000	10,639,000
Total	\$ 27,150,353	\$ 4,639,000	\$ 31,789,353

LIABILITIES

1. Claims Losses	\$ 10,377,769	\$ 0	\$ 10,377,769
2. Remaining Reserves for Non- State Agency Claims	3,300,000	8,210,000	11,510,000
3. Remaining Reserves for State Agency Claims	6,000,000	4,639,000	10,639,000
4. Reserve for Unearned Premiums	0	4,639,211	4,639,211
5. Second Injury Fund Adjustment	1,076,321	0	1,076,321
6. Operating Expenses	1,194,752	0	1,194,752
7. Unassigned Special Reserves	5,201,511	-12,849,211	-7,647,700
Total	\$ 27,150,353	\$ 4,639,000	\$ 31,789,353

Dollars in 000s

EXHIBIT 2

SELECTION OF ULTIMATE LOSSES BY POLICY YEAR

ALL ACCOUNTS

POL. YEAR	PAID @ 12/31/86	ULTIMATES				SELECT	RESERVES
		REPORTED		PAID			
		BEST	NCCI	BEST	NCCI		
1978	6,110	6,307	6,256	6,888	6,344	6,350	240
1979	6,913	7,579	7,518	7,928	7,292	7,600	687
1980	7,645	8,399	8,290	8,942	8,301	8,400	755
1981	7,827	8,892	8,723	9,363	8,697	8,800	973
1982	10,290	12,084	11,642	12,846	11,773	12,000	1,710
1983	10,073	13,268	12,281	13,323	12,106	12,700	2,627
1984	6,740	10,305	9,401	9,927	8,904	9,500	2,760
1985	5,751	11,793	10,263	10,551	11,342	9,500	3,749
1986*	1,280	4,805	3,612	4,941	10,076	4,500	3,220
TOTAL	62,629	83,432	77,986	84,709	84,835	79,350	16,721
Add losses paid in last half of 1986 on accidents occurring between 1/1/78 and 6/30/86 (estimated)							5,178
Reserves @ June 30, 1986 (excluding 1977 and prior reserves)							21,899

*includes only the first half of the policy year

Note: It is necessary to add back paid losses from 7/1/86 to 12/31/86 since we are evaluating loss reserves at 6/30/86. Paid losses by policy year are not available except at a 12/31/86 valuation date.

Dollars in 000s

EXHIBIT 3

ALLOCATION OF STATE VS. NON-STATE RESERVES
AS OF 6/30/86

POL. YEAR ----		STATE -----	% --		NON-STATE -----	% --	TOTAL -----
1977<	\$	50	20%	\$	200	80%	\$ 250
1978		63	20		251	80	314
1979		180	20		720	80	900
1980		227	23		762	77	989
1981		395	31		879	69	1,274
1982		829	37		1,411	63	2,240
1983		1,548	45		1,893	55	3,441
1984		2,061	57		1,554	43	3,615
1985*	1st	1,260	57		2,111	43	4,910
	2nd	1,539					
1986**		2,487	59		1,729	41	4,216
TOTAL		\$ 10,639	--		\$ 11,510	--	\$ 22,149

Liabilities for State agency claims prior to 7/1/85 = \$ 6,613

Note: The allocation percentages have been determined based on "Receipts" from the Annual Fund Report which were actuarially adjusted to put State vs. non-State receipts on a comparable basis.

* 1985 reserves have been judgementally separated into to policy half-years with 45% of reserves allocated to the first half and 55% the second half.

** includes only the first half of the policy year.

EXHIBIT 4

PAYOUT OF STATE AGENCY LOSS RESERVES

UNDISCOUNTED RESERVE PAYOUT

ACCIDENT YEAR

C/Y	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
O/S	50	63	180	227	395	829	1548	2061	2799	2487	10639
1986	6	9	30	47	46	95	221	376	951	692	2473
1987	8	12	36	52	119	154	274	421	570	910	2556
1988	6	8	24	31	66	198	221	261	319	273	1407
1989	4	6	16	21	40	110	284	211	198	153	1043
1990	2	4	12	14	26	66	158	271	160	95	808
1991	2	2	8	10	18	44	95	150	205	76	610
1992	2	2	4	7	13	29	63	90	114	98	422
1993	20	2	4	3	9	22	42	60	68	55	285
1994	0	19	4	3	4	15	32	40	46	33	196
1995	0	0	40	3	4	7	21	30	30	22	157
1996	0	0	0	35	4	7	11	20	23	15	115
1997	0	0	0	0	44	7	11	10	15	11	98
1998	0	0	0	0	0	73	11	10	8	7	109
1999	0	0	0	0	0	0	105	10	8	4	127
2000	0	0	0	0	0	0	0	100	8	4	112
2001	0	0	0	0	0	0	0	0	76	4	80
2002	0	0	0	0	0	0	0	0	0	36	36
TOTAL	50	64	178	226	393	827	1549	2060	2799	2488	10634

DISCOUNTED RESERVE PAYOUT AT I = 5.0%

C/Y	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
O/S	50	63	180	227	395	829	1548	2061	2799	2487	10639
1986	6	9	30	47	46	95	221	376	951	692	2473
1987	8	11	35	50	113	147	261	401	543	867	2436
1988	5	7	22	28	60	180	201	237	290	248	1278
1989	3	5	14	18	34	95	246	182	171	132	900
1990	2	3	10	11	22	54	130	223	131	78	664
1991	2	2	6	8	14	34	74	118	161	60	479
1992	1	1	3	5	10	22	47	67	85	73	314
1993	14	1	3	2	6	16	30	43	49	39	203
1994	0	13	3	2	3	10	21	27	31	22	132
1995	0	0	26	2	3	5	14	19	20	14	103
1996	0	0	0	21	3	5	6	12	14	9	70
1997	0	0	0	0	26	4	6	6	9	6	57
1998	0	0	0	0	0	41	6	6	4	4	61
1999	0	0	0	0	0	0	56	5	4	2	67
2000	0	0	0	0	0	0	0	51	4	2	57
2001	0	0	0	0	0	0	0	0	37	2	39
2002	0	0	0	0	0	0	0	0	0	17	17
TOTAL	41	52	152	194	340	708	1319	1773	2504	2267	9350

EXHIBIT 5

PAYOUT OF NON-STATE AGENCY LOSS RESERVES

UNDISCOUNTED RESERVE PAYOUT

ACCIDENT YEAR

C/Y	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
O/S	200	251	720	762	879	1411	1893	1554	2111	1729	11510
1986	24	35	121	157	103	162	270	284	717	481	2354
1987	32	46	146	175	265	262	335	318	430	633	2642
1988	24	31	97	105	147	337	270	197	241	190	1639
1989	16	23	65	70	88	187	348	159	149	106	1211
1990	8	15	49	47	59	112	193	204	120	66	873
1991	8	8	32	35	39	75	116	113	155	53	634
1992	8	8	16	23	29	50	77	68	86	68	433
1993	80	8	16	12	20	37	52	45	52	38	360
1994	0	77	16	12	10	25	39	30	34	23	266
1995	0	0	162	12	10	12	26	23	23	15	283
1996	0	0	0	116	10	12	13	15	17	10	193
1997	0	0	0	0	98	12	13	8	11	8	150
1998	0	0	0	0	0	125	13	8	6	5	157
1999	0	0	0	0	0	0	129	8	6	3	146
2000	0	0	0	0	0	0	0	76	6	3	85
2001	0	0	0	0	0	0	0	0	57	3	60
2002	0	0	0	0	0	0	0	0	0	25	25
TOTAL	200	251	720	764	878	1408	1894	1556	2110	1730	11511

DISCOUNTED RESERVE PAYOUT AT I = 5.0%

C/Y	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
O/S	200	251	720	762	879	1411	1893	1554	2111	1729	11510
1986	24	35	121	157	103	162	270	284	717	481	2354
1987	30	44	139	166	253	250	319	302	410	603	2516
1988	22	28	88	95	134	306	245	178	219	172	1487
1989	14	20	56	60	76	162	300	137	129	92	1046
1990	7	13	40	38	48	92	159	168	99	54	718
1991	6	6	25	27	31	59	91	89	121	42	497
1992	6	6	12	17	22	37	58	51	64	51	324
1993	57	5	11	8	14	27	37	32	37	27	255
1994	0	52	11	8	7	17	26	20	23	15	179
1995	0	0	104	7	6	8	17	15	15	10	182
1996	0	0	0	71	6	8	8	9	11	6	119
1997	0	0	0	0	57	7	8	4	7	4	87
1998	0	0	0	0	0	70	7	4	3	3	87
1999	0	0	0	0	0	0	68	4	3	1	76
2000	0	0	0	0	0	0	0	38	3	1	42
2001	0	0	0	0	0	0	0	0	28	1	29
2002	0	0	0	0	0	0	0	0	0	12	12
TOTAL	166	209	607	654	757	1205	1613	1335	1889	1575	10010

EXHIBIT 6

BASIC TRIANGLE FOR REPORTED LOSS EXPERIENCE

POL. YEAR	# MONTHS SINCE INCEPTION OF POLICY YEAR									
	12	24	36	48	60	72	84	96	108	
1978									6,256,428	
1979								7,495,154		
1980							8,281,780			
1981						8,740,456				
1982					11,793,736					
1983				12,883,255						
1984			9,862,168							
1985		10,920,122								
1986	7,419,536									

EXHIBIT

JAN 29 1987

NO. 5

EXHIBIT 7

STATE BUDGET & CONTROL BOARD

BASIC TRIANGLE FOR PAID LOSS EXPERIENCE

POL. YEAR	# MONTHS SINCE INCEPTION OF POLICY YEAR								
	12	24	36	48	60	72	84	96	108
1978									6,109,617
1979								6,912,886	
1980							7,645,355		
1981						7,827,411			
1982					10,289,952				
1983				10,072,507					
1984			6,740,364						
1985		5,750,561							
1986	2,559,285								

EXHIBIT 8

REPORTED LAG FACTOR PROJECTIONS OF ULTIMATE LOSSES USING A. M. BEST DATA

	(1)	(2)	(3)
POL. YEAR -----	REPORTED LOSSES -----	REPORTED LAG FACTOR -----	PROJECTED ULTIMATE LOSSES -----
1978	6,256,428	.992	6,306,883
1979	7,495,154	.989	7,578,518
1980	8,281,780	.986	8,399,371
1981	8,740,456	.983	8,891,613
1982	11,793,736	.976	12,083,746
1983	12,883,255	.971	13,268,028
1984	9,862,168	.957	10,305,296
1985	10,920,122	.926	11,792,788
1986*	3,709,768	.772	4,805,399
TOTAL	79,942,867	--	83,431,642

Notes: (1) Losses are valued as of 12/31/86.

(2) = ratio of cumulative reported losses to ultimate losses at successive valuation dates. Lag factors are derived from A. M. Best Company industry data for workers compensation coverage.

(3) = (1) / (2)

* only first half of policy year.

EXHIBIT 9

REPORTED LAG FACTOR PROJECTIONS OF ULTIMATE LOSSES
USING NCCI DATA

	(1)	(2)	(3)
POL. YEAR -----	REPORTED LOSSES -----	REPORTED LAG FACTOR -----	PROJECTED ULTIMATE LOSSES -----
1978	6,256,428	1.000	6,256,428
1979	7,495,154	.997	7,517,707
1980	8,281,780	.999	8,290,070
1981	8,740,456	1.002	8,723,010
1982	11,793,736	1.013	11,642,385
1983	12,883,255	1.049	12,281,463
1984	9,862,168	1.049	9,401,495
1985	10,920,122	1.064	10,263,273
1986*	3,709,768	1.027	3,612,238
TOTAL	79,942,867	--	77,988,069

Notes: (1) Losses are valued as of 12/31/86

(2) = ratio of cumulative reported losses to ultimate losses at successive valuation dates. Lag factors are derived from NCCI data for workers compensation coverage.

(3) = (1) / (2)

* only first half of policy year.

EXHIBIT 10

PAID LAG FACTOR PROJECTIONS OF ULTIMATE LOSSES
USING A. M. BEST DATA

	(1)	(2)	(3)
POL. YEAR -----	PAID LOSSES -----	PAID LAG FACTOR -----	PROJECTED ULTIMATE LOSSES -----
1978	6,109,617	.887	6,887,956
1979	6,912,886	.872	7,927,622
1980	7,645,355	.855	8,941,936
1981	7,827,411	.836	9,362,932
1982	10,289,952	.801	12,846,382
1983	10,072,507	.756	13,323,422
1984	6,740,364	.679	9,926,898
1985	5,750,561	.545	10,551,488
1986*	1,279,643	.259	4,940,707
TOTAL	62,628,296	--	84,709,343

Notes: (1) Losses are valued as of 12/31/86

(2) = ratio of cumulative paid losses to ultimate losses at successive valuation dates. Lag factors are derived from A. M. Best Company industry data for workers compensation coverage.

(3) = (1) / (2)

* only first half of policy year.

EXHIBIT 11

PAID LAG FACTOR PROJECTIONS OF ULTIMATE LOSSES
USING NCCI DATA

	(1)	(2)	(3)
POL. YEAR -----	PAID LOSSES -----	PAID LAG FACTOR -----	PROJECTED ULTIMATE LOSSES -----
1978	6,109,617	.963	6,344,358
1979	6,912,886	.948	7,292,074
1980	7,645,355	.921	8,301,146
1981	7,827,411	.900	8,697,123
1982	10,289,952	.874	11,773,400
1983	10,072,507	.832	12,106,379
1984	6,740,364	.757	8,904,048
1985	5,750,561	.507	11,342,329
1986*	1,279,643	.127	10,075,929
TOTAL	62,628,296	--	84,836,786

Notes: (1) Losses are valued as of 12/10/86

(2) = ratio of cumulative paid losses to ultimate losses at successive valuation dates. Lag factors are derived from NCCI data for workers compensation coverage.

(3) = (1) / (2)

* only first half of policy year.

EXHIBIT 12

PAYOUT OF POLICY YEAR LOSSES
BASED ON NCCI DATA

CALENDAR YEAR -----	LOSS PAYOUT -----	CUMULATIVE -----
1	12.7%	12.7%
2	38.0	50.7
3	25.0	75.7
4	7.5	83.2
5	4.2	87.4
6	2.6	90.0
7	2.1	92.1
8	2.7	94.8
9	1.5	96.3
10	.9	97.2
11	.6	97.8
12	.4	98.2
13	.3	98.5
14	.2	98.7
15	.1	98.8
16	.1	98.9
17	.1	99.0
18+	1.0	100.0

EXHIBIT 13

South Carolina
State Workers' Compensation Fund

Data @ June 30, 1985 From Annual Report

Fiscal Year	=====RECEIPTS=====			=====DISBURSEMENTS=====			INCOME
	Counties	Cities	Total	Counties	Cities	Total	
1948-49	55,022.54	91,581.64	146,604.18	45,243.62	115,152.47	160,396.09	(13,791.91)
1949-50	63,006.57	107,442.99	170,449.56	80,710.18	114,444.22	195,154.40	(24,704.84)
1950-51	54,914.03	104,076.23	158,990.26	70,576.84	95,747.31	166,324.15	(7,333.89)
1951-52	76,346.59	159,660.94	236,007.53	83,462.60	148,467.35	231,929.95	4,077.58
1952-53	107,876.61	194,750.16	302,626.77	106,915.39	134,292.59	241,207.98	61,418.79
1953-54	152,032.28	181,868.97	333,901.25	104,753.47	132,292.53	237,046.00	96,855.25
1954-55	160,119.05	163,493.04	323,612.09	143,367.30	128,837.78	272,205.08	51,407.01
1955-56	173,875.43	155,472.26	329,347.69	133,370.04	145,466.09	278,836.13	50,511.56
1956-57	181,384.81	158,136.57	339,521.38	185,511.47	132,256.39	317,767.86	21,753.52
1957-58	176,004.73	167,948.55	343,953.28	133,598.44	184,338.04	317,936.48	26,016.80
1958-59	194,303.20	190,239.81	384,543.01	222,910.84	176,287.73	399,198.57	(14,655.56)
1959-60	211,094.92	211,948.31	423,043.23	257,495.89	180,160.93	437,656.82	(14,613.59)
1960-61	239,132.99	239,931.59	479,064.58	221,609.29	173,366.94	394,976.23	84,088.35
1961-62	260,167.98	259,419.65	519,587.63	202,330.52	127,305.29	329,635.81	189,951.82
1962-63	299,910.51	310,743.78	610,654.29	219,190.55	187,837.43	407,027.98	203,626.31
1963-64	344,376.17	298,781.32	643,157.49	233,476.27	196,667.22	430,143.49	213,014.00
1964-65	327,988.63	297,487.58	625,476.21	301,074.58	241,591.44	542,666.02	82,810.19
1965-66	325,031.30	314,796.35	639,827.65	282,828.58	249,933.68	532,762.26	107,065.39
1966-67	405,954.12	419,707.85	825,661.97	317,496.37	243,353.03	560,849.40	264,812.57
1967-68	498,185.20	499,128.95	997,314.15	318,292.71	357,622.62	675,915.33	321,398.82
1968-69	531,463.66	521,527.83	1,052,991.49	290,651.04	242,556.83	533,207.87	519,783.62
1969-70	576,270.35	616,135.47	1,192,405.82	343,261.71	443,160.06	786,421.77	405,984.05
1970-71	607,270.96	640,219.76	1,247,490.72	522,425.75	501,159.97	1,023,585.72	223,905.00
1971-72	578,121.45	542,403.89	1,120,525.34	252,879.84	461,629.56	714,509.40	406,015.94
1972-73	757,911.27	658,845.99	1,416,757.26	507,656.16	519,038.99	1,026,695.15	390,062.11
1973-74	765,514.97	682,895.81	1,448,410.78	654,271.73	526,851.06	1,181,122.79	267,287.99
1974-75	956,041.85	800,320.20	1,756,362.05	959,969.91	769,838.63	1,729,808.54	26,553.51
1975-76	1,318,801.70	1,067,379.82	2,386,181.52	1,223,395.79	924,846.29	2,148,242.08	237,939.44
1976-77	2,027,019.23	1,339,406.93	3,366,426.16	1,545,695.68	1,209,195.59	2,754,891.27	611,534.89
1977-78	2,303,338.21	1,708,513.24	4,011,851.45	2,005,364.47	1,282,627.09	3,287,991.56	723,859.89
1978-79	3,235,607.38	1,824,072.91	5,059,680.29	2,249,936.66	1,612,418.37	3,862,355.03	1,197,325.26
1979-80	5,099,517.94	2,237,920.34	7,337,438.28	2,457,973.10	1,484,740.51	3,942,713.61	3,394,724.67
1980-81	3,901,895.50	1,897,496.02	5,799,391.52	3,435,495.01	1,994,561.28	5,430,056.29	369,335.23
1981-82	4,703,412.96	2,597,412.86	7,300,825.82	3,954,471.04	1,919,392.94	5,873,863.98	1,426,961.84
1982-83	4,684,255.76	2,652,273.13	7,336,528.89	4,480,075.48	2,550,225.92	7,030,301.40	306,227.49
1983-84	3,902,969.40	1,279,049.39	5,182,018.79	4,557,397.79	2,805,604.94	7,363,002.73	(2,180,983.94)
1984-85	2,779,891.67	965,845.96	3,745,737.63	3,568,468.06	2,254,826.15	5,823,294.21	(2,077,556.58)
TOTALS	43,036,031.92	26,558,336.09	69,594,368.01	36,673,604.17	24,968,095.26	61,641,699.43	7,952,668.58

EXHIBIT 14

South Carolina
State Workers' Compensation Fund

Investment Income Calculation Using 4.0% Interest Rate
Data @ June 30, 1985 From Annual Report

Fiscal Year	Beginning Balance	Receipts	Investment Income	Disbursements	Ending Balance
1948-49	.00	146,604.18	.00	160,396.09 (13,791.91)
1949-50	(13,791.91)	170,449.56	.00	195,154.40 (38,496.75)
1950-51	(38,496.75)	158,990.26	.00	166,324.15 (45,830.64)
1951-52	(45,830.64)	236,007.53	.00	231,929.95 (41,753.06)
1952-53	(41,753.06)	302,626.77	.00	241,207.98	19,665.73
1953-54	19,665.73	333,901.25	786.63	237,046.00	117,307.61
1954-55	117,307.61	323,612.09	4,692.30	272,205.08	173,406.92
1955-56	173,406.92	329,347.69	6,936.28	278,836.13	230,854.76
1956-57	230,854.76	339,521.38	9,234.19	317,767.86	261,842.47
1957-58	261,842.47	343,953.28	10,473.70	317,936.48	298,332.97
1958-59	298,332.97	384,543.01	11,933.32	399,198.57	295,610.73
1959-60	295,610.73	423,043.23	11,824.43	437,656.82	292,821.57
1960-61	292,821.57	479,064.58	11,712.86	394,976.23	388,622.78
1961-62	388,622.78	519,587.63	15,544.91	329,635.81	594,119.51
1962-63	594,119.51	610,654.29	23,764.78	407,027.98	821,510.60
1963-64	821,510.60	643,157.49	32,860.42	430,143.49	1,067,385.03
1964-65	1,067,385.03	625,476.21	42,695.40	542,666.02	1,192,890.62
1965-66	1,192,890.62	639,827.65	47,715.62	532,762.26	1,347,671.63
1966-67	1,347,671.63	825,661.97	53,906.87	560,849.40	1,666,391.07
1967-68	1,666,391.07	997,314.15	66,655.64	675,915.33	2,054,445.53
1968-69	2,054,445.53	1,052,991.49	82,177.82	533,207.87	2,656,406.97
1969-70	2,656,406.97	1,192,405.82	106,256.28	786,421.77	3,168,647.30
1970-71	3,168,647.30	1,247,490.72	126,745.89	1,023,585.72	3,519,298.19
1971-72	3,519,298.19	1,120,525.34	140,771.93	714,509.40	4,066,086.06
1972-73	4,066,086.06	1,416,757.26	162,643.44	1,026,695.15	4,618,791.61
1973-74	4,618,791.61	1,448,410.78	184,751.66	1,181,122.79	5,070,831.27
1974-75	5,070,831.27	1,756,362.05	202,833.25	1,729,808.54	5,300,218.03
1975-76	5,300,218.03	2,386,181.52	212,008.72	2,148,242.08	5,750,166.19
1976-77	5,750,166.19	3,366,426.16	230,006.65	2,754,891.27	6,591,707.73
1977-78	6,591,707.73	4,011,851.45	263,668.31	3,287,991.56	7,579,235.92
1978-79	7,579,235.92	5,059,680.29	303,169.44	3,862,355.03	9,079,730.62
1979-80	9,079,730.62	7,337,438.28	363,189.22	3,942,713.61	12,837,644.52
1980-81	12,837,644.52	5,799,391.52	513,505.78	5,430,056.29	13,720,485.53
1981-82	13,720,485.53	7,300,825.82	548,819.42	5,873,863.98	15,696,266.79
1982-83	15,696,266.79	7,336,528.89	627,850.67	7,030,301.40	16,630,344.95
1983-84	16,630,344.95	5,182,018.79	665,213.80	7,363,002.73	15,114,574.81
1984-85	15,114,574.81	3,745,737.63	604,582.99	5,823,294.21	13,641,601.22
TOTALS	142,083,443.65	69,594,368.01	5,688,932.64	61,641,699.43	155,725,044.87

EXHIBIT 15

South Carolina
State Workers' Compensation Fund

Investment Income Calculation Using 5.0% Interest Rate
Data @ June 30, 1985 From Annual Report

Fiscal Year	Beginning Balance	Receipts	Investment Income	Disbursements	Ending Balance
1948-49	.00	146,604.18	.00	160,396.09	(13,791.91)
1949-50	(13,791.91)	170,449.56	.00	195,154.40	(38,496.75)
1950-51	(38,496.75)	158,990.26	.00	166,324.15	(45,830.64)
1951-52	(45,830.64)	236,007.53	.00	231,929.95	(41,753.06)
1952-53	(41,753.06)	302,626.77	.00	241,207.98	19,665.73
1953-54	19,665.73	333,901.25	983.29	237,046.00	117,504.27
1954-55	117,504.27	323,612.09	5,875.21	272,205.08	174,786.49
1955-56	174,786.49	329,347.69	8,739.32	278,836.13	234,037.37
1956-57	234,037.37	339,521.38	11,701.87	317,767.86	267,492.76
1957-58	267,492.76	343,953.28	13,374.64	317,936.48	306,884.20
1958-59	306,884.20	384,543.01	15,344.21	399,198.57	307,572.85
1959-60	307,572.85	423,043.23	15,378.64	437,656.82	308,337.90
1960-61	308,337.90	479,064.58	15,416.90	394,976.23	407,843.15
1961-62	407,843.15	519,587.63	20,392.16	329,635.81	618,187.13
1962-63	618,187.13	610,654.29	30,909.36	407,027.98	852,722.79
1963-64	852,722.79	643,157.49	42,636.14	430,143.49	1,108,372.93
1964-65	1,108,372.93	625,476.21	55,418.65	542,666.02	1,246,601.77
1965-66	1,246,601.77	639,827.65	62,330.09	532,762.26	1,415,997.25
1966-67	1,415,997.25	825,661.97	70,799.86	560,849.40	1,751,609.68
1967-68	1,751,609.68	997,314.15	87,580.48	675,915.33	2,160,588.98
1968-69	2,160,588.98	1,052,991.49	108,029.45	533,207.87	2,788,402.05
1969-70	2,788,402.05	1,192,405.82	139,420.10	786,421.77	3,333,806.21
1970-71	3,333,806.21	1,247,490.72	166,690.31	1,023,585.72	3,724,401.52
1971-72	3,724,401.52	1,120,525.34	186,220.08	714,509.40	4,316,637.53
1972-73	4,316,637.53	1,416,757.26	215,831.88	1,026,695.15	4,922,531.52
1973-74	4,922,531.52	1,448,410.78	246,126.58	1,181,122.79	5,435,946.08
1974-75	5,435,946.08	1,756,362.05	271,797.30	1,729,808.54	5,734,296.90
1975-76	5,734,296.90	2,386,181.52	286,714.84	2,148,242.08	6,258,951.18
1976-77	6,258,951.18	3,366,426.16	312,947.56	2,754,891.27	7,183,433.63
1977-78	7,183,433.63	4,011,851.45	359,171.68	3,287,991.56	8,266,465.20
1978-79	8,266,465.20	5,059,680.29	413,323.26	3,862,355.03	9,877,113.72
1979-80	9,877,113.72	7,337,438.28	493,855.69	3,942,713.61	13,765,694.08
1980-81	13,765,694.08	5,799,391.52	688,284.70	5,430,056.29	14,823,314.01
1981-82	14,823,314.01	7,300,825.82	741,165.70	5,873,863.98	16,991,441.56
1982-83	16,991,441.56	7,336,528.89	849,572.08	7,030,301.40	18,147,241.12
1983-84	18,147,241.12	5,182,018.79	907,362.06	7,363,002.73	16,873,619.24
1984-85	16,873,619.24	3,745,737.63	843,680.96	5,823,294.21	15,639,743.62
TOTALS	153,601,628.47	69,594,368.01	7,687,075.04	61,641,699.43	169,241,372.09

EXHIBIT

EXHIBIT 16

JAN 29 1987

NO. 5

South Carolina
State Workers' Compensation Fund

STATE BUDGET & CONTROL BOARD

Investment Income Calculation Using 6.0% Interest Rate
Data @ June 30, 1985 From Annual Report

Fiscal Year	Beginning Balance	Receipts	Investment Income	Disbursements	Ending Balance
1948-49	.00	146,604.18	.00	160,396.09	(13,791.91)
1949-50	(13,791.91)	170,449.56	.00	195,154.40	(38,496.75)
1950-51	(38,496.75)	158,990.26	.00	166,324.15	(45,830.64)
1951-52	(45,830.64)	236,007.53	.00	231,929.95	(41,753.06)
1952-53	(41,753.06)	302,626.77	.00	241,207.98	19,665.73
1953-54	19,665.73	333,901.25	1,179.94	237,046.00	117,700.92
1954-55	117,700.92	323,612.09	7,062.06	272,205.08	176,169.99
1955-56	176,169.99	329,347.69	10,570.20	278,836.13	237,251.75
1956-57	237,251.75	339,521.38	14,235.10	317,767.86	273,240.37
1957-58	273,240.37	343,953.28	16,394.42	317,936.48	315,651.60
1958-59	315,651.60	384,543.01	18,939.10	399,198.57	319,935.13
1959-60	319,935.13	423,043.23	19,196.11	437,656.82	324,517.65
1960-61	324,517.65	479,064.58	19,471.06	394,976.23	428,077.06
1961-62	428,077.06	519,587.63	25,684.62	329,635.81	643,713.50
1962-63	643,713.50	610,654.29	38,622.81	407,027.98	885,962.62
1963-64	885,962.62	643,157.49	53,157.76	430,143.49	1,152,134.38
1964-65	1,152,134.38	625,476.21	69,128.06	542,666.02	1,304,072.63
1965-66	1,304,072.63	639,827.65	78,244.36	532,762.26	1,489,382.38
1966-67	1,489,382.38	825,661.97	89,362.94	560,849.40	1,843,557.89
1967-68	1,843,557.89	997,314.15	110,613.47	675,915.33	2,275,570.19
1968-69	2,275,570.19	1,052,991.49	136,534.21	533,207.87	2,931,888.02
1969-70	2,931,888.02	1,192,405.82	175,913.28	786,421.77	3,513,785.35
1970-71	3,513,785.35	1,247,490.72	210,827.12	1,023,585.72	3,948,517.47
1971-72	3,948,517.47	1,120,525.34	236,911.05	714,509.40	4,591,444.46
1972-73	4,591,444.46	1,416,757.26	275,486.67	1,026,695.15	5,256,993.24
1973-74	5,256,993.24	1,448,410.78	315,419.59	1,181,122.79	5,839,700.82
1974-75	5,839,700.82	1,756,362.05	350,382.05	1,729,808.54	6,216,636.38
1975-76	6,216,636.38	2,386,181.52	372,998.18	2,148,242.08	6,827,574.00
1976-77	6,827,574.00	3,366,426.16	409,654.44	2,754,891.27	7,848,763.33
1977-78	7,848,763.33	4,011,851.45	470,925.80	3,287,991.56	9,043,549.02
1978-79	9,043,549.02	5,059,680.29	542,612.94	3,862,355.03	10,783,487.22
1979-80	10,783,487.22	7,337,438.28	647,009.23	3,942,713.61	14,825,221.13
1980-81	14,825,221.13	5,799,391.52	889,513.27	5,430,056.29	16,084,069.62
1981-82	16,084,069.62	7,300,825.82	965,044.18	5,873,863.98	18,476,075.64
1982-83	18,476,075.64	7,336,528.89	1,108,564.54	7,030,301.40	19,890,867.67
1983-84	19,890,867.67	5,182,018.79	1,193,452.06	7,363,002.73	18,903,335.79
1984-85	18,903,335.79	3,745,737.63	1,134,200.15	5,823,294.21	17,959,979.36
TOTALS	166,648,640.59	69,594,368.01	10,007,310.78	61,641,699.43	184,608,619.95

EXHIBIT

JAN 29 1987 NO. 5

EXHIBIT 17

STATE BUDGET & CONTROL BOARD

CALCULATION OF FUND DEVIATION FACTOR

EXPENSE ITEM -----	NCCI -----	FUND -----
1. Acquisition	15.0%	0%
2. Administrative	7.5	8.8
3. Taxes	5.3	0
4. Profit	-2.5	-2.5
Total expense ratio	25.3%	6.3%
Permissible loss ratio*	74.7%	93.7%

Deviation factor = $74.7\% / 93.7\% = .797$ or 80%

*Permissible loss ratio = $1 - \text{total expense ratio}$

- Notes:
1. Expense ratios are to standard premium.
 2. NCCI expense ratios are from most recent filing.
 3. See Exhibit 18 for calculation of Fund administrative expense ratio.
 4. A profit loading of -2.5% arises as the difference between a +2.5% profit load and a 5% credit for investment earnings.

EXHIBIT

JAN 29 1987 NO. 5

EXHIBIT 18

STATE BUDGET & CONTROL BOARD

CALCULATION OF FUND ADMINISTRATIVE EXPENSE RATIO

FISCAL YEAR -----	RECEIPTS -----	ADMINISTRATIVE EXPENSES -----	EXPENSE RATIO -----
1981-82	\$ 10,191,820.24	\$ 750,603.15	7.36%
1982-83	11,739,186.41	829,666.93	7.07
1983-84	9,486,097.85	954,359.62	10.06
1984-85	9,363,433.55	1,026,529.59	10.96
1985-86	13,103,239.17	1,194,752.37	9.12
TOTAL	\$ 53,883,777.22	4,755,911.66	8.83%

Note: Source of receipts is the Annual Fund Reports and administrative expense figures is Mr. Mark Kirby.

EXHIBIT

JAN 29 1987

NO. 6

STATE BUDGET AND CONTROL BOARD
MEETING OF JANUARY 29, 1987

REGULAR SESSION
ITEM NUMBER

3

AGENCY: Office of the State Auditor

SUBJECT: Civil Contingent Fund Allocation

State Auditor Edgar A. Vaughn, Jr., advises that his Office is hosting the Southeastern Intergovernmental Audit Forum in Charleston on February 26 and 27, 1987. He indicates that the Forum is comprised of state auditors, local auditors, and federal regional inspectors general from the southeast region. The attendance expected is about 100.

Mr. Vaughn asks for \$2,500 from the Civil Contingent Fund to finance the meeting. He points out that registration fees will be charged to cover the meeting costs but that a dinner to be held aboard the USS Yorktown must be paid for in advance. He states that the group should be in position by March 1, 1987, to reimburse the Fund.

If the request is approved, Mr. Vaughn asks that the check be made payable to the Southeastern Intergovernmental Audit Forum.

BOARD ACTION REQUESTED:

Allocate \$2,500 from the Civil Contingent Fund to the Southeastern Intergovernmental Audit Forum, on the condition that this amount be repaid to the Fund by March 1, 1987.

ATTACHMENTS:

Vaughn January 15, 1987, letter to Coles; Civil Contingent Fund status report.

008350

State of South Carolina



State Budget and Control Board

OFFICE OF THE STATE AUDITOR

P.O. BOX 11333

COLUMBIA, S.C.

29211

(803) 734-1727

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR

MARGARET C. STILWELL, CPA
DEPUTY STATE AUDITOR

January 15, 1987

RECEIVED

JAN 16 1987

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT

JAN 29 1987

NO. 6

STATE BUDGET & CONTROL BOARD

Dr. Jesse A. Coles, Jr.
Executive Director
State Budget and Control Board
612 Wade Hampton Office Bldg.
Columbia, South Carolina

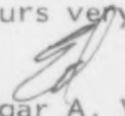
Dear Jesse:

We are hosting the winter meeting of the Southeastern Intergovernmental Audit Forum in Charleston on February 26 and 27, 1987. The Southeastern Intergovernmental Audit Forum is made up of State Auditors, Local Auditors and Federal Regional Inspectors General from the Southeastern region. We expect the attendance to be approximately 100.

Registration fees will be charged to cover the cost of the meeting however we must pay for the dinner, to be held aboard the USS Yorktown on February 26, 72 hours in advance. For this reason, I respectfully request that the Budget and Control Board approve an advance of \$2,500.00 from the Civil Contingent Fund to finance this meeting. We should be in a position to reimburse the Civil Contingent Fund by March 1, 1987.

I very much appreciate your consideration of this request and if approved, the check should be made payable to the Southeastern Intergovernmental Audit Forum.

Yours very truly,


Edgar A. Vaughn, Jr.
State Auditor

EAV/jp

008351

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER

STATE BUDGET & CONTROL BOARD
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL
REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE
JESSE A. COLES, JR.
EXECUTIVE DIRECTOR

Budget and Control Board, Office of Executive Director
CIVIL CONTINGENT FUND - 86-87

Fund Status Report at January 29, 1987

Appropriation: General \$ \$481,764.00

Transfers:

Governor's Ofc Exec Policy and Pgms/CETA 75-76 Claim	37,523.00
BCB/DRSS/Board of Economic Advisors	21,110.00
Water Resources Commission	83,900.00
Board of Examiners, LPC, AC, M&FT*	23,140.00
Parole and Community Corrections for Sentencing Guidelines/Ms. Causey	1,102.67
Board of Geologists	17,466.00
Governor's Office/Nat'l Governors Conference	30,000.00
Commission on Women	6,000.00
Att Gen Ofc/Catawba Suit/Legal Fees	<u>30,000.00</u>

EXHIBIT

JAN 29 1987 NO. 6

STATE BUDGET & CONTROL BOARD

\$250,241.67

Direct Expenditures:

Budget and Control Board Meetings	3,496.26
Board of Economic Advisors	390.00
Construction Advisory Committee	277.76
Retirement/Preretirement Advisory Council	116.50
Governor's Youth Advisory Council	1,754.75
Florence Crittenton Programs	12,500.00
Study Committee/Hunger and Nutrition	2,685.69
NASBO Regional Meeting, SC Host	<u>9,611.00</u>

\$30,831.96

Encumbrances:

Budget and Control Board Meetings	503.74
BCB, OED, Microfilming, Binding Board Minutes	2,000.00
Retirement/Preretirement Advisory Council	233.50
Construction Advisory Council	322.24
Governor's Youth Advisory Council Meetings	2,245.25
Clemson University/Fire Ant Research	30,000.00
Att Gen Ofc/Catawba Suit/Legal Fees**	25,000.00
Sentencing and Guidelines Commission	439.00
Tax Study Commission	<u>80,000.00</u>

\$140,743.73

YTD Encumbered (Trans, Expend and Encumb): \$421,817.36

Year-to-date Disbursement: \$281,073.63

Balance (Cash available) \$200,690.37

Balance Unencumbered (Total Available): \$59,946.64

008352

* Licensed Professional Counselors, Associate Counselors, Marital and Family Therapists

** Att Gen Ofc/Catawba Suit released \$75,000 from encumbrance December 31, 1986

NOTE: Appropriation reflects 2.6% budget cut (\$12,860) BCB ordered 11/5/86.

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803 734 3970

RECEIVED

JAN 6 1987

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT

JAN 29 1987 NO. 6

STATE BUDGET & CONTROL BOARD

December 31, 1986

Mr. Jesse Coles, PhD
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, SC

Dear Dr. Coles:

Your staff recently requested that we advise you in writing as to the projected need for Catawba Case funds from the Civil Contingent Fund during the remainder of this fiscal year.

We anticipate that an additional \$20,000 from the current \$95,000 may be needed, unless the case proceeds very rapidly in which case most of the remaining funds might be needed. Our best estimate is that the remaining \$75,000 from this encumbrance will not be needed. I must make you aware that we are incurring very significant and unexpected costs in representing the State in the boundary and Charleston County school desegregation cases. We hope to fund these costs through various accounts in our current appropriation; however, some support from the Civil Contingent Fund may be necessary. Thus far we project fiscal year costs of about \$85,000 beyond special appropriations for these cases, both of which are in federal courts and have progressed quickly because of scheduling decisions by the presiding judges. Of course, we will keep your budget staff apprised and make appropriate requests as expeditiously as possible in the later part of the fiscal year, after events permit a better estimate of our needs.

We trust this information meets your request. Please contact me if you have any questions in this matter.

Sincerely,

A handwritten signature in cursive script, reading "Nathan Kaminski, Jr.".

Nathan Kaminski, Jr.
Executive Assistant for Administration

008353

EXHIBIT

JAN 29 1987 NO. 7

STATE BUDGET AND CONTROL BOARD BUDGET & CONTROL BOARD REGULAR SESSION
MEETING OF January 29, 1987 ITEM NUMBER

4

AGENCY: Budget Division

SUBJECT: Civil Contingent Fund Allocation, Cemetery Board

The Budget Division advises that the Cemetery Board has requested an allocation of \$1,333 from the Civil Contingent Fund to fund two additional Board meetings in 1986-87. The two additional meetings will increase per diem costs by \$630 and travel costs by \$703. The agency's 1986-87 budget (see attachment) includes these precise amounts.

The Budget Division advises that the Cemetery Board has increased fees and should generate an additional \$7,374 in 1986-87 which would be sufficient to cover this and other increase costs of operation.

BOARD ACTION REQUESTED:

Allocate \$1,333 from the Civil Contingent Fund to the State Cemetery Board to fund two additional meetings during 1986-87.

ATTACHMENTS:

Agenda item worksheet and attachments

008354

EXHIBIT

JAN 29 1987

NO. 7

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

STATE BUDGET & CONTROL BOARD

87-53

Meeting Scheduled for: January 29, 1987

Regular Agenda

1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: A. Barin Holmes Jr.

2. Subject:

Cemetery Board's Civil Contingent Fund Allocation Request

3. Summary Background Information:

The State Cemetery Board requests a \$1,333.00 Civil Contingent Fund allocation to fund two additional Board meetings for 1986-87. The two Board meetings will increase the per diem cost by \$630.00 and travel by \$703.00. The Cemetery Board has increased the Cemetery fees which should generate additional revenue of \$7,374.00 for 1986-87. The additional revenue should be sufficient to cover the increased agency cost.

4. What is Board asked to do?

Approve a \$1,333.00 Civil Contingent fund allocation to the State Cemetery Board.

5. What is recommendation of Board Division involved?

Recommend Approval

Francis H. Bar

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents:

(a) List Those Attached:

1. Agency Letter
2. Cemetery Board Amended Act
3. Staff Memo

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

008355

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
STATE BUDGET DIVISION
406 WADE HAMPTON STATE OFFICE BUILDING
COLUMBIA, S.C. 29201

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR. Ph.D.
EXECUTIVE DIRECTOR

A. BARON HOLMES, IV, Ph.D.
DIVISION DIRECTOR

EXHIBIT

JAN 29 1987 NO. 7

MEMORANDUM

STATE BUDGET & CONTROL BOARD

TO: Dr. Jesse Coles

FROM: Frances Barr *fr*

DATE: January 15, 1987

SUBJECT: Civil Contingent Fund - Cemetery Board

The Cemetery Board is requesting an additional appropriation of \$1,333 for 1986-87 from the Civil Contingent Fund to cover two additional Board meetings due to new legislation reauthorizing the existence of the South Carolina Cemetery Board.

The Boards' 1986-87 revenue estimate is \$26,300. With the enforcement of the new legislation, the Board will generate an additional \$7,374 for 1986-87.

I recommend approval of the \$1,333 for 1986-87.

008356

State of South Carolina
Department of State

STATE CEMETERY BOARD
P.O. BOX 11350
COLUMBIA, S.C. 29211

EXHIBIT

JAN 29 1987

NO. 7

JOHN T. CAMPBELL
Ex Officio Chairman

Phone: 758-2744

January 13, 1987

STATE BUDGET & CONTROL BOARD

MEMBERS
Edgar O. Holder
Gilda Cobb Hunter
James A. Cannon
John M. Connolly, Sr.
Benjamin J. Basil
A. C. Gossett

EXEC. SEC.
S. Don Stribling

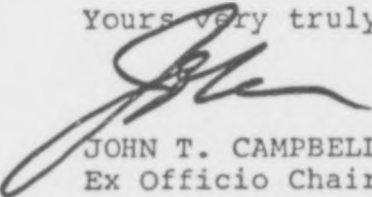
Mr. Jesse A. Coles, Jr.
Executive Director
Budget and Control Board
612 Wade Hampton Office Building
Columbia, S.C. 29201

Dear Mr. Coles:

The State Cemetery Board has approved an increase in their fees charged each cemetery; therefore, there will be an additional revenue of \$11,600 for 1987-88 which will bring the total revenue to \$33,674 for that year.

Also, it is the request of the Cemetery Board to have four (4) board meetings rather than two (2) as set up in the present budget. It will be necessary that the per diem be increased by \$630 and the travel \$703. This increase is necessary in order that the requirements of this board is met.

Yours very truly,



JOHN T. CAMPBELL
Ex Officio Chairman

JTC/ex
CC: Mrs. Frances Barr
Budget Analyst

008357

Budget and Control Board, Office of Executive Director
CIVIL CONTINGENT FUND - 86-87

Fund Status Report at January 29, 1987

Appropriation: General \$ \$481,764.00

Transfers:

Governor's Ofc Exec Policy and Pgms/CETA 75-76 Claim	37,523.00
BCB/DRSS/Board of Economic Advisors	21,110.00
Water Resources Commission	83,900.00
Board of Examiners, LPC, AC, M&FT*	23,140.00
Parole and Community Corrections for Sentencing Guidelines/Ms. Causey	1,102.67
Board of Geologists	17,466.00
Governor's Office/Nat'l Governors Conference	30,000.00
Commission on Women	6,000.00
Att Gen Ofc/Catawba Suit/Legal Fees	<u>30,000.00</u>

EXHIBIT

JAN 29 1987 NO. 7

STATE BUDGET & CONTROL BOARD

\$250,241.67

Direct Expenditures:

Budget and Control Board Meetings	3,496.26
Board of Economic Advisors	390.00
Construction Advisory Committee	277.76
Retirement/Preretirement Advisory Council	116.50
Governor's Youth Advisory Council	1,754.75
Florence Crittenton Programs	12,500.00
Study Committee/Hunger and Nutrition	2,685.69
NASBO Regional Meeting, SC Host	<u>9,611.00</u>

\$30,831.96

Encumbrances:

Budget and Control Board Meetings	503.74
BCB, OED, Microfilming, Binding Board Minutes	2,000.00
Retirement/Preretirement Advisory Council	233.50
Construction Advisory Council	322.24
Governor's Youth Advisory Council Meetings	2,245.25
Clemson University/Fire Ant Research	30,000.00
Att Gen Ofc/Catawba Suit/Legal Fees**	25,000.00
Sentencing and Guidelines Commission	439.00
Tax Study Commission	<u>80,000.00</u>

\$140,743.73

YTD Encumbered (Trans, Expend and Encumb): \$421,817.36

Year-to-date Disbursement: \$281,073.63

Balance (Cash available) \$200,690.37

Balance Unencumbered (Total Available): \$59,946.64

008358

* Licensed Professional Counselors, Associate Counselors, Marital and Family Therapists

** Att Gen Ofc/Catawba Suit released \$75,000 from encumbrance December 31, 1986

NOTE: Appropriation reflects 2.6% budget cut (\$12,860) BCB ordered 11/5/86.

EXHIBIT

JAN 29 1987 NO. 7

STATE BUDGET & CONTROL BOARD

SECTION 95 CEMETERY BOARD

	<u>Total Funds</u>	<u>General Funds</u>
I. ADMINISTRATION		
PERSONAL SERVICES		
CLASSIFIED POSITIONS	\$ 12,657	\$ 12,657
	(1.00)	(1.00)
OTHER PERSONAL SERVICES		
PER DIEM	630	630
EX.OFFICIO ALLOWANCE	2,500	2,500
TOTAL PERSONAL SERVICE	15,787	15,787
OTHER OPERATING EXPENSES:		
TRAVEL	703	703
SUPPLIES AND MATERIALS	823	823
TOTAL OTHER OPERATING		
EXPENSES	1,526	1,526
TOTAL ADMINISTRATION	17,313	17,313
	=====	=====
II. EMPLOYEE BENEFITS		
EMPLOYER CONTRIBUTIONS	2,755	2,755
TOTAL FRINGE BENEFITS	2,755	2,755
TOTAL STATE EMPLOYER		
CONTRIBUTIONS	2,755	2,755
	=====	=====
TOTAL EMPLOYEE BENEFITS	2,755	2,755
	=====	=====
TOTAL CEMETERY BOARD	\$ 20,068	\$ 20,068
	=====	=====
TOTAL AUTHORIZED FTE		
POSITIONS	(1.00)	(1.00)
	=====	=====

SECTION 06

008359

State of South Carolina
Department of State

STATE CEMETERY BOARD
P.O. BOX 11350
COLUMBIA, S.C. 29211

JOHN T. CAMPBELL
Ex Officio Chairman

Phone: 758-2744

January 23, 1987

MEMBERS
Edgar O. Holder
Gilda Cobb Hunter
James A. Cannon
John M. Connolly, Sr.
Benjamin J. Basil
A. C. Gossett

EXEC. SEC.
S. Don Stribling

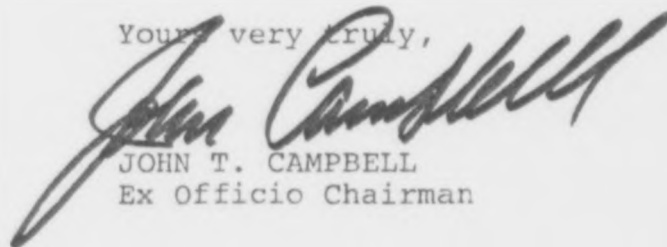
Mrs. Frances Barr
Budget Analyst
Wade Hampton Office Building
Columbia, S.C. 29201

Dear Mrs. Barr:

The State Cemetery Board has requested the additional appropriation for two (2) additional board meetings for the reason there are items that is necessary to have board action because of individual complaints against cemeteries in South Carolina. The reason for the complaints is the new Cemetery Act of 1984 which has many more requirements in the operation of the cemeteries. Many of the complaints have been solved by telephone in the past but it is getting to the point that this cannot be done. The board decided that it would be necessary that instead of holding two (2) meetings, that four (4) meetings a year were imperative to handle the business of the Cemetery Act.

Furthermore, the act states that a majority of the members of the Cemetery Board can call a meeting on the request to the entire board.

Yours very truly,



JOHN T. CAMPBELL
Ex Officio Chairman

JTC/er

008360

JAN 30 1987

The State of South Carolina



EXHIBIT

JAN 29 1987

NO. 8

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-734-3686

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: \$1,000,000 Lancaster County, South Carolina,
Industrial Revenue Note
(Forrest R. Wilkerson, Jr.)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

A handwritten signature in cursive script that reads "D. C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008361

EXHIBIT

JAN 29 1987 NO. 8

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD
Standard Form Investment Letter

TO: Secretary, State Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

RE: Sale by Lancaster County, South Carolina (the "Issuer")
Of its \$1,000,000 Industrial Revenue Note (the "Bonds")
On behalf of Forrest R. Wilkerson, Jr. (the "Company")
and Dixie M. Wilkerson
Forrest R. Wilkerson, Jr. (the "Project")
To First Citizens Bank & Trust Company (the "Purchaser")

DATE:

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

SWORN to and subscribed
before me this 20th day
of JANUARY, 1987.

J. Richard Spencer
Notary Public

My Commission expires

My Commission Expires December 18, 1990.

PURCHASER:

Name: First Citizens Bank & Trust Co.

Address: 1230 Main Street

Columbia, SC 29201

008362

BY:

Charles D. Col-Son-Kilpatrick
Signature of Authorized Official

EXHIBIT

STATE OF SOUTH CAROLINA)

JAN 29 1987
Forrest R. Wilkerson, Jr.

NO. 8

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

AGAINST MOTION

5

0

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

January 30, 1987

William A. McInnis

008363

EXHIBIT

JAN 29 1987

NO. 8

STATE BUDGET & CONTROL BOARD E

A RESOLUTION

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore Lancaster County Council (the "County Board") did, pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"), petition the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board for an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking (the "Undertaking") consists of the financing of the acquisition, construction and installation of certain building, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices to be owned and operated by Forrest R. Wilkerson, Jr. and Dixie M. Wilkerson (collectively, the "Borrower") in Lancaster County, South Carolina (the "County") by the issuance and delivery of a \$1,000,000 Lancaster County, South Carolina, Industrial Revenue Note, Series 1987 (Forrest R. Wilkerson, Jr. Project) (the "Note") pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by the County Board; and

WHEREAS, the Borrower will agree in a Loan Agreement (the "Loan Agreement") between the County and the Borrower to pay to the County amounts sufficient to provide for the payment of the Note and the costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the acquisition, construction and installation of the Project, the County Board proposes to provide for the issuance and delivery of the Note pursuant to the Act and to the Note Ordinance, payable by the County from the amounts derived from the Loan Agreement and secured by an Assignment of Loan Agreement (the "Assignment") from the County to First Citizens Bank and Trust Company of South Carolina (the "Bank") and by a Mortgage and Security Agreement (the "Mortgage") between the Borrower and the Bank; and

WHEREAS, in order to insure compliance with Section 103 of the Internal Revenue Code of 1986 and the Treasury Regulations issued or proposed thereunder, the Borrower, the County and First Citizens Bank and Trust Company of South Carolina, as Depositary have entered into a Tax Agreement (the "Tax Agreement"); and

WHEREAS, the form of the Loan Agreement, the Assignment, the Mortgage, the Tax Agreement, the Note Ordinance and the Note have been considered by the Board,

008364

EXHIBIT

JAN 29 1987

NO. 8

STATE BUDGET & CONTROL BOARD

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

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

(a) That the statement of facts set forth in the recitals to this Resolution are in all respects true and correct;

(b) That the County Board has filed a proper petition with the State Board establishing a reasonable estimate of the cost of the Project and containing a general summary of the terms and conditions of the Loan Agreement, the Assignment, the Mortgage, the Tax Agreement, the Note Ordinance and the Note and a brief description of the Project;

(c) That the Project is expected to provide employment for approximately twenty (20) to thirty (30) persons and, therefore, is expected to have a beneficial effect upon the general public welfare of the County and the areas adjacent thereto by providing employment not otherwise provided in the County; and

(d) That the Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.

2. On the basis of the foregoing findings, the proposed undertaking of the County Board to finance the cost of the acquisition, construction and installation of the Project through the issuance of a \$1,000,000 Lancaster County, South Carolina, Industrial Revenue Note, Series 1987 (Forrest R. Wilkerson, Jr. Project) pursuant to the Note Ordinance to be payable from the revenues to be derived by the County from the Loan Agreement and to be secured by the Assignment and the Mortgage, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking) be and the same is hereby approved.

3. Notice of the action taken by the State Board in giving approval to the Undertaking shall be published in THE LANCASTER NEWS, a newspaper having general circulation in the County.

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

008365

EXHIBIT

JAN 29 1987

NO. 8

EXHIBIT "A"

STATE BUDGET & CONTROL BOARD

NOTICE PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given that following the filing of a Petition by Lancaster County Council (the "County Board") to the State Budget and Control Board of South Carolina (the "State Board") approval has been given by the State Board to the following undertaking (the "Undertaking") (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.: the financing of the acquisition, construction and installation of certain buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices to be owned and operated by Forrest R. Wilkerson, Jr. and Dixie M. Wilkerson (collectively, the "Borrower") and to be located on the west side of Highway 521 twenty miles north of the City of Lancaster in Lancaster County, South Carolina (the "County").

To finance the acquisition, construction and installation of the Project, the County will issue the \$1,000,000 Lancaster County, South Carolina, Industrial Revenue Note, Series 1987 (Forrest R. Wilkerson, Jr. Project) (the "Note") pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended. The Note will be payable by the County solely from the amounts to be paid to the County by the Borrower pursuant to a Loan Agreement (the "Loan Agreement") between the County and the Borrower.

The Borrower will irrevocably covenant and agree to pay when due all sums required to pay the principal of and interest on the Note, and the Note will be secured by an Assignment of Loan Agreement under which the County will assign to First Citizens Bank and Trust Company of South Carolina (the "Bank") substantially all of its rights under the Loan Agreement and by a Mortgage and Security Agreement between the Borrower and the Bank pursuant to which the Borrower will grant a mortgage lien on, and security interest in, the Project to the Bank. The Note will be issued pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by the County Board.

The Project will provide employment for approximately twenty (20) to thirty (30) persons.

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

008366

instituted in the Court of Common Pleas for Lancaster
County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: William A. McInnis

PUBLICATION DATE:
February __, 1987

State of South Carolina

JAN 29 1987

NO. 8

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444

Columbia
29211REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEEROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEEJESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

February 12, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

(UNDER TAX REFORM ACT OF 1986)

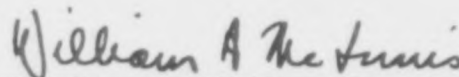
FINAL ALLOCATION, CALENDAR YEAR 1987

TO: Lancaster County
c/o Robert S. Galloway, III
Sinkler Gibbs & Simons
P. O. Box 11458
Columbia, SC 29211

RE: Issue of \$918,850 Lancaster County, South Carolina
Industrial Revenue Note
(Forrest R. Wilkerson, Jr., Project)
Issue Date Projected By Issuing Authority: February 17, 1987
Allocation Expiration Date: April 29, 1987
Issue Amount Certificate Date: February 12, 1987

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 6(b) of Governor's Executive Order #87-01, effective January 8, 1987, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1987 will not exceed the 1987 State Ceiling on the issuance of private activity bonds for the State of South Carolina.



William A. McInnis, Secretary

008368

FEB 12 1987

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

SUITE 1160

1401 MAIN STREET

COLUMBIA, SOUTH CAROLINA

TELEPHONE AND TELECOPIER

(803) 765-1885

MAILING ADDRESS:
COLUMBIA OFFICE
POST OFFICE BOX 11458
COLUMBIA, S.C. 29211

CHARLESTON OFFICE
160 EAST BAY STREET
POST OFFICE BOX 340
CHARLESTON, S.C. 29402
TELEPHONE AND TELECOPIER
(803) 722-3366

February 12, 1987

EXHIBIT

JAN 29 1987 NO. 8

Mr. William A. McInnis, Secretary
State Budget and Control
Board of South Carolina
Post Office Box 12444
Columbia, South Carolina 29211

STATE BUDGET & CONTROL BOARD

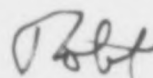
RE: \$918,850 Lancaster County, South Carolina,
Industrial Revenue Note, Series 1987 (Forrest
R. Wilkerson, Jr. Project)

Dear Bill:

Pursuant to Section 6(b) of the Board's regulations pertaining to State Ceiling allocations, I enclose the certification of the Chairman of the Lancaster County Council as to the final issue amount of the above-referenced note. The projected issue date is Tuesday, February 17th. Would you please notify my office when we can pick up the final allocation certificate.

Thank you for your consideration.

Very truly yours,



Robert S. Galloway, III

RSG,III/bhm

Enclosure

008369

February 11, 1987

Mr. William A. McInnis, Secretary
State Budget and Control
Board of South Carolina
Post Office Box 12444
Columbia, South Carolina 29211

EXHIBIT

JAN 29 1987 NO. 8

STATE BUDGET & CONTROL BOARD

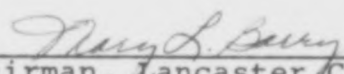
Re: \$918,850 Lancaster County, South Carolina,
Industrial Revenue Note, Series 1987 (Forrest R.
Wilkerson, Jr. Project)

Dear Mr. McInnis:

In connection with the above-captioned Note, and pursuant to Section 6(b) of the State Budget and Control Board's regulations pertaining to State Ceiling allocations, this will certify that the exact principal amount of said Note is \$918,850. It is respectfully requested that the Note, which received a tentative allocation of \$1,000,000 of State Ceiling on January 29, 1987, be certified for a final allocation in the amount of \$918,850. The projected issue date of the Note is February 17, 1987.

Thank you for your consideration.

Yours very truly,


Chairman, Lancaster County
Council

008370

EXHIBIT

JAN 29 1987

NO. 8

State of South Carolina

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

REMBERT C. DENNIS

CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN

CHAIRMAN, WAYS AND MEANS COMMITTEE

Box 12444

Columbia

29211

JESSE A. COLES, JR., Ph.D.

EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

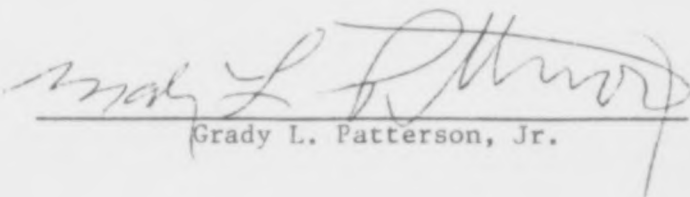
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

TO: Lancaster County
\$1,000,000
Industrial Revenue Note
(Forrest R. Wilkerson, Jr., Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008371

EXHIBIT

STATE OF SOUTH CAROLINA

JAN 29 1987

NO. 8

COUNTY OF LANCASTER

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Lancaster County Council ("County Council") respectfully shows:

1. County Council is the governing body of Lancaster County, South Carolina (the "County") as established by law, and, as such, is the Governing Board referred to in Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Act authorizes and empowers the County, if it shall comply with the provisions set forth in the Act, to acquire or cause to be acquired land, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any industrial enterprise and to finance the acquisition and installation of the same through the issuance of bonds or notes payable from and secured by a pledge of the revenues to be derived from a financing agreement relating to such land, buildings, equipment and machinery and other improvements.

3. County Council has agreed with Forrest R. Wilkerson, Jr. and Dixie M. Wilkerson (collectively, the "Borrower") that the County will undertake to finance the acquisition, construction and installation of buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County through the issuance and delivery of an Industrial Revenue Note pursuant to the Act. In this connection, County Council has agreed to issue a not exceeding One Million Dollar (\$1,000,000) Lancaster County, South Carolina, Industrial Revenue Note, Series 1987 (Forrest R. Wilkerson, Jr. Project) (the "Note") pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by County Council.

4. County Council is advised by the Borrower that the cost of the Project will be approximately One Million Dollars (\$1,000,000) and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Note, it is necessary that County Council issue and deliver the Note in an amount not exceeding One Million Dollars (\$1,000,000).

EXHIBIT
8
NO.
JAN 29 1987
STATE BUDGET & CONTROL BOARD

5. When completed, the Project will provide employment for approximately twenty (20) to thirty (30) persons.

6. For the reasons above set forth and hereinafter disclosed, County Council has found that:

(a) the Undertaking will subserve the purposes of the Act;

(b) the Undertaking will have a beneficial effect upon the general public welfare of the County and the areas adjacent thereto by providing employment not otherwise provided in the County;

(c) by reason of the Undertaking, no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing powers;

(d) the amount required to finance the acquisition, construction and installation of the Project is approximately \$1,000,000;

(e) the proposed Loan Agreement (the "Loan Agreement") between the County and the Borrower unconditionally obligates the Borrower to pay an amount adequate to provide for the payments of the principal of and interest on the Note which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Note Ordinance;

(f) in view of the well established credit of the Borrower and the successful arrangements to effect the issuance and delivery of the Note without the establishment of a reserve fund for the payment of the principal of and interest on the Note, no such reserve fund will be established; and

(g) the terms of the Loan Agreement require the Borrower to maintain the Project in good repair and to carry all proper insurance with respect thereto.

7. The Loan Agreement will provide, among other things, the following:

(a) to finance the cost of the acquisition, construction and installation of the Project the County will issue and deliver the Note. The Note will be secured by a pledge of substantially all of the amounts to be paid to the County by the Borrower, as authorized by the Act;

(b) the proceeds derived from the issuance and delivery of the Note will be used to pay the costs incident to the acquisition, construction and installation of the Project and the issuance of the Note;

(c) the Loan Agreement obligates the Borrower to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Note proceeds; and

(d) 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.

8. Pursuant to a proposed Assignment of Loan Agreement (the "Assignment"), the County will assign to First Citizens Bank and Trust Company of South Carolina (the "Bank"), as security for the payment of the Note, substantially all of the right, title and interest of the County in and to the Loan Agreement except tax payments and certain payments to be made by way of indemnification.

9. Pursuant to a proposed Mortgage and Security Agreement (the "Mortgage"), the Borrower will grant a mortgage lien on, and security interest in, the Project to the Bank as additional security for the payment of the Note.

10. Pursuant to a proposed Tax Agreement (the "Tax Agreement"), the Borrower, the County and First Citizens Bank and Trust Company of South Carolina, as Depositary seek to establish and insure the interest on the Note is, and will remain, excludable from gross income for federal income taxation purposes.

11. The Note will be issued by the County pursuant to the proposed ordinance (the "Note Ordinance") which provides for the payment of the Note. The Note Ordinance imposes upon the Borrower the obligation to pay, in addition to the moneys required for the payment of the principal of and interest on the Note, all other costs and expenses resulting from the Note Ordinance and the issuance of the Note pursuant thereto and the transactions contemplated to take place in connection therewith.

12. The Loan Agreement, the Mortgage, the Assignment, the Tax Agreement, the Note Ordinance and the Note will be substantially in the form heretofore used in the issuance of Industrial Revenue Bonds or Notes pursuant to the Act. While changes may be made in the forms thereof, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Board accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make such independent investigation of the

Undertaking and the terms and provisions of the Loan Agreement, the Mortgage, the Assignment, the Note Ordinance and the Note as it deems advisable; that it find that the proposed Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

July 28, 1986.

Respectfully Submitted,

By May L. Barry
Chairman, Lancaster County
Council

Attest:

By Irene Plyler
Clerk, Lancaster County
Council

EXHIBIT

JAN 29 1987

NO. 8

STATE BUDGET & CONTROL BOARD

EXHIBIT

STATE OF SOUTH CAROLINA

JAN 29 1987

NO. 8

COUNTY OF LANCASTER

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Lancaster County, South Carolina (the "County") respectfully shows:

1. The County is an "issuing authority" as such term is used in the Regulations on Allocation of State Ceiling on Issuance of Private Activity Bonds (the "Regulations") promulgated by the State Budget and Control Board of South Carolina (the "State Board").

2. The County has agreed with Forrest Wilkerson (the "Borrower") that the County will undertake to finance the acquisition, construction and installation of buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County through the issuance and delivery of Industrial Revenue Bonds or Notes pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"). In this connection, the County has agreed to issue its not exceeding \$1,200,000 Lancaster County, South Carolina, Industrial Revenue Bonds or Notes (the "Note") pursuant to the Act and to an ordinance to be adopted by Lancaster County Council.

3. The County is advised by the Borrower that the Project will provide employment for approximately twenty (20) to thirty (30) persons.

4. The Regulations authorize the County to submit its request to the State Board that a portion of the State Ceiling established by the Internal Revenue Code (the "State Ceiling") be allocated to the Note.

5. This Petition constitutes an "Authorized Request" within the meaning of the Regulations and, as required by the Regulations, is accompanied by a copy of the Inducement Contract executed by the County and the Borrower.

6. A copy of this Petition has been forwarded to the Joint Bond Review Committee of the South Carolina General Assembly in accordance with the Regulations.

7. The undersigned certify, under penalty of perjury, that the County's petition to the State Board for an allocation of the State Ceiling was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

8. The County represents that it has not been requested to issue, nor is it considering the issuance of, any private activity bonds for the Project or any other facilities located or to be located at, or used or to be used as part of, an integrated operation with the Project.

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

That the State Board accept the filing of the Petition presented herewith, that it determine that the allocation amount requested is not disproportionately large in comparison with the State Ceiling not yet allocated or with the public benefits to be derived from the Project and that it approve an allocation for the Project in an amount not to exceed \$1,200,000.

April 6, 1986.

Respectfully Submitted,

By Mary L. Barry
Chairman, Lancaster County
Council

Attest:

By Irene Plyler
Clerk, Lancaster County
Council

EXHIBIT

JAN 29 1987 NO. 8

STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987 NO. 8

STATE BUDGET & CONTROL BOARD

B

A RESOLUTION

AUTHORIZING AN INDUCEMENT CONTRACT BETWEEN LANCASTER COUNTY, SOUTH CAROLINA (THE "COUNTY") AND FORREST WILKERSON RELATING TO THE ISSUANCE AND DELIVERY BY THE COUNTY OF INDUSTRIAL REVENUE BONDS OR NOTES (THE "NOTE") PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA REQUESTING THAT A PORTION OF THE STATE CEILING ESTABLISHED BY THE INTERNAL REVENUE CODE BE ALLOCATED TO THE NOTE.

WHEREAS, Forrest Wilkerson (the "Borrower") has requested that Lancaster County Council ("County Council") exercise the powers vested in it by Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act") and make provision for the issuance and delivery of Lancaster County, South Carolina, Industrial Revenue Bonds or Notes (the "Note") the proceeds of which would be made available to the Borrower for the payment of costs and expenses relating to the acquisition, construction and installation of buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in Lancaster County, South Carolina (the "County") including the filing of a Petition with the State Budget and Control Board of South Carolina (the "State Board") requesting that a portion of the State Ceiling established by the Internal Revenue Code (the "State Ceiling") be allocated to the Note; and

WHEREAS, County Council is informed by the Borrower that upon completion the Project will provide employment for approximately twenty (20) to thirty (30) persons; and

WHEREAS, after due consideration, County Council has determined to grant such assistance and to that end has agreed to enter into a contract with the Borrower making provision for the issuance and delivery of bonds or notes pursuant to the Act and to petition the State Board for allocation of a portion of the State Ceiling.

NOW, THEREFORE, BE IT RESOLVED by Lancaster County Council in meeting duly assembled:

1. That the County shall issue the Note in the amount not exceeding One Million Two Hundred Thousand Dollars (\$1,200,000) to finance the cost of the proposed undertaking of the Borrower.

008378

2. That an agreement to implement the action to be taken pursuant to paragraph 1 above in substantially the form presented to this meeting and attached hereto (but with such changes, if any, as the officers herein authorized to execute the same shall approve, their approval to be evidenced by the execution thereof) shall be executed on behalf of the County by the Chairman of County Council and the same shall be attested by the Clerk of County Council.

3. That a Petition in form substantially as attached hereto as Exhibit "A" shall be presented to the State Board to request that a portion of the State Ceiling be allocated to the Note.

4. County Council and its duly elected officers, shall take any and all further action as may become necessary to effectuate the action herewith taken and the agreement herein authorized.

5. This Resolution shall take effect immediately.

INDUCEMENT CONTRACT

THIS CONTRACT made and entered into between LANCASTER COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina (the "State"), and FORREST WILKERSON (the "Borrower"),

WITNESSETH:

ARTICLE I

RECITATION OF FACTS

Section 1.01

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

1. The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act") to acquire, enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State.

2. The Borrower proposes to acquire, construct and install buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County. The cost of this undertaking is estimated to be approximately One Million Two Hundred Thousand Dollars (\$1,200,000). Upon completion, the Project will provide employment for approximately twenty (20) to thirty (30) persons.

3. The Borrower has advised the County that his contemplated program would be aided by the availability of the assistance which the County might render through the sale of Lancaster County, South Carolina, Industrial Revenue Bonds or Notes (the "Note") pursuant to the Act whereby the County would finance the acquisition, construction and installation of the Project.

4. The County has given due consideration to all of the proposals and requests of the Borrower and has agreed to endeavor to effect the issuance and delivery pursuant to the

Act of the Note at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01

That it will authorize the issuance of the Note in an amount not exceeding One Million Two Hundred Thousand Dollars (\$1,200,000) at such time as the Borrower may request the County to do so.

Section 2.02

That it will enter into a financing agreement (the "Agreement") with the Borrower upon such terms and conditions as shall be mutually agreed upon between the County and the Borrower pursuant to which the proceeds of the Note will be made available to the Borrower to be applied to the cost of acquiring, constructing and installing the Project and to the expenses incident thereto including the costs of the financing.

Section 2.03

That it will permit the Borrower to arrange for the sale of the Note and if successful marketing arrangements can be made, it will adopt such proceedings as are necessary for the making of the Agreement and the issuance and delivery of the Note.

Section 2.04

That if the Note shall be sold, the Agreement will provide that the proceeds thereof shall be applied to the payment of the costs theretofore and thereafter to be incurred in connection with the issuance and delivery of the Note and the acquisition, construction and installation of the Project including the repayment of any funds advanced or loans incurred by the Borrower or any related entity for such purposes.

Section 2.05

That if requested by the Borrower prior to the issuance and delivery of the Note, it will enter into a trust indenture (the "Indenture") with a trustee bank to be selected by the Borrower pursuant to which the Note will be issued. The Indenture, if entered into, will be substantially in the form used in connection with the

issuance of Industrial Revenue Bonds or Notes in the State and may constitute a lien on the Project to secure the payment of the Note.

Section 2.06

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

ARTICLE III

UNDERTAKINGS ON THE PART OF THE BORROWER

The Borrower agrees as follows:

Section 3.01

That the County will have no obligation to find a purchaser of the Note, and the Borrower will endeavor to market the Note on behalf of the County to the extent required to finance the cost of issuing and delivering the Note and the cost of the acquisition, construction and installation of the Project.

Section 3.02

If the plan proceeds as contemplated, the Borrower further agrees as follows:

(a) to enter into the Agreement with the County, under the terms of which he will obligate himself to pay to the County sums sufficient to pay the principal of, prepayment penalty or premium, if any, and interest on the Note, as and when the same become due and payable, the Agreement to be in form and to contain such provisions as shall be satisfactory to the County and to the Borrower;

(b) to obligate himself to make the additional payments required by the Act including, but not limited to, payments in lieu of taxes;

(c) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Contract and in the implementation of its terms and provisions; and

(d) to perform such further acts and adopt such further proceedings as may be required to faithfully

implement his undertakings and consummate the proposed financing.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01

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

Section 4.02

The parties agree that the Borrower may proceed with the acquisition, construction and installation of the Project prior to the issuance and delivery of the Note.

Section 4.03

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

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Contract as of the 6th day of April, 1986.

LANCASTER COUNTY, SOUTH CAROLINA

By Mary L. Lury
Chairman, Lancaster County
Council

Attest:

By Helen Plyler
Clerk, Lancaster County
Council

FORREST WILKERSON

Forrest Wilkerson
Forrest Wilkerson

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Lancaster County, South Carolina (the "County") respectfully shows:

1. The County is an "issuing authority" as such term is used in the Regulations on Allocation of State Ceiling on Issuance of Private Activity Bonds (the "Regulations") promulgated by the State Budget and Control Board of South Carolina (the "State Board").

2. The County has agreed with Forrest Wilkerson (the "Borrower") that the County will undertake to finance the acquisition, construction and installation of buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County through the issuance and delivery of Industrial Revenue Bonds or Notes pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"). In this connection, the County has agreed to issue its not exceeding \$1,200,000 Lancaster County, South Carolina, Industrial Revenue Bonds or Notes (the "Note") pursuant to the Act and to an ordinance to be adopted by Lancaster County Council.

3. The County is advised by the Borrower that the Project will provide employment for approximately twenty (20) to thirty (30) persons.

4. The Regulations authorize the County to submit its request to the State Board that a portion of the State Ceiling established by the Internal Revenue Code (the "State Ceiling") be allocated to the Note.

5. This Petition constitutes an "Authorized Request" within the meaning of the Regulations and, as required by the Regulations, is accompanied by a copy of the Inducement Contract executed by the County and the Borrower.

6. A copy of this Petition has been forwarded to the Joint Bond Review Committee of the South Carolina General Assembly in accordance with the Regulations.

7. The undersigned certify, under penalty of perjury, that the County's petition to the State Board for an allocation of the State Ceiling was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

8. The County represents that it has not been requested to issue, nor is it considering the issuance of, any private activity bonds for the Project or any other facilities located or to be located at, or used or to be used as part of, an integrated operation with the Project.

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

That the State Board accept the filing of the Petition presented herewith, that it determine that the allocation amount requested is not disproportionately large in comparison with the State Ceiling not yet allocated or with the public benefits to be derived from the Project and that it approve an allocation for the Project in an amount not to exceed \$1,200,000.

April 6, 1986.

Respectfully Submitted,

By /s/ Mary L. Barry
Chairman, Lancaster County
Council

Attest:

By /s/ Irene Plyer
Clerk, Lancaster County
Council

EXHIBIT

JAN 29 1987

NO. 8

STATE OF SOUTH CAROLINA
COUNTY OF LANCASTER

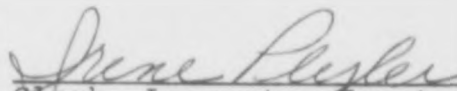
STATE BUDGET & CONTROL BOARD

I, the undersigned, Clerk of Lancaster County Council
DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a resolution adopted by Lancaster County Council at a duly called and regularly held meeting on April 6, 1986, at which all/a majority of the members of said County Council were present, and voted unanimously in favor of the adoption of said resolution.

That the original of said resolution is duly entered in the permanent records of minutes of meetings of County Council in my custody as Clerk.

IN WITNESS WHEREOF, I have hereunto set my Hand this 6th day of April, 1986.


Clerk, Lancaster County
Council

008387

EXHIBIT

JAN 29 1987 NO. 8

A RESOLUTION STATE BUDGET & CONTROL BOARD D

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF BUILDINGS, FIXTURES, MACHINERY AND EQUIPMENT AT INDUSTRIAL FACILITIES IN LANCASTER COUNTY, SOUTH CAROLINA TO BE OWNED BY FORREST R. WILKERSON, JR. THROUGH THE ISSUANCE AND DELIVERY OF A LANCASTER COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1986 (FORREST R. WILKERSON, JR. PROJECT) (THE "NOTE") IN AN AMOUNT NOT EXCEEDING \$1,000,000; AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR A PUBLIC HEARING TO BE HELD IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE NOTE; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY LANCASTER COUNTY COUNCIL IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

Incident to the adoption of this resolution, Lancaster County Council ("County Council"), the governing body of Lancaster County, South Carolina (the "County"), has made the following findings:

1. Forrest R. Wilkerson, Jr. (the "Borrower") has proposed that the County assist in financing the acquisition, construction and installation of certain buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County at an estimated cost of \$1,000,000 through the issuance and delivery of an Industrial Revenue Note pursuant to the authorization of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Borrower has advised County Council that his proposed industrial project would be aided by the assistance which the County might render through the issuance and delivery of an Industrial Revenue Note in the principal amount of not exceeding \$1,000,000 (the "Note") pursuant to the Act and to a proposed ordinance (the "Note Ordinance") to be adopted by County Council.

3. County Council has agreed to finance the acquisition, construction and installation of the Project and adopts this Resolution to evidence its approval of the issuance and delivery of the Note as aforesaid, to authorize

008388

a Petition to the State Budget and Control Board of South Carolina (the "State Board") setting forth the facts required by the Act and to provide for a public hearing to be held in connection with the issuance and delivery of the Note.

4. County Council has determined that the financing of the acquisition, construction and installation of the Project (the "Undertaking") will subserve the purposes of the Act and that neither the Undertaking nor the Note will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. When completed, the Project will provide employment for approximately twenty (20) to thirty (30) persons. It is therefore believed that the Undertaking will have a beneficial effect upon the economy of the County and areas adjacent thereto by providing employment not otherwise provided in the County.

6. The amount necessary to finance the acquisition, construction and installation of the Project does not exceed One Million Dollars (\$1,000,000).

7. The Borrower has submitted to County Council a draft of a proposed Loan Agreement (the "Loan Agreement") pursuant to which the County will lend not exceeding One Million Dollars (\$1,000,000) to the Borrower and under which the Borrower will unconditionally agree:

- (a) to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Note proceeds,

- (b) to pay the amounts necessary to provide the payments of principal of and interest on the Note which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Note Ordinance,

- (c) to maintain the Project in good repair, and

- (d) to carry all proper insurance with respect to the Project.

8. The Borrower has also submitted to County Council a draft of a proposed Assignment of Loan Agreement pursuant to which the County will assign substantially all of its rights in the Loan Agreement to First Citizens Bank and Trust Company of South Carolina (the "Bank") as security for the payment of the Note.

9. The Borrower has also submitted to County Council a draft of a proposed Mortgage and Security Agreement pursuant to which the Borrower will grant a mortgage lien on, and

security interest in, the Project to the Bank as additional security for the payment of the Note.

10. The Borrower has also submitted to County Council a draft of a proposed Tax Agreement pursuant to which the Borrower, the County and First Citizens Bank and Trust Company of South Carolina, as Depositary seek to establish and insure the interest on the Note is, and will remain, exempt from federal income taxation.

11. The Borrower has arranged for the issuance and delivery of the Note to the Bank.

12. In view of the well established credit of the Borrower and the successful arrangements to effect the issuance and delivery of the Note without the establishment of a reserve fund for the payment of the principal of and interest on the Note, no such reserve fund will be established.

ARTICLE II

SUBMISSION OF PETITION

Section 2.01

The Petition in form substantially as attached hereto as Exhibit "A" shall be presented to the State Board to seek the approval required by the Act; said Petition shall be duly executed by the Chairman of County Council and the same shall be attested by the Clerk of County Council.

ARTICLE III

PUBLIC HEARING AND NOTICE

Section 3.01

Pursuant to Section 147(f) of the Internal Revenue Code of 1986, a public hearing shall be held in connection with the issuance and delivery of the Note by the County. Such public hearing shall be held before final action by County Council authorizing the issuance and delivery of the Note.

Section 3.02

Not less than fourteen (14) days prior to the hearing provided for in Section 3.01 hereof, the Chairman shall cause notice of such hearing to be published in THE LANCASTER NEWS, a newspaper of general circulation in the County. Such notice shall be in substantially the form attached hereto as Exhibit "B".

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

TO THE STATE BUDGET AND CONTROL)_____
BOARD OF SOUTH CAROLINA)P E T I T I O N

The Petition of Lancaster County Council ("County Council") respectfully shows:

1. County Council is the governing body of Lancaster County, South Carolina (the "County") as established by law, and, as such, is the Governing Board referred to in Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Act authorizes and empowers the County, if it shall comply with the provisions set forth in the Act, to acquire or cause to be acquired land, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any industrial enterprise and to finance the acquisition and installation of the same through the issuance of bonds or notes payable from and secured by a pledge of the revenues to be derived from a financing agreement relating to such land, buildings, equipment and machinery and other improvements.

3. County Council has agreed with Forrest R. Wilkerson, Jr. (the "Borrower") that the County will undertake to finance the acquisition, construction and installation of buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices in the County through the issuance and delivery of an Industrial Revenue Note pursuant to the Act. In this connection, County Council has agreed to issue a not exceeding One Million Dollar (\$1,000,000) Lancaster County, South Carolina, Industrial Revenue Note, Series 1986 (Forrest R. Wilkerson, Jr. Project) (the "Note") pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by County Council.

4. County Council is advised by the Borrower that the cost of the Project will be approximately One Million Dollars (\$1,000,000) and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Note, it is necessary that County Council issue and deliver the Note in an amount not exceeding One Million Dollars (\$1,000,000).

5. When completed, the Project will provide employment for approximately twenty (20) to thirty (30) persons.

6. For the reasons above set forth and hereinafter disclosed, County Council has found that:

(a) the Undertaking will subserve the purposes of the Act;

(b) the Undertaking will have a beneficial effect upon the general public welfare of the County and the areas adjacent thereto by providing employment not otherwise provided in the County;

(c) by reason of the Undertaking, no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing powers;

(d) the amount required to finance the acquisition, construction and installation of the Project is approximately \$1,000,000;

(e) the proposed Loan Agreement (the "Loan Agreement") between the County and the Borrower unconditionally obligates the Borrower to pay an amount adequate to provide for the payments of the principal of and interest on the Note which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Note Ordinance;

(f) in view of the well established credit of the Borrower and the successful arrangements to effect the issuance and delivery of the Note without the establishment of a reserve fund for the payment of the principal of and interest on the Note, no such reserve fund will be established; and

(g) the terms of the Loan Agreement require the Borrower to maintain the Project in good repair and to carry all proper insurance with respect thereto.

7. The Loan Agreement will provide, among other things, the following:

(a) to finance the cost of the acquisition, construction and installation of the Project the County will issue and deliver the Note. The Note will be secured by a pledge of substantially all of the amounts to be paid to the County by the Borrower, as authorized by the Act;

(b) the proceeds derived from the issuance and delivery of the Note will be used to pay the costs incident to the acquisition, construction and installation of the Project and the issuance of the Note;

(c) the Loan Agreement obligates the Borrower to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Note proceeds; and

(d) 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.

8. Pursuant to a proposed Assignment of Loan Agreement (the "Assignment"), the County will assign to First Citizens Bank and Trust Company of South Carolina (the "Bank"), as security for the payment of the Note, substantially all of the right, title and interest of the County in and to the Loan Agreement except tax payments and certain payments to be made by way of indemnification.

9. Pursuant to a proposed Mortgage and Security Agreement (the "Mortgage"), the Borrower will grant a mortgage lien on, and security interest in, the Project to the Bank as additional security for the payment of the Note.

10. Pursuant to a proposed Tax Agreement (the "Tax Agreement"), the Borrower, the County and First Citizens Bank and Trust Company of South Carolina, as Depositary seek to establish and insure the interest on the Note is, and will remain, excludable from gross income for federal income taxation purposes.

11. The Note will be issued by the County pursuant to the proposed ordinance (the "Note Ordinance") which provides for the payment of the Note. The Note Ordinance imposes upon the Borrower the obligation to pay, in addition to the moneys required for the payment of the principal of and interest on the Note, all other costs and expenses resulting from the Note Ordinance and the issuance of the Note pursuant thereto and the transactions contemplated to take place in connection therewith.

12. The Loan Agreement, the Mortgage, the Assignment, the Tax Agreement, the Note Ordinance and the Note will be substantially in the form heretofore used in the issuance of Industrial Revenue Bonds or Notes pursuant to the Act. While changes may be made in the forms thereof, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Board accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make such independent investigation of the

Undertaking and the terms and provisions of the Loan Agreement, the Mortgage, the Assignment, the Tax Agreement, the Note Ordinance and the Note as it deems advisable; that it find that the proposed Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

July 28, 1986.

Respectfully Submitted,

By /s/ Mary L. Barry
Chairman, Lancaster County
Council

Attest:

By /s/ Irene Plyer
Clerk, Lancaster County
Council

PUBLIC NOTICE

Notice is hereby given by Lancaster County Council (the "County Board") that a public hearing relating to the proposed issuance and delivery by Lancaster County, South Carolina (the "County") of the \$1,000,000 Lancaster County, South Carolina, Industrial Revenue Note, Series 1986 (Forrest R. Wilkerson, Jr. Project) (the "Note") pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended which Note is to be issued to finance the acquisition, construction and installation of certain buildings, fixtures, machinery and equipment (the "Project") to constitute a facility for the production of spices to be owned and operated by Forrest R. Wilkerson, Jr. (the "Borrower") and to be located on the west side of Highway 521 North twenty miles north of the City of Lancaster.

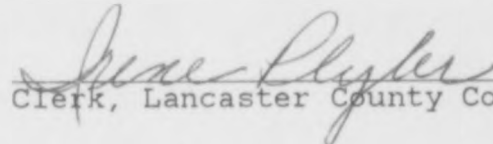
The hearing will be held at the Council Chambers of Lancaster County Council, 116 West Dunlap Street, Lancaster, South Carolina, at 7.00 P.M., on _____, 1986.

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

I, the undersigned Clerk of Lancaster County Council, do hereby certify that the foregoing is a true, correct and verbatim copy of a Resolution duly adopted by Lancaster County Council having been read at a duly called meeting of County Council on July 28, 1986.

Witness my Hand, this 28th day of July, 1986.


Clerk, Lancaster County Council

EXHIBIT

JAN 29 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008396

EXHIBIT

JAN 29 1987 NO. 8

Received
1/20/87
2:46 pm

STATE BUDGET & CONTROL BOARD TRANSMITTAL FORM, REVENUE BONDS

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

Date: January 20, 1987

FROM: Sinkler Gibbs & Simons
Name of Law Firm
1401 Main Street, Suite 1160
Street
Columbia, SC 29202
City, State, Zip Code

Telephone Area Code 803
Number: 765-1885

Submitted for BCB Meeting of:
January 29, 1987

RE: \$1,000,000 Lancaster County
Amount of Issue, Local Government Issuer
Industrial Revenue Note
Type of Bonds/Notes
Forrest R. Wilkerson, Jr.
Name of Project

Private Activity Bonds:
X YES NO

Projected Issue Date:
February 15, 1987

Project Description:

Building, fixtures and equipment for production of spices

Number of persons to be employed: 20-30

Documents Enclosed:

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

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. X Inducement Resolution or comparable preliminary approval (executed copy)
- D. X Standard Form Investment Letter from purchaser of bonds (executed original)
(Purchaser: First Citizens Bank & Trust Company OR
Audited financial statements for three most recent years)
- E. Department of Health and Environmental Control certificate
 Required X Not Required
- F. X Budget and Control Board Resolution and Public Notice
Original (and 7 copies for certification and return)
- G. X Processing fee
Amount \$2,000 Check No. 1090
Payor Sinkler Gibbs & Simons

Bond Counsel: Sinkler Gibbs & Simons

Typed Name

By: Robert S. Galloway, III

Signature
Robert S. Galloway, III

008397

To: Dave Eckstrom
Atty Gen Ofc
632 Dennis Bldg.

TRANSMITTAL FORM, REVENUE BONDS

Received
1/20/87
2:46 pm

1/21/87
Jm

TO: William A. McInnis, Secretary
State Budget and Control Board
From: 600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

Date: January 20, 1987

FROM: Sinkler Gibbs & Simons
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1401 Main Street, Suite 1160
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Columbia, SC 29202
City, State, Zip Code

Telephone Area Code 803
Number: 765-1885

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January 29, 1987

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Amount of Issue, Local Government Issuer
Industrial Revenue Note
Type of Bonds/Notes
Forrest R. Wilkerson, Jr.
Name of Project

Private Activity Bonds:
☒ YES ☐ NO

Projected Issue Date:
February 15, 1987

Project Description:

Building, fixtures and equipment for production of spices

Number of persons to be employed: 20-30

Documents Enclosed:

(ALL required for State law approval; A and C only for certification only.)

EXHIBIT

- A. ☒ Petition (executed original and two copies) JAN 29 1987 NO. 8
- B. ☒ Resolution or ordinance (executed copy)
- C. ☒ Inducement Resolution or comparable preliminary approval (executed copy) STATE BUDGET & CONTROL BOARD
- D. ☒ Standard Form Investment Letter from purchaser of bonds (executed original)
(Purchaser: First Citizens Bank & Trust Company OR
Audited financial statements for three most recent years
- E. ☐ Department of Health and Environmental Control certificate
☐ Required ☒ Not Required
- F. ☒ Budget and Control Board Resolution and Public Notice
Original (and 7 copies for certification and return)
- G. ☒ Processing fee
Amount \$2,000 Check No. 1090
Payor Sinkler Gibbs & Simons

Bond Counsel: Sinkler Gibbs & Simons
Typed Name

By: Robert S. Galloway, III
Signature
Robert S. Galloway, III

008398

JAN 30 1987

The State of South Carolina

EXHIBIT



JAN 29 1987

NO. 9

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803.734.3680

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: Not Exceeding \$1,500,000 Spartanburg County,
South Carolina, Industrial Development
Revenue Note (Hoke, Inc. Project)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

D.C. Eckstrom

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008399

MAR 26 1987

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDOROS
O. WAYNE CORLEY
E. MILEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIMBLE, JR.
EMORY M. SHEEDEN
STEPHEN ADPLANT
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
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E. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE*
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J. SIMON FRASER
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J. LYLES GLENN IV
CELESTE TULLER JONES
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WILLIAM ASHLEY JORDAN, JR.
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THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
803-799-9800

HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

March 25, 1987

*NOT ADMITTED IN SOUTH CAROLINA

Mr. William A. McInnis
State Budget and Control Board
Wade Hampton Office Building, Room 600
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$1,500,000, Spartanburg County Industrial
Revenue Bonds (Hoke Inc. Project) 1987

Dear Mr. McInnis:

This is to confirm with you that the above-referenced
bond issue closed on March 25, 1987 as scheduled.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page

Nancy Page

NP/jps

008400

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE
JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

March 18, 1987

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
(UNDER TAX REFORM ACT OF 1986)
FINAL ALLOCATION, CALENDAR YEAR 1987

TO: Spartanburg County
c/o Ms. Nancy Page
McNair Law Firm
Suite 1201 NCNB Plaza
7 N. Laurens Street
Greenville, SC 29601

RE: Issue of \$1,500,000 Spartanburg County, South Carolina
Industrial Revenue Bond
(Hoke, Inc., Project)
Issue Date Projected By Issuing Authority: March 25, 1987
Allocation Expiration Date: April 29, 1987
Issue Amount Certificate Date: March 18, 1987

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 6(b) of Governor's Executive Order #87-01, effective January 8, 1987, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1987 will not exceed the 1987 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

008401

McNAIR LAW FIRM, P. A.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 1201

NCNB PLAZA

7 NORTH LAURENS STREET

GREENVILLE, SOUTH CAROLINA 29601

803-271-4940

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202-659-3900

*NOT ADMITTED IN SOUTH CAROLINA

March 18, 1987

ANDERSON ARMORED CAR

Mr. William A. McInnis
State Budget and Control Board
Room 600, Wade Hampton Office Bldg.
Columbia, South Carolina 29211

Re: \$1,500,000 Spartanburg County, South Carolina,
Industrial Revenue Bonds (Hoke Inc. Project)
1987

Dear Mr. McInnis:

In accordance with the regulations of the State Budget and Control Board, I am submitting on behalf of Spartanburg County and H.F.P., Inc. IRS Form 8038. Please confirm the allocation of \$1,500,000 of the State volume to the above-captioned issue. This issue is scheduled to close March 25, 1987.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/jps

008402

**Information Return for Tax-Exempt
Private Activity Bond Issues**

► Under Section 149(e)

OMB No. 1545-0720
Expires 12/31/89

Part I Reporting Authority

Check box if Amended Return ► ☐

1 Issuer's name Spartanburg County, South Carolina	2 Issuer's employer identification number 57-6000401
3 Number and street Post Office Box 5666	4 Report number PA198 7 - 1
5 City or town, state, and ZIP code Spartanburg, South Carolina	6 Date of issue March 25, 1987

Part II Type of Issue (check box(es) that applies)

Issue Price

7 <input type="checkbox"/> Qualified hospital bond (section 145(c))	
8 <input type="checkbox"/> Qualified section 501(c)(3) bond other than a qualified hospital bond (section 145)	
9 <input type="checkbox"/> Qualified student loan bond (section 144(b))	
10 <input type="checkbox"/> Qualified mortgage bond (section 143(a)). Check box if you elect to rebate arbitrage profits to the U.S. ► <input type="checkbox"/>	
11 <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b)). Check box if you elect to rebate arbitrage profits to the U.S. ► <input type="checkbox"/>	
12 <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	
13 <input checked="" type="checkbox"/> Qualified small issue bond (section 144(a)). Check box for \$10 million small issue exemption ► <input checked="" type="checkbox"/>	1,500,000
14 Exempt facility bond:	
a <input type="checkbox"/> Airport (section 142(a)(1))	
b <input type="checkbox"/> Docks and wharves (section 142(a)(2))	
c <input type="checkbox"/> Mass commuting facilities (section 142(a)(3))	
d <input type="checkbox"/> Water furnishing facilities (section 142(a)(4))	
e <input type="checkbox"/> Sewage facilities (section 142(a)(5))	
f <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	
g <input type="checkbox"/> Residential rental projects (section 142(a)(7))	
h <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (section 142(a)(8))	
i <input type="checkbox"/> Local district heating or cooling facilities (section 142(a)(9))	
j <input type="checkbox"/> Qualified hazardous waste facilities (section 142(a)(10))	
k <input type="checkbox"/> Sports facilities (see instructions)	
l <input type="checkbox"/> Convention or trade show facilities (see instructions)	
m <input type="checkbox"/> Pollution control facilities (see instructions)	
n <input type="checkbox"/> Hydroelectric generating facilities (see instructions)	
o <input type="checkbox"/> Parking facilities (see instructions)	
15 <input type="checkbox"/> Industrial parks (see instructions)	
16 <input type="checkbox"/> Other. Describe (see instructions) ►	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	4-1-2002	VR %	1,500,000	1,500,000			
18 Entire issue			1,500,000	1,500,000	15.1 years	VR	VR

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	17,500
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	-0-
23 Proceeds used to refund prior issues (complete Part VI)	23	-0-
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	1,482,500

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form 8038 (Rev 12-86)

008403

Part V Description of Property Financed by Nonrefunding Proceeds

(Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.)

25 Type of Property Financed by Nonrefunding Proceeds	Amount
a Land	100,000
b Buildings and structures	1,382,500
c Equipment with an ACRS life of more than 5 years	
d Equipment with an ACRS life of 5 years or less	

26 Standard industrial classification (SIC) of nonrefunding proceeds for the financed projects.

	SIC Code	Nonrefunding proceeds \$		SIC Code	Nonrefunding proceeds \$
a	3494	1,482,500	c		
b			d		

Part VI Description of Refunded Bonds (complete this part only for refunding bonds)

- 27 Enter the remaining weighted average maturity of the bonds to be refunded _____ years
- 28 Enter the last date on which the refunded bonds will be called _____
- 29 Enter the date(s) the refunded bonds were issued _____

Part VII Miscellaneous

- 30 Name of governmental unit(s) approving issue Spartanburg County Council
- 31 Arbitrage rebate:
- a Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☒
- b Check box if you expect to earn and rebate arbitrage profits to the U.S. ☐
- 32 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) _____

Part VIII Volume Cap

- 33 Check box if qualified veterans' mortgage bonds. ☐ Enter the amount of the state veterans' limit _____
- 34 Check box if any part of the issue is subject to the unified state volume cap ☒ Amount
- 35 Amount of volume cap allocated to the issue. You must attach state certification 1,500,000
- 36 Amount of issue excepted from the volume cap:
- a Under a carryforward election. Enter the date of the election _____
- b As governmentally owned solid waste facilities, airports, docks, or wharves _____
- c As qualified section 501(c)(3) bonds _____
- d Under the exception for current refundings _____
- e Under transition rules for the Tax Reform Act of 1986. Enter the Act section(s) of the transition rule(s) _____

Please
Sign
Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

R. L. Westmoreland
Signature of officer

3/25/87

Date

Administrator-Spartanburg Cty.
Title

008404

SPARTANBURG COUNTY COUNCIL

1987

Honorable Lachlan L. Hyatt, Chairman
Post Office Box 2969
Spartanburg, South Carolina 29304
Phone: 585-0477

Honorable Danny E. Allen, Vice Chairman
Post Office Box 1146
Spartanburg, South Carolina 29304
Phone: 582-8766

Honorable David G. Dennis, Member
Post Office Box 3303
Spartanburg, South Carolina 29304
Phone: 583-4080

Honorable Danny R. Smith, Member
Post Office Box 5766
Spartanburg, South Carolina 29304
Phone: 573-9688

Honorable Sallie S. Peake, Member
Post Office Box 215
Wellford, South Carolina 29385
Phone: 439-3205 (H) 576-3440 (O)

Kenneth L. Westmoreland, County Administrator
Post Office Box 5666
Spartanburg, South Carolina 29304

Mrs. Carolyn P. Parris, Clerk to County Council
Post Office Box 5666
Spartanburg, South Carolina 29304
Phone: 596-2526/27

Roy McBee Smith, Esquire, County Attorney
Post Office Box 5306
Spartanburg, South Carolina 29304
Phone: 582-6727

I.D. #57-6000401

008405

EXHIBIT

JAN 29 1987

NO. 9

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD
Standard Form Investment Letter

STATE BUDGET & CONTROL BOARD

TO: Secretary, State Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

RE: Sale by Spartanburg County, South Carolina (the "Issuer")
Of its Not Exceeding \$1,500,000 Ind. Dev. Rev. Note (the "Bonds")
On behalf of H.F.P. Inc. (the "Company")
Hoke, Inc. (the "Project")
To First Union National Bank of South Carolina (the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

SWORN to and subscribed
before me this 18 day
of January, 1987

[Signature]
Notary Public

My Commission expires

6/5/90

PURCHASER:

Name: First Union National Bank of South Carolina

Address: Post Office Box 128
Greenville, South Carolina 29602

BY:

[Signature] SVP
Signature of Authorized Official

Date:

1-18-87

008406

EXHIBIT

JAN 29 1987 NO. 9

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Hoke, Inc.

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

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

January 30, 1987

William A. McInnis

008407

EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF A NOT EXCEEDING \$1,500,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (HOKE, INC. PROJECT) 1987, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Spartanburg County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Spartanburg County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Hoke, Inc. Project) in the aggregate principal amount of not exceeding \$1,500,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of manufacturing and assembling valves and fittings; and

WHEREAS, the Project is to be made available to H.F.P., Inc. (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Note and which secure the obligation of the Corporation by a mortgage and security interest in the Project; and

WHEREAS, the Note will be payable from and secured by an assignment of the obligations of the Corporation and the mortgage and security interest in the Project; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on November 12, 1986;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and

008408

on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Mortgage and Financing Agreement, and a mortgage and security interest in the Project, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Mortgage and Financing Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Spartanburg Herald-Journal, which is a newspaper having general circulation in Spartanburg County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

008409

EXHIBIT A

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

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

The issuance by Spartanburg County of its Industrial Development Revenue Note (Hoke, Inc. Project) in the original principal amount of not exceeding \$1,500,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by H.F.P., Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of manufacturing and assembling valves and fittings (the "Project") to be located in Spartanburg County. The Project will be made available to H.F.P., Inc. which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by H.F.P., Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: January 29, 1987.

008410

EXHIBIT

JAN 29 1987 NO. 9

STATE OF SOUTH CAROLINA)
)
SPARTANBURG COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

This Petition of Spartanburg County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Spartanburg County (the "County Council") is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Hoke Inc., a New York corporation qualified to do business as a corporation in South Carolina (the "Corporation"), by issuing its revenue note for the purpose of defraying the cost of acquiring certain facilities located in the County (the "Project") more fully described in Exhibits A and B to the Mortgage and Financing Agreement and Indenture.

4. The County has been advised by the Corporation that the estimated cost of the Project will be not exceeding \$1,900,000 and it has requested the County to execute and deliver its Industrial Development Revenue Note (Hoke Inc. Project) (the "Note") in the principal amount of not exceeding \$1,900,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Note required to finance the Project is expected to be not exceeding \$1,900,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Note and the maintenance of the Project; and (vi) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Note proposed to be issued to defray the cost of the Project.

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

(a) The Project, described in detail on Exhibits A and B to the Mortgage and Financing Agreement and the Indenture, consists of land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for the manufacture and assembly of valves and fittings. It is anticipated that, upon completion, the Project will provide directly 170 additional full-time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be not exceeding \$1,900,000.

(c) Copies of the Mortgage and Financing Agreement and the Indenture are available from the County. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Mortgage and Financing Agreement between the Corporation and the County provides in general:

(A) Proceeds derived from the placement of the Note, will be used and applied by the County upon request of the Corporation solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Corporation obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the Note prove insufficient therefor without diminution of any payments to the County required by the Mortgage and Financing Agreement; to meet the payments of principal and interest on the Note as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Mortgage and Financing Agreement.

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

(D) The County acquires a mortgage and security interest in the Project as security for the obligations of the Corporation under the Mortgage and Financing Agreement.

(ii) The proposed Indenture between the County and a financial institution, as lender (the "Lender"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Lender or its assigns as holder of the Note of the County's right, title and interest in and to the Mortgage and Financing Agreement and all payments, receipts and revenues which the County has a right to receive under the Mortgage and Financing Agreement or with respect to any security afforded thereunder or any other financing agreement with respect to the Project in favor of the County (except payments and rights to indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture.

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

(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

7. The rights of the Corporation pursuant to this Petition may be assigned by the Corporation to a corporation which is a wholly owned subsidiary of the Corporation, to a corporation which is an affiliate of the Corporation, to a corporation the majority stockholders of which are the majority stockholders of the Corporation, to a partnership comprised of the majority stockholders of the Corporation, or to any or all of the majority stockholders of the Corporation in their individual capacities.

8. Neither the approvals granted in connection with the Note nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Note by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), (iv) allocate to the Note such portion of the state ceiling as established by the Tax Reform Act of 1986 as is necessary for the issuance of the Note, and (v) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

ATTEST:

C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

Dated: November 12, 1986.

EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987

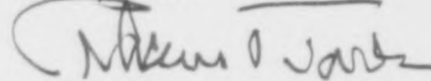
NO. 9

STATE BUDGET & CONTROL BOARD

ASSIGNMENT OF RESOLUTION AND PETITION TO THE STATE BUDGET AND CONTROL BOARD

In accordance with Section 3 of the foregoing Resolution and Section 7 of the foregoing Petition, the undersigned HOKE, INC., a New York corporation, hereby assigns all its rights in the foregoing Resolution and Petition to the State Budget and Control Board to H.F.P., INC., a South Carolina corporation, which is a wholly owned subsidiary of Hoke, Inc., such assignment to be effective as of November 12, 1986.

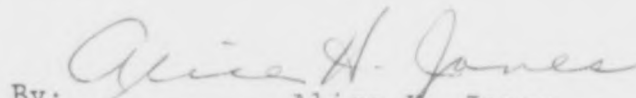
HOKE, INC.



By: Graham O. Jones
Its: President

(SEAL)

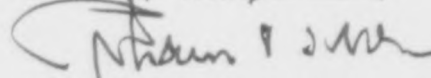
ATTEST:



By: Alice H. Jones
Its: Secretary

We consent to the above assignment.

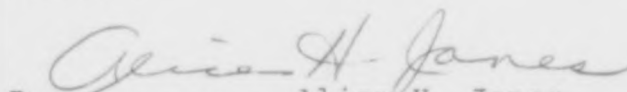
H.F.P., INC.



By: Graham O. Jones
Its: President

(SEAL)

ATTEST:



By: Alice H. Jones
Its: Secretary

008415

EXHIBIT

State of South Carolina

JAN 29 1987

NO. 9

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

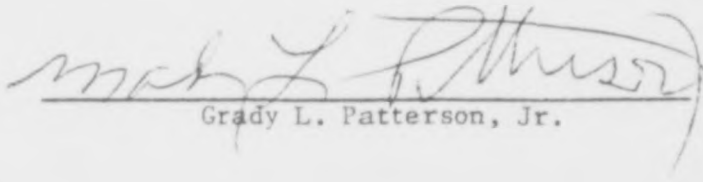
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

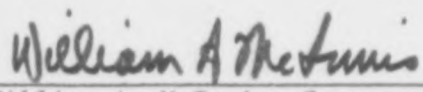
TO: Spartanburg County
\$1,500,000
Industrial Development Revenue Note
(Hoke, Inc., Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008416

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (HOKE INC. PROJECT) 1986, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$1,900,000.

EXHIBIT

19

NO.

JAN 29 1987

STATE BUDGET & CONTROL BOARD

WHEREAS, Spartanburg County, South Carolina (the "County"), acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, the County and Hoke Inc., a New York corporation (the "Corporation"), entered into an Assistance Agreement (the "Assistance Agreement") executed by the Corporation on October 22, 1986, and executed by the County on October 22, 1986, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreement, the County proposes to issue its Industrial Development Revenue Note (Hoke Inc. Project) in the principal amount of not exceeding \$1,900,000 (the "Note") under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and

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pursuant to the terms of a Mortgage and Financing Agreement (the "Agreement") to be entered into between the County and the Corporation; and

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Note in the principal amount of not exceeding \$1,900,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 170 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

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

(d) The issuance of the Note by the County in the principal amount of not exceeding \$1,900,000 will be required to defray the cost of the Project.

(e) Inasmuch as the Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Note and the maintenance of the Project is deemed unnecessary.

(f) The Project will be made available by the County to the Corporation upon terms which will require the Corporation, at its own expense, to maintain the Project in

008418

good repair and to carry all proper insurance with respect thereto.

(g) The Project will consist of the items described in Exhibits A and B to the Agreement and the Indenture to be entered into between the County and a financial institution, as lender (the "Lender").

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,900,000.

(i) Neither the approvals granted in connection with the Note nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County of a Petition requesting the approval of the proposal of the County to issue the Note by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

Section 3. The rights of the Corporation pursuant to this Resolution may be assigned by the Corporation to a corporation which is a wholly owned subsidiary of the Corporation, to a corporation which is an affiliate of the Corporation, to a corporation the majority stockholders of which are the majority stockholders of the Corporation, to a partnership comprised of the majority stockholders of the Corporation, or to any or all of the majority stockholders of the Corporation in their individual capacities.

Section 4. The Administrator of the County be and is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk of the County Council be and is hereby authorized and directed to attest the same and thereafter to submit an executed copy of this resolution to the State Budget and Control Board in Columbia, South Carolina.

Section 5. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved November 12, 1986.

SPARTANBURG COUNTY, SOUTH CAROLINA

By:

K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

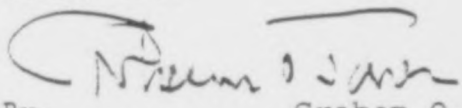
ATTEST:

C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

ASSIGNMENT OF
RESOLUTION AND PETITION
TO THE STATE BUDGET AND CONTROL BOARD

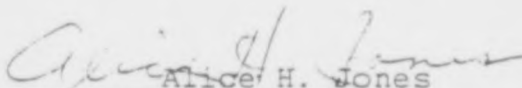
In accordance with Section 3 of the foregoing Resolution and Section 7 of the foregoing Petition, the undersigned HOKE, INC., a New York corporation, hereby assigns all its rights in the foregoing Resolution and Petition to the State Budget and Control Board to H.F.P., INC., a South Carolina corporation, which is a wholly owned subsidiary of Hoke, Inc., such assignment to be effective as of November 12, 1986.

HOKE, INC.


By: Graham O. Jones
Its: President

(SEAL)

ATTEST:

By: 
Its: Alice H. Jones
Secretary

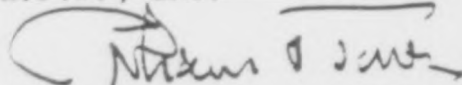
EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

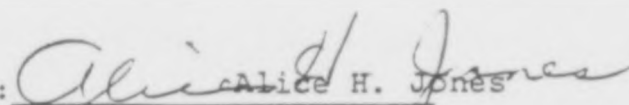
We consent to the above assignment.

H.F.P., INC.


By: Graham O. Jones
Its: President

(SEAL)

ATTEST:

By: 
Its: Alice H. Jones
Secretary

008421

A RESOLUTION AUTHORIZING THE EXECUTION
AND DELIVERY OF AN ASSISTANCE AGREEMENT
BY AND BETWEEN SPARTANBURG COUNTY, SOUTH
CAROLINA, AND HOKE INC., WHEREBY, UNDER
CERTAIN CONDITIONS, SPARTANBURG COUNTY
WILL ISSUE NOT EXCEEDING ONE MILLION
NINE HUNDRED THOUSAND DOLLARS
(\$1,900,000) INDUSTRIAL DEVELOPMENT
REVENUE BONDS OR NOTES.

EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

WHEREAS, Spartanburg County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, Hoke Inc., a New York corporation (the "Corporation"), has requested the County to issue not exceeding \$1,900,000 of its Industrial Development Revenue Bonds or Notes (Hoke Inc. Project) pursuant to the Act for the purpose of defraying the cost of acquiring by construction and purchase certain land, a building or buildings or other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the manufacture and assembly of valves and fittings, constituting an industrial facility (the "Project"), all as more fully set forth in the Assistance Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Corporation that the

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Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

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

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding One Million Nine Hundred Thousand Dollars (\$1,900,000) to be designated "Spartanburg County, South Carolina, Industrial Development Revenue Bonds or Notes (Hoke Inc. Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Corporation, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The Administrator of the County is hereby authorized and directed to execute the Assistance Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the Administrator of the County is hereby further authorized and directed to deliver said executed Assistance Agreement to the Corporation.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

Section 6. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

008423

Done in meeting duly assembled this 22nd day of
October, 1986.

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

(SEAL)

ATTEST:

By: C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

EXHIBIT

JAN 29 1987 NO. 9

STATE BUDGET & CONTROL BOARD

008424

ASSISTANCE AGREEMENT

THIS AGREEMENT made and entered into by and between Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and Hoke Inc., a New York corporation (the "Corporation").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

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

Section 1.01. The County is a body politic and corporate, and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, and to enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

Section 1.02. The Corporation desires to acquire certain land located within the jurisdiction of the County, and a building or buildings and other improvements thereon and all machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for the manufacture and assembly of valves and fittings (the "Project"). The Project when completed and in operation will provide additional permanent employment in the County for approximately 170 people.

Section 1.03. The Corporation has requested the County to assist it with its contemplated program through the sale of Industrial Development Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the Project.

Section 1.04. The County has given due consideration to all the proposals and requests of the Corporation and has agreed to endeavor to effect the

008425

issuance of the bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not exceeding One Million Nine Hundred Thousand Dollars (\$1,900,000) Spartanburg County, South Carolina, Industrial Development Revenue Bonds (or Notes) (Hoke Inc. Project) (the "Bonds"), at such time as the Corporation may request the County to do so.

Section 2.02. The County will permit the Corporation to arrange for the sale of the Bonds to defray the cost of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds shall be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition by construction and purchase of the Project including land, buildings, necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds advanced or loans incurred by the Corporation for such purposes.

Section 2.04. Prior to issuing any Bonds, the County may enter into a trust indenture with a trustee bank to be selected by the Corporation or an indenture with the purchasers of the Bonds pursuant to which the Bonds will be issued. Such trust indenture or indenture shall be substantially in the form used in connection with the issuance of other South Carolina industrial revenue bonds and may constitute a lien on the Project and the revenues derived from the financing agreement with respect to the Project to secure the payment of the Bonds.

Section 2.05. If requested by the Corporation and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary proceedings and provide for the issuance of bond anticipation notes pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, in anticipation of the issuance of the Bonds.

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE CORPORATION

Section 3.01. The Corporation agrees that the County will have no obligation to find a purchaser of the Bonds.

Section 3.02. The Corporation further agrees, if the plan proceeds as contemplated:

(a) to acquire by construction and purchase the land, buildings, equipment and machinery constituting the Project;

(b) to enter into a financing agreement with the County under the terms of which the Corporation will obligate itself to pay to the County sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable, said financing agreement shall be in such form and contain such provisions as shall be satisfactory to the County and to the Corporation;

(c) to obligate itself to make the additional payments required by the Act, including, but not limited to, payments in lieu of taxes if necessary;

(d) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement in the implementation of its terms and provisions;

(e) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing; and

(f) to covenant and agree in the financing agreement referred to hereinbefore to install in the buildings which are to become a part of the Project all necessary equipment and machinery and thereafter to operate the Project as a facility for the manufacture and assembly of valves and fittings or for such other purposes as may hereafter be deemed appropriate.

008427

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

Section 4.02. The parties hereto agree that the Corporation may proceed with the Project including the construction of a building or buildings and acquisition and installation of the equipment and machinery prior to the issuance of the Bonds.

Section 4.03. This Assistance Agreement may be assigned by the Corporation to a corporation which is a wholly owned subsidiary of the Corporation, to a corporation which is an affiliate of the Corporation, to a corporation the majority stockholders of which are the majority stockholders of the Corporation, to a partnership comprised of the majority stockholders of the Corporation, or to any or all of the majority stockholders of the Corporation in their individual capacities.

Section 4.04. All commitments of the County and the Corporation hereunder are subject to the condition that the County and the Corporation do agree on acceptable terms and conditions of all documents the execution and delivery of which are contemplated by provisions hereof.

Section 4.05. The parties understand that the Corporation may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

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

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

ATTEST:

By: C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

Dated: October 22, 1986.

008429

HOKE INC.

By: *William O. Jones*
Its: President

(SEAL)

ATTEST:

By: *Ellis H. Jones*
Its: Secretary

Dated: October 22, 1986.

008430

EXHIBIT

ASSIGNMENT OF ASSISTANCE AGREEMENT

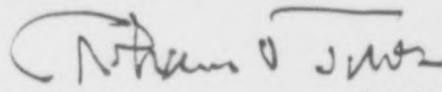
JAN 29 1987

NO. 9

STATE BUDGET & CONTROL BOARD

In accordance with Section 4.03 of the foregoing Assistance Agreement, the undersigned HOKE, INC., a New York corporation, hereby assigns all its rights in the foregoing Assistance Agreement to H.F.P., INC., a South Carolina corporation, which is a wholly owned subsidiary of Hoke, Inc., such assignment to be effective as of October 22, 1986.

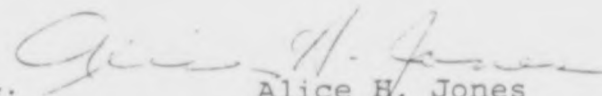
HOKE, INC.



By: Graham O. Jones
Its: President

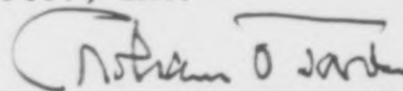
(SEAL)

ATTEST:


By: Alice H. Jones
Its: Secretary

We consent to the above assignment.

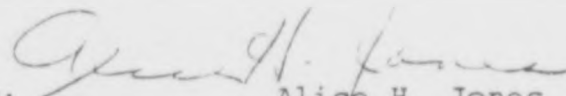
H.F.P., INC.



By: Graham O. Jones
Its: President

(SEAL)

ATTEST:


By: Alice H. Jones
Its: Secretary

008431

FEB 6 1987

MCNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

EXHIBIT

JAN 29 1987

NO. 9

ROBERT C. MINAR
TERRELL L. GLENN
JAMES S. KONDOLOS
D. WAYNE CORLEY
E. HALEDO SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY H. SNEEDEN
STEPHEN KORJAN
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
RHETT DAWSON
SCOTT T. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. HALEDO, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES F. FIELDS, JR.
M. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RIVKIN
JOHN A. FOSTER
ELIZABETH VAN DOREN GRAY
WILFOT S. IRVIN
APRIL C. LUCAS
ROBERT E. STERN
KATHLEEN CRUM WIKKINNEY
C. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE
CARL S. CARRUTH
JOHN W. HUNTER
J. WESLEY CRUM
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER HIG. HOLMES
DEBORAH K. OWEN

SARA S. ROGERS
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDELMAN
JANE W. TRINKLEY
J. LILES GLENN IV
CELESTE FULLER JONES
KATHERINE ELIZABETH MIMS
JOSEPH D. WALKER
NANCY R. JEFFERS
AUSON RENEE LEE
MARTHA R. HUMMEL
GREGORY D. DELDACH
WILLIAM ASHLEY JORDAN, JR.
MICHAEL M. BEAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM H. HUSSEY
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT T. MCMAHAN, JR.

NOT ADMITTED IN SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

JOHN L. BARNES, JR.
JAMES E. CARR
RALPH W. KITTLE
JOHN H. LUMPKIN, SR.
OF COUNSEL
COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
803-799-9800
HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5169
WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

February 4, 1987

Mr. William A. McInnis
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: 1,500,000 Spartanburg County, South Carolina,
Industrial Development Revenue Note (Hoke,
Inc. Project) 1987

Dear Mr. McInnis:

In accordance with Board Regulation 19-102.05, I am enclosing an affidavit certifying that the notice of the Board's approval of the above-referenced bond issue was published in The Spartanburg Herald-Journal on January 30, 1987.

If you need anything further, please give me a call.

Sincerely,

MCNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/rnb
Enclosure

008432

EXHIBIT

JAN 29 1987

NO. 9

STATE BUDGET & CONTROL BOARD

The Spartanburg Herald and THE SPARTANBURG JOURNAL Spartanburg, S. C.

STATE OF SOUTH CAROLINA }
COUNTY OF SPARTANBURG }

Personally appeared before me, a notary public in and for the State and County aforesaid, Debbie Foster, who having been duly sworn according to law, deposes and says that he is the Legal Advertising Clerk of The Spartanburg Herald, The Spartanburg Journal, and Spartanburg Herald-Journal, newspapers published at Spartanburg, South Carolina, and that the attached advertisement was published in The Spartanburg Herald, The Spartanburg Journal and/or Spartanburg Herald-Journal one time a week for one times in the following issues.
January 30, 1987

[Signature]

Sworn to and subscribed before me this

30th day of January, 1987

[Signature]

Notary Public for South Carolina

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

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

The issuance by Spartanburg County of its Industrial Development Revenue Note (Hoke, Inc. Project) in the original principal amount of not exceeding \$1,500,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by H.F.P., Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of manufacturing and assembling valves and fittings (the "Project") to be located in Spartanburg County. The Project will be made available to H.F.P., Inc. which will unconditionally covenant to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by H.F.P., Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

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

STATE BUDGET AND CONTROL BOARD
BY: WILLIAM A. McINNIS,
Secretary
Dated: January 29, 1987.

(693) 1/30

008433

JAN 20 1987
9:58 P.M.
LG

TRANSMITTAL FORM, REVENUE BONDS

Date: January 20, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.
Name of Law Firm
Greenville, South Carolina 29601
City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$1,500,000
Amount of Issue
Spartanburg County, South Carolina
Issuing Authority Name

Industrial Development Revenue Note
Type of Bonds or Notes
February 18, 1987
Projected Issue Date

Project Name: Hoke, Inc. Project

EXHIBIT

Project Description:

Manufacturing valves and fittings

JAN 29 1987 NO. 9

Employment as result of project: 170

STATE BUDGET & CONTROL BOARD

CEILING ALLOCATION REQUIRED

X Yes (\$ 1,500,000) No
Amount

REFUNDING INVOLVED

Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY

Yes () X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: First Union National Bank of South Carolina)

OR Audited financial statements for three most recent years

- E. Department of Health and Environmental Control certificate IF REQUIRED
F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 4 copies for certification and return to counsel]
G. X Processing fee
Amount \$ 3,000 Check No. 55608
Payor Hoke, Inc.

Bond Counsel: Nancy Page

Typed Name

By:

Nancy Page

Signature

008434

Have Eckstrom

✓ 1/22/87

1/21/87 gm

JAN 20 1987
3:58 P.M.
LG

TRANSMITTAL FORM, REVENUE BONDS

Date: January 20, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.
Name of Law Firm
Greenville, South Carolina 29601
City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$1,500,000
Amount of Issue
Spartanburg County, South Carolina
Issuing Authority Name

Industrial Development Revenue Note
Type of Bonds or Notes
February 18, 1987
Projected Issue Date

Project Name: Hoke, Inc. Project

Project Description:

Manufacturing valves and fittings

EXHIBIT

JAN 29 1987 **NO.** 9

Employment as result of project: 170

STATE BUDGET & CONTROL BOARD

CEILING ALLOCATION REQUIRED

X Yes (\$ 1,500,000) No
Amount

REFUNDING INVOLVED

Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY

Yes () X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. X Inducement Resolution or comparable preliminary approval (executed copy)
- D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: First Union National Bank of South Carolina)

OR Audited financial statements for three most recent years

E. Department of Health and Environmental Control certificate IF REQUIRED

F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 4 copies for certification and return to counsel]

G. X Processing fee

Amount \$ 3,000 Check No. 55608

Payor Hoke, Inc.

Bond Counsel: Nancy Page

Typed Name

By: Nancy Page

Signature

008435

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

April 30, 1987

Family Farm Development Authority
c/o Mr. Daniel R. McLeod, Jr.
McNair Law Firm
Box 11390
Columbia, SC 29211

Dear Mr. McLeod:

Re: Family Farm Development Authority
Agricultural Development Revenue Bonds
(Charles H. Gray Project)

By means of a certificate dated January 29, 1987, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of \$215,000 of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

The 90-day life of this tentative allocation has now elapsed. Therefore, in accord with Section 7(b) of Executive Order 87-01, this letter cancels the referenced certificate and its effect is to reduce the \$215,000 allocation to zero.

Sincerely,

A handwritten signature in cursive script that reads "William A. McInnis".

William A. McInnis
Secretary

WAM:dw

008436

JAN 30 1987

The State of South Carolina



Office of the Attorney General

EXHIBIT

JAN 29 1987

NO. 10

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803 734 3680

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: \$215,000 Richland County, South Carolina
State Family Farm Development Revenue Bond
(Charles H. Gray)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 46-47-90, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

A handwritten signature in cursive script that reads "D.C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008437

EXHIBIT

JAN 29 1987

NO. 10

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Charles H. Gray

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. MCINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

January 30, 1987

William A. McInnis

008438

EXHIBIT

JAN 29 1987

NO. 10

A RESOLUTION

STATE BUDGET & CONTROL BOARD

OF THE STATE BUDGET AND CONTROL BOARD APPROVING THE ISSUANCE BY THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY OF A \$215,000 AGRICULTURAL DEVELOPMENT BOND (CHARLES H. GRAY PROJECT), 1987.

WHEREAS, it is provided by the South Carolina State Family Farm Development Act, Section 15 of Act No. 179 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1981, now codified as Chapter 47, Title 46 of the Code of Laws of South Carolina, 1976, as amended, (the "Act"), that upon approval by the State Budget and Control Board (the "Board"), the South Carolina State Family Farm Development Authority (the "Authority") may borrow money through the issuance of its negotiable bonds in order to finance its programs; and

WHEREAS, the Authority has established a direct loan program (the "Direct Loan Program") as provided in Section 15 of the Act (now codified as section 46-47-90); and

WHEREAS, the Authority has submitted its petition (the "Petition") to the Board requesting approval by the Board of the issuance by the Authority pursuant to the Act of its \$215,000 Agricultural Development Bond (Charles H. Gray Project), 1987 (the "Bond"), which Bond has been authorized to be issued pursuant to Resolution No. 87-0002 adopted on January 28, 1987, by the Authority.

WHEREAS, the Bond shall be dated, shall mature, shall bear interest at the rate set forth on Exhibit B attached to the Authority's Petition and shall otherwise contain such terms and conditions as previously authorized by the Resolution of the Authority and shall be sold to R. B. Hines, in Inman, South Carolina; and

WHEREAS, the Authority has presented to the Board the Petition which, together with exhibits and schedule thereto attached, sets forth certain information with respect to the Direct Loan Program and the Bond.

WHEREAS, the Board has determined, based upon such information, that the funds estimated to thereafter be available for the repayment of the Bond will be sufficient to provide for the payment of the principal and interest on the Bond as they become due;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, AS FOLLOWS:

Section 1. It is found and determined that the facts set forth in the preambles to this Resolution and in the Petition are in all respects true and correct.

Section 2. The Petition filed by the Authority contain all matters required by the Act and the rules of the Board to be set forth therein.

Section 3. Approval is hereby granted by the Board to the issuance and sale by the Authority of its \$215,000 Agricultural Development Bond (Charles H. Gray Project), 1987, in order to make a mortgage loan or secured loan to the Charles H. Gray (the "Farmer") to facilitate the acquisition of agricultural land, agricultural improvements and depreciable agricultural property by the Farmer.

The Bond shall be issued and secured as provided in the Resolution of the Authority.

Section 4. This Resolution shall take effect immediately upon its adoption.

EXHIBIT

JAN 29 1987 NO. 10

Dated: January 29, 1987

STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987

NO. 10

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

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

PETITION

This Petition of the South Carolina State Family Farm Development Authority (the "Authority") is submitted to the State Budget and Control Board of South Carolina (the "Board") pursuant to the South Carolina State Family Farm Development Authority Act, Section 15 of Act No. 179 of the Acts and Joint Resolutions of the General Assembly of 1981, now codified as Chapter 47 of Title 46 of the Code of Laws of South Carolina, 1976, as amended (the "Act") and respectfully shows:

1. The Act, among other things, provides that following a determination made by the Authority that it is necessary to sell bonds to develop and implement one of the programs authorized by the Act and a finding that the revenues or other moneys estimated to thereafter be available therefor will provide moneys required for the payment of the principal and interest on the bond then proposed to be issued, upon obtaining the approval of the Board pursuant to the Act, the Authority is authorized to issue bonds for such purposes.

2. The Authority has developed its Direct Loan Program for Farmers of the Beneficiary Class.

3. Pursuant to the provisions of Act No. 512 of the Acts and Joint Resolutions for the General Assembly of the State of South Carolina for the year 1984, the State Budget and Control Board and the Joint Bond Review Committee have been assigned certain responsibilities with respect to allocation of the private activity bond ceiling (the "State Ceiling") applicable to the State of South Carolina under the Internal Revenue Code of 1986.

4. By resolution duly adopted by the Authority on January 28, 1987 (certified copy of which is attached hereto as Exhibit A), the Authority has authorized the issuance of its \$215,000 Agricultural Development Bond (Charles H. Gray Project) 1987 (the "Bond") being described on Exhibit B attached hereto.

5. The Bond shall be a special obligation of the Authority secured by and payable solely from the moneys, income and receipts of the Authority to be pledged under a Loan Agreement between the Authority and the Farmer.

6. Attached hereto as Schedule 1 and by reference incorporated herein in its entirety is a schedule showing the annual debt service requirements and the amount and source of revenues available for the payment thereof on all outstanding bonds of the Authority.

7. The information contained in this Petition provides the Board with all the information required by Section 15 of Act No. 179 (1981 Acts) (now codified as Section 46-47-140 of the 1976 Code of Laws of South Carolina, as amended) to be presented by the Authority in connection with the Bond.

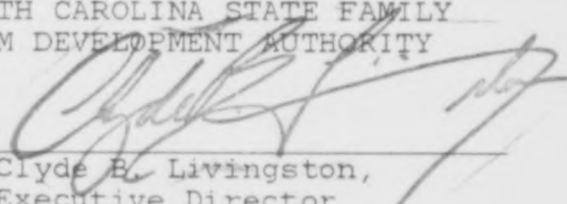
8. The Authority stands ready to produce any further information with respect to the Bond or other bonds of the Direct Loan Program required by the Board.

WHEREFORE, on the basis of the foregoing the Authority prays approval of the Board of the issuance and sale of the Authority's Bond in the principal amount and on the terms and conditions prescribed in the Resolution No. 87-0002 as described in this Petition and allocate \$215,000 of the State Ceiling for the Bond.

To the best of my knowledge the approval of the Charles H. Gray Project is not made in consideration of any bribe, gift, gratuity, or direct or indirect contributions to any political campaign.

Respectfully submitted,

SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY

By: 
Clyde B. Livingston,
Executive Director

(SEAL)

January 21, 1987

Copy of Petition also forwarded to Joint Bond Review
Committee.

EXHIBIT

JAN 29 1987

NO. 10

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008442

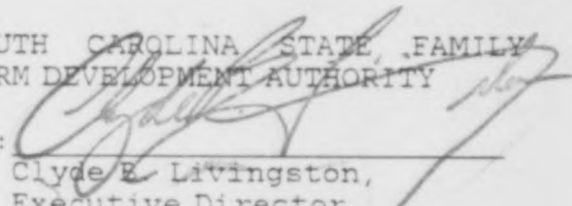
STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

CERTIFIED COPY OF RESOLUTION
NO. 87-0002

I, the undersigned being the duly qualified and acting Executive Director of the South Carolina State Family Farm Development Authority (the "Authority"), do hereby certify that attached hereto is a copy of Resolution No. 87-0002 authorizing the issuance of a \$215,000 Agricultural Development Bond (Charles H. Gray Project), 1987, adopted by the Authority at a meeting duly called and held on January 28, 1987, at which a quorum was present and acting throughout, which resolution has been compared by me with the original thereof, and that such resolution has been duly adopted and has not been modified, amended or repealed and is in full force and effect on and as of the date hereof in the form attached hereto.

In witness whereof, I have hereunto set my hand and the official seal of the Authority this 28th day of January, 1987.

SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY
By: 
Clyde E. Livingston,
Executive Director

(SEAL)

EXHIBIT

JAN 29 1987 NO. 10

STATE BUDGET & CONTROL BOARD

008443

RESOLUTION NO. 87-0002

AUTHORIZING THE ISSUANCE OF A \$215,000 AGRICULTURAL DEVELOPMENT BOND (CHARLES H. GRAY PROJECT), 1987, OF THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND LENDER LOAN AGREEMENT; APPROVING THE SUBMISSION OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. Findings and Determinations. The Authority hereby finds and determines:

(a) Pursuant to the South Carolina State Family Farm Development Act as amended (the "Act"), the Authority is authorized and empowered to undertake programs which assist farmers of the beneficiary class in acquiring agricultural land, agricultural improvements and/or depreciable agricultural property for the purpose of farming.

(b) The Authority is authorized and has developed under the Act a direct loan program for farmers (the "Direct Loan Program") of the beneficiary class by making mortgage loans or secured loans to such farmers to facilitate the acquisition of agricultural land, agricultural improvements and depreciable agricultural property by such farmers.

(c) The Authority is further authorized to borrow money through the issuance of its negotiable bonds as provided in the Act in order to finance its Direct Loan Program.

(d) The Authority has received a request from Charles H. Gray (the "Borrower") to issue its agricultural development bond for the purpose of facilitating the acquisition of agricultural land, agricultural improvements and/or depreciable agricultural property as more particularly described in the Borrower's Application heretofore submitted to the Authority (the "Project").

(e) In order to raise the sum of \$215,000 and loan such moneys to the Borrower under a Loan Agreement hereinafter described, the Authority finds it necessary and in its best interest to sell its agricultural development bond to R. B. Hines, in Inman, South Carolina (the "Lender").

(f) The Authority further finds that:

(i) the Borrower receiving the mortgage loan or secured loan under the Direct Loan Program is a member of the "beneficiary class" as defined in the Act;

(ii) the Borrower satisfies the underwriting and credit standards as have been determined by the proposed regulations of the Authority so as to insure payment of the principal and interest on the Bond; and

(iii) the mortgage loan or secured loan authorized hereby is not otherwise available to the Borrower, wholly or in part, without the assistance of financing under the Direct Loan Program, upon reasonably equivalent terms and conditions.

(g) The Authority has caused to be prepared and presented to this meeting the following documents which the Authority proposes to enter into, execute and deliver:

(i) The form of Loan Agreement by and between the Authority and the Borrower including the form of promissory note of the Borrower;

(ii) The form of Lender Loan Agreement by and between the Authority and the Lender; and

(iii) The form of bond to be executed by the Authority.

It appears that each of the Agreements above referred to is in appropriate form and is an appropriate instrument to be executed and delivered by the Authority for the purposes intended.

(h) It is now necessary and in the best interest of the Authority to authorize the issuance of a \$215,000 Agricultural Development Bond, 1987 (Charles H. Gray Project) in order to develop and implement its Direct Loan Program and to authorize the execution and delivery of the aforementioned Loan Agreement, Lender Loan Agreement and other documents relating to this transaction.

Section 2. Authorization. Pursuant to the Act and the Direct Loan Program in order to finance the Project, including financial, legal, administrative and other costs of the Authority and other fees, there is hereby authorized to be issued a \$215,000 Agricultural Development Bond, (Charles H. Gray Project) 1987, (the "Bond"), of the Authority. The revenues and other monies estimated to be available will provide monies required for the payment of the principal and interest on the Bond.

Neither the Commissioners of the Authority nor any persons executing the Bond shall be subject to personal liability on the Bond or accountability by reason of the issuance thereof.

The Bond shall be issued in the form submitted at this meeting of the Authority and shall be payable upon such terms and at such interest rate as specified therein with such variations, omissions and insertions as are permitted or required by this Bond Resolution, the Loan Agreement or the Lender Loan Agreement.

The Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 3. Execution. The Bond shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or Vice Chairman, attested by the manual or facsimile signature of its Executive Director or any person duly designated by the Authority, or in such other manner as may be required by law; provided that at least one of such signatures shall be manual. In case any one or more of the members, officers or employees of the Authority who shall have signed the Bond or whose signature appears on the Bond shall cease to be such member, officer or employee before the Bond is actually delivered, the Bond may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed it or whose signatures appear thereon had remained in office or remained so employed.

Section 4. Tax Covenant. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bond shall be exempt from all Federal income taxation, particularly the requirements of the Internal Revenue Code of 1986 (the "Code").

The Authority covenants and certifies to and for the benefit of the purchaser and holder of the Bond that so long as the Bond remains outstanding, the proceeds thereof will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of the Code. Pursuant to such covenant, the Authority obligates itself to comply throughout the term of the issue of the Bond with the requirements of the Code, the applicable regulations of the Treasury Department previously promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, and any regulations promulgated thereunder under the Code so long as the Bond is outstanding.

Section 5. Approval of Loan Agreement and Lender Loan Agreement. The respective forms, terms and provisions of the Loan Agreement and Lender Loan Agreement presented to this meeting and filed with the records of the Authority be and hereby are approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if such Agreements were set out in this Bond Resolution in their entirety. The Chairman, Secretary and Executive Director of the Authority be and are hereby authorized, empowered and directed to execute, acknowledge and deliver such Agreements in the name of and on behalf of the Authority, and thereupon to cause such Agreements to be delivered to the Borrower and the Lender. Such Agreements are to be in substantially the form now before this meeting and hereby approved by the officials of the Authority executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of such Agreements now before this meeting.

Section 6. Petition to State Budget and Control Board. The Executive Director of the Authority be and is hereby authorized and directed to submit, by petition, the information required under the Act to the State Budget and Control Board in the name of and on behalf of the Authority.

Section 7. Severability. If any provision of this Bond Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 8. Applicable Provisions of Law. This Bond Resolution shall be governed by and construed in accordance with the laws of the State.

Section 9. No Recourse on Bond. No recourse shall be had for the payment of the principal of or the interest on the Bond or for any claim based thereon or on this Bond Resolution against any member or officer of the Authority or any person executing the Bond.

Section 10. Additional Documents. The Chairman, Secretary and Executive Director of the Authority or either of them, are hereby authorized to execute and deliver on behalf of the Authority the Loan Agreement, Lender Loan Agreement, Bond and such other documents and certificates as are required to accomplish the issuance of the Bond.

Section 11. This Bond Resolution shall be in full force and effect upon its adoption.

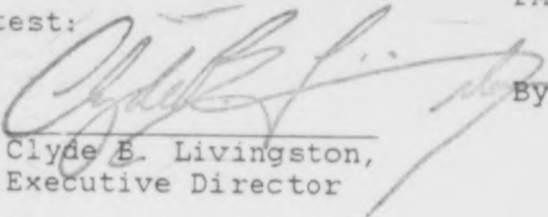
Adopted by the South Carolina State Family Farm
Development Authority the 28th day of January, 1987.

(SEAL)

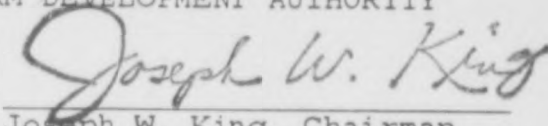
SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY

Attest:

By:


Clyde E. Livingston,
Executive Director

By:


Joseph W. King, Chairman

EXHIBIT

EXHIBIT B

JAN 29 1987

NO. 10

Resolution No.: 87-0002

STATE BUDGET & CONTROL BOARD

Principal Amount: \$215,000

Name of Borrower: Charles H. Gray

Purpose: (purchase land, greenhouses and used equipment)

Maturity Schedule: Payable as to principal and interest on April 15, 1988, June 15, 1988 and thereafter on June 15 of each year for a period of 14 years at 10% per annum.

Method of Sale: Negotiation

Purchaser: R. B. Hines

SCHEDULE 1

OUTSTANDING AGRICULTURAL DEVELOPMENT BONDS OF THE
SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY

	<u>DATE</u>	<u>FARMER</u>	<u>PRINCIPAL AMOUNT</u>	<u>MATURITY SCHEDULE</u>	<u>AMOUNT & SOURCE OF REVENUES</u>
1.	5/3/85	Moore	\$300,000	120 equal monthly payments of \$3,882 each at 9½%.	Payments under a \$300,000 Promissory Note dated 5/3/85.
2.	7/24/85	Hall	\$ 15,000	2 annual installments at 8%.	Payments under a \$15,000 Promissory Note dated 7/24/85.
3.	7/24/85	Woods	\$ 43,000	Quarterly payments of \$1572 for 10 years at 8%.	Payments under a \$43,000 dated 7/24/85.
4.	9/6/85	East	\$250,000	138 monthly payments from April 6, 1986; interest (not exceeding 15%).	Payments under a \$250,000 Promissory Note dated 9/6/85.
5.	9/6/85	Double H Hog Farm	\$ 25,000	3 annual payments at 7.75%.	Payments under a \$25,000 Promissory Note dated 9/6/85.
6.	9/10/85	J. R. Bowen	\$180,000	48 quarterly payments of \$3,750 from March 10, 1986; interest not exceeding 15%.	Payments under a \$180,000 Promissory Note dated 9/10/85.

008450

7.	9/18/85	Davis	\$125,000	20 equal annual payments of principal of \$6,250; interest not exceeding 15%.	Payments under a \$125,000 Promissory Note dated 9/18/85.
8.	10/18/85	McPhail	\$142,000	5 equal payments per year for 10 years at 8%.	Payments under a \$142,000 Promissory Note dated 10/18/85.
9.	10/18/85	Etheredge	\$ 17,000	48 equal monthly payments of \$354.17; interest not exceeding 15%.	Payments under a \$17,000 Promissory Note dated 10/18/85.
10.	10/18/85	J. R. Bowen	\$ 20,000	48 quarterly payments of \$416.67 from March 10, 1986; interest not exceeding 15%.	Payments under a \$20,000 Promissory Note dated 10/18/85.
11.	11/13/85	Neel's Poultry Farm, Inc.	\$300,000	120 equal monthly payments of \$3,883 each, from June 13, 1986; at 9.5%.	Payments under a \$300,000 Promissory Note dated 11/13/85.
12.	11/27/85	Thomas L. Doremus and Marilyn Doremus	\$150,000	120 equal monthly payments of \$1,983, from December 27, 1985 at 10%.	Payments under a \$150,000 Promissory Note dated 11/27/85.
13.	12/18/85	Riley	\$325,000	120 equal monthly payments of \$4,117, commencing 7/18/86 at 9%.	Payments under a \$325,000 Promissory Note dated 12/18/85.

008451

14.	12/20/85	R. L. Martin	\$180,000	Equal monthly payments of \$2,307 from 7/20/86 to 12/20/95 at at 8.5% adjusted on 1/20/91 to N/E 15%.	Payments under a \$180,000 Promissory Note dated 12/20/85.
15.	12/20/85	Earls	\$180,000	Equal monthly payments of \$2,307 from 7/20/86 to 12/20/95 at 8.5% adjusted on 1/20/91 to N/E 15%.	Payments under a \$180,000 Promissory Note dated 12/20/85.
16.	12/20/85	Bates	\$75,000 (1985-A)	120 equal monthly payments of \$981 from 1/30/86 at 9.75%.	Payments under a \$75,000 Promissory Note dated 12/30/85.
17.	12/30/85	Bates	\$85,000 (1985-B)	Equal monthly payments of \$806.24 from 1/16/86 to 12/16/95 at 9.75% adjusted on 1/16/96 to N/E 15%.	Payments under a \$85,000 Promissory Note dated 12/30/85.
18.	12/20/85	Wheeler	\$50,000	40 equal quarterly payments of \$1,828 commencing 3/30/86 at 8%.	Payments under a \$50,000 Promissory Note dated 12/30/85.
19.	12/30/85	Corder	\$42,100	20 equal quarterly payments of \$2,650 commencing 6/30/86 at 9.5%.	Payments under a \$42,100 Promissory Note dated 12/30/85.

008452

20.	12/21/85	G. E. Martin	\$45,000	28 equal quarterly payments of \$2,184 commencing 4/1/86 at 9%.	Payments under a \$45,000 Promissory Note dated 12/31/85.
21.	12/31/85	Greene	\$25,000	84 equal monthly payments of \$378.85 commencing 1/30/86 at 7.125%.	Payments under a \$25,000 Promissory Note dated 12/31/85.
22.	12/31/85	Ables	\$225,000	40 equal quarterly payments of principal in the amount of \$5,625 from 4/1/86 plus interest at N/E 15%.	Payments under a \$225,000 Promissory Note dated 12/31/85.
23.	12/31/85	Myers	\$105,000	40 equal quarterly payments of principal in the amount of \$2,625 from 7/1/86 plus interest at N/E 15%.	Payments under a \$105,000 Promissory Note dated 12/31/85.
24.	1/30/86	Brown	\$220,000	28 equal quarterly payments of \$10,535 commencing 7/25/86 at 8%.	Payments under a \$220,000 Promissory Note dated 1/30/86.
25.	2/5/86	Kesler	\$350,000	120 equal monthly payments of \$4,434 commencing 9/5/86 at 9%.	Payments under a \$350,000 Promissory Note dated 2/5/86.

008453

26.	2/25/86	Paradice	\$180,000	40 equal quarterly payments of \$6,652.80 commencing 9/1/86 at 8.25%	Payments under a \$180,000 Promissory Note dated 2/25/86
27.	3/14/86	Agerton	\$130,000	120 equal monthly payments of \$1,646.79 commencing 4/14/86 at 9%.	Payments under a \$130,000 Promissory Note dated 3/14/86.
28.	3/14/86	Easler	\$10,000	5 equal annual payments of \$2,570.92 commencing 3/14/87 at 9%.	Payments under a \$10,000 Promissory Note dated 3/14/86.
29.	4/4/86	Reese	\$185,000	Equal semiannual payments of \$13,908.59 from 4/4/87 to 10/4/96 at 8.5%; adjusted on 4/4/92 to N/E 15%.	Payments under a \$185,000 Promissory Note dated 4/4/86.
30.	4/4/86	Croxton	\$200,000	Equal semiannual payments of \$15,036.32 from 4/4/87 to 10/4/96 at 8.5%; adjusted on 4/4/92 to N/E 15%.	Payments under a \$200,000 Promissory Note dated 4/4/86
31.	4/4/86	W&W Farms	\$15,000	5 equal annual payments of \$3,000 commencing 1/15/87 at 8.5%.	Payments under a \$15,000 Promissory Note dated 4/4/86.
32.	5/28/86	Ables	\$40,000	40 equal quarterly payments of principal in the amount of \$1,000 commencing 8/28/86 plus accrued interest at N/E 14%.	Payments under a \$40,000 Promissory Note dated 5/28/86.

008454

33.	6/16/86	Hartley	\$40,000	28 equal quarterly payments of \$1,941 commencing 12/16/86 at 9%.	Payments under a \$40,000 Promissory Note dated 6/16/86.
34.	6/16/86	Clamp	\$100,000	40 quarterly payments of \$3,777 commencing 12/16/86 at 8.75%	Payments under a \$100,000 Promissory Note dated 6/16/86.
35.	7/3/86	Rochester	\$220,000	40 equal quarterly payments of principal in the amount of \$5,500 commencing 10/3/86 plus accrued interest at N/E 14%.	Payments under a \$220,000 Promissory Note dated 7/3/86.
36.	10/10/86	Arrington	\$150,000	40 equal quarterly payments of principal in the amount of \$3,750 commencing 4/10/87 plus accrued interest at N/E 12%.	Payments under a \$150,000 Promissory Note dated 10/10/86.
37.	10/10/86	Barnett	\$130,000	40 equal quarterly payments of principal in the amount of \$3,250 commencing 4/10/87 plus accrued interest at N/E 12%.	Payments under a \$130,000 Promissory Note dated 10/10/86.
38.	11/12/86	Sprouse	\$300,000	120 equal monthly payments of principal in the amount of \$2,500 commencing 7/1/87, plus accrued interest at N/E 12%.	Payments under a \$300,000 Promissory Note dated 11/12/86.
39.	11/26/86	Powell	\$150,000	40 equal payments of \$5,018.43, payable every 73 days, commencing 6/11/87, plus accrued interest at N/E 12%.	Payment under a \$150,000 Promissory Note dated 11/26/86.

008455

40. 12/30/86 Setzler \$190,000
Farms, Inc.

10 annual payments
of \$30,920.50
commencing 3/1/88
as adjusted on
3/1 of each year
at N/E 12%.

Payment under a
\$190,000
Promissory Note
dated 12/30/86.

008456

EXHIBIT

State of South Carolina

JAN 29 1987

NO. 10

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

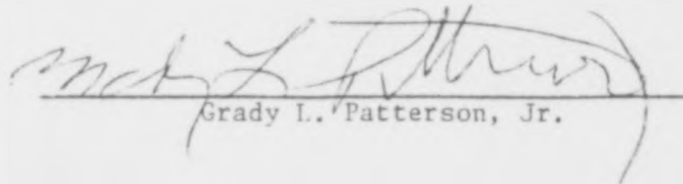
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

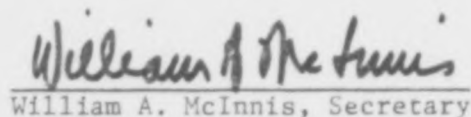
TO: Family Farm Development Authority
\$215,000
Agricultural Development Revenue Bonds
(Charles H. Gray Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008457

JAN 21 1987

The State of South Carolina

EXHIBIT

JAN 29 1987

NO. 10

South Carolina State Family Farm Development Authority

STATE BUDGET & CONTROL BOARD

Members

JOE W. KING, Chairman
MELVIN L. CRUM, Vice Chairman
ROY L. GRAHAM, JR., Secretary
J. EDWARD BROWN
JAMES G. FOODY
STEVEN P. NIVENS
STANLEY E. WASKIEWICZ
Chairman Emeritus
RAYMOND S. CAUGHMAN

P.O. Box 11735
Columbia, S.C. 29211
(803)758-5956

JANUARY 20, 1987

Ex Officio

GOVERNOR RICHARD W. RILEY
WALLACE BROWN, Designee
COMMISSIONER D. LESLIE TINDAL
HARRY BUSBEE, Designee
SENATOR WILLIAM W. DOAR
SENATOR T. ED GARRISON, Designee
REPRESENTATIVE JOHN J. SNOW, JR.
REPRESENTATIVE THOMAS N. RHOAD,
Executive Director Designee
CLYDE B. LIVINGSTON

MR. WILLIAM A. MCINNIS
DEPUTY EXECUTIVE DIRECTOR
SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD
WADE HAMPTON BUILDING, ROOM 618
COLUMBIA, SOUTH CAROLINA 29211

RE: SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT
AUTHORITY, AGRICULTURAL DEVELOPMENT BONDS,
1987, \$180,000 (GWEN C. BULMAN, PROJECT) AND
\$215,000 (CHARLES H. GRAY, PROJECT),

DEAR BILL:

ENCLOSED ARE THE ORIGINAL AND TWO COPIES OF THE
RESPECTIVE PETITIONS OF THE SOUTH CAROLINA STATE FAMILY FARM
DEVELOPMENT AUTHORITY IN REGARD TO THE FOLLOWING BOND ISSUES.

1. SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY,
AGRICULTURAL DEVELOPMENT BOND, 1987, \$180,000 (GWEN C.
BULMAN, PROJECT).
2. SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY,
AGRICULTURAL DEVELOPMENT BOND, 1987, \$215,000 (CHARLES
H. GRAY, PROJECT).

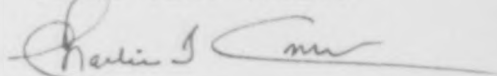
I REQUEST THAT THESE ISSUES BE PLACED ON THE BUDGET AND
CONTROL BOARD'S AGENDA FOR ITS MEETING ON JANUARY 29, 1987.

ALSO ENCLOSED ARE TWO (2) COPIES OF RESPECTIVE
RESOLUTIONS OF THE BOARD FOR EACH OF THE ISSUES. UPON
ADOPTION, PLEASE CERTIFY EACH OF THE RESOLUTIONS AND FORWARD
THEM TO: DANIEL R. MCLEOD, JR., ESQUIRE, MCNAIR LAW FIRM,
POST OFFICE BOX 11390, COLUMBIA, SOUTH CAROLINA 29211.

008458

IF THERE SHOULD BE ANY QUESTIONS, PLEASE CONTACT ME.

YOURS VERY TRULY,

A handwritten signature in dark ink, appearing to read "Charlie I. Crews", with a long horizontal flourish extending to the right.

CHARLIE I. CREWS
BOND DIRECTOR

ENCLOSURES

CC: DANIEL R. MCLEOD, JR.
(WITHOUT ENCLOSURES)

008459

TRANSMITTAL FORM, REVENUE BONDS

Date: January 21, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

JAN 21 1987
11:28 A.M.
1 of 2 - LL

FROM:
McNair Law Firm, P.A.

Name of Law Firm
Columbia. SC 29211

City, State, Zip Code

P.O. Box 11390

Street	Address/Box Number
803	799-9800

Telephone Area Code and Number

RE: \$215,000

Amount of Issue

SC State Family Farm Development

Issuing Authority Name

Authority

Agricultural Development Revenue Bonds

Type of Bonds or Notes

On or before April 28, 1987

Projected Issue Date

Project Name: Charles H. Gray

Project Description:

Purchase land, greenhouses and used equipment

EXHIBIT

~~JAN 29 1987~~

NO. 10

Employment as result of project:

STATE BUDGET & CONTROL BOARD

CEILING ALLOCATION REQUIRED

X Yes (\$) No
Amount

REFUNDING INVOLVED

Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY

Yes () X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. Inducement Resolution or comparable preliminary approval (executed copy)
D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR Audited financial statements for three most recent years

- E. _____ Department of Health and Environmental Control certificate IF REQUIRED
- F. X Budget and Control Board Resolution and Public Notice (original)
[Plus _____ copies for certification and return to counsel]
- G. _____ Processing fee
- Amount \$ _____ Check No. _____
- Payor _____

Bond Counsel: McNair Law Firm, P.A.

Typed Name

By:

Daniel R. McLeod Jr.
Signature

008460

TRANSMITTAL FORM, REVENUE BONDS

Date: January 21, 1987
Submitted for BCB meeting on:
January 29, 1987

FROM:

McNair Law Firm, P.A.

Name of Law Firm

Columbia, SC 29211

City, State, Zip Code

RE: \$215,000

Amount of Issue

SC State Family Farm Development

Issuing Authority Name

Authority

Project Name: Charles H. Gray

Project Description:

Purchase land, greenhouses and used equipment

Employment as result of project: _____

STATE BUDGET & CONTROL BOARD

CEILING ALLOCATION REQUIRED

X Yes (\$ _____) No

Amount

REFUNDING INVOLVED

 Yes (\$ _____) X No

Amount

PROJECT APPROVED PREVIOUSLY

 Yes (_____) X No

Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. Inducement Resolution or comparable preliminary approval (executed copy)
D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR Audited financial statements for three most recent yearsE. Department of Health and Environmental Control certificate IF REQUIREDF. X Budget and Control Board Resolution and Public Notice (original)

[Plus _____ copies for certification and return to counsel]

G. Processing fee

Amount \$ _____

Check No. _____

Payor _____

Bond Counsel: McNair Law Firm, P.A.

Typed Name

By: Samuel R. McLeod Jr.

Signature

Have 2/24/87
JAN 21 1987
11:28 A.M.
1 of 2 - LH
TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

P.O. Box 11390

Street Address/Box Number

803 799-9800

Telephone Area Code and Number

Agricultural Development Revenue Bonds

Type of Bonds or Notes

On or before April 28, 1987

Projected Issue Date

EXHIBIT

JAN 29 1987

NO. 10

008461

JAN 30 1987

The State of South Carolina



Office of the Attorney General

EXHIBIT

JAN 29 1987

NO. 11

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803 734 3680

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: \$180,000 Richland County, South Carolina
State Family Farm Development Revenue Bond
(Gwen C. Bulman)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 46-47-90, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

A handwritten signature in cursive script, reading "D. C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008462

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

April 30, 1987

Family Farm Development Authority
c/o Mr. Daniel R. McLeod, Jr.
McNair Law Firm
Box 11390
Columbia, SC 29211

Dear Mr. McLeod:

Re: Family Farm Development Authority
Agricultural Development Revenue Bonds
(Gwen C. Bulman Project)

By means of a certificate dated January 29, 1987, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of \$180,000 of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

The 90-day life of this tentative allocation has now elapsed. Therefore, in accord with Section 7(b) of Executive Order 87-01, this letter cancels the referenced certificate and its effect is to reduce the \$180,000 allocation to zero.

Sincerely,

William A. McInnis
William A. McInnis
Secretary

WAM:dw

008463

EXHIBIT

JAN 29 1987

NO. 11

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Gwen C. Bulman

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

January 30, 1987

William A. McInnis

008464

EXHIBIT

JAN 29 1987

NO. 11

A RESOLUTION

STATE BUDGET & CONTROL BOARD

OF THE STATE BUDGET AND CONTROL BOARD APPROVING THE ISSUANCE BY THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY OF A \$180,000 AGRICULTURAL DEVELOPMENT BOND (GWEN C. BULMAN PROJECT), 1987.

WHEREAS, it is provided by the South Carolina State Family Farm Development Act, Section 15 of Act No. 179 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1981, now codified as Chapter 47, Title 46 of the Code of Laws of South Carolina, 1976, as amended, (the "Act"), that upon approval by the State Budget and Control Board (the "Board"), the South Carolina State Family Farm Development Authority (the "Authority") may borrow money through the issuance of its negotiable bonds in order to finance its programs; and

WHEREAS, the Authority has established a direct loan program (the "Direct Loan Program") as provided in Section 15 of the Act (now codified as section 46-47-90); and

WHEREAS, the Authority has submitted its petition (the "Petition") to the Board requesting approval by the Board of the issuance by the Authority pursuant to the Act of its \$180,000 Agricultural Development Bond (Gwen C. Bulman Project), 1987 (the "Bond"), which Bond has been authorized to be issued pursuant to Resolution No. 87-0001 adopted on January 28, 1987, by the Authority.

WHEREAS, the Bond shall be dated, shall mature, shall bear interest at the rate set forth on Exhibit B attached to the Authority's Petition and shall otherwise contain such terms and conditions as previously authorized by the Resolution of the Authority and shall be sold to R. B. Hines, in Inman, South Carolina; and

WHEREAS, the Authority has presented to the Board the Petition which, together with exhibits and schedule thereto attached, sets forth certain information with respect to the Direct Loan Program and the Bond.

WHEREAS, the Board has determined, based upon such information, that the funds estimated to thereafter be available for the repayment of the Bond will be sufficient to provide for the payment of the principal and interest on the Bond as they become due;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, AS FOLLOWS:

Section 1. It is found and determined that the facts set forth in the preambles to this Resolution and in the Petition are in all respects true and correct.

Section 2. The Petition filed by the Authority contain all matters required by the Act and the rules of the Board to be set forth therein.

Section 3. Approval is hereby granted by the Board to the issuance and sale by the Authority of its \$180,000 Agricultural Development Bond (Gwen C. Bulman Project), 1987, in order to make a mortgage loan or secured loan to the Gwen C. Bulman (the "Farmer") to facilitate the acquisition of agricultural land, agricultural improvements and depreciable agricultural property by the Farmer.

The Bond shall be issued and secured as provided in the Resolution of the Authority.

Section 4. This Resolution shall take effect immediately upon its adoption.

EXHIBIT

JAN 29 1987 NO. 11

Dated: January 29, 1987

STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987

NO. 1 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

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

PETITION

This Petition of the South Carolina State Family Farm Development Authority (the "Authority") is submitted to the State Budget and Control Board of South Carolina (the "Board") pursuant to the South Carolina State Family Farm Development Authority Act, Section 15 of Act No. 179 of the Acts and Joint Resolutions of the General Assembly of 1981, now codified as Chapter 47 of Title 46 of the Code of Laws of South Carolina, 1976, as amended (the "Act") and respectfully shows:

1. The Act, among other things, provides that following a determination made by the Authority that it is necessary to sell bonds to develop and implement one of the programs authorized by the Act and a finding that the revenues or other moneys estimated to thereafter be available therefor will provide moneys required for the payment of the principal and interest on the bond then proposed to be issued, upon obtaining the approval of the Board pursuant to the Act, the Authority is authorized to issue bonds for such purposes.

2. The Authority has developed its Direct Loan Program for Farmers of the Beneficiary Class.

3. Pursuant to the provisions of Act No. 512 of the Acts and Joint Resolutions for the General Assembly of the State of South Carolina for the year 1984, the State Budget and Control Board and the Joint Bond Review Committee have been assigned certain responsibilities with respect to allocation of the private activity bond ceiling (the "State Ceiling") applicable to the State of South Carolina under the Internal Revenue Code of 1986.

4. By resolution duly adopted by the Authority on January 28, 1987 (certified copy of which is attached hereto as Exhibit A), the Authority has authorized the issuance of its \$180,000 Agricultural Development Bond (Gwen C. Bulman Project) 1987 (the "Bond") being described on Exhibit B attached hereto.

008467

5. The Bond shall be a special obligation of the Authority secured by and payable solely from the moneys, income and receipts of the Authority to be pledged under a Loan Agreement between the Authority and the Farmer.

6. Attached hereto as Schedule 1 and by reference incorporated herein in its entirety is a schedule showing the annual debt service requirements and the amount and source of revenues available for the payment thereof on all outstanding bonds of the Authority.

7. The information contained in this Petition provides the Board with all the information required by Section 15 of Act No. 179 (1981 Acts) (now codified as Section 46-47-140 of the 1976 Code of Laws of South Carolina, as amended) to be presented by the Authority in connection with the Bond.

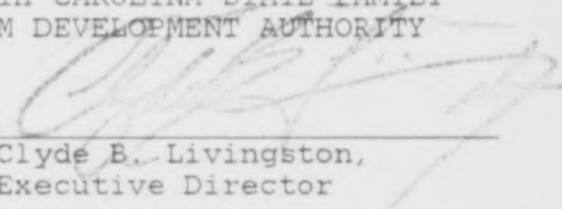
8. The Authority stands ready to produce any further information with respect to the Bond or other bonds of the Direct Loan Program required by the Board.

WHEREFORE, on the basis of the foregoing the Authority prays approval of the Board of the issuance and sale of the Authority's Bond in the principal amount and on the terms and conditions prescribed in the Resolution No. 87-0001 as described in this Petition and allocate \$180,000 of the State Ceiling for the Bond.

To the best of my knowledge the approval of the Gwen C. Bulman Project is not made in consideration of any bribe, gift, gratuity, or direct or indirect contributions to any political campaign.

Respectfully submitted,

SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY

By: 
Clyde B. Livingston,
Executive Director

(SEAL)

January 21, 1987

Copy of Petition also forwarded to Joint Bond Review
Committee.

EXHIBIT

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

CERTIFIED COPY OF RESOLUTION
NO. 87-0001

I, the undersigned being the duly qualified and acting Executive Director of the South Carolina State Family Farm Development Authority (the "Authority"), do hereby certify that attached hereto is a copy of Resolution No. 87-0001 authorizing the issuance of a \$180,000 Agricultural Development Bond (Gwen C. Bulman Project), 1987, adopted by the Authority at a meeting duly called and held on January 28, 1987, at which a quorum was present and acting throughout, which resolution has been compared by me with the original thereof, and that such resolution has been duly adopted and has not been modified, amended or repealed and is in full force and effect on and as of the date hereof in the form attached hereto.

In witness whereof, I have hereunto set my hand and the official seal of the Authority this 28th day of January, 1987.

SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY

By: 

Clyde B. Livingston,
Executive Director

(SEAL)

EXHIBIT

JAN 29 1987 NO. 11

STATE BUDGET & CONTROL BOARD

008469

RESOLUTION NO. 87-0001

AUTHORIZING THE ISSUANCE OF A \$180,000 AGRICULTURAL DEVELOPMENT BOND (GWEN C. BULMAN PROJECT), 1987, OF THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND LENDER LOAN AGREEMENT; APPROVING THE SUBMISSION OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. Findings and Determinations. The Authority hereby finds and determines:

(a) Pursuant to the South Carolina State Family Farm Development Act as amended (the "Act"), the Authority is authorized and empowered to undertake programs which assist farmers of the beneficiary class in acquiring agricultural land, agricultural improvements and/or depreciable agricultural property for the purpose of farming.

(b) The Authority is authorized and has developed under the Act a direct loan program for farmers (the "Direct Loan Program") of the beneficiary class by making mortgage loans or secured loans to such farmers to facilitate the acquisition of agricultural land, agricultural improvements and depreciable agricultural property by such farmers.

(c) The Authority is further authorized to borrow money through the issuance of its negotiable bonds as provided in the Act in order to finance its Direct Loan Program.

(d) The Authority has received a request from Gwen C. Bulman (the "Borrower") to issue its agricultural development bond for the purpose of facilitating the acquisition of agricultural land, agricultural improvements and/or depreciable agricultural property as more particularly described in the Borrower's Application heretofore submitted to the Authority (the "Project").

(e) In order to raise the sum of \$180,000 and loan such moneys to the Borrower under a Loan Agreement hereinafter described, the Authority finds it necessary and in its best interest to sell its agricultural development bond to R. B. Hines, in Inman, South Carolina (the "Lender").

(f) The Authority further finds that:

(i) the Borrower receiving the mortgage loan or secured loan under the Direct Loan Program is a member of the "beneficiary class" as defined in the Act;

(ii) the Borrower satisfies the underwriting and credit standards as have been determined by the proposed regulations of the Authority so as to insure payment of the principal and interest on the Bond; and

(iii) the mortgage loan or secured loan authorized hereby is not otherwise available to the Borrower, wholly or in part, without the assistance of financing under the Direct Loan Program, upon reasonably equivalent terms and conditions.

(g) The Authority has caused to be prepared and presented to this meeting the following documents which the Authority proposes to enter into, execute and deliver:

(i) The form of Loan Agreement by and between the Authority and the Borrower including the form of promissory note of the Borrower;

(ii) The form of Lender Loan Agreement by and between the Authority and the Lender; and

(iii) The form of bond to be executed by the Authority.

It appears that each of the Agreements above referred to is in appropriate form and is an appropriate instrument to be executed and delivered by the Authority for the purposes intended.

(h) It is now necessary and in the best interest of the Authority to authorize the issuance of a \$180,000 Agricultural Development Bond, 1987 (Gwen C. Bulman Project) in order to develop and implement its Direct Loan Program and to authorize the execution and delivery of the aforementioned Loan Agreement, Lender Loan Agreement and other documents relating to this transaction.

Section 2. Authorization. Pursuant to the Act and the Direct Loan Program in order to finance the Project, including financial, legal, administrative and other costs of the Authority and other fees, there is hereby authorized to be issued a \$180,000 Agricultural Development Bond, (Gwen C. Bulman Project) 1987, (the "Bond"), of the Authority. The revenues and other monies estimated to be available will provide monies required for the payment of the principal and interest on the Bond.

Neither the Commissioners of the Authority nor any persons executing the Bond shall be subject to personal liability on the Bond or accountability by reason of the issuance thereof.

The Bond shall be issued in the form submitted at this meeting of the Authority and shall be payable upon such terms and at such interest rate as specified therein with such variations, omissions and insertions as are permitted or required by this Bond Resolution, the Loan Agreement or the Lender Loan Agreement.

The Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 3. Execution. The Bond shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or Vice Chairman, attested by the manual or facsimile signature of its Executive Director or any person duly designated by the Authority, or in such other manner as may be required by law; provided that at least one of such signatures shall be manual. In case any one or more of the members, officers or employees of the Authority who shall have signed the Bond or whose signature appears on the Bond shall cease to be such member, officer or employee before the Bond is actually delivered, the Bond may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed it or whose signatures appear thereon had remained in office or remained so employed.

Section 4. Tax Covenant. The Authority shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the Bond shall be exempt from all Federal income taxation, particularly the requirements of the Internal Revenue Code of 1986 (the "Code").

The Authority covenants and certifies to and for the benefit of the purchaser and holder of the Bond that so long as the Bond remains outstanding, the proceeds thereof will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of the Code. Pursuant to such covenant, the Authority obligates itself to comply throughout the term of the issue of the Bond with the requirements of the Code, the applicable regulations of the Treasury Department previously promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, and any regulations promulgated thereunder under the Code so long as the Bond is outstanding.

Section 5. Approval of Loan Agreement and Lender Loan Agreement. The respective forms, terms and provisions of the Loan Agreement and Lender Loan Agreement presented to this meeting and filed with the records of the Authority be and hereby are approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if such Agreements were set out in this Bond Resolution in their entirety. The Chairman, Secretary and Executive Director of the Authority be and are hereby authorized, empowered and directed to execute, acknowledge and deliver such Agreements in the name of and on behalf of the Authority, and thereupon to cause such Agreements to be delivered to the Borrower and the Lender. Such Agreements are to be in substantially the form now before this meeting and hereby approved by the officials of the Authority executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of such Agreements now before this meeting.

Section 6. Petition to State Budget and Control Board. The Executive Director of the Authority be and is hereby authorized and directed to submit, by petition, the information required under the Act to the State Budget and Control Board in the name of and on behalf of the Authority.

Section 7. Severability. If any provision of this Bond Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 8. Applicable Provisions of Law. This Bond Resolution shall be governed by and construed in accordance with the laws of the State.

Section 9. No Recourse on Bond. No recourse shall be had for the payment of the principal of or the interest on the Bond or for any claim based thereon or on this Bond Resolution against any member or officer of the Authority or any person executing the Bond.

Section 10. Additional Documents. The Chairman, Secretary and Executive Director of the Authority or either of them, are hereby authorized to execute and deliver on behalf of the Authority the Loan Agreement, Lender Loan Agreement, Bond and such other documents and certificates as are required to accomplish the issuance of the Bond.

Section 11. This Bond Resolution shall be in full force and effect upon its adoption.

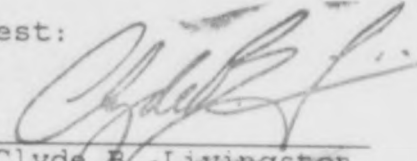
Adopted by the South Carolina State Family Farm
Development Authority the 28th day of January, 1987.

(SEAL)

SOUTH CAROLINA STATE FAMILY
FARM DEVELOPMENT AUTHORITY

Attest:

By:


Clyde E. Livingston,
Executive Director

By:

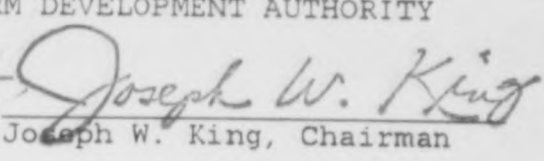

Joseph W. King, Chairman

EXHIBIT B

Resolution No.: 87-0001

Principal Amount: \$180,000

Name of Borrower: Gwen C. Bulman

Purpose: (purchase depreciable assets, new and used equipment, and cutting stock for greenhouse)

Maturity Schedule: payable as to principal and interest on April 15, 1988, June 15, 1988 and thereafter on June 15 of each year for a period of 14 years at 10% per annum.

Method of Sale: Negotiation

Purchaser: R. B. Hines

EXHIBIT

JAN 29 1987 NO. 11

STATE BUDGET & CONTROL BOARD

SCHEDULE 1

OUTSTANDING AGRICULTURAL DEVELOPMENT BONDS OF THE
SOUTH CAROLINA STATE FAMILY FARM DEVELOPMENT AUTHORITY

	<u>DATE</u>	<u>FARMER</u>	<u>PRINCIPAL AMOUNT</u>	<u>MATURITY SCHEDULE</u>	<u>AMOUNT & SOURCE OF REVENUES</u>
1.	5/3/85	Moore	\$300,000	120 equal monthly payments of \$3,882 each at 9½%.	Payments under a \$300,000 Promissory Note dated 5/3/85.
2.	7/24/85	Hall	\$ 15,000	2 annual installments at 8%.	Payments under a \$15,000 Promissory Note dated 7/24/85.
3.	7/24/85	Woods	\$ 43,000	Quarterly payments of \$1572 for 10 years at 8%.	Payments under a \$43,000 dated 7/24/85.
4.	9/6/85	East	\$250,000	138 monthly payments from April 6, 1986; interest (not exceeding 15%).	Payments under a \$250,000 Promissory Note dated 9/6/85.
5.	9/6/85	Double H Hog Farm	\$ 25,000	3 annual payments at 7.75%.	Payments under a \$25,000 Promissory Note dated 9/6/85.
6.	9/10/85	J. R. Bowen	\$180,000	48 quarterly payments of \$3,750 from March 10, 1986; interest not exceeding 15%.	Payments under a \$180,000 Promissory Note dated 9/10/85.

008476

7.	9/18/85	Davis	\$125,000	20 equal annual payments of principal of \$6,250; interest not exceeding 15%.	Payments under a \$125,000 Promissory Note dated 9/18/85.
8.	10/18/85	McPhail	\$142,000	5 equal payments per year for 10 years at 8%.	Payments under a \$142,000 Promissory Note dated 10/18/85.
9.	10/18/85	Etheredge	\$ 17,000	48 equal monthly payments of \$354.17; interest not exceeding 15%.	Payments under a \$17,000 Promissory Note dated 10/18/85.
10.	10/18/85	J. R. Bowen	\$ 20,000	48 quarterly payments of \$416.67 from March 10, 1986; interest not exceeding 15%.	Payments under a \$20,000 Promissory Note dated 10/18/85.
11.	11/13/85	Neel's Poultry Farm, Inc.	\$300,000	120 equal monthly payments of \$3,883 each, from June 13, 1986; at 9.5%.	Payments under a \$300,000 Promissory Note dated 11/13/85.
12.	11/27/85	Thomas L. Doremus and Marilyn Doremus	\$150,000	120 equal monthly payments of \$1,983, from December 27, 1985 at 10%.	Payments under a \$150,000 Promissory Note dated 11/27/85.
13.	12/18/85	Riley	\$325,000	120 equal monthly payments of \$4,117, commencing 7/18/86 at 9%.	Payments under a \$325,000 Promissory Note dated 12/18/85.

008477

14.	12/20/85	R. L. Martin	\$180,000	Equal monthly payments of \$2,307 from 7/20/86 to 12/20/95 at at 8.5% adjusted on 1/20/91 to N/E 15%.	Payments under a \$180,000 Promissory Note dated 12/20/85.
15.	12/20/85	Earls	\$180,000	Equal monthly payments of \$2,307 from 7/20/86 to 12/20/95 at 8.5% adjusted on 1/20/91 to N/E 15%.	Payments under a \$180,000 Promissory Note dated 12/20/85.
16.	12/20/85	Bates (1985-A)	\$75,000	120 equal monthly payments of \$981 from 1/30/86 at 9.75%.	Payments under a \$75,000 Promissory Note dated 12/30/85.
17.	12/30/85	Bates (1985-B)	\$85,000	Equal monthly payments of \$806.24 from 1/16/86 to 12/16/95 at 9.75% adjusted on 1/16/96 to N/E 15%.	Payments under a \$85,000 Promissory Note dated 12/30/85.
18.	12/20/85	Wheeler	\$50,000	40 equal quarterly payments of \$1,828 commencing 3/30/86 at 8%.	Payments under a \$50,000 Promissory Note dated 12/30/85.
19.	12/30/85	Corder	\$42,100	20 equal quarterly payments of \$2,650 commencing 6/30/86 at 9.5%.	Payments under a \$42,100 Promissory Note dated 12/30/85.

008478

20.	12/21/85	G. E. Martin	\$45,000	28 equal quarterly payments of \$2,184 commencing 4/1/86 at 9%.	Payments under a \$45,000 Promissory Note dated 12/31/85.
21.	12/31/85	Greene	\$25,000	84 equal monthly payments of \$378.85 commencing 1/30/86 at 7.125%.	Payments under a \$25,000 Promissory Note dated 12/31/85.
22.	12/31/85	Ables	\$225,000	40 equal quarterly payments of principal in the amount of \$5,625 from 4/1/86 plus interest at N/E 15%.	Payments under a \$225,000 Promissory Note dated 12/31/85.
23.	12/31/85	Myers	\$105,000	40 equal quarterly payments of principal in the amount of \$2,625 from 7/1/86 plus interest at N/E 15%.	Payments under a \$105,000 Promissory Note dated 12/31/85.
24.	1/30/86	Brown	\$220,000	28 equal quarterly payments of \$10,535 commencing 7/25/86 at 8%.	Payments under a \$220,000 Promissory Note dated 1/30/86.
25.	2/5/86	Kesler	\$350,000	120 equal monthly payments of \$4,434 commencing 9/5/86 at 9%.	Payments under a \$350,000 Promissory Note dated 2/5/86.

008479

26.	2/25/86	Paradice	\$180,000	40 equal quarterly payments of \$6,652.80 commencing 9/1/86 at 8.25%	Payments under a \$180,000 Promissory Note dated 2/25/86
27.	3/14/86	Agerton	\$130,000	120 equal monthly payments of \$1,646.79 commencing 4/14/86 at 9%.	Payments under a \$130,000 Promissory Note dated 3/14/86.
28.	3/14/86	Easler	\$10,000	5 equal annual payments of \$2,570.92 commencing 3/14/87 at 9%.	Payments under a \$10,000 Promissory Note dated 3/14/86.
29.	4/4/86	Reese	\$185,000	Equal semiannual payments of \$13,908.59 from 4/4/87 to 10/4/96 at 8.5%; adjusted on 4/4/92 to N/E 15%.	Payments under a \$185,000 Promissory Note dated 4/4/86.
30.	4/4/86	Croxton	\$200,000	Equal semiannual payments of \$15,036.32 from 4/4/87 to 10/4/96 at 8.5%; adjusted on 4/4/92 to N/E 15%.	Payments under a \$200,000 Promissory Note dated 4/4/86
31.	4/4/86	W&W Farms	\$15,000	5 equal annual payments of \$3,000 commencing 1/15/87 at 8.5%.	Payments under a \$15,000 Promissory Note dated 4/4/86.
32.	5/28/86	Ables	\$40,000	40 equal quarterly payments of principal in the amount of \$1,000 commencing 8/28/86 plus accrued interest at N/E 14%.	Payments under a \$40,000 Promissory Note dated 5/28/86.

008480

33.	6/16/86	Hartley	\$40,000	28 equal quarterly payments of \$1,941 commencing 12/16/86 at 9%.	Payments under a \$40,000 Promissory Note dated 6/16/86.
34.	6/16/86	Clamp	\$100,000	40 quarterly payments of \$3,777 commencing 12/16/86 at 8.75%	Payments under a \$100,000 Promissory Note dated 6/16/86.
35.	7/3/86	Rochester	\$220,000	40 equal quarterly payments of principal in the amount of \$5,500 commencing 10/3/86 plus accrued interest at N/E 14%.	Payments under a \$220,000 Promissory Note dated 7/3/86.
36.	10/10/86	Arrington	\$150,000	40 equal quarterly payments of principal in the amount of \$3,750 commencing 4/10/87 plus accrued interest at N/E 12%.	Payments under a \$150,000 Promissory Note dated 10/10/86.
37.	10/10/86	Barnett	\$130,000	40 equal quarterly payments of principal in the amount of \$3,250 commencing 4/10/87 plus accrued interest at N/E 12%.	Payments under a \$130,000 Promissory Note dated 10/10/86.
38.	11/12/86	Sprouse	\$300,000	120 equal monthly payments of principal in the amount of \$2,500 commencing 7/1/87, plus accrued interest at N/E 12%.	Payments under a \$300,000 Promissory Note dated 11/12/86.
39.	11/26/86	Powell	\$150,000	40 equal payments of \$5,018.43, payable every 73 days, commencing 6/11/87, plus accrued interest at N/E 12%.	Payment under a \$150,000 Promissory Note dated 11/26/86.

EXHIBIT

JAN 29 1987

NO. 11

STATE BUDGET & CONTROL BOARD

008481

40. 12/30/86 Setzler \$190,000
Farms, Inc.

10 annual payments Payment under a
of \$30,920.50 \$190,000
commencing 3/1/88 Promissory Note
as adjusted on dated 12/30/86.
3/1 of each year
at N/E 12%.

EXHIBIT

JAN 29 1987 NO. 1 1

STATE BUDGET & CONTROL BOARD

008482

EXHIBIT

State of South Carolina

JAN 29 1987

NO. 11

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

Box 12444

Columbia
29211

REMBERT C. DENNIS

CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN

CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.

EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

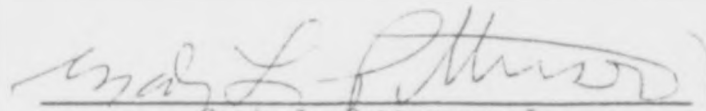
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

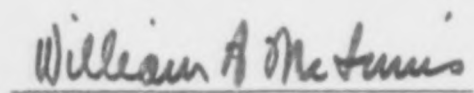
TO: Family Farm Development Authority
\$180,000
Agricultural Development Revenue Bonds
(Gwen C. Bulman Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008483

TRANSMITTAL FORM, REVENUE BONDS

Date: January 21, 1987
 Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
 State Budget and Control Board
 600 Wade Hampton Office Building
 Columbia, SC 29201
 OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.

Name of Law Firm
 Columbia, SC 29211

City, State, Zip Code

P.O. Box 11390

Street Address/Box Number
 803 799-9800

Telephone Area Code and Number

RE: \$180,000

Amount of Issue

SC State Family Farm Development

Issuing Authority Name Authority

Agricultural Development Revenue Bonds

Type of Bonds or Notes

On or before April 28, 1987

Projected Issue Date

Project Name: Gwen C. Bulman

Project Description:

Purchase depreciable assets, new and used equipment, and cutting stock for
green houses.

Employment as result of project: _____

CEILING ALLOCATION REQUIRED

X Yes (\$ _____) No
 Amount

REFUNDING INVOLVED

Yes (\$ _____) X No
 Amount

PROJECT APPROVED PREVIOUSLY

Yes (_____) X No
 Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
 B. X Resolution or ordinance (executed copy)
 C. _____ Inducement Resolution or comparable preliminary approval (executed copy)
 D. _____ Standard Form Investment Letter from bonds purchaser (executed original)
 (Purchaser: _____)

OR _____ Audited financial statements for three most recent years

E. _____ Department of Health and Environmental Control certificate IF REQUIRED

F. X Budget and Control Board Resolution and Public Notice (original)

[Plus _____ copies for certification and return to counsel]

G. _____ Processing fee

Amount \$ _____ Check No. _____

Payor _____

EXHIBIT

Bond Counsel: McNair Law Firm, P.A.

Typed Name

JAN 29 1987

NO. 11

By: Daniel R. McLeod Jr.

Signature

STATE BUDGET & CONTROL BOARD

TRANSMITTAL FORM, REVENUE BONDS

Date: January 21, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:
McNair Law Firm, P.A.
Name of Law Firm
Columbia, SC 29211
City, State, Zip Code

P.O. Box 11390
Street Address/Box Number
803 799-9800
Telephone Area Code and Number

RE: \$180,000
Amount of Issue
SC State Family Farm Development
Issuing Authority Name Authority

Agricultural Development Revenue Bonds
Type of Bonds or Notes
On or before April 28, 1987
Projected Issue Date

Project Name: Gwen C. Bulman

Project Description:

Purchase depreciable assets, new and used equipment, and cutting stock for
green houses.

Employment as result of project: _____

CEILING ALLOCATION REQUIRED

X Yes (\$ _____) No
Amount

REFUNDING INVOLVED

 Yes (\$ _____) X No
Amount

PROJECT APPROVED PREVIOUSLY

 Yes (_____) X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. Inducement Resolution or comparable preliminary approval (executed copy)
- D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR Audited financial statements for three most recent years

E. Department of Health and Environmental Control certificate IF REQUIRED

F. X Budget and Control Board Resolution and Public Notice (original)
[Plus _____ copies for certification and return to counsel]

G. Processing fee

Amount \$ _____ Check No. _____
Payor _____

Bond Counsel: McNair Law Firm, P.A.

Typed Name

By: Daniel R. McLeod

Signature

EXHIBIT

JAN 29 1987

NO. 11

STATE BUDGET & CONTROL BOARD

008485

JAN 30 1987

The State of South Carolina

EXHIBIT



JAN 29 1987

NO. 12

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-734-3680

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: Not Exceeding \$750,000 Laurens County, South Carolina,
Industrial Development Revenue Note
(Dispoz-o-Plastics, Inc.)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-60, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

A handwritten signature in cursive script, reading "D. C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008486

Received
6/9/87
3:34pm

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES S. KONDOURO
D. WAYNE CORLEY
E. MILEDO SINGLETARY
CHARLES PORTER
ROBERT W. DIMBLE, JR.
EMORY M. SNEEDEN
STEPHEN KOPLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
W. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
SCOTT T. BARNES
M. ELIZABETH CRUM
THEODORE J. WORKING, JR.
DANIEL R. MCLEOD, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.
JAMES R. FIELDS, JR.

M. CRAIG GARNER, JR.
ROBERT I. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RUTKIN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILHOT B. IRVIN
APRIL C. LUCAS
ROBERT E. STERR
J. SIMON FRASER
KATHLEEN CRUM MCKINNEY
DEBORAH K. OWEN*
E. RUSSELL JETER, JR.
DOROTHY M. HELMS
NANCY PAGE
JANE W. FRANKLEY
MICHAEL S. SELACAK
WILLIAM MICHAEL HOUSE*
CARL B. CARLUTH
JOHN W. HUNTER*
J. WESLEY CRUM II

HENRY M. BURNELL
RICHARD J. MORGAN
CHRISTOPHER MC. HOLMES
SARA S. ROGERS
CELESTE TILLEY JONES
KATHERINE ELIZABETH WMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALISON RENEE LEE
MARTHA R. MCALLIN
WILLIAM ASHLEY JORDAN, JR.
GREGORY HUGH WORTHY
MICHAEL M. BEAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT F. McMAHAN, JR.
ELIZABETH A. HOLDERMAN
JUDITH L. MCINNS
KENNETH B. WHIGATE

THOMAS H. BARKSDALE, JR.*
RALPH W. RITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
803-799-9800

HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5159

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 18TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

June 9, 1987

*NOT ADMITTED IN SOUTH CAROLINA

ANDERSON ARMORED CAR

Mr. William A. McInnis
State Budget and Control Board
Wade Hampton Office Building, Room 600
Columbia, South Carolina 29201

Re: \$750,000 Laurens County, South Carolina,
Industrial Development Revenue Note
(Dispoz-o Plastics, Inc. Project) 1987

Dear Mr. McInnis:

In accordance with the regulations of the State Budget and Control Board, I am submitting on behalf of Laurens County and Dispoz-o Plastics, Inc. IRS Form 8038. Please confirm the allocation of \$750,000 of the State volume to the above-captioned issue. This issue is scheduled to close June 15, 1987.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/jps
Enclosure

008487

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

June 10, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

(UNDER TAX REFORM ACT OF 1986)

FINAL ALLOCATION, CALENDAR YEAR 1987

TO: Laurens County
c/o Ms. Nancy Page
McNair Law Firm, P.A.
Suite 1201, NCNB Plaza
7 North Laurens Street
Greenville, SC 29601

RE: Issue of \$750,000 Laurens County, South Carolina
Industrial Development Revenue Note
(Dispoz-o Plastics, Inc., Project)
Issue Date Projected By Issuing Authority: June 15, 1987
Allocation Expiration Date: June 30, 1987
Issue Amount Certificate Date: June 10, 1987

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 6(B) of Act 117 of 1987, effective May 26, 1987, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1987 will not exceed the 1987 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

008488

**Information Return for Tax-Exempt
Private Activity Bond Issues**

Under Section 149(e)

OMB No. 1545-0720
Expires 12/31/89

Part I Reporting Authority

Check box if Amended Return ☐

1 Issuer's name Laurens County, South Carolina	2 Issuer's employer identification number 57-6000372
3 Number and street Post Office Box 445	4 Report number PA198 7 - 1
5 City or town, state, and ZIP code Laurens, South Carolina 29360	6 Date of issue June 15, 1987

Part II Type of Issue (check box(es) that applies)

Issue Price

7 <input type="checkbox"/> Qualified hospital bond (section 145(c))	
8 <input type="checkbox"/> Qualified section 501(c)(3) bond other than a qualified hospital bond (section 145)	
9 <input type="checkbox"/> Qualified student loan bond (section 144(b))	
10 <input type="checkbox"/> Qualified mortgage bond (section 143(a)). Check box if you elect to rebate arbitrage profits to the U.S. <input type="checkbox"/>	
11 <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b)). Check box if you elect to rebate arbitrage profits to the U.S. <input type="checkbox"/>	
12 <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	
13 <input checked="" type="checkbox"/> Qualified small issue bond (section 144(a)). Check box for \$10 million small issue exemption <input checked="" type="checkbox"/>	750,000
14 Exempt facility bond:	
a <input type="checkbox"/> Airport (section 142(a)(1))	
b <input type="checkbox"/> Docks and wharves (section 142(a)(2))	
c <input type="checkbox"/> Mass commuting facilities (section 142(a)(3))	
d <input type="checkbox"/> Water furnishing facilities (section 142(a)(4))	
e <input type="checkbox"/> Sewage facilities (section 142(a)(5))	
f <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	
g <input type="checkbox"/> Residential rental projects (section 142(a)(7))	
h <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (section 142(a)(8))	
i <input type="checkbox"/> Local district heating or cooling facilities (section 142(a)(9))	
j <input type="checkbox"/> Qualified hazardous waste facilities (section 142(a)(10))	
k <input type="checkbox"/> Sports facilities (see instructions)	
l <input type="checkbox"/> Convention or trade show facilities (see instructions)	
m <input type="checkbox"/> Pollution control facilities (see instructions)	
n <input type="checkbox"/> Hydroelectric generating facilities (see instructions)	
o <input type="checkbox"/> Parking facilities (see instructions)	
15 <input type="checkbox"/> Industrial parks (see instructions)	
16 <input type="checkbox"/> Other. Describe (see instructions) _____	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	12/1/93	VR %	\$750,000	\$750,000			
18 Entire issue			\$750,000	\$750,000	8.87 years	VR	VR

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	11,000
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	-0-
23 Proceeds used to refund prior issues (complete Part VI)	23	-0-
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	739,000

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form 8038 (Rev. 12-86)

008489

Part V Description of Property Financed by Nonrefunding Proceeds

(Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.)

25 Type of Property Financed by Nonrefunding Proceeds	Amount
a Land	-0-
b Buildings and structures	-0-
c Equipment with an ACRS life of more than 5 years	739,000
d Equipment with an ACRS life of 5 years or less	-0-

26 Standard industrial classification (SIC) of nonrefunding proceeds for the financed projects.

	SIC Code	Nonrefunding proceeds \$		SIC Code	Nonrefunding proceeds \$
a	3070	739,000	c		
b			d		

Part VI Description of Refunded Bonds (complete this part only for refunding bonds)

- 27 Enter the remaining weighted average maturity of the bonds to be refunded years
- 28 Enter the last date on which the refunded bonds will be called _____
- 29 Enter the date(s) the refunded bonds were issued _____

Part VII Miscellaneous

- 30 Name of governmental unit(s) approving issue Laurens County Council
- 31 Arbitrage rebate:
- a Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☒
- b Check box if you expect to earn and rebate arbitrage profits to the U.S. ☐
- 32 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) _____

Part VIII Volume Cap

- 33 Check box if qualified veterans' mortgage bonds. ☐ Enter the amount of the state veterans' limit Amount
- 34 Check box if any part of the issue is subject to the unified state volume cap ☒ 750,000
- 35 Amount of volume cap allocated to the issue. You must attach state certification _____
- 36 Amount of issue excepted from the volume cap:
- a Under a carryforward election. Enter the date of the election _____
- b As governmentally owned solid waste facilities, airports, docks, or wharves _____
- c As qualified section 501(c)(3) bonds _____
- d Under the exception for current refundings _____
- e Under transition rules for the Tax Reform Act of 1986. Enter the Act section(s) of the transition rule(s) _____

Please
Sign
Here

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer

6/15/87

Date

Chairman, Laurens County
Council

008430

LAURENS COUNTY COUNCIL

1987

Hugh S. Jacobs, Chairman
Post Office Box 1097
Clinton, South Carolina 29325

Joe R. Babb, Vice Chairman
Route 3
Post Office Box 635
Laurens, South Carolina 29360

A. Eugene Madden, Council Member
104 Brookwood
Laurens, South Carolina 29360

James A. Coleman, Council Member
Route 2, Box 162
Laurens, South Carolina 29360

Mary H. Moore, Council Member
c/o Century 21
Post Office Box 269
Laurens, South Carolina 29360

Mrs. Dorothy B. Wilson, Clerk to County Council

008491

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

May 12, 1987

Ms. Nancy Page
McNair Law Firm
NCNB Plaza, Suite 1201
7 North Laurens Street
Greenville, SC 29601

Dear Nancy:

At its meeting on May 12, 1987, the Budget and Control Board authorized staff to allow breaks in counting the days elapsed in any 31-day extension of any State ceiling allocation granted by the Board provided that no allocation is to be valid after the last day of the month following the date it otherwise would have expired if the bonds have not been issued before that time.

Applying this to the \$750,000 tentative ceiling allocation for the Laurens County Dispos-o Plastics, Inc., project means that this allocation now will expire on June 30, 1987. This Board action was taken in response to your May 5 letter.

Sincerely,

A handwritten signature in dark ink that reads "William A. McInnis".

William A. McInnis
Deputy Executive Director

WAM:dw

008492

State of South Carolina
State Budget and Control Board

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

April 14, 1987

Ms. Nancy Page
McNair Law Firm
1201 Bankers Trust Plaza
Greenville, SC 29601

Dear Nancy:

Re: Laurens County
\$750,000 Industrial Development Revenue Note
Dispoz-o Plastics, Inc., Project

At its meeting on April 14, 1987, the Budget and Control Board granted a 31-day extension to the life of the tentative State ceiling allocation of \$750,000 to the Laurens County Dispoz-o Plastics, Inc., project. This tentative ceiling allocation will expire on May 30, 1987.

The Board action was taken in response to your March 27 letter.

Sincerely,

A handwritten signature in cursive script that reads "William A. McInnis".

William A. McInnis
Deputy Executive Director

/dw

008493

EXHIBIT

JAN 29 1987

NO. 12

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD
Standard Form Investment Letter

STATE BUDGET & CONTROL BOARD

TO: Secretary, State Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

RE: Sale by Laurens County, South Carolina (the "Issuer")
Of its Not Exceeding \$750,000 Ind. Dev. Rev. Note (the "Bonds")
On behalf of Dispoz-o Plastics, Inc. (the "Company")
Dispoz-o Plastics, Inc. (the "Project")
To NCNB South Carolina (the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

SWORN to and subscribed
before me this 15th day
of January, 1987.

Ruth E. Miller
Notary Public

My Commission expires

April 1, 1987.

PURCHASER:

Name: NCNB South Carolina
Address: Post Office Box 608
NCNB Plaza
Greenville, South Carolina 29602

BY: Robert E. Wagner
Signature of Authorized Official

Date: 1/15/87

008494

EXHIBIT

JAN 29 1987

NO. 12

STATE OF SOUTH CAROLINA)

Dispoz-o Plastics, Inc.

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

January 30, 1987

William A. McInnis

008495

A RESOLUTION APPROVING THE ISSUANCE BY LAURENS COUNTY, SOUTH CAROLINA, OF A NOT EXCEEDING \$750,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (DISPOZ-O PLASTICS, INC. PROJECT) 1987, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

EXHIBIT

JAN 29 1987 NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, the County Council of Laurens County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Laurens County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) in the aggregate principal amount of not exceeding \$750,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of expanding a building or buildings, other improvements, and acquiring additional machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of manufacturing disposable cutlery and related products; and

WHEREAS, the Project is to be made available to Dispoz-o Plastics, Inc. (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Note and which secure the obligation of the Corporation by a mortgage and security interest in the Project; and

WHEREAS, the Note will be payable from and secured by an assignment of the obligations of the Corporation and the mortgage and security interest in the Project; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 12, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and

008496

on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Mortgage and Financing Agreement, and a mortgage and security interest in the Project, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Mortgage and Financing Agreement and the Indenture and the description of the Project.

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

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

Section 5. This Resolution shall take effect immediately.

008497

EXHIBIT A

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

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

The issuance by Laurens County of its Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) in the original principal amount of not exceeding \$750,000 (the "Note"), to defray the costs of expanding a building or buildings, other improvements, and acquiring machinery, apparatus, equipment, office facilities and furnishings by Dispoz-o Plastics, Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of manufacturing disposable cutlery and related products (the "Project") to be located in Laurens County. The Project will be made available to Dispoz-o Plastics, Inc. which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by Dispoz-o Plastics, Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 29, 1987.

EXHIBIT

JAN 29 1987 NO. 12

STATE BUDGET & CONTROL BOARD

008498

EXHIBIT

State of South Carolina

JAN 29 1987

NO. 12

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

Box 12444

Columbia
29211

REMBERT C. DENNIS

CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN

CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.

EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

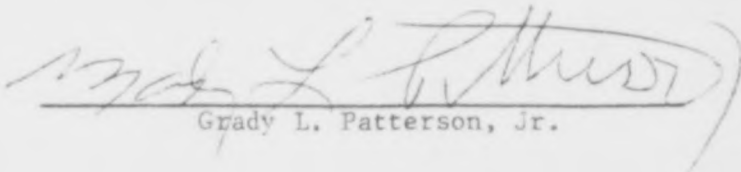
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

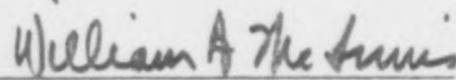
TO: Laurens County
\$750,000
Industrial Development Revenue Note
(Dispoz-o Plastics, Inc., Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008499

EXHIBIT

JAN 29 1987

NO. 12

STATE OF SOUTH CAROLINA)
)
LAURENS COUNTY)

STATE BUDGET & CONTROL BOARD

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

P E T I T I O N

This Petition of Laurens County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Laurens County (the "County Council") is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has heretofore issued a \$3,200,000 Laurens County, South Carolina, Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) 1985, and a \$1,500,000 Laurens County, South Carolina, Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) 1986, to assist Dispoz-o Plastics, Inc., a South Carolina corporation (the "Corporation"), in locating, acquiring and expanding an industrial facility in the County.

4. The County has been advised by the Corporation that the demand for products at the Project has increased and the Corporation desires to expand the project and acquire additional machinery and equipment, thereby increasing employment by an additional 20 employees within

one year after completion of the Project in addition to employment in the construction areas.

5. The County has agreed to provide further assistance by issuing its revenue note for the purpose of defraying the cost of expanding certain facilities located in the County (the "Project"), more fully described in Exhibit B to the Second Amendatory Mortgage and Financing Agreement.

6. The County has been advised by the Corporation that the estimated cost of the Project will be \$750,000 and it has requested the County to execute and deliver its Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) 1987 (the "1987 Note") in the principal amount of not exceeding \$750,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the 1987 Note required to finance the Project is expected to be not exceeding \$750,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed 1987 Note and the maintenance of the Project; and (vi) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the 1987 Note proposed to be issued to defray the cost of the Project.

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

(a) The Project, described in detail on Exhibit B to the Second Amendatory Mortgage and Financing Agreement and the Second Amendatory Indenture, consists of the expansion of a building or buildings and the acquisition of certain machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of manufacturing disposable cutlery and related products. It is anticipated that, upon completion, the Project will provide directly 20 additional full-time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the

County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be not exceeding \$750,000.

(c) Copies of the Second Amendatory Mortgage and Financing Agreement and the Second Amendatory Indenture are available from the County. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Mortgage and Financing Agreement, as amended, between the Corporation and the County provides in general:

(A) Proceeds derived from the placement of the 1987 Note will be used and applied by the County upon request of the Corporation solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Corporation obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the 1987 Note prove insufficient therefor without diminution of any payments to the County required by the Mortgage and Financing Agreement, as amended; to meet the payments of principal and interest on the 1987 Note as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Mortgage and Financing Agreement, as amended.

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

(D) The County acquires a security interest in the Project as security for the obligations of the Corporation under the Mortgage and Financing Agreement, as amended.

(ii) The proposed Indenture, as amended, between the County and NCNB South Carolina (successor to Bankers Trust of South Carolina), as lender (the "Lender"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Lender or

its assigns as holder of the 1987 Note of the County's right, title and interest in and to the Mortgage and Financing Agreement, as amended, and all payments, receipts and revenues which the County has a right to receive under the Mortgage and Financing Agreement, as amended, or with respect to any security afforded thereunder or any other financing agreement with respect to the Project in favor of the County (except payments and rights to indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture, as amended.

(B) The terms of the 1987 Note, the provisions for exchange and transfer of the 1987 Note, the prepayment provisions, the means of disbursement, default provisions and remedies therefor and various other matters relating to the 1987 Note.

(C) The execution of the Indenture, as amended, imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

7. Neither the approvals granted in connection with the 1987 Note nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

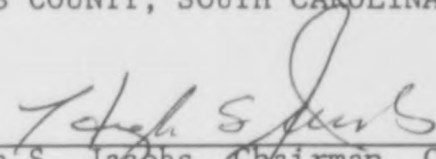
Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the 1987 Note by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), (iv) allocate to the 1987 Note such portion of the state ceiling as established by the Internal Revenue Code of 1986 as is necessary for the issuance of the 1987 Note, and (v) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

008503

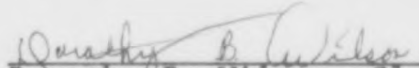
Respectfully submitted,

LAURENS COUNTY, SOUTH CAROLINA

By:


Hugh S. Jacobs, Chairman, County
Council of Laurens County,
South Carolina

ATTEST:


Dorothy B. Wilson, Clerk,
County Council of Laurens
County, South Carolina

EXHIBIT

JAN 29 1987

NO. 12

STATE BUDGET & CONTROL BOARD

Dated: January 12, 1987.

008504

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY LAURENS COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (DISPOZ-O PLASTICS, INC. PROJECT) 1987, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$750,000.

EXHIBIT

JAN 29 1987 NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, Laurens County, South Carolina (the "County"), acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, the County and Dispoz-o Plastics, Inc., a South Carolina corporation (the "Corporation"), entered into an Assistance Agreement (the "Assistance Agreement") executed by the Corporation on October 20, 1986, and executed by the County on October 20, 1986, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreement, the County proposes to issue its Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) in the principal amount of not exceeding \$750,000 (the "1987 Note") under and pursuant to the Act to defray the costs of expanding a building or buildings and acquiring certain machinery and equipment (the "Project"), to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation

008505

under and pursuant to the terms of a Mortgage and Financing Agreement dated as of September 1, 1985, as amended by the First Amendatory Mortgage and Financing Agreement dated as of July 1, 1986, and the Second Amendatory Mortgage and Financing Agreement (collectively referred to as the "Agreement"), between the County and the Corporation; and

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the 1987 Note in the principal amount of not exceeding \$750,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 20 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

(c) Neither the Project, the 1987 Note proposed to be issued by the County to defray the cost of the Project, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

(d) The issuance of the 1987 Note by the County in the principal amount of not exceeding \$750,000 will be required to defray the cost of the Project.

(e) Inasmuch as the Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the 1987 Note and the maintenance of the Project is deemed unnecessary.

(f) The Project will be made available by the County to the Corporation upon terms which will require the Corporation, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(g) The Project will consist of the expansion of a building and the items described in Exhibit B to the Second Amendatory Indenture to be entered into between the County and NCNB South Carolina, as lender (the "Lender").

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$750,000.

(i) Neither the approvals granted in connection with the 1987 Note nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County of a Petition requesting the approval of the proposal of the County to issue the 1987 Note by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

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

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

008507

Passed and approved January 12, 1987.

LAURENS COUNTY, SOUTH CAROLINA

By:

Hugh S. Jacobs
Hugh S. Jacobs, Chairman, County
Council of Laurens County,
South Carolina

ATTEST:

Dorothy B. Wilson
Dorothy B. Wilson, Clerk,
County Council of Laurens
County, South Carolina

EXHIBIT

JAN 29 1987

NO. 12

STATE BUDGET & CONTROL BOARD

A RESOLUTION AUTHORIZING THE EXECUTION
AND DELIVERY OF AN ASSISTANCE AGREEMENT
BY AND BETWEEN LAURENS COUNTY, SOUTH
CAROLINA, AND DISPOZ-O PLASTICS, INC.,
WHEREBY, UNDER CERTAIN CONDITIONS,
LAURENS COUNTY WILL ISSUE NOT EXCEEDING
SEVEN HUNDRED FIFTY THOUSAND DOLLARS
(\$750,000) INDUSTRIAL DEVELOPMENT
REVENUE BONDS OR NOTES.

EXHIBIT

JAN 29 1987 NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, Laurens County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, Dispoz-o Plastics, Inc., a South Carolina corporation (the "Corporation"), has requested the County to issue not exceeding \$750,000 of its Industrial Development Revenue Bonds or Notes (Dispoz-o Plastics, Inc. Project) pursuant to the Act for the purpose of defraying the cost of expanding a building or buildings, other improvements, and acquiring additional machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing disposable cutlery and related products, constituting an industrial facility (the "Project"), all as more fully set forth in the Assistance Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Corporation that the

008509

Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

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

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project, there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding Seven Hundred Fifty Thousand Dollars (\$750,000) to be designated "Laurens County, South Carolina, Industrial Development Revenue Bonds or Notes (Dispoz-o Plastics, Inc. Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Corporation, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The Chairman of the County Council is hereby authorized and directed to execute the Assistance Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the Chairman of the County Council is hereby further authorized and directed to deliver said executed Assistance Agreement to the Corporation.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

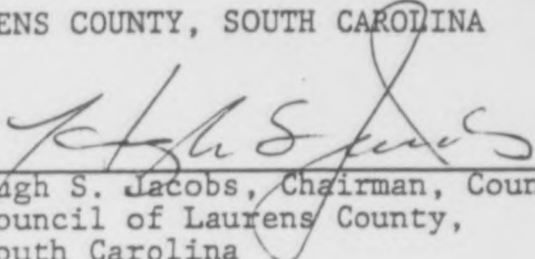
Section 6. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

008510

Done in meeting duly assembled this 13th day of
October, 1986.

LAURENS COUNTY, SOUTH CAROLINA

By:


Hugh S. Jacobs, Chairman, County
Council of Laurens County,
South Carolina

(SEAL)

EXHIBIT

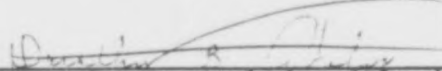
ATTEST:

JAN 29 1987

NO. 12

STATE BUDGET & CONTROL BOARD

By:


Dorothy B. Wilson, Clerk,
County Council of Laurens
County, South Carolina

008511

EXHIBIT

JAN 29 1987

NO. 1 2

ASSISTANCE AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT made and entered into by and between Laurens County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and Dispoz-o Plastics, Inc., a South Carolina corporation (the "Corporation").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

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

Section 1.01. The County is a body politic and corporate, and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, and to enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

Section 1.02. The Corporation desires to expand its facility located within the jurisdiction of the County, and to acquire additional machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for the purpose of manufacturing disposable cutlery and related products (the "Project"). The Project when completed and in operation will provide additional permanent employment in the County for approximately 20 people.

Section 1.03. The Corporation has requested the County to assist it with its contemplated program through the sale of Industrial Development Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the Project.

Section 1.04. The County has given due consideration to all the proposals and requests of the Corporation and has agreed to endeavor to effect the

008512

issuance of the bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not exceeding Seven Hundred Fifty Thousand Dollars (\$750,000) Laurens County, South Carolina, Industrial Development Revenue Bonds (or Notes) (Dispoz-o Plastics, Inc. Project) (the "Bonds"), at such time as the Corporation may request the County to do so.

Section 2.02. The County will permit the Corporation to arrange for the sale of the Bonds to defray the cost of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds shall be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the expansion of buildings, and the acquisition of necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds advanced or loans incurred by the Corporation for such purposes.

Section 2.04. Prior to issuing any Bonds, the County may enter into a trust indenture with a trustee bank to be selected by the Corporation or an indenture with the purchasers of the Bonds pursuant to which the Bonds will be issued. Such trust indenture or indenture shall be substantially in the form used in connection with the issuance of other South Carolina industrial revenue bonds and may constitute a lien on the Project and the revenues derived from the financing agreement with respect to the Project to secure the payment of the Bonds.

Section 2.05. If requested by the Corporation and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary proceedings and provide for the issuance of bond anticipation notes pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, in anticipation of the issuance of the Bonds.

008513

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE CORPORATION

Section 3.01. The Corporation agrees that the County will have no obligation to find a purchaser of the Bonds.

Section 3.02. The Corporation further agrees, if the plan proceeds as contemplated:

(a) to expand by construction and purchase the buildings and to acquire the necessary equipment and machinery constituting the Project;

(b) to enter into a financing agreement with the County under the terms of which the Corporation will obligate itself to pay to the County sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable, said financing agreement shall be in such form and contain such provisions as shall be satisfactory to the County and to the Corporation;

(c) to obligate itself to make the additional payments required by the Act, including, but not limited to, payments in lieu of taxes if necessary;

(d) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement in the implementation of its terms and provisions;

(e) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing; and

(f) to covenant and agree in the financing agreement referred to hereinbefore to install in the buildings which are to become a part of the Project all necessary equipment and machinery and thereafter to operate the Project as a facility for the purpose of manufacturing disposable cutlery and related products or for such other purposes as may hereafter be deemed appropriate.

008514

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

Section 4.02. The parties hereto agree that the Corporation may proceed with the Project including the expansion of a building or buildings and acquisition and installation of the equipment and machinery prior to the issuance of the Bonds.

Section 4.03. This Assistance Agreement may be assigned by the Corporation to a corporation which is a wholly owned subsidiary of the Corporation, to a corporation the majority stockholders of which are the majority stockholders of the Corporation, to a partnership comprised of the majority stockholders of the Corporation, or to any or all of the majority stockholders of the Corporation in their individual capacities.

Section 4.04. All commitments of the County and the Corporation hereunder are subject to the condition that the County and the Corporation do agree on acceptable terms and conditions of all documents the execution and delivery of which are contemplated by provisions hereof.

Section 4.05. The parties understand that the Corporation may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

008515

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

LAURENS COUNTY, SOUTH CAROLINA

By: 

Hugh S. Jacobs, Chairman, County
Council of Laurens County,
South Carolina

ATTEST:

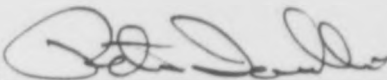
By: 

Dorothy B. Wilson, Clerk,
County Council of Laurens
County, South Carolina

Dated: October 13, 1986.


008516

DISPOZ-O PLASTICS, INC.

By: 
Its: President

(SEAL)

ATTEST:

By: 
Its: VICE PRESIDENT

Dated: October 13, 1986.

008517

FEB 10 1987

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

EXHIBIT

JAN 29 1987

NO. 12

STATE BUDGET & CONTROL BOARD

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. WONDURUS
D. WAYNE CORLEY
E. WILSON SINGLETARY
CHARLES PORTER
ROBERT W. DRIBBLE, JR.
EDWIN M. SHEEDEN
STEPHEN KORJAN*
RICHARD S. WOODS
WILLIAM L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
BETTY DAVISON*
SCOTT Y. BARKES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. WILSON, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES R. FIELDS, JR.
H. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RYAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILFRED B. IRVIN
ARDEL C. LUCAS
ROBERT E. STEFF
KATHLEEN CRUM WYNNE
E. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE*
CARL B. CARRUTH
JOHN W. WINTER*
J. WESLEY CRUM II
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER W.D. HOLMES
DEBORAH K. OWEN*

SARA S. ROGERS
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDLEMAN
JANE A. TRANKLEY
J. LUCAS GLENN II
CELESTE TULLY JONES
KATHERINE ELIZABETH WIMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALSON RENEE LEE
MARTHA R. WATLIN
GREGORY D. DELSACH
WILLIAM ASHLEY JORDAN, JR.
MICHAEL M. BEAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT F. McMAHAN, JR.

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. RITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
803-799-9800

HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 16TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

February 9, 1987

*NOT ADMITTED IN SOUTH CAROLINA

EXHIBIT

JAN 29 1987

NO. 12

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$750,000 Laurens County, South Carolina,
Industrial Development Revenue Note (Dispoz-o
Plastics, Inc.) 1987

Dear Mr. McInnis:

In accordance with Board Regulation 19-102.05 I am enclosing an affidavit certifying that the notice of the Board's approval of the above-referenced bond issue was published in The Laurens Advertiser on February 2, 1987. The Board approved this issue at its meeting on January 29, 1987.

If you need anything further, please give me a call.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/rnb
Enclosure

008518

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

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

The issuance by Laurens County of its Industrial Development Revenue Note (Dispoz-o Plastics, Inc. Project) in the original principal amount of not exceeding \$750,000 (the "Note"), to defray the costs of expanding a building or buildings, other improvements, and acquiring machinery, apparatus, equipment, office facilities and furnishings by Dispoz-o Plastics, Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of manufacturing disposable cutlery and related products (the "Project") to be located in Laurens County. The Project will be made available to Dispoz-o Plastics, Inc. which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by Dispoz-o Plastics, Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

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

State Budget and Control Board by: William A. McInnis, Secretary

Dated: January 29, 1987
Feb. 2c

Affidavit of Publication

The Laurens County Advertiser

State of South Carolina

County of Laurens

Personally appeared before me, a Notary Public for the state above, Nancy P. Lemon, who being duly sworn deposes and says that (he) (she) is the Bookkeeper of The Laurens County Advertiser, a newspaper published in the state and county aforesaid, and that an advertisement for _____

Notice
appeared in the said newspaper 1 times on the following dates: Feb. 2, 1987

a copy of which is herewith attached.

Sworn to before me this 3rd day
of February, 1987

George E. Lento

Notary Public for South Carolina

MY COMMISSION EXPIRES
OCTOBER 19, 1989

EXHIBIT

JAN 29 1987 NO. 12

STATE BUDGET & CONTROL BOARD

008519

JAN 21 1987
2:46 P.M.
1 of 2. LL

TRANSMITTAL FORM, REVENUE BONDS

Date: January 20, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.
Name of Law Firm
Greenville, South Carolina 29601
City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$750,000
Amount of Issue
Laurens County, South Carolina
Issuing Authority Name

Industrial Development Revenue Note
Type of Bonds or Notes
March 2, 1987
Projected Issue Date

Project Name: Dispoz-o Plastics, Inc.
Project Description:
Manufacturing disposable cutlery and related products

Employment as result of project: 20

CEILING ALLOCATION REQUIRED	REFUNDING INVOLVED	PROJECT APPROVED PREVIOUSLY
<u>X</u> Yes (\$ <u>750,000</u>) <u>No</u> Amount	<u>Yes</u> (\$ <u> </u>) <u>X</u> No Amount	<u>Yes</u> (<u> </u>) <u>X</u> No Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: NCNB South Carolina)

OR Audited financial statements for three most recent years

- E. Department of Health and Environmental Control certificate IF REQUIRED
F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 4 copies for certification and return to counsel]
G. X Processing fee

Amount \$ 2,000 Check No. 1591
Payor Dispoz-o Plastics Inc.

EXHIBIT

Bond Counsel: Nancy Page

Typed Name

JAN 29 1987

NO. 12

By:

Nancy Page

Signature

STATE BUDGET & CONTROL BOARD

008520

Dave

1/22/87

1/22/87

JAN 21 1987
2:46 P.M.
1 of 2. LL

TRANSMITTAL FORM, REVENUE BONDS

Date: January 20, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.
Name of Law Firm
Greenville, South Carolina 29601
City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$750,000
Amount of Issue
Laurens County, South Carolina
Issuing Authority Name

Industrial Development Revenue Note
Type of Bonds or Notes
March 2, 1987
Projected Issue Date

Project Name: Dispoz-o Plastics, Inc.
Project Description:
Manufacturing disposable cutlery and related products

Employment as result of project: 20

CEILING ALLOCATION REQUIRED
X Yes (\$ 750,000) No
Amount

REFUNDING INVOLVED
 Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY
 Yes () X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: NCNB South Carolina)

OR Audited financial statements for three most recent years

- E. Department of Health and Environmental Control certificate IF REQUIRED
F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 4 copies for certification and return to counsel]
G. X Processing fee

Amount \$ 2,000 Check No. 1591
Payor Dispoz-o Plastics Inc.

EXHIBIT

Bond Counsel: Nancy Page **Typed Name** JAN 29 1987 **NO. 12**

By: Nancy Page **Signature** STATE BUDGET & CONTROL BOARD

008521

EXHIBIT

JAN 29 1987

NO. 13

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

REGULAR SESSION
ITEM NUMBER

5

AGENCY: Executive Director

SUBJECT: Private Activity Bonds; Allocation of State Ceiling

The required reviews of the following proposals to issue revenue bonds have not yet been completed. Staff will advise the Board on the results of these reviews at the meeting.

Each of the projects requires approval under State law. An allocation of a portion of the State Ceiling is requested for all projects.

- (a) Issuing Authority: Lancaster County
Amount of Issue: \$1,000,000 Industrial Revenue Note
Name of Project: Forrest R. Wilkerson, Jr.
Employment Impact: 20-30
Project Description: Production of spices
- (b) Issuing Authority: Spartanburg County
Amount of Issue: \$1,500,000 Industrial Development Revenue Note
Name of Project: Hoke, Inc.
Employment Impact: 170
Project Description: Manufacture of valves and fittings
- (c) Issuing Authority: Family Farm Development Authority
Amount of Issue: \$215,000 Agricultural Development Revenue Bonds
Name of Project: Charles H. Gray
Project Description: Purchase land, greenhouses, used equipment
Maturity Schedule: Payable as to principal and interest on April 15, 1988, June 15, 1988 and thereafter on June 15 of each year for a period of 14 years at 10% per annum
Bond Purchaser: R. B. Hines
- (d) Issuing Authority: Family Farm Development Authority
Amount of Issue: \$180,000 Agricultural Development Revenue Bonds
Name of Project: Gwen C. Bulman
Project Description: Purchase depreciable assets, new and used equipment and cutting stock for greenhouses
Maturity Schedule: Payable as to principal and interest on April 15, 1988, June 15, 1988 and thereafter on June 15 of each year for a period of 14 years at 10% per annum
Bond Purchaser: R. B. Hines
- (e) Issuing Authority: Laurens County
Amount of Issue: \$750,000 Industrial Development Revenue Note
Name of Project: Dispoz-o Plastics, Inc.
Employment Impact: 20
Project Description: Manufacture disposable cutlery/related products

008522

AGENCY: Executive Director

SUBJECT: Private Activity Bonds; Allocation of State Ceiling

As is required under the terms of Section 1 of Executive Order 87-01, which sets out the regulations under which the State Ceiling allocation process is conducted, the Board Secretary has calculated and certified the 1987 State Ceiling for South Carolina to be \$253,350,000 (a \$2,325,000 increase over 1986).

The calculation is done on the basis of the most recent estimate of the resident population of the State published by the U.S. Bureau of the Census before the beginning of 1987. That figure is 3,378,000. It was published in Census Bureau release CB87-02 dated for release December 31, 1986. A copy of the Secretary's certificate is attached.

The status report on the State Ceiling (with 40% in the State Pool and 60% in the Local Pool) as of January 29, 1987, (year elapsed 8%) shows:

	<u>CY 1987 Ceiling</u>	<u>Allocated (%)</u>	<u>Not Allocated (%)</u>
State Pool	\$101,340,000	\$ 0 (0%)	\$101,340,000 (100%)
Local Pool	152,010,000	0 (0%)	152,010,000 (100%)
Total	\$253,350,000	\$ 0 (0%)	\$253,350,000 (100%)

EXHIBIT

JAN 29 1987 NO. 13

STATE BUDGET & CONTROL BOARD

BOARD ACTION REQUESTED:

- (1) Adopt resolutions approving proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results;
- (2) Allocate a portion of the State Ceiling to each project; and
- (3) Receive as information the status report on the State Ceiling.

ATTACHMENTS:

Referenced resolutions; Secretary's State Ceiling certificate; State Ceiling status report.

008523

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 14, 1987

EXHIBIT

JAN 29 1987

NO. 13

STATE BUDGET & CONTROL BOARD

**CERTIFICATION OF 1987 STATE CEILING
ON ISSUANCE OF PRIVATE ACTIVITY BONDS
ESTABLISHED IN TAX REFORM ACT OF 1986**

In accord with Section 1 of Executive Order 87-01, issued on January 7, 1987, by Governor Richard W. Riley, which became effective upon its filing with the Secretary of State on January 8, 1987, which proclaims a plan for allocating the State Ceiling on the issuance of tax exempt private activity bonds, I have determined that the most recent census estimate of the resident population of the State of South Carolina published by the Bureau of the Census before the beginning of 1987 is 3,378,000.

That population estimate is included in Census Bureau release CB87-02 dated for release December 31, 1986.

On that basis, I have calculated and I certify the 1987 State Ceiling for the State of South Carolina, as established in the Tax Reform Act of 1986, to be \$253,350,000.

William A. McInnis
William A. McInnis, Secretary

008524

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET AND CONTROL BOARD REGULAR SESSION
MEETING OF JANUARY 29, 1987 ITEM NUMBER

6

AGENCY: Oconee County

SUBJECT: (a) \$25,000,000 Refunding Pollution Control Revenue Bonds; and
(b) Either \$10,000,000 Pollution Control Revenue Bonds or
\$28,000,000 Pollution Control Revenue Bonds.

In November of 1982, the Budget and Control Board approved an Oconee County proposal to issue \$130 million of pollution control revenue bonds for Duke Power Company's Oconee Nuclear Station project. The purpose of that project was to provide various facilities, systems, structures, etc., to abate, eliminate, control or prevent air or water pollution and to dispose of solid waste at the Station.

In June of 1983, \$102 million of these bonds were issued. It is now proposed to refund \$25 million of that issue.

In addition, the County proposes a new issue of not to exceed \$28 million of pollution control bonds to finance a portion of the cost of completing the facilities contemplated initially. This new issue portion of the proposal requires an allocation of a portion of the State Ceiling.

The Board is reminded that Section 5(b) of Executive Order 87-01, which sets out the procedures governing the State Ceiling allocation process, would defer until after July 1 Ceiling allocation requests greater than \$10 million, unless the Board, after review and comment by the Bond Committee, determines in any particular instance that the positive impact upon the State of approving an allocation greater than \$10 million is of such significance that approval is warranted. A copy of the Executive Order is attached.

Because the positive impact of the project upon the State appears not to be significant, the staff recommendation is that an allocation of \$10 million be approved.

BOARD ACTION REQUESTED:

Adopt a resolution approving the issuance by Oconee County of (a) not exceeding \$25,000,000 pollution control revenue bonds, refunding, Series 1987A (Duke Power Company Project), and (b) not exceeding \$10,000,000 pollution control revenue bonds, Series 1987B (Duke Power Company Project).

ATTACHMENTS:

Executive Order 87-01; referenced resolution.

008525

Executive Department



EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

State of South Carolina

EXECUTIVE ORDER NO. 87-01

WHEREAS, the United States Congress through passage of the Tax Reform Act of 1986, Public Law 99-514 (the Act), has imposed a new volume limitation on the number of tax exempt private activity bonds that can be issued in each state; and

WHEREAS, the Governor of each state is given interim authority by the Act to proclaim a different formula than that provided in the Act for allocating the State's volume limitation among its governmental units which have authority to issue private activity bonds; and

WHEREAS, the Act provides that the Governor's interim authority terminates, inter alia, on the effective date of any State legislation with respect to the allocation of the State ceiling; and

WHEREAS, I have been requested to issue an Executive Order which sets forth a plan to allocate the State's volume limitation under the Act among its governmental units which have authority to issue private activity bonds.

NOW, THEREFORE, pursuant to the authority vested in me as Governor of the State of South Carolina by the Constitution and laws of this State and by the Act, I hereby proclaim the following plan for allocating the State Ceiling on the issuance of tax exempt private activity bonds:

008526

008526

Section 1. Calculation and Certification of State Ceiling

The State Ceiling on the issuance of private activity bonds (as defined in the Section 146 of the Internal Revenue Code of 1986, referred to herein as the Code) established in the Tax Reform Act of 1986 (the Act), must be certified annually by the Budget and Control Board (Board) Secretary based upon the provisions of the Act. The Board Secretary must make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the U. S. Bureau of the Census but in no event later than February 1 of each calendar year; provided that, if necessary because of changes made by the Act, the Board Secretary must calculate and certify a revised State Ceiling within not more than fifteen (15) calendar days following the issuance of the Executive Order containing these regulations.

Section 2. Allocation of Bond Limit Amounts

(a) **Allocations in Response to Authorized Requests.** The private activity bond limit for all issuing authorities will be allocated by the Board in response to Authorized Requests (described in Section 4) by such issuing authorities.

(b) **Limit Allocated to State Initially.** The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.

(c) **Allocations on First-come, First-served Basis.** Except as is provided in Section 5, all allocations from the Local Pool or from the State Government Pool (the Pools are described in Section 3) will be made by the Board on a first-come, first-served basis, to be determined by the date and time sequence in which complete Authorized Requests are received by the Board Secretary.

Section 3. Private Activity Bond Limits and Pools

(a) **State Government Pool.** The private activity bond limit for all State Government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the Act, to be known as the "State Government Pool," is forty per cent (40%) of the State Ceiling less any amount

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EXHIBIT

JAN 29 1987

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STATE BUDGET & CONTROL BOARD

shifted to the Local Pool (described in paragraph (b), below) or plus any amount shifted from that Pool.

(b) **Local Pool.** The private activity bond limit for all issuing authorities other than State Government agencies, to be known as the "Local Pool," is sixty per cent (60%) of the State Ceiling plus any amount shifted from the State Government Pool or less any amount shifted to that Pool.

(c) **Pool Shifts.** The Board, with review and comment by the Joint Bond Review Committee (Committee), may shift unallocated amounts from one Pool to the other at any time.

Section 4. Authorized Requests for an Allocation

(a) **Other Than State Government Issuing Authorities.** For private activity bonds proposed for issue by other than State Government issuing authorities, an Authorized Request is a request included in a petition to the Board that a specific amount of the State Ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval, if any, relating to the bonds entered into or adopted by the issuing authority. The Board must forward promptly to the Committee a copy of each petition received.

(b) **State Government Issuing Authorities.** For private activity bonds proposed for issue by any State Government issuing authority, an Authorized Request is a request included in a petition to the Board that a specific amount of the State Ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The Board must forward promptly to the Committee a copy of each petition received.


(c) **Allocation Requested is Total Contemplated.** Each Authorized Request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

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Section 5. Limitation on Allocations

(a) The Board, with review and comment by the Committee, may disapprove, reduce or defer any Authorized Request. If it becomes necessary to exercise this authority due to lack of funds in either Pool, the Board and the Committee must take into account the public interest in promoting economic growth and job creation.



(b) Authorized Requests for State Ceiling allocations of more than \$10 million for a single project are deferred until after July 1 unless the Board, after review and comment by the Committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than \$10 million is of such significance that approval of such an allocation is warranted.

Section 6. Certificates by Issuing Authority and by Board

(a) **Board Tentative Allocation Certificate.** An allocation of the State Ceiling approved by the Board is made formal initially by a certificate which allocates tentatively a specific amount of the State Ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the State Ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by paragraph (b) of this Section. It also may include other information deemed relevant by the Board Secretary.

(b) **Issuing Authority Issue Amount Certificate.** The chairman or other duly authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the State Ceiling has been allocated tentatively must execute and deliver to the Board Secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten (10) business days after the date of the issue amount certificate and it must be before the State Ceiling allocation involved expires. The issue amount certificate may be an executed copy of the completed Internal Revenue Service

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EXHIBIT

JAN 29 1987

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STATE BUDGET & CONTROL BOARD

Form 8038 to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.

(c) **Board Final Allocation Certificate.** In response to the issuing authority's issue amount certificate required by paragraph (b) of this Section, the Board Secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the Board on a tentative basis, if the Secretary determines that: (1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount; (2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten (10) days prior thereto; (3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and (4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the Board by issuing authorities will not exceed the State Ceiling for the calendar year. Except under extraordinary circumstances, the Board Secretary will issue this certificate within two (2) business days following the date the issue amount certificate is received.

(d) **Board Secretary Designated to Certify Ceiling Allocations.** In accord with Section 149(e)(2)(F) of the Code, the Secretary of the Budget and Control Board is designated as the State official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.

(e) **Status of Ceiling Allocations Approved Before Executive Order Issued.** Any tentative or final State Ceiling allocation granted by the Board before the date this Executive Order was issued remains valid under this Executive Order as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. Such allocations will expire in accord with the regulations under which they were granted or extended and their validity may be extended or reinstated in accord with the provisions of this Executive Order.

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Section 7. Time Limits on Allocations

(a) **Allocations Valid in Calendar Year Approved; Exceptions.** Any State Ceiling allocation approved by the Board is valid only for the calendar year in which it is approved, unless eligible and approved for carryforward election or unless specified differently in the Board certificates required by Section 6.

(b) **Expiration of Allocations.** Unless eligible and approved for carryforward election or unless specified differently in Board certificates required by Section 6, each State Ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety (90) calendar days from the date the allocation is approved by the Board. As provided in paragraph (c) of this Section, the Board may extend the period in which an allocation is valid by up to thirty-one (31) calendar days.

(c) **Allocation Extension.** In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the Board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one (31) calendar days to a total of not more than one hundred twenty one (121) calendar days.

(d) **Allocation Reinstatement.** In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the Board may reinstate for a period of not more than thirty-one (31) calendar days in any one calendar year part or all of an allocation approved previously in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.

(e) **Allocation Cancellation.** A tentative ceiling allocation is cancelled automatically if the chairman or other duly authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 6 to the Board Secretary before the bonds for which the allocation is made are issued.

(f) **Allocation Relinquishment.** The chairman or other duly authorized official or agent of an issuing authority must advise the Board Secretary in writing as soon as is practicable after a decision is made not to

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issue bonds for which a portion of the State Ceiling has been allocated. Such notices of relinquishment of ceiling allocations must be entered promptly in the Board's records by the Board Secretary.

(g) **Carryforward Elections.** Ceiling allocations which are eligible and approved for carryforward election are not subject to the validity limits of this Section. The Board will join with the issuing authorities involved in carryforward election statements to meet the requirements of the Internal Revenue Service.

Section 8. Termination of This Regulation

These Regulations shall be of no force and effect upon the earlier of the rescission by Congress or declaration of unconstitutionality of the Act, or any portion thereof, by the U. S. Supreme Court.

Section 9. Executive Order #86-20 Amended

It is intended that this Executive Order be considered an amendment of Executive Order #86-20 which I executed and issued on October 22, 1986, and which, as so amended, reads as presented above.

GIVEN UNDER MY HAND AND THE GREAT SEAL
OF THE STATE OF SOUTH CAROLINA, AT
COLUMBIA, SOUTH CAROLINA, THIS 7th DAY
OF JANUARY 1987.

/s/ Richard W. Riley
RICHARD W. RILEY
Governor

ATTEST:

/s/ John T. Campbell
JOHN T. CAMPBELL
Secretary of State

[Note: This Order was filed with the Secretary of State's Office at 10:30 a.m. on Thursday, January 8, 1987. It became effective at that time.]

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EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY OCONEE COUNTY, SOUTH CAROLINA, OF (i) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), AND (ii) NOT EXCEEDING \$10,000,000 ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 48, CHAPTER 3 (1976), AS AMENDED.

WHEREAS, the County Council of Oconee County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Oconee County (the "County") pursuant to the Act of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$10,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project") to be used as follows: (1) proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station; and

WHEREAS, the Project is to be made available to Duke Power Company (the "Company") upon terms which require the Company to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Company by a mortgage and security interest in the Project; and

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RECOMMENDED

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Company; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 20, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 48-3-140 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Loan Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Seneca Journal, which is a newspaper having general circulation in Oconee County.

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

Section 5. This Resolution shall take effect immediately.

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EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$10,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: (1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Oconee County to

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finance the same, by action de novo instituted in the Circuit Court for Oconee County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 29, 1987.

008536

A RESOLUTION APPROVING THE ISSUANCE BY OCONEE COUNTY, SOUTH CAROLINA, OF (i) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), AND (ii) NOT EXCEEDING \$28,000,000 ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 48, CHAPTER 3 (1976), AS AMENDED.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

WHEREAS, the County Council of Oconee County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Oconee County (the "County") pursuant to the Act of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project") to be used as follows: (1) proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station ; and

WHEREAS, the Project is to be made available to Duke Power Company (the "Company") upon terms which require the Company to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Company by a mortgage and security interest in the Project; and

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REQUESTED

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Company; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 20, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 48-3-140 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Loan Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Seneca Journal, which is a newspaper having general circulation in Oconee County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

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EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: (1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Oconee County to

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finance the same, by action de novo instituted in the Circuit Court for Oconee County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 29, 1987.

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JAN 30 1987

The State of South Carolina



EXHIBIT

JAN 29 1987

NO. 14

Office of the Attorney General STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-734-3680

January 26, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: Not exceeding \$53,000,000 Oconee County, South Carolina,
Pollution Control Revenue Bonds
(Duke Power Company)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents including the revised Board Resolution submitted to the State Budget and Control Board for its approval pursuant to Sections 48-3-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

This opinion addresses only the legal sufficiency of the documents you have provided for our review. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Sincerely yours,

D. C. Eckstrom

David C. Eckstrom
Assistant Attorney General

DCE/fg

Enclosure

008542

JAN 30 1987

State of South Carolina



EXHIBIT

JAN 29 1987

NO. 14

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

OFFICE OF THE STATE AUDITOR

P.O. BOX 11333
COLUMBIA, S.C.
29211
(803) 734-1727

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR

MARGARET C. STILWELL, CPA
DEPUTY STATE AUDITOR

January 29, 1987

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

RE: Pollution Control Revenue Bond Issue - Oconee County - Not Exceeding
\$53,000,000 (Duke Power Company)

1. The proposed issue consists of a \$25,000,000 refunding issue and a not exceeding \$28,000,000 new money issue. According to Nancy Page, Esquire, of the McNair Law Firm of Greenville, "On November 3, 1982 the State Budget and Control Board approved \$130,000,000 of bonds for Duke Power. In this regard, the Company issued \$102,000,000 on June 1, 1983. Duke Power is now requesting the remaining \$28,000,000 to be used for cost over-runs."

Pursuant to Executive Order 87-01, "If the Board determines that an allocation of \$28,000,000 for Duke Power is not appropriate, the Company requests the Board approve a request of \$10,000,000."

2. We reviewed the Form 10-K annual reports for Duke Power Company for the years ended December 31, 1985, 1984, and 1983 which included the audited financial statements.
3. Independent auditors (Deloitte Haskins & Sells, Charlotte, North Carolina) have issued unqualified opinions on the financial statements for the three years ended December 31, 1985.

008543

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER

STATE BUDGET & CONTROL BOARD
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL
REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE
JESSE A. COLES, JR.
EXECUTIVE DIRECTOR

EXHIBIT

JAN 29 1987 NO. 14

Mr. William A. McInnis
Page Two
January 29, 1987

STATE BUDGET & CONTROL BOARD

4. Duke Power Company is a publicly-owned corporation whose common capital stock is listed on the New York Stock Exchange and annual information reports (Form 10K) must be filed with the U.S. Securities and Exchange Commission.
5. Based upon review of the Form 10-K reports and audited financial statements cited above, the financial position and results of operations of the Company appear adequate to support the proposed and existing debt. Accordingly, we see no reason to disapprove the proposed bond issue.

Rosa B. Hughes

Rosa B. Hughes, CPA
Audit Manager
Office of the State Auditor

RBH/dc

008544

EXHIBIT

STATE OF SOUTH CAROLINA)

Duke Power Company

JAN 29 1987

NO. 14

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Tuesday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

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AGAINST MOTION

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

February 2, 1987

William A. McInnis

008545

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY OCONEE COUNTY, SOUTH CAROLINA, OF (i) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), AND (ii) NOT EXCEEDING \$10,000,000 ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 48, CHAPTER 3 (1976), AS AMENDED.

WHEREAS, the County Council of Oconee County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Oconee County (the "County") pursuant to the Act of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$10,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project") to be used as follows: (1) proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station; and

WHEREAS, the Project is to be made available to Duke Power Company (the "Company") upon terms which require the Company to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Company by a mortgage and security interest in the Project; and

008546

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Company; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 20, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 48-3-140 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Loan Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Seneca Journal, which is a newspaper having general circulation in Oconee County.

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

Section 5. This Resolution shall take effect immediately.

008548

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$10,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: (1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Oconee County to

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finance the same, by action de novo instituted in the Circuit Court for Oconee County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 29, 1987.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

008550

EXHIBIT

JAN 29 1987

NO. 14

STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

STATE BUDGET & CONTROL BOARD

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, South Carolina (the "County Council"), submitted pursuant to Title 48, Chapter 3, Code of Laws of South Carolina, 1976, as amended (the "Act"), and specifically Section 48-3-140 thereof, respectfully shows, and the County Council has found and determined:

1. The County Council is the governing body of Oconee County, South Carolina (the "County"), and as such is the "Governing Board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of and appropriate findings by the State Budget and Control Board and the South Carolina department of Health and Environmental Control, pursuant to Sections 48-3-140 and 48-3-60 of the Act, respectively, (i) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities (as defined in the Act); (ii) to enter into a loan agreement with such industry prescribing the terms and conditions of the payments to be made by the industry to the county or its assignee, to meet the payments that shall become due on bonds; (iii) to issue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, pollution control facilities or to issue bonds for any enlargement, improvement or expansion of any then existing pollution control facility and to secure the payment of such bonds; and (iv) to issue bonds to refund any bonds issued under the Act.

3. The County Council has agreed to assist Duke Power Company, a corporation organized and existing under the laws of the State of North Carolina (the "Company"), to finance a portion of the cost of completing certain facilities designed for the elimination, mitigation and prevention of air and water pollution and for the disposal of solid waste (the "Pollution Control Facilities") and solid waste disposal facilities more fully described in Exhibit A attached hereto, at the Company's Oconee Nuclear Station plant (the "Plant") located in the County.

008551

4. Pursuant to Section 48-3-140 of the Act, the County Council sets forth the following information:

A. The Pollution Control Facilities proposed to be completed are necessary and are designed for the elimination, mitigation and prevention of air or water pollution and the disposal of solid waste at the Plant.

B. Pursuant to Section 48-3-60 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 and prevention of air or water pollution and the disposal of solid waste, and in that connection there is attached hereto as Exhibit B to this Petition, a certificate setting forth the finding of the South Carolina Department of Health and Environmental Control relating to the Pollution Control Facilities.

C. The County has been advised by the Company that it will be necessary at this time to finance a portion of the cost of completing the Pollution Control Facilities and that it will be necessary to issue and sell not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the "Series B Bonds") for such purposes.

D. The County has been advised by the Company that it would be desirable to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued in 1983 (the "1983 Bonds"), by issuing not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (the "Series A Bonds"). The Series A Bonds and the Series B Bonds shall be collectively referred to as the "Bonds".

E. The Loan Agreement dated as of February 1, 1987, between the County and the Company provides in general:

(i) Proceeds derived from the sale of the Bonds will be loaned by the County to the Company and will be applied solely by the Company for the payment of the costs incident to completing the acquisition, construction and installation of the Pollution Control Facilities and redeeming a portion of the 1983 Bonds, plus interest accrued thereon and any redemption premium.

(ii) Under the terms of the Loan Agreement, the Company 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 of, interest and premium, if any, on the Bonds as the same become due, and to pay the cost of maintaining and insuring the Pollution Control Facilities to the extent and in the manner provided in the Loan Agreement.

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

E. The Trust Indenture of the County, dated as of February 1, 1987, between the County and Wachovia Bank and Trust Company, N.A., provides in general:

(i) The irrevocable pledge and assignment to the holders of the Bonds of the County's right, title and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive or require under the Loan Agreement, as supplemented (except payments and rights to payments of certain indemnification payments and administration expenses), and all the moneys and securities in funds created under the Trust Indenture.

(ii) The terms 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, provisions of issuance of additional parity bonds, default provisions and remedies therefor and various other matters relating to the Bonds.

(iii) The execution of the Trust Indenture will not impose any pecuniary liability on the County or create a charge upon the general credit or taxing power of the County.

5. Neither the approvals granted in connection with the Bonds nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents attached hereto, (ii) as soon as practicable, make such investigation as it deems advisable, (iii) 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 of a portion of the cost 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, (iv) allocate to the Series B Bonds such portion of the state ceiling as established by the Internal Revenue Code of 1986 as is necessary for the issuance of the Series B Bonds, and (v) give published notice of its approval in the manner set forth in Section 48-3-140 of the Act.

Respectfully submitted,

OCONEE COUNTY, SOUTH CAROLINA

By:

Norman D. Crain
Norman D. Crain, Supervisor and
Chairman, Oconee County,
South Carolina

(SEAL)

ATTEST:

Opal O. Green
Opal O. Green, Clerk,
County Council of Oconee
County, South Carolina

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

Dated: January 20, 1987

008554

EXHIBIT

JAN 29 1987

NO. 14

USE OF PROCEEDS

STATE BUDGET & CONTROL BOARD

1. Series 1987A Bonds: The proceeds of the Series A Bonds will be used to refund and retire a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983.
2. Series 1987B Bonds: The proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station (the "Project").

008555

EXHIBIT

State of South Carolina

JAN 29 1987

NO. 14

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

Box 12444

Columbia

29211

REMBERT C. DENNIS

CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN

CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.

EXECUTIVE DIRECTOR

January 29, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

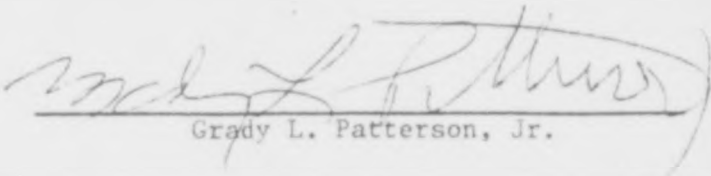
(UNDER TAX REFORM ACT OF 1986)

TENTATIVE ALLOCATION, CALENDAR YEAR 1987

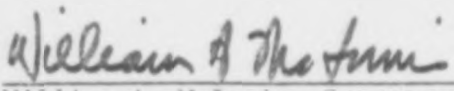
TO: Oconee County
\$10,000,000
Pollution Control Revenue Bonds
(Duke Power Company Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1987 only. It will expire on April 29, 1987, which is ninety (90) calendar days from the date the allocation was approved by the Board, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Section 6(b) of the Governor's Executive Order #87-01, effective January 8, 1987, requires that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.


Grady L. Patterson, Jr.

Attest:


William A. McInnis, Secretary

008556

EXHIBIT

JAN 29 1987

NO. 14

State of South Carolina

State Budget and Control Board

BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.

STATE TREASURER

EARLE E. MORRIS, JR.

COMPTROLLER GENERAL

Box 12444

Columbia
29211

REMBERT C. DENNIS

CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN

CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

February 18, 1987

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

(UNDER TAX REFORM ACT OF 1986)

FINAL ALLOCATION, CALENDAR YEAR 1987

TO: Oconee County
c/o Ms. Nancy Page
McNair Law Firm, P.A.
Suite 1202, NCNB Plaza
7 North Laurens Street
Greenville, SC 29601

RE: Issue of \$10,000,000 Oconee County, South Carolina
Annual Tender Pollution Control Revenue Bonds
(Duke Power Company Project)
Issue Date Projected By Issuing Authority: February 26, 1987
Allocation Expiration Date: April 29, 1987
Issue Amount Certificate Date: February 18, 1987

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 6(b) of Governor's Executive Order #87-01, effective January 8, 1987, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1987 will not exceed the 1987 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

008557

FEB 18 1987
3:32 pm

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDOLOS
D. WAYNE CORLEY
E. MILEO SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY M. SHEEDEN
STEPHEN KORJAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
RHETT DAWSON*
SCOTT K. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. MILEO, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RUTMAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILFRED B. IRVIN
APRIL C. LUCAS
ROBERT E. STEPP
KATHLEEN CRUM McKANEY
E. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE*
CARL B. CARRUTH
JOHN W. HUNTER*
J. WESLEY CRUM II
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER M.G. HOLMES
DEBORAH K. OWEN*

SARA S. ROGERS
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDELMAN
JANE W. TRINKLEY
J. LYLES GLENN IV
CELESTE TILLER JONES
KATHERINE ELIZABETH MMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALISON RENEE LEE
MARTHA R. MUMFOLIN
GREGORY D. DUDACH
WILLIAM ASHLEY JORDAN, JR.
MICHAEL H. BEAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT T. McMAHAN, JR.

*NOT ADMITTED IN SOUTH CAROLINA

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

February 18, 1987

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
803-799-9800

HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29936
803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

VIA ANDERSON ARMORED CAR SERVICE

Mr. William A. McInnis
State Budget and Control Board
Room 600
Wade Hampton Office Building
Columbia, SC 29201

Re: \$10,000,000 Oconee County, South Carolina, Annual
Tender Pollution Control Revenue Bonds, Series 1987B
(Duke Power Company Project)

Dear Mr. McInnis:

In accordance with the regulations of the State Budget and Control Board, I am submitting on behalf of Oconee County and Duke Power Company a copy of the ordinance and the preliminary official statement in connection with the above-referenced bond issue. Please confirm the allocation of \$10,000,000 of the State volume to the above-captioned issue. This issue is scheduled to close February 26, 1987.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/dcp
Enclosures

008558

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 1987

OFFICIAL STATEMENT

TWO NEW ISSUES

\$25,000,000

**Oconee County, South Carolina
Annual Tender Pollution
Control Revenue Bonds,
Series 1987 A
(Duke Power Company Project)**

Dated: Date of Initial Authentication and Delivery

\$10,000,000

**Oconee County, South Carolina
Annual Tender Pollution
Control Revenue Bonds,
Series 1987 B
(Duke Power Company Project)**

Due: February 1, 2017

Price: % (Plus Accrued Interest, if any)

The Series 1987 Bonds will be limited obligations of Oconee County, South Carolina payable solely out of revenues or other receipts, funds or moneys pledged therefor, including payments under the Loan Agreement between the County and Duke Power Company, which payments will be evidenced and secured by First and Refunding Mortgage Bonds issued by

Duke Power Company

For the period commencing on the date of initial authentication and delivery of the Series 1987 A Bonds to and including January 31, 1988, the Series 1987 A Bonds will bear interest at a rate of % per annum. For the period commencing on the date of initial authentication and delivery of the Series 1987 B Bonds to and including January 31, 1988, the Series 1987 B Bonds will bear interest at a rate of % per annum. Thereafter, for each Rate Period ending prior to the Fixed Rate Date, each series of Series 1987 Bonds will bear interest at a rate determined for such series on or prior to the first business day of February of every year. As described herein, upon the determination of the rates of interest on the Series 1987 Bonds on the Fixed Rate Date, the Series 1987 Bonds will bear such rate of interest until maturity.

On the Adjustment Date of every year prior to and including the Fixed Rate Date (but not thereafter), owners of Series 1987 Bonds will have the right to have their Series 1987 Bonds purchased at a price equal to 100% of the principal amount thereof, as described herein. Any owner of Series 1987 Bonds wishing to have Series 1987 Bonds so purchased must deliver such Series 1987 Bonds to Morgan Guaranty Trust Company of New York, as Tender Agent, at or prior to 4:00 p.m. on the January 19 next preceding the Adjustment Date.

The Series 1987 bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. Principal of and premium, if any, on the Series 1987 Bonds will be payable at the principal corporate trust office of Wachovia Bank & Trust Company, N.A., Winston-Salem, North Carolina, as Trustee, Registrar and Paying Agent. Interest will be payable on August 1, 1987 and semiannually thereafter on each February 1 and August 1 to the registered owners as of the close of business on the fifteenth day of the month preceding an interest payment date. The Series 1987 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Bond Counsel, based on existing statutes and regulations, interest on the Series 1987 Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation, except interest on any Series 1987 Bond for any period during which it is held by a "substantial user" of the Project or a "related person", as those terms are used in Section 147 of the Internal Revenue Code of 1986, and the Series 1987 Bonds and the income therefrom are exempt from all taxation in the State of South Carolina except for inheritance, estate and transfer taxes. Bond Counsel is further of the opinion that interest on the Series 1987 A Bonds would not be includable as an item of tax preference for purposes of computing an alternative minimum tax for individuals and corporations, but such interest would be otherwise includable for purposes of computing an alternative minimum tax for corporations as described herein. In addition, Bond Counsel is of the opinion that interest on the Series 1987 B Bonds would be includable as an item of tax preference for purposes of calculating an alternative minimum tax for corporations and individuals. Interest on the Series 1987 Bonds would also be includable for purposes of calculating certain other federal income taxes as described herein. See "TAX EXEMPTION" herein.

The Series 1987 Bonds are offered when, as and if issued and received by the Underwriters subject to the approval of their validity by McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel, relying in part on the opinion of Reid & Priest, Washington, D.C., Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the Company by Steve C. Griffith, Jr., Charlotte, North Carolina, and by Dewey, Ballantine, Bushby, Palmer & Wood, New York, New York, for the Underwriters by Brown & Wood, New York, New York and for the County by Larry C. Brandt, Walhalla, South Carolina. It is expected that delivery of the Series 1987 Bonds will be made on or about February 1, 1987 in New York, New York against payment therefor.

Merrill Lynch Capital Markets

Carolina Securities Corporation

First Charlotte Corporation

Interstate Securities Corporation

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

No person has been authorized to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the County, Duke Power Company or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 1987 Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized, or in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, Duke Power Company and other sources which are believed to be reliable but it is not guaranteed as to its accuracy or completeness. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or Duke Power Company since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 1987 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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EXHIBIT

1.1

1.1

STATE BUDGET & CONTROL BOARD

008253

008560

\$25,000,000
Oconee County, South Carolina
Annual Tender Pollution
Control Revenue Bonds,
Series 1987 A
(Duke Power Company Project)

\$10,000,000
Oconee County, South Carolina
Annual Tender Pollution
Control Revenue Bonds,
Series 1987 B
(Duke Power Company Project)

INTRODUCTION

This Official Statement, including the cover page and Appendix, is provided to furnish information in connection with the issuance by Oconee County, South Carolina (the "County") of its Annual Tender Pollution Control Revenue Bonds, Series 1987 A (Duke Power Company Project) (the "Series 1987 A Bonds") in the aggregate principal amount of \$25,000,000 and its Annual Tender Pollution Control Revenue Bonds, Series 1987 B (Duke Power Company Project) (the "Series 1987 B Bonds") (the Series 1987 A Bonds and the Series 1987 B Bonds referred to as the "Series 1987 Bonds") in the aggregate principal amount of \$10,000,000. The Series 1987 Bonds will be issued under a Trust Indenture (the "Indenture") dated as of February 1, 1987 between the County and Wachovia Bank & Trust Company, N.A., Winston-Salem, North Carolina, as Trustee (the "Trustee"). One or more series of Additional Bonds may from time to time be issued under the Indenture on a parity with the Series 1987 Bonds for purposes more fully described herein. Such Additional Bonds together with the Series 1987 Bonds are herein referred to as the "Bonds".

The Series 1987 A Bonds will be issued to provide, together with other moneys available therefor, for the payment on May 1, 1987 of the principal of and interest on the County's \$25,000,000 Pollution Control Revenue Bonds, Series A (Duke Power Company Project) Due May 1, 1988 ("the Series A Bonds, due 1988"). The Series 1987 B Bonds will be issued to finance the costs of the acquisition, construction and installation of certain pollution control and solid waste disposal facilities (the "Project") to be used by Duke Power Company (the "Company") at the Oconee Nuclear Station in Oconee County, South Carolina. The County will make a loan to the Company to finance such acquisition, construction and installation (the "Loan") pursuant to a Loan Agreement dated as of February 1, 1987 between the County and Company (the "Agreement"). Under the Agreement, the Company will be obligated to make payments ("Loan Payments") at such times and in such amounts as shall be sufficient to pay the principal of and premium, if any, and interest on the Series 1987 Bonds and any Additional Bonds, as and when due.

To evidence and secure its obligation to make Loan Payments in respect of the Series 1987 Bonds, the Company will issue and deliver a series of its First and Refunding Mortgage Bonds (the "Collateral Bonds") to the County concurrently with the issuance of the Series 1987 Bonds. The Collateral Bonds will correspond to the Series 1987 Bonds in respect of aggregate principal amounts, interest rates and maturities. Payments on the Collateral Bonds will be required to be made to the Trustee in such amounts as, together with other funds available for such purpose, will pay, when due, the principal of and premium, if any, and interest on the Series 1987 Bonds. Pursuant to the Indenture, the County will assign and pledge the Agreement and the Collateral Bonds to the Trustee to secure the payment of the principal of and premium, if any, and interest on the Series 1987 Bonds.

The Collateral Bonds will be issued under and secured by the First and Refunding Mortgage dated as of December 1, 1927 from the Company to Guaranty Trust Company of New York (now known as Morgan Guaranty Trust Company of New York), as trustee (the "Mortgage Trustee"), as amended and supplemented, and as to be supplemented by a supplemental indenture to be dated as of February 15, 1987 providing for the Collateral Bonds (the "Supplemental Mortgage Indenture"). The First and Refunding Mortgage as amended and supplemented to the date hereof and as to be further supplemented by the Supplemental Mortgage Indenture is herein called the "Mortgage". The Collateral Bonds will be secured by the lien of the

Mortgage equally and ratably with all bonds of all series issued and to be issued under the Mortgage (collectively the "First Mortgage Bonds"). The Mortgage creates a continuing lien on substantially all property and franchises of the Company now owned or hereafter acquired, including the Project (see "THE FIRST MORTGAGE BONDS AND THE MORTGAGE—Security"). Neither the County nor the Trustee will have any other security interest in the Project.

Each series of the Series 1987 Bonds will be limited obligations of the County, payable solely out of the revenues or other receipts, funds or moneys pledged therefor including those derived under the Agreement and the Collateral Bonds, moneys attributable to proceeds from the Series 1987 Bonds and income from the temporary investment thereof, all of which are to be pledged and assigned to the Trustee for the benefit of the respective owners of Series 1987 Bonds.

There follows in this Official Statement a brief description of the County, the Project, the Series 1987 Bonds, the Agreement, the Indenture, the First Mortgage Bonds, the Collateral Bonds and the Mortgage. The summaries of the documents described herein do not purport to be complete, comprehensive or definitive. All references herein to the documents are qualified in their entirety by reference to the entire text of such documents, copies of which will be available for inspection at the principal corporate trust office of the Trustee. All such descriptions are further qualified in their entirety by reference to bankruptcy, insolvency, reorganization, moratorium or similar laws or governmental actions relating to or affecting generally the enforcement of creditors' rights. During the period of the offering, forms of the Agreement, the Indenture and the Supplemental Mortgage Indenture may be inspected at the offices of Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, 165 Broadway, New York, New York 10080. Information with respect to the Company is set forth or incorporated by reference in the Appendix to this Official Statement.

The Series 1987 A Bonds and Series 1987 B Bonds will rank on a parity under the Indenture and, except for the treatment of the interest thereon for purposes of federal income taxation (see "TAX EXEMPTION" herein) and the expected interest rates that will be borne by the Series 1987 A Bonds and Series 1987 B Bonds, will be substantially identical obligations of the County. References to the "Series 1987 Bonds" herein, shall be references to the Series 1987 A Bonds and the Series 1987 B Bonds collectively.

THE COUNTY

Oconee County is a body politic and corporate and a political subdivision of the State of South Carolina empowered, acting by and through the County Council of Oconee County, by Title 48, Chapter 3, Code of Laws of South Carolina, 1976, as amended (the "Act"), to issue bonds to provide funds to meet the cost of pollution control facilities, including facilities for the disposal of solid waste, and to loan the proceeds of the sale of such bonds for such purposes.

THE FINANCING AND THE PROJECT

The proceeds of the Series 1987 A Bonds will be used to purchase obligations that, together with other moneys available therefor, will be sufficient to provide for the payment of the principal of and interest on the Series A Bonds, due 1988 upon the redemption thereof on May 1, 1987. The proceeds of the Series 1987 B Bonds will be loaned to the Company to pay a portion of the cost of the Project. The Project consists of the costs of the acquisition, construction and installation of various systems designed for the abatement and control of pollution and the treatment and disposal of sewage and solid wastes resulting from the operation of the Oconee Nuclear Station, an electric generating plant owned by the Company and located within the boundaries of the County.

The Department of Health and Environmental Control of the State of South Carolina has certified that the Project is necessary and that the design and construction thereof will result in the elimination, mitigation and prevention of air and water pollution.

Application of Series 1987 Bond Proceeds

It is anticipated that the proceeds from the sale of the Series 1987 A Bonds will be applied in the following amounts for the purposes indicated:

Purchase of obligations to provide for the payment of Series A Bonds, due 1988 on May 1, 1987	
Costs of Issuance	
Underwriters' Discount	
	<u>\$25,000,000</u>

It is estimated that the proceeds from the sale of the Series 1987 B Bonds will be applied in the following amounts for the purposes indicated:

Construction, Acquisition and Installation of the Project	
Costs of Issuance	
Underwriters' Discount	
	<u>\$10,000,000</u>

THE SERIES 1987 BONDS

General

Each series of the Series 1987 Bonds will bear interest from their date of initial authentication and delivery until January 31, 1988 at the rate set forth on the cover page of this Official Statement and will mature February 1, 2017. Each series of the Series 1987 Bonds will be dated the date of their initial authentication and delivery if authenticated prior to August 1, 1987, and otherwise will be dated as of the February 1 or August 1 next preceding or coinciding with their date of authentication; provided that, if at the time of authentication interest thereon is in default, they will be dated as of the date to which interest has been paid or, if no interest has been paid thereon, they will be dated the date of their initial authentication and delivery. Interest on each series of the Series 1987 Bonds will be payable August 1, 1987 and semiannually thereafter on each February 1 and August 1. Interest will be paid on the interest payment dates to the registered owners of the Series 1987 Bonds as of the close of business on the fifteenth day of the month preceding the interest payment dates.

Each series of the Series 1987 Bonds will be issued as fully registered bonds in the denominations of \$5,000 and any integral multiple thereof. Each series of Series 1987 Bonds, upon the surrender thereof with a written instrument of transfer satisfactory to the Trustee executed by the registered owner or his duly authorized attorney, may be exchanged for an equal aggregate principal amount of such series of Series 1987 Bonds of other denominations. No service charge shall be made for any transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge payable in connection therewith. Neither the County nor the Trustee will be required to make any exchange or transfer of any Series 1987 Bond during the 15 days preceding an interest payment date on the Series 1987 Bonds or preceding any selection of Series 1987 Bonds to be redeemed or after any Series 1987 Bond has been selected for partial or complete redemption.

In the event any Series 1987 Bond is mutilated, lost, wrongfully taken or destroyed, the County will execute and the Trustee will authenticate, subject to the provisions of the Indenture, a new Series 1987 Bond of like date and denomination and of the same series. In the case of a lost, wrongfully taken or destroyed Series 1987 Bond, the County, the Company and Trustee may require indemnification satisfactory to them. The County and the Trustee may charge the owner of such Series 1987 Bond with their reasonable fees and expenses in connection with replacing Series 1987 Bonds mutilated, lost, wrongfully taken or destroyed.

Merrill Lynch, Pierce, Fenner & Smith Incorporated has, with the approval of the Company, been appointed Remarketing Agent under the Indenture. The principal office of Merrill Lynch, Pierce, Fenner & Smith Incorporated is located in New York, New York. The Remarketing Agent may be removed or replaced by the County at the direction of the Company.

Morgan Guaranty Trust Company of New York has, with the approval of the Company, been appointed Tender Agent under the Indenture. The Tender Agent may be removed or replaced by the Company at the direction of the Company.

As used hereinafter, (i) the term "Adjustment Date" means each February 1 (or the following business day if February 1 is not a business day) prior to and including the Fixed Rate Date; (ii) the term "Fixed Rate Date" means the February 1 (or the following business day if such February 1 is not a business day) that is the date preceding the date of the termination of the Company's obligations with respect to the purchase of Series 1987 Bonds as described below under "THE AGREEMENT—Payments for Series 1987 Bonds Delivered for Purchase"; and (iii) the term "Rate Period" means the period from and including February 1 in any calendar year to and including January 31 in the next succeeding calendar year; provided that, if the Fixed Rate Date occurs, the Rate Period commencing on the February 1 that is the Fixed Rate Date (or preceding the Fixed Rate Date if such February 1 is not a business day) will continue to and include January 31, 2017.

Adjustable Interest Rate

Determination of Adjustable Rate. For the first Rate Period, the Series 1987 A Bonds and Series 1987 B Bonds will bear interest at the respective rates shown on the cover page of this Official Statement. Thereafter, for each Rate Period ending prior to the Fixed Rate Date, each series of Series 1987 Bonds will bear interest as described in this section.

The interest rate for each series of Series 1987 Bonds for each Rate Period commencing on or after February 1, 1988 and prior to the Fixed Rate Date will be the lesser of fifteen percent (15%) per annum and the Adjustable Rate. The Adjustable Rate will be determined by the Remarketing Agent on or before the Adjustment Date for such Rate Period to be that rate which, in its judgment having due regard to prevailing market conditions, is the interest rate necessary, but which does not exceed the interest rate necessary, to enable the Remarketing Agent to sell such series of Series 1987 Bonds on such Adjustment Date at a price equal to the principal amount thereof.

In the event that the Remarketing Agent no longer determines, or fails to determine the Adjustable Rate, the Adjustable Rate for each series of the Series 1987 Bonds will be determined by an Indexing Agent appointed for such purpose and will be the average of one year yield evaluations at par of securities (whether or not actually issued), the interest on which have characteristics of exemption from federal income taxation (including, without limitation, characteristics regarding the extent of inclusion of interest thereon in the computation of any alternative minimum tax) similar to such series of Series 1987 Bonds, of at least 20 component issuers selected by the Indexing Agent, determined as of the last day the Remarketing Agent was to have determined the Adjustable Rate. The Indexing Agent will select the component issuers having securities with a similar credit quality as such series of Series 1987 Bonds (including any rating by a nationally recognized rating agency then in effect with respect to such series of Series 1987 Bonds). The Indexing Agent will consider the type of security securing the securities of a component issuer in selecting such component issuer. The Indexing Agent may change the component issuers from time to time in its discretion, subject to the foregoing requirements.

Preliminary Adjustable Rate; Notices. For the second Rate Period and each Rate Period thereafter ending prior to the Fixed Rate Date, a Preliminary Adjustable Rate for each series of Series 1987 Bonds will be determined on the second business day of the preceding January by the Remarketing Agent to be that rate which, in its judgment having due regard for market conditions, would be the rate necessary to sell such series of Series 1987 Bonds, if the interest rate for the succeeding Rate Period were determined on such date, at a price equal to, but not exceeding, the principal amount thereof. In the event that the Remarketing Agent no longer determines, or fails to determine the Preliminary Adjustable Rate, the Preliminary Adjustable Rate will be determined by the Indexing Agent on such date, following the same procedures for determining the Adjustable Rate set forth in the preceding paragraph. The Remarketing Agent or the Indexing Agent, as the case may be, will inform the Company, the Trustee and the Tender Agent of the Preliminary Adjustable Rate on the date of its determination by telephone notice, promptly confirmed in writing.

The Trustee will give notice of the determination of the Preliminary Adjustable Rate for each series of Series 1987 Bonds within two business days of the determination, or as soon thereafter as practicable, by mail to all owners of the respective series of Series 1987 Bonds. Such notice will state (1) the Preliminary Adjustable Rate for the respective series of Series 1987 Bonds and the date of the determination thereof; (2) that the interest rate to be borne by such series of Series 1987 Bonds for the next succeeding Rate Period (specifying the dates of commencement and termination of such Rate Period) will be determined on or before the Adjustment Date as described above; (3) that the applicable Preliminary Adjustable Rate is the rate that would be the interest rate for the respective series of Series 1987 Bonds if such rate were determined on the date the respective Preliminary Adjustable Rate was determined, but that the Remarketing Agent or the Indexing Agent, as the case may be, will not be bound in determining the Adjustable Rate by the Preliminary Adjustable Rate and that the Adjustable Rate may be higher or lower than the Preliminary Adjustable Rate; and (4) the dates of commencement and termination of the next succeeding period during which the owners of the Series 1987 Bonds may deliver their Series 1987 Bonds for purchase as described below under "Purchase of Series 1987 Bonds."

THE DETERMINATION BY THE REMARKETING AGENT OR THE INDEXING AGENT, AS THE CASE MAY BE, OF A PRELIMINARY ADJUSTABLE RATE OR AN ADJUSTABLE RATE AS PROVIDED BY THE INDENTURE AND DESCRIBED HEREIN SHALL BE BINDING AND CONCLUSIVE UPON THE TRUSTEE, THE TENDER AGENT, THE COMPANY, THE COUNTY AND THE OWNERS OF SERIES 1987 BONDS.

Fixed Interest Rate

As described below under "Purchase of Series 1987 Bonds," and under "THE AGREEMENT—Payments for Series 1987 Bonds Delivered for Purchase", the County has made arrangements with the Company for the Company to arrange for the purchase of Series 1987 Bonds tendered by the owners thereof to the Tender Agent at the times and to the places therein described. The Company may terminate, and may be required to terminate, its obligation to purchase such Series 1987 Bonds, as hereinafter described. In the event that the Company's obligation to arrange for the purchase of Series 1987 Bonds is so terminated, then, commencing on the February 1 that is the Fixed Rate Date (or that precedes the Fixed Rate Date if such February 1 is not a business day), the Series 1987 Bonds will bear interest at the Fixed Rate, as described in this section, until the payment thereof.

Determination of the Fixed Rate. If the obligations of the Company under the Agreement to arrange for the purchase of Series 1987 Bonds are to be terminated as described herein, then the interest rate to be borne by each series of Series 1987 Bonds from the February 1 that is the Fixed Rate Date (or that precedes the Fixed Rate Date if such February 1 is not a business day) until the maturity or prior redemption of such series of Series 1987 Bonds will be the lesser of fifteen percent (15%) per annum and the rate determined by the Remarketing Agent on or prior to the Fixed Rate Date to be that rate which, in its judgment having due regard to prevailing market conditions, is the interest rate necessary, but which does not exceed the interest rate necessary, to enable the Remarketing Agent to sell such series of Series 1987 Bonds on the Fixed Rate Date at a price equal to the principal amount thereof.

In the event that the Remarketing Agent does not determine, or fails to determine the Fixed Rate for the Series 1987 Bonds, the Fixed Rate for each series of Series 1987 Bonds will be determined by an Indexing Agent appointed for such purpose and will be the average of yield evaluations at par of securities (whether or not actually issued) having a remaining term substantially the same as the remaining term of the Series 1987 Bonds, the interest on which have characteristics of exemption from federal income taxation (including, without limitation, characteristics regarding the extent of inclusion of interest thereon in the computation of any alternative minimum tax) similar to the Series 1987 Bonds, of at least 20 component issuers selected by the Indexing Agent, determined as of the last day the Remarketing Agent was to have determined the Fixed Rate. The Indexing Agent will select the component issuers having securities with a similar long-term credit quality as the Series 1987 Bonds (including any rating by a nationally recognized rating agency then in effect with respect to the Series 1987 Bonds). The Indexing Agent will consider the type of security securing the securities of a component issuer in selecting such component issuer. The

Indexing Agent may change the component issuers from time to time in its discretion, subject to the foregoing requirements.

Determination of Preliminary Fixed Rate; Notices. For the second Rate Period and each Rate Period thereafter ending prior to the Fixed Rate Date, a Preliminary Fixed Rate for each series of Series 1987 Bonds will be determined by the Remarketing Agent on the second business day of the preceding January to be that rate for such series which, in its judgment, having due regard to prevailing market conditions, would be the rate necessary to sell such series of Series 1987 Bonds for the remaining term of the Series 1987 Bonds if the interest rate for the remaining term of such series of Series 1987 Bonds were determined on such date, at a price equal to, but not exceeding, the principal amount thereof.

In the event that the Remarketing Agent no longer determines, or fails to determine the Preliminary Fixed Rate, the Preliminary Fixed Rate will be determined by the Indexing Agent on such date, following the same procedures for determining the Fixed Rate described above.

The Preliminary Fixed Rate for each series of Series 1987 Bonds, as so determined by the Remarketing Agent, or the Indexing Agent, as the case may be, will be made available to the Trustee, the Tender Agent and the Company on the date of its determination.

THE DETERMINATION BY THE REMARKETING AGENT OR THE INDEXING AGENT, AS THE CASE MAY BE, OF A PRELIMINARY FIXED RATE OR A FIXED RATE AS PROVIDED BY THE INDENTURE AND DESCRIBED HEREIN SHALL BE BINDING AND CONCLUSIVE UPON THE TRUSTEE, THE TENDER AGENT, THE COMPANY, THE COUNTY AND THE OWNERS OF SERIES 1987 BONDS.

Occurrence of the Fixed Rate Date. In the event that the Company delivers a notice to the Trustee stating that its obligations with respect to the purchase of Series 1987 Bonds will be terminated as described below under "THE AGREEMENT—Payments for Series 1987 Bonds Delivered for Purchase", then, except as otherwise described below, commencing on the following February 1, the Series 1987 Bonds will bear interest at the Fixed Rate. In addition, in the event that the Preliminary Fixed Rate for each series of Series 1987 Bonds shall be an interest rate of three percent (3%) per annum or less, then, except as otherwise described below, each series of Series 1987 Bonds will bear interest commencing on the following February 1 at the Fixed Rate. The Remarketing Agent will provide a notice in writing of the occurrence of such event to the Trustee, the Tender Agent and the Company on the date of determination.

If the Fixed Rate Date would occur because the obligations of the Company are to be terminated because the Company has delivered a notice to such effect, the Fixed Rate Date will not so occur unless prior to the fourth business day of January preceding the date that would be the Fixed Rate Date, the Company shall have delivered to the Trustee and the Remarketing Agent an opinion of counsel nationally recognized on the subject of municipal bonds to the effect that the occurrence of the Fixed Rate Date and the events related thereto will not cause the interest on the Series 1987 Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation, and on the Fixed Rate Date such bond counsel shall not have withdrawn such opinion. If the Fixed Rate Date would occur because the Preliminary Fixed Rate for each series of Series 1987 Bonds is three percent (3%) per annum or less, the Fixed Rate Date will not occur if prior to the date that would be the Fixed Rate Date the Company delivers to the Trustee and the Remarketing Agent an opinion of counsel nationally recognized on the subject of municipal bonds to the effect that the occurrence of the Fixed Rate Date will either (i) cause the interest on the Series 1987 Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation, or (ii) cause the interest on the Series 1987 A Bonds to be includable by the owners thereof as an item of tax preference for purposes of computing an alternative minimum tax.

Within two business days of the fourth business day of January on or following the date of receipt by the Trustee of a notice from the Company that its obligations to purchase Series 1987 Bonds are to be terminated because the Company has delivered a notice to such effect, or the receipt of the notice that a Fixed Rate Date shall occur because the Preliminary Fixed Rate for each series of Series 1987 Bonds is three percent (3%) per annum, or less, the Trustee will mail a notice in writing to the owners of the Series 1987 Bonds that will state (1) the Preliminary Fixed Rate and the date of the determination thereof; (2)

that the interest rate to be borne by all of the Series 1987 Bonds from the following February 1 to the maturity thereof will be determined on or prior to the Fixed Rate Date as described above under "*Determination of the Fixed Rate*;" (3) that the Preliminary Fixed Rate for such series of Series 1987 Bonds is the rate that would be the interest rate for the respective series of Series 1987 Bonds if such rate were determined on the date the respective Preliminary Fixed Rate was determined, but that the Remarketing Agent or the Indexing Agent, as the case may be, will not be bound in determining the Fixed Rate by the Preliminary Fixed Rate and that the Fixed Rate may be higher or lower than the Preliminary Fixed Rate; (4) that the Series 1987 Bonds must be tendered for purchase by 4:00 p.m. on the January 19 preceding the Fixed Rate Date to the Tender Agent and will be subject to Mandatory Purchase on the Fixed Rate Date unless prior to the January 19 preceding the Fixed Rate Date the Tender Agent shall have received a request from the owner of such Series 1987 Bonds requesting that its Series 1987 Bonds, or portions thereof, not be so purchased; and (5) that following the Fixed Rate Date, the Series 1987 Bonds will not be purchased upon the tender thereof by their owners to the Tender Agent.

Thereafter, commencing on the following February 1, the Series 1987 Bonds will bear interest at the Fixed Rate until the final payment thereof.

THE FAILURE BY THE TRUSTEE TO GIVE ANY NOTICE, OR ANY DEFECT THEREIN, SHALL NOT AFFECT THE OCCURRENCE OF THE FIXED RATE DATE AS DESCRIBED HEREIN OR THE INTEREST RATE TO BE BORNE BY THE SERIES 1987 BONDS AFTER THE FIXED RATE DATE.

Purchase of Series 1987 Bonds

Purchase of Series 1987 Bonds Tendered by Owners. On any Adjustment Date prior to and including the Fixed Rate Date, any Series 1987 Bond will be purchased, upon the demand of the owner thereof, at a purchase price equal to the principal amount thereof, if such Series 1987 Bond, with the form on the reverse thereof relating to delivery to the Tender Agent for purchase duly completed and signed by the owner thereof, shall have been delivered for purchase to the Tender Agent at its Principal Office no earlier than the January 1 and no later than 4:00 p.m., on the January 19 next preceding such Adjustment Date.

Mandatory Tender on the Fixed Rate Date. The Series 1987 Bonds will be subject to Mandatory Tender on the Fixed Rate Date at a purchase price equal to the principal amount thereof. If a Series 1987 Bond is subject to Mandatory Tender, such Series 1987 Bond, or portions thereof, will not be purchased on the Fixed Rate Date if, on or prior to the January 19 preceding the Fixed Rate Date, the owner thereof has delivered to the Tender Agent an election, executed by the owner (1) stating such owner's election to retain its Series 1987 Bonds, or portions thereof; (2) agreeing not to sell such Series 1987 Bond or portions thereof prior to the Fixed Rate Date; (3) acknowledging that such election is irrevocable; (4) acknowledging that the interest rate on such Series 1987 Bonds after the Fixed Rate Date will be the Fixed Rate, determined as described above; and (5) acknowledging that after the Fixed Rate Date, the Series 1987 Bonds may not be delivered to the Tender Agent for purchase. Any election to retain Series 1987 Bonds shall be irrevocable.

Undelivered Bonds. If a Series 1987 Bond is subject to Mandatory Tender as described in the preceding section, and such Series 1987 Bond is not delivered by the owner thereof to the Tender Agent by the January 19 preceding the Fixed Rate Date and such owner has not delivered to the Tender Agent an election to retain the Series 1987 Bond, such Series 1987 Bond will be deemed to have been delivered to the Tender Agent on the January 19 preceding the Fixed Rate Date and shall be deemed to be purchased on the Fixed Rate Date. If a Series 1987 Bond is deemed to be purchased, the owner thereof at the time of such purchase shall not be entitled to receive any interest accruing on such Bond on and after the date it is deemed to be purchased, and shall not be entitled to any benefits under the Indenture except for the right to receive the purchase price of such Bond upon the surrender thereof to the Trustee.

Security for the Series 1987 Bonds

The Series 1987 Bonds will be limited obligations of the County payable, except to the extent payable from the proceeds from the sale of the Series 1987 Bonds and the investment thereof, solely from and secured by a pledge of (i) payments made by the Company on the Loan pursuant to the Agreement, including payments on the Collateral Bonds, (ii) all other moneys received by the County, or by the Trustee for the account of the County, in respect of the repayment of the Loan, except moneys held for the benefit of the owners of particular Series 1987 Bonds and (iii) the income and profit from the investment of such payments and moneys. The Series 1987 Bonds do not constitute an indebtedness of the County within the meaning of any constitutional provision or statutory limitation of the State of South Carolina and do not constitute or give rise to any pecuniary liability of the County, or a charge against its general credit or taxing powers. The Agreement provides that Loan Payments sufficient for the prompt payment when due of the principal of and premium, if any, and interest on the Series 1987 Bonds will be paid to the Trustee by the Company for the account of the County.

The Project does not constitute any part of the security for the Series 1987 Bonds. The Project, as property of the Company, will be subject to the lien of the Mortgage and as a consequence will, together with substantially all of the other property of the Company, secure the Collateral Bonds ratably with all other First Mortgage Bonds. For a description of the Collateral Bonds and the security underlying them, see "THE FIRST MORTGAGE BONDS AND THE MORTGAGE".

The County will pledge and assign to the Trustee, as security for the benefit of the owners of the Series 1987 Bonds, all right, title and interest in and to the Collateral Bonds and substantially all right, title and interest in the Agreement.

Redemption Provisions

The Series 1987 Bonds are subject to redemption prior to maturity as described below.

Optional Redemption Prior to Fixed Rate Date. The Series 1987 Bonds are subject to redemption by the County, at the direction of the Company, on any February 1 or August 1 prior to and including the Fixed Rate Date, in whole or in part from time to time, at 100% of the principal amount thereof if the redemption date is February 1, or at 100% of the principal amount thereof if the redemption date is August 1.

Extraordinary Optional Redemption. The Series 1987 Bonds are subject to redemption in whole by the County, at the request of the Company, at any time, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, in any of the following events:

(a) The Company shall have determined that the continued construction or operation of the Project or the operation of any production facility serviced thereby is impracticable, uneconomical or undesirable due to destruction of or damage to all or substantially all of the Project or any production facility serviced thereby;

(b) All or substantially all of the Project or any production facility serviced thereby has been condemned or taken by eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority;

(c) Unreasonable burdens or excessive liabilities shall have been imposed upon the County or the Company with respect to the Project or any production facility serviced thereby, including without limitation the imposition of federal, state or other ad valorem property, income or other taxes other than ad valorem taxes presently levied upon privately owned property used for the same general purpose as the Project or any production facility serviced thereby;

(d) Changes in the economic availability of raw materials, operating supplies, energy sources or supplies, or facilities (including but not limited to facilities in connection with the disposal of industrial

wastes) necessary for the operation of the Project as a pollution control facility or any production facility serviced thereby shall have occurred which the Company cannot reasonably overcome or control and which in the Company's reasonable judgment render such portion of the Project uneconomical for such purposes or render any such production facility uneconomical;

(e) The construction or operation of the Project or the operation of any production facility serviced thereby shall have been enjoined or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or any governmental body; or

(f) The Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein by reason of any changes in the Constitution of the State of South Carolina or the Constitution of the United States of America or by reason of any legislative or administrative action (whether state or federal) or any final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the County or the Company in good faith.

To exercise its option to cause the extraordinary optional redemption of Series 1987 Bonds, the Company must give notice to the County, the Trustee and the Mortgage Trustee within 180 days following the event authorizing the exercise of such option or at any time during the continuation of a condition referred to in clause (c) or (d) above.

Optional Redemption After Fixed Rate Date. After the Fixed Rate Date, the Series 1987 Bonds are subject to redemption by the County, at the direction of the Company, in whole at any time or in part from time to time during the redemption periods hereinafter indicated, at the redemption prices (expressed as percentages of principal amount) hereinafter indicated plus accrued interest to the redemption date:

(a) if the Fixed Rate Date shall be on or prior to February 1, 1997 the Series 1987 Bonds may be redeemed during the period from February 1 of the tenth calendar year commencing after the Fixed Rate Date through the next succeeding January 31 at a redemption price of 103%, which price shall decline by $\frac{1}{2}$ of 1% for each succeeding twelve-month period, until reaching 100%, over the remaining term of the Series 1987 Bonds;

(b) if the Fixed Rate Date shall be subsequent to February 1, 1997 but on or prior to February 1, 2002 the Series 1987 Bonds may be redeemed during the period from February 1 of the fifth calendar year commencing after the Fixed Rate Date through the next succeeding January 31 at a redemption price of 102%, which price shall decline by $\frac{1}{2}$ of 1% for each succeeding twelve-month period, until reaching 100%, over the remaining term of the Bonds;

(c) if the Fixed Rate Date shall be subsequent to February 1, 2002 but on or prior to February 1, 2008, the Series 1987 Bonds may be redeemed during the period from February 1 of the third calendar year commencing after the Fixed Rate Date through the next succeeding January 31 at a redemption price of 101 $\frac{1}{2}$ %, which price shall decline by $\frac{1}{2}$ of 1% for each succeeding twelve-month period, until reaching 100%, over the remaining term of the Bonds;

(d) if the Fixed Rate Date shall be subsequent to February 1, 2008 but on or prior to February 1, 2011, the Series 1987 Bonds may be redeemed during the period from February 1 of the second calendar year commencing after the Fixed Rate Date through the next succeeding January 31 at a redemption price of 101%, which price shall decline by $\frac{1}{2}$ of 1% for each succeeding twelve-month period, until reaching 100%, over the remaining term of the Bonds;

(e) if the Fixed Rate Date shall be February 1, 2012 or thereafter, the Bonds may be redeemed on and after February 1 of the second calendar year commencing after the Fixed Rate Date at a redemption price of 100 $\frac{1}{2}$ %, which price shall decline by $\frac{1}{2}$ of 1% for each succeeding twelve-month period, until reaching 100%, over the remaining term of such Bonds; provided that, during the period

commencing on February 1, 2015 to and including January 31, 2017, the Bonds may in any event be redeemed at a redemption price of 100%;

provided, further, that, anything in the Series 1987 Bonds or the Indenture to the contrary notwithstanding, in the event that after the Fixed Rate Date the Company shall consolidate with, merge with or into, or sell or otherwise transfer all or substantially all of its assets to, another corporation in accordance with the Agreement, the Series 1987 Bonds shall be subject at the option of the Company to redemption in whole, at any time prior to the first date on which the Series 1987 Bonds are redeemable as set forth above at the optional redemption price which would be applicable on the first date that the Series 1987 Bonds would be subject to optional redemption, plus accrued interest to the redemption date (see "THE AGREEMENT—Assignment, Merger and Release of Obligations of Company").

Special Mandatory Redemption. The Series 1987 Bonds are subject to mandatory redemption at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, if a final decree of judgment of any federal court or a final action of the Internal Revenue Service (the "IRS") determines that the interest on any Series 1987 Bond paid or payable to any owner other than a "substantial user" of the Project or a "related person", as those terms are used in Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"), is or was includable in the gross income of the owner thereof for federal income tax purposes as a result of (i) a failure by the Company to observe or perform any covenant, agreement or obligation on its part to be observed or performed under the Agreement or (ii) the inaccuracy of any representation or warranty by the Company in the Agreement; provided that no decree or judgment by any court or action by the IRS shall be considered final unless the owner involved in such proceeding or action (i) gives the Company and the Trustee prompt notice of the commencement thereof and (ii) if the Company agrees to pay all expenses in connection therewith and to indemnify such owner against all expenses in connection therewith, such owner offers the Company the opportunity to control the defense thereof. The Series 1987 Bonds will be redeemed, not later than 180 days after such final determination, either in whole or in part in such principal amount that the interest payable on the Series 1987 Bonds remaining outstanding after such redemption would not be included in the gross income of any owner thereof, other than an owner who is a "substantial user" of the Project or a "related person".

Extraordinary Mandatory Redemption. The Series 1987 Bonds are also subject to mandatory redemption, in whole or in part, at any time at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest to the redemption date, through the application of moneys representing eminent domain proceeds to be applied to such redemption pursuant to the applicable provisions of the Mortgage.

Manner of Redemption. The rights and obligation to redeem the Series 1987 Bonds will be exercised by giving notice identifying the Series 1987 Bonds, or portions thereof, to be redeemed, the redemption price to be paid, the date fixed for redemption and the place or places where the amounts due upon such redemption are payable. Not less than 30 days prior to the redemption date, the Trustee on behalf of the County will send by first class mail a copy of the redemption notice to the owners of the Series 1987 Bonds to be redeemed; provided that failure to give such notice by mailing or any defect in such notice will not affect the validity of the proceedings for redemption of any other Series 1987 Bonds.

If less than all of the outstanding Series 1987 Bonds are called for redemption at one time, the selection of Series 1987 Bonds or portions thereof to be called will be made by lot among Series 1987 Bonds then eligible for redemption by the Trustee in such manner as the Trustee may determine.

After the redemption date, no further interest will accrue on the principal of any Series 1987 Bonds properly called for redemption if payment therefor has been duly provided.

Additional Bonds

At the request of the Company, if the Company is not in default under the Agreement, the County may issue one or more series of Additional Bonds to finance additional costs incurred in the acquisition, construc-

tion and installation of the Project, to finance costs of additional Pollution Control Facilities (as defined in the Agreement) to be located at any facilities within the County which are owned by the Company or to refund one or more series of Bonds.

Before any Additional Bonds are authenticated, there must be delivered to the Trustee the items required by the Indenture.

Concurrently with the issuance of each series of Additional Bonds, the Company will execute and deliver to the Trustee separate series of additional First Mortgage Bonds corresponding to the Additional Bonds being issued in respect of aggregate principal amount, interest rate, maturity date and redemption provisions. Each series of Additional Bonds will be equally and ratably secured under the Indenture with the Series 1987 Bonds and all other series of Additional Bonds, if any, issued thereunder without preference, priority or distinction of any Bonds over any other thereof.

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Loan of Proceeds. The County will loan the proceeds from the sale of the Series 1987 B Bonds to the Company to finance the costs of acquiring, constructing and installing the Project. The Project will be the property of the Company and will be subject to the lien of the Mortgage.

Loan Payments. The Company is required to make Loan Payments under the Agreement on or before each payment date for any outstanding Bonds in an amount which, together with other moneys available in the Bond Fund, will equal the amount payable as principal of and premium, if any, and interest on the outstanding Bonds on the pertinent payment date. The Collateral Bonds are being assigned to the Trustee, concurrently with the issuance of the Series 1987 Bonds, to secure the Company's obligation under the Agreement to repay the Loan. The Collateral Bonds provide that payments thereunder will be deemed paid to the extent Loan Payments are made by the Company or payment is otherwise made in respect of the Series 1987 Bonds. In any event, however, the Loan Payments to be made under the Agreement by the Company are required to be sufficient to pay the total amount due with respect to the principal of and premium, if any, and interest on the outstanding Bonds when due. All Loan Payments are pledged and assigned to the Trustee, and the Agreement provides that the Company will make Loan Payments directly to the Trustee for the account of the County and for deposit in the Bond Fund created by the Indenture (the "Bond Fund").

Refunding of Series A Bonds, due 1988. Pursuant to the Agreement, the County will cause the proceeds of the Series 1987 A Bonds, exclusive of any amounts to be used to pay issuance costs, to be applied to the purchase of obligations, the principal of and interest on which, together with other moneys therefor, will be sufficient to pay the principal of and interest on the Series A Bonds, due 1988 upon the redemption thereof on May 1, 1987. Such obligations will be held by an escrow agent appointed by the County. Pursuant to the Agreement, the Company acknowledges that the refunding of the Series A Bonds, due 1988 will benefit the Company.

Construction of Project. The proceeds from the sale of the Series 1987 B Bonds will be deposited in the Construction Fund created by the Indenture (the "Construction Fund"). Pursuant to the Indenture and the Agreement, the Trustee will make disbursements from the Construction Fund to pay the costs incurred in connection with the acquisition, construction and installation of the Project and the issuance of the Series 1987 B Bonds. After completion of the Project, any balance in such Construction Fund will be used, as directed by the Company, (a) to purchase Series 1987 B Bonds in the manner described in the Indenture, (b) to redeem Series 1987 B Bonds, (c) for the payment of principal of, or interest on, the Series 1987 B Bonds, or (d) any combination of (a), (b) or (c); provided that the Company must first have obtained an opinion of nationally recognized bond counsel or a ruling of the IRS, to the effect that such use of the moneys remaining in the Construction Fund will not adversely affect the exemption from federal income taxation of the interest on the Series 1987 B Bonds.

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If the moneys in the Construction Fund are not sufficient to pay the cost of the Project in full, the Company will agree to complete or cause the completion of the Project at its own expense. The Company will not be entitled to any reimbursement for such expense from the County, the Trustee or the owners of the Bonds, nor will it be entitled to any diminution in or abatement or postponement of its payments on the Collateral Bonds or under the Agreement by reason of such event.

Payments for Series 1987 Bonds Delivered for Purchase. In consideration of the issuance of the Series 1987 Bonds by the County, but for the benefit of the owners of outstanding Series 1987 Bonds, the Company will pay to the Tender Agent amounts equal to the amounts to be paid by the Tender Agent pursuant to the Indenture for the purchase of outstanding Series 1987 Bonds, such amounts to be paid by the Company on the dates such payment by the Tender Agent are to be made; provided, however, that the obligation of the Company to make any such payment under the Agreement shall be reduced by the amount of moneys available for such payment described in clause (a), (b) or (d) under "THE INDENTURE—Purchase of Series 1987 Bonds by Tender Agent".

Notwithstanding the foregoing, the obligations of the Company with respect to the purchase of Series 1987 Bonds will be terminated on the day next succeeding the Adjustment Date of any year specified by the Company in a notice, delivered to the County, the Trustee, the Tender Agent, the Remarketing Agent and the Indexing Agent, if any, no later than the fourth business day of the preceding January, stating that such obligations will be terminated on such day, together with an opinion of nationally recognized bond counsel to the effect that since the date of the initial authentication and delivery of the Series 1987 Bonds there has been no change in the Code, or other legislation, or interpretation thereof or regulation thereunder, and no judicial decision or administrative ruling, as a result of which the interest on the Series 1987 Bonds would be includable in the gross income of the owners of Series 1987 Bonds for purposes of federal income taxation by reason of the termination of such obligations. In addition, the Company's obligations with respect to the purchase of Series 1987 Bonds will be terminated on the day next succeeding the Adjustment Date of any year if the Preliminary Fixed Rate determined on the preceding December 29 is equal to or less than 3% unless the Company has theretofore delivered to the County, the Trustee, the Tender Agent, the Remarketing Agent and the Indexing Agent, if any, an opinion of nationally recognized bond counsel to the effect that either (i) the interest on the Series 1987 Bonds would be includable in the gross income of the owners of Series 1987 Bonds for purposes of federal income taxation or (ii) the interest on the Series 1987 A Bonds would be includable by the owners thereof as an item of tax preference in calculating an alternative minimum tax, by reason of the termination of such obligations. (See "THE SERIES 1987 BONDS—Fixed Interest Rate.")

Term of Agreement. The term of the Agreement will continue until such time as all of the outstanding Bonds are fully paid (or provision has been made for such payment) pursuant to the Indenture and all other sums payable under the Agreement have been paid.

Maintenance and Modification. During the term of the Agreement, the Company will at its own cost keep and maintain the Project or cause the Project to be kept and maintained in good repair and operating condition so that the Project will continue to constitute a pollution control facility for purposes of the operation thereof.

Subject to certain conditions, the Company has the right, from time to time, to remodel the Project or make additions, modifications and improvements thereto, the cost of which must be paid by the Company or, to the extent permitted by the Indenture, from the proceeds of Additional Bonds. The Company also has the right to substitute or remove any portion of the Project, subject to certain conditions.

Insurance. The Company has agreed to insure the Project in the amount and with the coverage required by the Mortgage.

Assignment, Merger and Release of Obligations of Company. Subject to certain conditions, the Agreement may be assigned in whole or in part by the Company without the consent of the County or the Trustee; provided that any such assignment will neither relieve the Company from primary liability for any of its obligations under the Agreement nor impair the operation of the Project as provided in the Agreement. The Agreement provides that during its term the Company will maintain its corporate existence and, subject

to the restrictions in the Mortgage, will not sell its properties as an entirety or substantially as an entirety or consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, unless such successor corporation resulting from any such sale, consolidation or merger shall assume all obligations of the Company arising under or contemplated by the provisions of the Agreement.

Tax Exemption. The Company, for the benefit of the County, the Trustee and the owners of the Series 1987 Bonds, has represented in the Agreement that it has not taken, or permitted to be taken on its behalf, or omitted to take, and agrees that it will not take, or permit to be taken on its behalf, any action which, if taken or omitted to be taken, would cause the interest on the Series 1987 Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation and that it will take or require to be taken such action as may from time to time be required by the Company under applicable laws, regulations, rulings and judicial decisions as existing and in effect on the date of the original delivery of the Series 1987 Bonds; in order that the interest on the Series 1987 Bonds will remain not includable in the gross income of the owners thereof for purposes of federal income taxation.

Defaults. The Agreement provides that the occurrence of one or more of the following events will constitute an "event of default":

(a) The failure on the part of the Company to make any Loan Payment that causes the occurrence of an "event of default" as described in paragraph (a) or (b) under "THE INDENTURE—Defaults and Remedies";

(b) The failure by the Company to make any payment required for the purchase of Series 1987 Bonds, which failure shall have resulted in an "event of default" as described in paragraph (c) under "THE INDENTURE—Defaults and Remedies";

(c) The failure by the Company to observe and perform any of its covenants, agreements or representations under the Agreement, other than its agreement to make Loan Payments when due, which failure continues for a period of 90 days after written notice by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that such time shall be extended to such period as may be required if the Company is proceeding with due diligence to cure such default; and

(d) The occurrence of an "event of default" as defined in the Mortgage (see "THE FIRST MORTGAGE BONDS AND THE MORTGAGE—Default").

A failure by the Company described in paragraph (c) above shall not be a default if it occurs by reason of certain events specified in the Agreement not reasonably within the control of the Company.

Remedies. Whenever any event of default under the Agreement shall have happened and be subsisting, any one or more of the following remedial steps may be taken by the County or the Trustee (except that the County may only pursue the first remedy at the written request or consent of the Trustee):

(a) Declare all Loan Payments under the Agreement and any other payments due thereunder to be immediately due and payable if acceleration is declared pursuant to the Indenture (see "THE INDENTURE—Defaults and Remedies");

(b) Have access to and inspect, examine and make copies of the books, records, accounts, data and tax returns of the Company; only, however, insofar as they pertain to the Project or any portion thereof; and

(c) Take whatever legal action may appear necessary or desirable to collect the Loan Payments and other payments then due and thereafter to become due under the Agreement or to enforce performance and observance of any covenant, agreement or obligation of the Company under the Agreement.

Any amounts collected pursuant to action taken upon the happening of an event of default will be paid into the Bond Fund.

The foregoing remedies are subject to the further limitation that the rescission or annulment of a declaration that all the Bonds outstanding under the Indenture are immediately due and payable will also constitute a rescission or annulment of any corresponding declaration made pursuant to paragraph (a) above and a waiver and rescission of the consequences of such declaration and of the event of default with respect to which such declaration had been made; provided that no such waiver or rescission will extend to or affect any subsequent or other default or impair any right consequent thereon.

Amendments, Changes and Modifications. No amendment, change, or modification of the Agreement is permissible without the prior written consent of the Trustee. Except as described below, pursuant to the provisions of the Indenture, the consent of the owners of at least 66⅔% of the principal amount of all Bonds then outstanding is also required for any such amendment, change or modification of the Agreement; provided, however, that the consent of the owners of all Bonds then outstanding is required for any such amendment, change or modification of the Agreement which would change the payments to be made by the Company on the Collateral Bonds or pursuant to the Agreement. Amendments, changes or modifications may be made without the consent of or notice to any owner of Bonds if required (i) by the provisions of the Agreement or the Indenture, (ii) in connection with the issuance of Additional Bonds, (iii) for the purpose of curing any ambiguity, inconsistency or formal defect or omission or (iv) in connection with any other changes which, in the judgment of the Trustee, do not prejudice the Trustee or the owners of Bonds.

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Collateral Bonds Held by the Trustee. The Trustee, as holder of the Collateral Bonds pursuant to the Indenture, will attend any meeting of Bondholders under the Mortgage as to which it receives notice. Either at such meeting, or otherwise where consent of holders of the Collateral Bonds is sought without a meeting, the Trustee will vote the Collateral Bonds, or will consent with respect thereto, in a manner that in the judgment of the Trustee would best serve the interests of the owners of the Bonds. The Trustee may, without the consent of, or notice to, any of the owners of the Bonds, consent to any amendment, change or modification of the Collateral Bonds that would not be inconsistent with the terms and provisions of the Indenture in order to cure any ambiguity, inconsistency or formal defect or omission in the Indenture, the Agreement or the Collateral Bonds and otherwise to carry out certain purposes set forth in the Indenture. The Trustee may not vote any of the Collateral Bonds in favor of, or give its consent to, any action which in the Trustee's opinion would adversely affect the interests of the owners of the Bonds, without publication or mailing of notice and the written approval or consent thereto of the owners of at least 51% in aggregate principal amount of the Bonds then outstanding and, if such action would so affect one or more but less than all series of Bonds then outstanding, the written consent thereto of the owners of not less than 51% in aggregate principal amount of all the Bonds then outstanding of each series so affected and, if such action would so affect the owners of some but less than all of the Bonds then outstanding of a particular series, the written consent thereto of the owners of at least 51% in aggregate principal amount of all the Bonds so affected; provided, however, that the Trustee shall not, except upon publication or notice and the unanimous written approval or consent of the owners of all Bonds then outstanding, vote in favor of or consent to any action which would require the consent, pursuant to the applicable provisions of the Mortgage, of the holder of each of the Collateral Bonds or all of the Collateral Bonds then outstanding affected by such action.

Application of Bond Fund. The Bond Fund, into which the payments derived under the Agreement and the Collateral Bonds and certain other amounts specified in the Indenture will be deposited, will be maintained with the Trustee. While any Bonds are outstanding, moneys in the Bond Fund will be used solely for the purchase or redemption of Bonds or the payment of the principal of and premium, if any, and interest on the Bonds. Any moneys in the Bond Fund that remain unclaimed by the owner of a Bond for a period of three years after the due date will be paid to the Company upon its request, after which such owner must look to the Company for payment.

After all of the outstanding Bonds are deemed to have been paid and discharged under the provisions of the Indenture, and the fees, charges and expenses of the Trustee and any paying agent and all other amounts required to be paid under the Indenture have been paid, any amounts remaining in the Bond Fund will be paid to the Company upon the expiration or sooner termination of the Agreement.

Investment of Fund Moneys. Any moneys held as part of the Bond Fund or the Construction Fund will be invested by the Trustee to the extent permitted by law at the request and direction of the Company, in (i) obligations issued or guaranteed by the United States or any persons controlled or supervised by and acting as an instrumentality of the United States pursuant to the authority granted by Congress, including without limitation, bonds or other obligations issued by the following federal agencies: Federal Bank for Cooperatives, Federal Intermediate Credit Bank, Farmers Home Administration, Federal Home Loan Banks, the Federal Farm Credit Bank, the Export-Import Bank of the United States, Federal Land Banks, the United States Postal Service, the Federal National Mortgage Association and the Government National Mortgage Association; (ii) obligations issued or guaranteed by any state or political subdivision thereof rated "A" or an equivalent or higher by Moody's Investors Service, Inc. or "A" or an equivalent or higher by Standard & Poor's Corporation or their successors; (iii) commercial or financial paper which is rated either "P-1" or "A-1" or an equivalent or higher by Moody's Investors Service, Inc. or Standard & Poor's Corporation or their successors; (iv) bankers' acceptances drawn on and accepted by commercial banks; (v) interest bearing deposit accounts (which may be represented by certificates of deposit denominated in U.S. dollars or Eurodollars) in state, national or foreign banks (which may include the Trustee and any co-paying agent), which must have a reported capital and surplus of at least \$25,000,000; (vi) repurchase agreements fully secured by obligations of the type specified in (i) above; and (vii) any other investment which shall at the time be permitted by law. Any such investments may be repurchased from the Trustee and any paying agent. All income from investment of moneys in the Bond Fund or the Construction Fund will be a part of the fund from which the moneys used to acquire such investments have come and all proceeds of sale and gain or loss on such investments will be credited or charged (as the case may be) to such fund.

The Company and the County covenant that they will restrict the use of the proceeds of each series of Series 1987 Bonds and will take such other actions as shall be necessary so that each series of Series 1987 Bonds will not constitute arbitrage bonds under Section 148 of the Code.

Purchase of Series 1987 Bonds by Tender Agent. On each Adjustment Date the Tender Agent shall purchase, but only from the funds listed below, Series 1987 Bonds delivered to it for purchase as specified under "THE SERIES 1987 BONDS—Purchase of Series 1987 Bonds" at a price equal to the principal amount thereof. Funds for the payment of such purchase price shall be derived by the Tender Agent solely from the following sources in the order of priority indicated:

- (a) Excess moneys from the Construction Fund furnished by the Trustee to the Tender Agent;
- (b) Certain moneys furnished by the Company, at its option, to the Tender Agent for the purchase of Series 1987 Bonds;
- (c) Moneys described below under "*Discharge of Lien*" furnished by the Trustee to the Tender Agent, such moneys to be applied only to the purchase of Series 1987 Bonds which are deemed to be paid;
- (d) Proceeds of the sale of such Series 1987 Bonds by the Remarketing Agent; and
- (e) Moneys furnished by the Company to the Tender Agent pursuant to the Agreement;

provided, however, that funds for the payment of the purchase price of Series 1987 Bonds which are deemed to be paid as described below under "*Discharge of Lien*" shall be derived only from the source described in clause (c) above.

No Series 1987 Bonds shall be purchased during the continuance of an event of default described in clause (a), (b) or (c) below under "*Defaults and Remedies*" or an event which, with the lapse of time, would constitute an event of default described in such clause (a).

Remarketing of Series 1987 Bonds by Remarketing Agent. Upon the delivery to the Tender Agent of Series 1987 Bonds as specified under "THE SERIES 1987 BONDS—Purchase of Series 1987 Bonds", the Remarketing Agent shall offer such Series 1987 Bonds (other than Series 1987 Bonds purchased with moneys derived from the sources described under clauses (a), (b) and (c) under "*Purchase of Series 1987 Bonds by Tender Agent*") for sale and shall use its best efforts to sell all such Series 1987 Bonds, on the Adjustment Date next succeeding the date of the delivery of such Series 1987 Bonds to the Tender Agent. The

price at which such Series 1987 Bonds shall be sold shall be the principal amount thereof plus accrued interest, if any.

Defaults and Remedies. The Indenture provides that the occurrence of one or more of the following events, subject to the provisions of the Indenture described under "*Waiver of Events of Default*", will constitute an "event of default":

(a) Failure to pay any interest on any Bond when and as the same has become due and payable, and the continuance thereof for a period of 60 days;

(b) Failure to pay the principal of or any premium on any Bond when and as the same has become due and payable, whether at stated maturity or by acceleration or by redemption;

(c) Failure to pay any amount due for the purchase of Series 1987 Bonds for a period of 2 business days after such amount shall have become due and payable;

(d) Failure by the County to perform or observe any other covenant, agreement or condition on the part of the County contained in the Indenture or in the Bonds, which failure has continued for a period of 60 days after written notice thereof given by the Trustee either in its discretion or at the written request of the owners of not less than 25% in aggregate principal amount of Bonds then outstanding; or

(e) The occurrence of an "event of default" under the Agreement (as described in paragraphs (c) and (d) under "THE AGREEMENT—Defaults").

Upon the occurrence of any event of default described in (a), (b), (c) or (e) of the preceding paragraph, the Trustee may, and upon the written request of the owners of not less than 25% in aggregate principal amount of Bonds then outstanding will, declare the principal of all Bonds then outstanding and the interest accrued thereon to be due and payable immediately, cause the County to declare all Loan Payments immediately due and payable pursuant to the provisions of the Agreement and exercise such rights as it may have as holder of First Mortgage Bonds for the benefit of the owners of the Bonds.

In addition, upon the happening and continuance of an event of default the Trustee may, and at the written request of the owners of not less than 25% in aggregate principal amount of Bonds then outstanding will, pursue any other available remedy the Trustee determines most effective to enforce and protect the interests of the owners of the Bonds. The owners of a majority in aggregate principal amount of Bonds then outstanding will have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction may not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee must be indemnified to its satisfaction.

All moneys received under the Indenture by the Trustee or a receiver upon the occurrence of an event of default will be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of such money and of the fees and expenses incurred by the County, the Trustee or receiver, and the balance of such money will be deposited in the Bond Fund and applied to the payment of the principal of and premium, if any, and interest on the Bonds in the manner and in the priorities set forth in the Indenture.

No owner of any Bond will have any right to institute any suit, action or proceeding for the enforcement of the Indenture or for the execution of any power or trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture unless (i) an event of default has occurred of which the Trustee has notice, (ii) the owners of not less than 25% in aggregate principal amount of the then outstanding Bonds have made written request to the Trustee and have given the Trustee reasonable opportunity to proceed to exercise the powers or trusts granted by the Indenture and have offered to the Trustee satisfactory indemnity as provided in the Indenture, and (iii) the Trustee thereafter has failed to exercise its powers or trusts under the Indenture or to institute such action, suit or proceeding in its own name. Subject to the foregoing, each owner of Bonds will have a right to enforce the payment of the principal of and interest on any Bond owned by him at and after the maturity thereof at the place, from the sources and in the manner expressed in said Bond.

Waiver of Events of Default. Except where an event of default results from the failure of the Company to make payments on any outstanding First Mortgage Bonds or under the Agreement and except in the event of an acceleration of all First Mortgage Bonds under the Mortgage, an event of default and any resulting acceleration of the outstanding Bonds are automatically waived and rescinded if, prior to (i) the entry of a court judgment for enforcement of the Indenture, (ii) the appointment of a receiver, or (iii) notice by the Mortgage Trustee to the Trustee of the redemption of all the outstanding First Mortgage Bonds, all sums payable under the Agreement and the Indenture (except principal of and interest on Bonds not due except for such acceleration) shall have been paid or provided for by deposit, all defaults have been made good, and all fees, charges and expenses of the Trustee, its counsel and of any owners of the Bonds that requested such acceleration, have been paid. However, if at or prior to the time the automatic waiver and rescission would otherwise take effect, all First Mortgage Bonds have been declared to be due and payable by reason of an event of default under the Mortgage, the waiver and automatic rescission will not occur or take effect unless such declaration is rescinded under the Mortgage.

At any time prior to the Mortgage Trustee giving notice to the Trustee of the redemption of all the outstanding First Mortgage Bonds, the Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of acceleration of maturity of principal, and will do so upon the written request of the owners of (i) at least 50% in aggregate principal amount of all the Bonds then outstanding in respect of which an event of default in the payment of principal of and premium, if any, or interest exists, or (ii) at least 25% in aggregate principal amount of all Bonds then outstanding in the case of any other event of default; provided, however, that there may not be waived (1) any event of default in the payment of the principal of or premium, if any, on any outstanding Bonds when payable, (2) any event of default in the purchase of Series 1987 Bonds tendered for purchase or (3) any default in the payment when due of the interest on any such Bonds or any declaration in connection therewith rescinded, unless at the same time of such waiver or rescission, payments of the amounts described in the preceding paragraph to effect a waiver and automatic rescission have been made or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such event of default is discontinued or abandoned or determined adversely, then and in every such case the County, the Trustee and the owners of the Bonds will be restored to their former positions and rights under the Indenture, but no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereon.

Supplemental Indentures. The County and the Trustee may, without the consent of, or notice to, any of the owners of the Bonds, enter into supplemental indentures for certain purposes specified in the Indenture that will not, in the opinion of the County and the Trustee, be inconsistent with the Indenture. Exclusive of such supplemental indentures, the owners of not less than 66% in aggregate principal amount of the Bonds then outstanding will have the right to consent to and approve any supplemental indenture, except that no supplemental indenture will permit:

- (a) An extension of the maturity of the principal of or interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or a change in the purchase price or time of purchase of Bonds or a change in determining the rate of interest thereon without the consent of the owner of each Bond so affected; or
- (b) A privilege or priority of any Bond or Bonds over any other Bond or Bonds, or a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, without the consent of the owners of all of the Bonds then outstanding.

Any supplemental indenture which affects the rights or obligations of the Company requires its consent.

Discharge of Lien. The lien created by the Indenture will be discharged when:

- (a) The County pays or causes to be paid to or for the owners of the Bonds the principal of and premium, if any, and interest to become due at the time and in the manner stipulated;
- (b) The County or the Company has paid or caused to be paid all other sums of money due or to become due pursuant to the provisions of the Indenture; and

(c) The Company has paid or caused to be paid all sums of money due or to become due pursuant to the provisions of the Agreement.

All the outstanding Bonds of one or more series or of one or more maturities within any series will be deemed to have been paid and discharged within the meaning of the Indenture when:

(a) The Trustee and any paying agent hold in trust sufficient moneys;

(b) The Trustee holds in trust direct obligations of the United States (or custodian's receipts with respect thereto) of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient; or

(c) The Trustee, and any paying agent, as applicable, shall hold moneys or direct obligations (or custodian's receipts) referred to in clause (a) or (b) above sufficient;

for the payment at their maturities or redemption dates of all payments of principal of and premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payment; provided that, if any of such Bonds are to be redeemed prior to maturity, notice of such redemption must have been given or irrevocable provision satisfactory to the Trustee must have been made for the giving of such notice and if any such deposit is made prior to the Fixed Rate Date, the County shall have given irrevocable instructions to the Trustee to call such Bonds for redemption on the following Adjustment Date. Any moneys so held by the Trustee may be invested by the Trustee, but only in direct obligations of the United States (or custodian's receipts with respect thereto), the maturities or redemption dates of which, at the option of the holder, coincide as nearly as practicable with, but not later than, the time or times at which said moneys will be required for the aforesaid purposes; provided that, prior to the Fixed Rate Date, such moneys shall, to the extent practicable, be invested and reinvested in such obligations, maturing on or prior to the first day of the Rate Period next succeeding the date of investment or reinvestment. Any income or interest earned by, or increment to, the investments so held will, to the extent determined from time to time by the Trustee to be in excess of the amount required to be held by it for payment of the Bonds, be used by the Tender Agent for the payment of the purchase price of Bonds transferred at the time of such determination as provided in the Indenture for transfers of remaining amounts in the Bond Fund (see "*Application of Bond Fund*"). In the event of nonpresentment of Bonds, the moneys described in clauses (a), (b) and (c) above relating to such Bonds will be held by the Trustee without liability for interest thereon in a separate account in the Bond Fund; provided that any funds which are so held by the Trustee and which remain unclaimed by the owner of the Bond for a period of three years from the date payable will be paid to the Company and the Trustee will have no further responsibility with respect to such moneys. The provisions of the Indenture relating to the rights of the owners of the Series 1987 Bonds to deliver Series 1987 Bonds to the Tender Agent for purchase and the related obligations of the Remarketing Agent and the Tender Agent shall remain in full force and effect with respect to all Series 1987 Bonds until the maturity date of the Series A Bonds or the last date fixed for redemption of all Bonds prior to maturity notwithstanding that all or any portion of the Series 1987 Bonds are deemed to be paid as described above.

The Trustee. Under the Indenture, the Trustee agrees to perform the trusts and obligations thereunder as an ordinarily prudent corporate trustee under a trust agreement. The Indenture provides that the Trustee will be entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from any action taken or not taken in good faith in reliance thereon. In addition, the Indenture provides that the Trustee will be entitled to rely on certain other instruments and, subject to certain limitations, it will not be liable other than for its negligence or willful default. The Indenture also contains provisions relating to the resignation and removal of the Trustee and the appointment of successor trustees and paying agents. The Trustee, any Paying Agents, the Remarketing Agent, the Indexing Agent, if any, and the Tender Agent and any of their directors, officers, employees or agents, may, in good faith, become owners of the Bonds secured by the Indenture.

THE FIRST MORTGAGE BONDS AND THE MORTGAGE

The statements under this heading are subject to the detailed provisions of the Mortgage. They are summaries which make use of terms defined in the Mortgage but which do not purport to be complete.

Principal Amount, Maturity and Interest

The Collateral Bonds will correspond to the Series 1987 Bonds in respect of aggregate principal amounts, interest rates and maturities. The Collateral Bonds are to bear interest from the date of initial authentication and delivery payable February 1 and August 1 of each year, beginning August 1, 1987.

Form, Denomination and Transferability

The Collateral Bonds will be issuable only in fully registered form, without coupons, in denominations authorized by the Supplemental Mortgage Indenture. The Collateral Bonds will be transferable only to effect a transfer to the Trustee or a successor trustee.

Redemption

The Collateral Bonds are to be redeemable in whole or in part upon the redemption, in whole or in like part, of Series 1987 Bonds, including upon the application of moneys arising from a taking of any of the mortgaged property by eminent domain or similar action. The Collateral Bonds are not subject to redemption from the Replacement Fund referred to below.

Replacement Fund

The Company is required to deposit with the Mortgage Trustee annually, for a Replacement Fund, the sum of the replacement requirements (as defined) for all years beginning with 1949 and ending with the last calendar year preceding the date of the deposit, after deducting therefrom (1) the aggregate original cost of all fixed property (electric) retired during such period, which amount shall not exceed the aggregate of the gross amounts of additional property (electric) acquired or constructed by the Company during the same period; and (2) the aggregate amount of cash theretofore deposited by the Company with the Mortgage Trustee, or which would have been required to be so deposited except for permitted reductions, under the Replacement Fund.

The "replacement requirement" in respect of any year is $2\frac{1}{2}\%$ of the average "amount of depreciable fixed property" (electric) as at the beginning and end of such year, but shall not exceed the depreciation or retirement charges permitted by any governmental authority, or the amount deductible as depreciation or similar expense for federal income tax purposes. The "amount of depreciable fixed property" (electric) is the amount by which the sum of \$192,913,385, plus the aggregate gross amount of all depreciable additional property (electric) acquired or constructed by the Company from January 1, 1949 to the date as of which such amount is determined, exceeds the original cost of all depreciable fixed property (electric) retired during such period or released from the lien of the Mortgage.

Upon application of the Company, the amount of cash at any time required to be deposited in the Replacement Fund may be reduced, and any cash previously so deposited and then held by the Mortgage Trustee may be withdrawn, (1) in an amount equal to 150% of the principal amount of First Mortgage Bonds previously authenticated and delivered under the Mortgage, or refundable prior lien bonds, which shall be deposited with the Mortgage Trustee and on the basis of which the Company would otherwise have been entitled to the authentication and delivery of additional First Mortgage Bonds; and (2) in an amount equal to 150% of the principal amount of First Mortgage Bonds to the authentication and delivery of which the Company would otherwise be entitled on the basis of additional property (electric).

Upon application of the Company, the Mortgage Trustee shall apply cash deposited in the Replacement Fund (and not theretofore withdrawn by the Company) to the payment, purchase or redemption of First Mortgage Bonds issued under the Mortgage or to the purchase of refundable prior lien bonds.

Security

The Mortgage creates a continuing lien to secure the payment of the principal of and premium, if any, and interest on, all First Mortgage Bonds issued thereunder, which are in all respects equally and ratably secured without preference, priority or distinction. The lien of the Mortgage covers substantially all of the properties (real, personal and mixed) and franchises of the Company, whether now owned or hereafter

acquired, with certain exceptions including certain after-acquired non-electric properties, cash, accounts receivable, choses in action, inventories of materials and supplies, merchandise held for sale, securities held by the Company, certain after-acquired property not useful in the Company's electric business and certain after-acquired franchises.

The lien of the Mortgage is subject to certain permitted liens and to liens which may exist upon properties acquired subsequent to the making of the Mortgage to the extent of the amounts of prior lien bonds secured by such properties (which shall not exceed 75% of the cost or value thereof) and additions thereto.

Issuance of Additional First Mortgage Bonds

The aggregate amount of First Mortgage Bonds which may be issued under the Mortgage is unlimited. The First Mortgage Bonds of each series shall be of such denominations, date, maturity and interest rate, and may have such redemption, sinking fund provisions and such other terms as the Board of Directors of the Company may determine.

Subject to the provisions of the Mortgage, additional First Mortgage Bonds may be authenticated and delivered in an aggregate principal amount not exceeding (1) the amount of cash deposited with the Mortgage Trustee therefor, (2) the amount of previously authenticated and delivered First Mortgage Bonds and/or refundable prior lien bonds retired or to be retired and which, with certain exceptions, are deposited with the Mortgage Trustee therefor, or (3) as to additional property (electric) certified to the Mortgage Trustee subsequent to February 18, 1949, 66% of the aggregate of the net amounts thereof.

No additional First Mortgage Bonds may be authenticated and delivered under the Mortgage, other than certain types of refunding First Mortgage Bonds, unless the Company's available net earnings for twelve consecutive calendar months within the fifteen calendar months immediately preceding shall have been at least twice the amount of the annual interest charges on all First Mortgage Bonds outstanding under the Mortgage, including the First Mortgage Bonds applied for, and on all outstanding prior lien bonds not held by the Mortgage Trustee under the Mortgage.

The Company may not apply for the authentication and delivery of any First Mortgage Bonds (1) in an aggregate principal amount exceeding \$26 million on the basis of additional property (electric) acquired or constructed prior to January 1, 1949, or (2) on the basis of First Mortgage Bonds or prior lien bonds paid, purchased or redeemed prior to February 1, 1949; and the Company may not certify any additional property (electric) which is subject to the lien of any prior lien bonds for the purpose of establishing such prior lien bonds as refundable if the aggregate principal amount of such prior lien bonds exceeds 66% of the net amount of such additional property subject to the lien of such prior lien bonds.

Under the earnings test provisions of the Mortgage, the Company's ability to issue First Mortgage Bonds is limited as of December 31, 1986 to approximately \$3 billion principal amount of additional First Mortgage Bonds. The Company had available as of that date property additions (electric) which would permit the Company to issue under the Mortgage approximately \$2 billion principal amount of additional First Mortgage Bonds.

Release Provisions

The Mortgage permits the Company to dispose of certain property and take certain other action without release by the Mortgage Trustee, and permits mortgaged property to be released upon the deposit of cash or equivalent consideration equal to the value of the property to be released. The Mortgage contains provisions under which, in certain events and within certain limitations, cash received by the Mortgage Trustee (other than for the Replacement Fund or as the basis for the issuance of First Mortgage Bonds) shall be paid out by the Mortgage Trustee upon application of the Company.

Cash deposited with the Mortgage Trustee for the Replacement Fund may be withdrawn by the Company as outlined under the subcaption "Replacement Fund" above. Cash deposited with the Mortgage Trustee as the basis for the issuance of First Mortgage Bonds may be withdrawn by the Company, upon application to the Mortgage Trustee, in an amount equal to the aggregate principal amount of any First

Mortgage Bonds, the authentication and delivery of which the Company shall have become entitled on the basis of additional property (electric), on the basis of First Mortgage Bonds previously authenticated and delivered, or on the basis of refundable prior lien bonds.

Amendments of Mortgage

Amendments of the Mortgage may be made with the consent of the holders of 66⅔% of the First Mortgage Bonds; but no amendment shall affect the terms of payment of the principal at maturity of, or the interest or premium on, any First Mortgage Bond or affect the rights of Bondholders to sue to enforce any such payment at maturity, or reduce the percentage required to effect a valid amendment; nor shall any amendment affect the rights under the Mortgage of the holders of less than all of the series of First Mortgage Bonds outstanding unless consented to by the holders of 66⅔% of the First Mortgage Bonds of each of the series so affected.

The covenants to be included in the Supplemental Mortgage Indenture for the Collateral Bonds will be solely for the benefit of holders of the Collateral Bonds and may be modified by written consent or affirmative vote of holders of 66⅔% of the Collateral Bonds outstanding, without consent of bondholders of any other series of First Mortgage Bonds.

Default

The Mortgage Trustee may, and upon written request by the holders of not less than a majority of the outstanding First Mortgage Bonds shall, declare the principal of all outstanding First Mortgage Bonds due upon the happening of any of the events of default specified in the Mortgage, but the holders of a majority of the outstanding First Mortgage Bonds may waive such default and rescind any declaration if such default has been cured. The Mortgage Trustee is under no obligation to exercise any of its powers at the request of any of the holders of the First Mortgage Bonds unless such holders have offered to the Mortgage Trustee security or indemnity satisfactory to it against the cost, expenses and liabilities to be incurred therein or thereby. The holders of a majority in principal amount of the First Mortgage Bonds outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Mortgage Trustee, or exercising any trust or power conferred upon the Mortgage Trustee, and the Mortgage Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any such direction.

Events of default are defined in the Mortgage as including (a) default in the payment of principal, (b) default for 60 days in the payment of interest, (c) default in the performance of any other covenants in the Mortgage continuing for a period of 60 days after notice by the Mortgage Trustee or by the holders of not less than 10% in principal amount of the First Mortgage Bonds then outstanding, and (d) certain events in bankruptcy or insolvency. The Company is required to furnish annually to the Mortgage Trustee a certificate in respect of compliance or noncompliance by the Company with the covenants of the Mortgage.

RELATIONSHIPS AMONG PARTIES

The Company engages in normal banking relationships with Wachovia Bank & Trust Company, N.A., the Trustee under the Indenture. The Mortgage Trustee, Morgan Guaranty Trust Company of New York, is a depository of part of the Company's funds and has a participation of \$25 million in the Company's bank lines of credit and a participation of \$25 million in a credit facility supporting certain pollution control revenue bonds under which the Company is obligated to make certain payments. The Mortgage Trustee will also act as Tender Agent for the Series 1987 Bonds. In addition, an affiliate of the Mortgage Trustee acts as Transfer Agent and Registrar for the Company's capital stocks.

LEGAL INVESTMENT IN SOUTH CAROLINA

Under the South Carolina Pollution Control Facilities Act, as amended, the Series 1987 Bonds are securities in which all executors, administrators, guardians, committees and other fiduciaries governed by the laws of South Carolina may lawfully invest any moneys in their hands.

UNDERWRITING

The underwriters named on the cover page of this Official Statement have severally agreed to purchase the Series 1987 A Bonds at a purchase price of \$ and the Series 1987 B Bonds at a purchase price of \$ from the County under a Bond Purchase Agreement, dated as of the date of this Official Statement. The Underwriters are committed to take and pay for all of the Series 1987 Bonds if any are taken.

The offering price may be changed from that set forth on the cover page hereof from time to time by the Underwriters. The Underwriters may offer and sell the Series 1987 Bonds to certain dealers (including dealers depositing Series 1987 Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. Obligations purchased in connection with the refunding of the Series A Bonds, due 1988, may be purchased from one or more of the Underwriters. The Company has agreed to indemnify the County and the Underwriters against certain civil liabilities, including certain liabilities under the federal securities laws.

TAX EXEMPTION

McNair Law Firm, P.A., Columbia, South Carolina, Bond Counsel, relying in part upon an opinion of Reid & Priest, Washington, D.C., as described below, is of the opinion that, under existing statutes and court decisions, assuming compliance with the requirements described below, interest on the Series 1987 Bonds is not includable in the gross income of the owners thereof for purposes of federal income taxation except for interest on the Series 1987 Bonds for any period during which the Series 1987 Bonds are owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Code. Bond Counsel is of the further opinion that under the present laws of the State of South Carolina the Series 1987 Bonds and the income therefrom are exempt from all taxation in the State of South Carolina except for inheritance, estate and transfer taxes.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 1987 Bonds as a condition to the exclusion from gross income of interest on the Series 1987 Bonds for federal income tax purposes. These requirements include, but are not limited to, requirements relating to the use and expenditure of bond proceeds, restrictions on the investment of bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 1987 Bonds to become includable in the gross income of the owners thereof for purposes of federal income tax retroactive to their date of issuance, irrespective of the date on which such noncompliance is ascertained.

The Code provides for an alternative minimum tax ("AMT") for corporations and other taxpayers, including individuals, levied for taxable years beginning after December 31, 1986. The AMT, if any, depends upon the taxpayer's alternative minimum taxable income ("AMTI"), which is the taxpayer's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S Corporations, Regulated Investment Companies and Real Estate Investment Trusts or Real Estate Mortgage Investment Companies) is an amount equal to 50% of the excess, if any, of such corporation's "adjusted net book income" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). For taxable years beginning after 1989, such adjustment item will be 75% of the excess, if any, of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). Both "adjusted net book income" and "adjusted current earnings" would include all tax-exempt interest, including interest on the Series 1987 A Bonds.

Interest on the Series 1987 B Bonds would be includable as an item of tax preference for purposes of computing an alternative minimum tax for individuals and corporations. Because the Series 1987 A Bonds are issued to refund bonds issued prior to August 8, 1986 the interest on the Series 1987 A Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations but such interest would be includable in computing a corporation's alternative minimum tax, as described in the preceding paragraph.

The Code imposes an environmental tax on corporations at a rate of 0.12 percent on the excess over \$2,000,000 of such corporation's "modified alternative minimum taxable income," which includes interest on the Series 1987 Bonds, to the same extent as such interest is includable for purposes of computing such corporation's alternative minimum tax.

In addition, under the provisions of the Code, a branch profits tax may be levied for taxable years beginning after December 31, 1986 on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest, such as interest on the Series 1987 Bonds.

Ownership of the Series 1987 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 1987 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Reid & Priest, Washington, D.C., as Special Tax Counsel, will render an opinion that the items of property and equipment comprising the Project constitute air or water pollution control facilities or facilities which are functionally related and subordinate to such facilities, or sewage or solid waste disposal facilities or facilities which are functionally related and subordinate to such facilities, within the meaning of Section 103 (b)(4) of the Internal Revenue Code of 1954, as amended prior to the enactment of the Code, and such opinion will be relied upon by Bond Counsel in rendering the opinion described above. In rendering their opinions, Bond Counsel and Special Tax Counsel will rely upon certificates and representations of the Company with respect to certain material facts solely within the Company's knowledge relating to the Project and the application of the proceeds of the Series 1987 Bonds. Such certificates and representations have been reviewed and discussed with the Company but have not been independently verified by Bond Counsel or Special Tax Counsel.

LEGAL MATTERS

Legal matters incident to the authority, issuance and sale of the Series 1987 Bonds are subject to the approval of McNair Law Firm, P.A., Columbia, South Carolina, relying in part on the opinion of Reid & Priest, Washington, D.C., Special Tax Counsel. Certain legal matters will be passed upon for the Company by Steve C. Griffith, Jr., Esq., Charlotte, North Carolina, and by Dewey, Ballantine, Bushby, Palmer & Wood, New York, New York, and for the Underwriters by Brown & Wood, New York, New York. In giving their opinions, Dewey, Ballantine, Bushby, Palmer & Wood and Brown & Wood may rely as to matters of local law upon the opinion of Mr. Griffith, who is a director, a Senior Vice President and the General Counsel of the Company, or upon other local counsel. Certain legal matters will be passed upon for the County by Larry C. Brandt, Esq., Walhalla, South Carolina.

This Official Statement has been duly approved, executed and delivered by Oconee County, South Carolina.

OCONEE COUNTY, SOUTH CAROLINA

By

Supervisor and Chairman of the
Oconee County Council

APPENDIX

Duke Power Company

THE COMPANY

Duke Power Company (the Company) is engaged in the generation, transmission, distribution and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina, comprising the area in both States known as the Piedmont Carolinas. Its service area, approximately two-thirds of which lies in North Carolina, covers about 20,000 square miles with an estimated population of 4,400,000 and includes a number of cities, of which the largest are Charlotte, Greensboro, Winston-Salem and Durham in North Carolina and Greenville, Spartanburg and Anderson in South Carolina. The Company supplies electric service directly to approximately 1,483,000 retail customers in more than 200 cities, towns and unincorporated communities. Electricity is sold through contractual arrangements to North Carolina Municipal Power Agency Number 1, North Carolina Electric Membership Corporation, Saluda River Electric Cooperative Inc. and Piedmont Municipal Power Agency and at wholesale to 9 other incorporated municipalities and to several private utilities. The Company renders electric service in a total of 56 counties and is the principal supplier of electric energy in 44 of these counties. During the twelve-month period ended December 31, 1986, the Company's electric revenues amounted to approximately \$3.4 billion, of which about 70% was derived from North Carolina and 30% from South Carolina. The Company ranks seventh in the United States among investor-owned utilities in kilowatt-hour sales. Its executive offices are located in the Power Building, 422 South Church Street, Charlotte, North Carolina 28242 (Telephone No. 704-373-4011).

AVAILABLE INFORMATION

The information contained or incorporated by reference in this Appendix to the Official Statement has been obtained from the Company, which is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission (Commission). Information, as of particular dates, concerning directors and officers, their remuneration, the principal holders of securities of the Company and any material interest of such persons in transactions with the Company is disclosed in proxy statements distributed to shareholders of the Company and filed with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza Office Building, 450 Fifth Street, N.W., Washington, D.C.; Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago Ill.; and Jacob K. Javits Building, 26 Federal Plaza, New York, N.Y. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at Judiciary Plaza Office Building, 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock and certain other securities of the Company are listed on the New York Stock Exchange. Reports, proxy statements and other information concerning the Company can be inspected and copied at the library of the New York Stock Exchange at 20 Broad Street, New York, N.Y.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are incorporated by reference in this Appendix to the Official Statement:

- Annual report on Form 10-K for the year ended December 31, 1985.

- Quarterly reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 1986.
- Form 8, dated January 27, 1987, relating to the annual report on Form 10-K for the year ended December 31, 1985.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and prior to the termination of the offering made by this Official Statement shall be deemed to be incorporated by reference in this Official Statement and to be made a part hereof from the date of filing of such documents.

The Company will provide without charge to each person to whom a copy of this Official Statement has been delivered, upon oral or written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Official Statement by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests for copies of such documents should be addressed to Shareholder Services Department, Duke Power Company, 422 South Church Street, Charlotte, North Carolina 28242.

FINANCIAL STATEMENTS

The financial statements and supplemental schedules included in the Company's Form 10-K for 1985 and the opinion of Deloitte Haskins & Sells, independent certified public accountants, relating thereto as set forth in the Company's Form 8 dated January 27, 1987 (which is qualified as set forth therein subject to the outcome of certain litigation) are incorporated by reference herein in reliance upon such opinion.

RECENT DEVELOPMENTS

Appeal of North Carolina Rate Orders; Qualification of Auditors' Opinion

Certain intervenors, including the Attorney General of North Carolina, have appealed the rate order of the North Carolina Utilities Commission dated September 17, 1985 and the rate order of the North Carolina Utilities Commission dated October 31, 1986 referred to below. The appellants seek revision or modification of such orders in addition to refunds and have raised a number of issues, including the authority of the North Carolina Utilities Commission to permit recovery by the Company of costs incurred with respect to canceled construction projects (which affects a major portion of an asset carried on the books of the Company at approximately \$341 million, net of income tax benefits, at December 31, 1985) and the prudence and reasonableness of pricing amendments to agreements relating to the sale of the Catawba Nuclear Station to certain former wholesale customers of the Company. (See Note 5 of the Notes to Financial Statements of the Company for the year ended December 31, 1985 included in the annual report on Form 10-K for 1985 incorporated herein by reference.)

While the Company believes that there is an adequate legal and factual basis for each aspect of the decisions of the North Carolina Utilities Commission, the ultimate resolution of the appeals cannot be predicted. As a result of such uncertainty, Deloitte Haskins & Sells, the Company's independent auditors, have qualified their opinion with respect to the financial statements of the Company for the year ended December 31, 1985 as reported in a Form 8 filed with the Securities and Exchange Commission on January 27, 1987 relating to the Company's annual report on Form 10-K for 1985. It is anticipated that the opinion of Deloitte Haskins & Sells with respect to the financial statements of the Company for the year ended December 31, 1986 also will be subject to such qualification.

Recent Financial Data

The following tabulation summarizes the results of the Company's operations for 1985 and 1986. The amounts set forth in the tabulation for 1986 have not been examined by independent auditors but, in the opinion of the Company, all necessary adjustments (consisting only of normal recurring accruals) have been made to present fairly the results of operations for such period.

	12 Months Ended December 31	
	1986 (Unaudited)	1985
Electric revenues	\$ 3,400,933,000	\$ 2,898,911,000
Net income	\$ 467,834,000	\$ 437,593,000
Earnings for common stock	\$ 409,067,000	\$ 376,681,000
Ratio of earnings to fixed charges	4.26	3.87

Commercial Operation of Catawba Unit 2

Unit 2 of the Catawba Nuclear Station began commercial operation on August 19, 1986. The construction of the Catawba Nuclear Station was completed at a cost of approximately \$1,560 per kilowatt.

Recent Rate Proceedings

On October 31, 1986, the North Carolina Utilities Commission authorized the Company to increase its rates to retail customers in North Carolina by 6.73%, which is designed to produce \$133.1 million in additional revenues based on a test year ended December 31, 1985. The order permits a jurisdictional rate of return on common equity of 13.4%. As mentioned above, certain intervenors have appealed such order.

On November 5, 1986, The Public Service Commission of South Carolina authorized the Company to increase its rates to retail customers in South Carolina by 9.55%, which is designed to produce \$79.1 million in additional revenues based on a test year ended December 31, 1985. The order permits a jurisdictional rate of return on common equity of 13.0%.

The orders issued by the North Carolina Utilities Commission and The Public Service Commission of South Carolina permitted the Company to recover the costs associated with Unit 2 of the Catawba Nuclear Station and additional environmental and safety-related facilities at the Oconee Nuclear Station.

The Company filed an application with the Federal Energy Regulatory Commission (FERC) on August 22, 1986 to increase electric revenues from the Company's wholesale customers by approximately 11.8%, or \$6.4 million, annually based on a test year ending December 31, 1987. FERC issued an interim rate order, effective November 2, 1986, allowing the Company to implement \$4.5 million, or approximately 71%, of the requested increase, subject to refund and FERC approval.

Nuclear Fuel Enrichment

The Company has entered into contracts with the Department of Energy (DOE) to provide enrichment services for nuclear fuel for its facilities through the year 2014. The U.S. District Court for the District of Colorado issued orders in a case not involving the Company prohibiting enrichment by DOE of uranium of foreign origin, which orders, if they become final, would void enrichment contracts between DOE and certain utilities, including the Company. Such orders have been appealed to the U.S. Court of Appeals for the Tenth Circuit where the prohibition against enrichment was stayed pending further order of the Court. The Company believes that regardless of the outcome of the litigation it can continue to obtain necessary enrichment services for its uranium of foreign origin on a reliable and economical basis.

EXHIBIT

JAN 29 1987

NO. 14

ORDINANCE

STATE BUDGET & CONTROL BOARD

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF (1) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), OF OCONEE COUNTY, SOUTH CAROLINA, AND (2) NOT EXCEEDING \$10,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), OF OCONEE COUNTY, SOUTH CAROLINA; THE APPLICATION OF THE PROCEEDS OF SAID BONDS TO PAY THE COSTS OF COMPLETING THE ACQUISITION OF CERTAIN POLLUTION CONTROL AND SOLID WASTE DISPOSAL FACILITIES INSTALLED AND TO BE INSTALLED AT THE OCONEE NUCLEAR STATION OF DUKE POWER COMPANY LOCATED IN OCONEE COUNTY AND TO REDEEM BONDS ISSUED PREVIOUSLY BY OCONEE COUNTY; THE ENTERING INTO OF CERTAIN COVENANTS AND AGREEMENTS AND THE EXECUTION AND DELIVERY OF CERTAIN INSTRUMENTS RELATING TO THE ISSUANCE OF THE AFORESAID BONDS INCLUDING (i) A TRUST INDENTURE SECURING SAID BONDS AND PRESCRIBING MATTERS RELATED THERETO; (ii) A LOAN AGREEMENT BETWEEN OCONEE COUNTY AND DUKE POWER COMPANY; (iii) A BOND PURCHASE AGREEMENT BETWEEN OCONEE COUNTY AND MERRILL LYNCH CAPITAL MARKETS; (iv) THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT; (v) THE REFUNDING ESCROW DEPOSIT AGREEMENT; (vi) THE TAX REGULATORY AGREEMENT; (vii) THE REMARKETING AGREEMENT; (viii) THE TENDER AGENT AGREEMENT; (ix) APPOINTING A TENDER AGENT AND REMARKETING AGENT FOR THE BONDS; AND (x) OTHER MATTERS RELATING THERETO.

WHEREAS, Oconee County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 48, Chapter 3, Code of Laws of South Carolina, 1976, as amended (the "Act"), (i) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities (as defined in the Act); (ii) to enter into a loan agreement (as defined in the Act) with such industry prescribing the terms and conditions of the payments to be made by the industry to the County to meet the payment due on any bonds issued by the County pursuant to the Act; (iii) to issue bonds for the purpose of defraying the cost of acquiring by construction or purchase pollution control facilities or to issue bonds for any enlargement, improvement or expansion of any then existing pollution control facilities and to secure the payment of such bonds as provided in the Act; and (iv) to issue bonds to refund any bonds issued under the Act; all in order to provide

assistance to industries to mitigate, eliminate or prevent air and water pollution and to dispose of all waste of any sort originating in or about any industrial enterprise by providing a means with which to raise moneys to pay the cost of such facilities; and

WHEREAS, the County, subject to the approval of the State Budget and Control Board of South Carolina and the Department of Health and Environmental Control, is authorized by the Act to issue its revenue bonds for the purpose of defraying the cost of acquiring, or causing to be acquired, by construction and purchase, pollution control facilities (as defined in the Act), such revenue bonds to be payable solely from the money to be derived by the County from a loan agreement with respect to such pollution control facilities and to be further secured by a pledge of said revenues and receipts and by an assignment of the rights of the County under such loan agreement; and

WHEREAS, Duke Power Company, a corporation organized and existing under the laws of the State of North Carolina (the "Company"), in accordance with the provisions of Resolution No. 80-3 adopted by the County Council on June 12, 1980, as amended by Resolution No. 82-3 adopted by the County Council on April 20, 1982 (the "Inducement Resolution"), has determined that it desires to complete the acquisition and installation of certain pollution control and solid waste disposal facilities described therein (the "Pollution Control Facilities") at the Oconee Nuclear Station located in the jurisdiction of the County; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to assist the Company in completing the acquisition and installation of the Pollution Control Facilities, the County has agreed to issue and sell, in accordance with the Inducement Resolution and the Trust Indenture (hereinafter mentioned), not exceeding \$10,000,000 principal amount Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the "Series B Bonds"), under and pursuant to the Act to defray the cost of completing the Pollution Control Facilities, and in connection therewith to make the Pollution Control Facilities available to the Company under and pursuant to the terms of a loan agreement to be entered into between the County and the Company; and

WHEREAS, the Company has determined that it would be desirable to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project), issued in 1983 (the "1983 Bonds") by issuing not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (the "Series A Bonds") (the Series A Bonds and the Series B Bonds shall be collectively referred to as the "Bonds"); and

WHEREAS, the County Council, having determined that the financing of the Pollution Control Facilities will satisfy the purposes of the Act, cause the Company to maintain and preserve the employment at the existing levels and cause the Company to remain and continue the operation of the Oconee Nuclear Station in the County, the County proposes to issue and sell the Bonds, to be dated as set forth in the Trust Indenture (hereinafter defined), to be issued under and pursuant to the provisions of the Act, and to be secured by and to contain such terms and provisions as are set forth in a Trust Indenture dated as of February 1, 1987 (the "Trust Indenture"), by and between the County and Wachovia Bank & Trust Company, N.A. (the "Trustee"), authorized by this ordinance; the proceeds from the Bonds to be deposited with the Trustee and disbursed (i) for the payment of costs incurred by the County or the Company in connection with the completion of the Pollution Control Facilities, (ii) to refund a portion of the 1983 Bonds; and (iii) for the payment of related expenses; and

WHEREAS, the County Council, having determined as aforesaid that it will be of substantial public benefit to do so, proposes to make the Pollution Control Facilities available to the Company under and pursuant to the provisions of a Loan Agreement dated as of February 1, 1987 (the "Agreement"), by and between the County and the Company authorized by this ordinance pursuant to which the Company is obligated (i) to make payments directly to the Trustee for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Bonds, and (ii) to maintain the Pollution Control Facilities in good repair at its own expense and to carry all proper insurance with respect thereto; and

WHEREAS, the South Carolina Department of Health and Environmental Control has by its certificate executed by its Commissioner on May 17, 1982, as amended by a certificate dated January 28, 1987, certified that the Pollution Control Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air and water pollution; and

WHEREAS, the completion of the acquisition and construction of the Pollution Control Facilities and the issuance of the Bonds by the County as herein recited and provided have been duly approved by the State Budget and Control Board of South Carolina by resolution duly adopted on January 29, 1987, and will serve the intended purposes and in all respects conform to the provisions and requirements of the Act; and

WHEREAS, it has been determined that the estimated amount necessary to finance the completion of the Pollution Control Facilities to be defrayed by the County and expenses

incidental thereto requires that the Series B Bonds of the County in the principal amount of not exceeding \$10,000,000 be authorized as hereinafter provided; and

WHEREAS, it has been determined that the amount necessary to redeem a portion of the 1983 Bonds requires that the Series A Bonds of the County in the principal amount of not exceeding \$25,000,000 be authorized as hereinafter provided; and

WHEREAS, the County Council has caused to be prepared and presented to this meeting the following documents which the County proposes to execute and deliver:

1. The form of the Trust Indenture by and between the County and the Trustee;

2. The form of the Loan Agreement by and between the County and the Company;

3. The form of the Bond Purchase Agreement by and among the County, Merrill Lynch Capital Markets, and the Company;

4. The form of the Preliminary Official Statement and the Official Statement;

5. The form of the Refunding Escrow Deposit Agreement (the "Escrow Agreement"), dated as of February 1, 1987, between the County and the Trustee;

6. The form of the Tax Regulatory Agreement (the "Tax Regulatory Agreement"), dated the date of delivery of the Bonds, by and among the County, the Company and the Trustee;

7. The form of the Remarketing Agreement ("Remarketing Agreement"), dated as of February 1, 1987, by and among Merrill Lynch, Pierce, Fenner & Smith Incorporated, the County, the Trustee and the Company; and

8. The form of the Tender Agent Agreement ("Tender Agent Agreement"), dated as of February 1, 1987, by and among Morgan Guaranty Trust Company of New York, the County, the Trustee and the Company.

WHEREAS, it appears that each of the documents above referred to, which are now before this meeting, is in appropriate form and is an appropriate document to be executed and delivered by the County for the purposes intended.

NOW, THEREFORE, BE IT ORDAINED by Oconee County, South Carolina, as follows:

Section 1. The County Council has determined to provide assistance to the Company to eliminate, mitigate or prevent air or water pollution and for the proper disposal of solid waste by providing a means with which to raise moneys to pay the cost of completing and installing the Pollution Control Facilities at the Oconee Nuclear Station located in the County and cause the Company to remain and continue the operation of the Oconee Nuclear Station in the County, which will be of benefit to the Company and continue to provide employment not otherwise available.

Section 2. Pursuant to the authority of the Act, and for the purpose of defraying the cost of completing the acquisition of the Pollution Control Facilities, including necessary expenses incidental thereto, there is hereby authorized to be issued at one time or from time to time in one or more series, revenue bonds of the County in the principal amount of (1) not exceeding Twenty-Five Million Dollars (\$25,000,000), to be designated "Oconee County, South Carolina, Annual Tender Pollution Control Revenue Bonds, Series 1987A (the "Series A Bonds), and (2) not exceeding Ten Million Dollars (\$10,000,000), to be designated "Oconee County, South Carolina, Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project)" (the "Series B Bonds") (the Series A Bonds and the Series B Bonds shall be collectively referred to as the "Bonds"). The Bonds shall be issuable in fully registered form without coupons. The Bonds shall be payable as to principal, premium, if any, and interest in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, at the office of Wachovia Bank & Trust Company, N.A., as Trustee, or its successor in trust under the provisions of the Trust Indenture.

The Bonds shall be dated as set forth in the Trust Indenture, and shall bear interest from such date payable of each February 1 and August 1. The Bonds shall mature on February 1, 2017, subject to the right of prior redemption as provided in the Trust Indenture.

The Bonds shall bear interest from their date until maturity or until the date fixed for redemption (whichever occurs first), at the rate or rates set forth in the Trust Indenture.

Section 5. The Bonds, and the endorsement to appear thereon, shall be in substantially the form set forth in the Trust Indenture, with necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Indenture.

Section 6. The Bonds shall be issued in compliance with and under authority of the provisions of the Act, the Inducement Resolution, this ordinance and the Trust Indenture.

Section 7. While any of the Bonds shall remain outstanding and unpaid, the County hereby covenants and agrees with the holders from time to time of said bonds that it will not issue any additional bonds or incur any obligations of any sort secured by a lien prior to the lien of the Trust Indenture. Additional bonds secured by a lien and in all respects on a parity with the Trust Indenture may be issued for the purposes and subject to the conditions prescribed in the Trust Indenture.

Section 8. It is hereby found, determined and declared by the County Council, as follows:

(a) The Pollution Control Facilities will constitute "pollution control facilities" as said term is referred to and defined in Section 48-3-10 of the Act, and the issuance of the Series B Bonds in the principal amount of not exceeding \$10,000,000 to defray the cost of completing the Pollution Control Facilities will subserve the purposes and in all respects conform to the provisions and requirements of the Act;

(b) The Pollution Control Facilities, the Bonds proposed to be issued by the County to defray the costs of completing the Pollution Control Facilities, or any documents or agreements entered into by the County in connection therewith, will not constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power;

(c) The issuance of the Series A Bonds by the County in the principal amount of not exceeding \$25,000,000 will be used to redeem a portion of the 1983 Bonds;

(d) The issuance of the Series B Bonds by the County in the principal amount of not exceeding \$10,000,000 will be required to defray that portion of the cost of the Pollution Control Facilities to be undertaken by the County;

(e) Inasmuch as the Company is a corporation with established credit, the establishment of reserve funds in connection with retirement of the Bonds and the maintenance of the Pollution Control Facilities is deemed unnecessary; and

(f) The Pollution Control Facilities will be made available by the County to the Company upon terms which require the Company, at its own expense, to maintain the

Pollution Control Facilities in good repair and to carry all proper insurance with respect thereto.

Section 9. The form, terms and provisions of the Loan Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Loan Agreement were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Loan Agreement in the name and on behalf of the County, and thereupon to cause the Loan Agreement to be delivered to the Company. The Loan Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Loan Agreement now before this meeting.

Section 10. To provide for the authorization of and to secure the Bonds under the Act, and to further prescribe the terms and conditions upon which the Bonds are to be issued, secured, executed, authenticated, accepted and held, and for the purpose of assigning the interests of the County under the Loan Agreement, the form, terms and provisions of the Trust Indenture which is before this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Trust Indenture were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of the County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Trust Indenture to the Trustee. The Trust Indenture is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Trust Indenture now before this meeting.

Section 11. To provide for the sale of the Bonds to the purchaser thereof, the form, terms and provisions of the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement

were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement in the name and on behalf of the County, and thereupon to cause the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement to be delivered to the Company. The Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement are to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement now before this meeting.

Section 12. The form, terms and provisions of the Refunding Escrow Deposit Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Refunding Escrow Deposit Agreement were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Refunding Escrow Deposit Agreement in the name and on behalf of the County, and thereupon to cause the Refunding Escrow Deposit Agreement to be delivered to the Trustee. The Refunding Escrow Deposit Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Refunding Escrow Deposit Agreement now before this meeting.

Section 13. The form, terms and provisions of the Tax Regulatory Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Tax Regulatory Agreement were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Tax Regulatory Agreement in the name and on behalf of the County, and thereupon to cause the Tax Regulatory Agreement to be delivered to the Company and the Trustee. The Tax Regulatory Agreement is to be in substantially the form now before this meeting and hereby approved, or with

such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Tax Regulatory Agreement now before this meeting.

Section 14. The form, terms and provisions of the Remarketing Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Remarketing Agreement were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Remarketing Agreement in the name and on behalf of the County, and thereupon to cause the Remarketing Agreement to be delivered to Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Trustee and the Company. The Remarketing Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Remarketing Agreement now before this meeting.

Section 15. The form, terms and provisions of the Tender Agent Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Tender Agent Agreement were set out in this ordinance in its entirety. The Supervisor and Chairman and the Clerk of this County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Tender Agent Agreement in the name and on behalf of the County, and thereupon to cause the Tender Agent Agreement to be delivered to Morgan Guaranty Trust Company of New York, the Trustee and the Company. The Tender Agent Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Tender Agent Agreement now before this meeting.

Section 16. The County Council hereby appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated as the Remarketing Agent and Morgan Guaranty Trust Company of New York as the Tender Agent. The County Council authorizes the Supervisor and Chairman to approve any changes in the Remarketing Agent and the Tender Agent.

Section 17. There is hereby authorized the sale of the Bonds to Merrill Lynch Capital Markets (the "Purchaser"). The Supervisor and Chairman and Clerk of the County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Bonds to the Purchaser. The Bonds are to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Bonds as set forth in the Trust Indenture before this meeting.

Section 18. The Supervisor and Chairman and Clerk of the County Council, for and on behalf of the County, are hereby each authorized and directed to do any and all things necessary to effect the execution and delivery of the Loan Agreement, the Trust Indenture, the Bond Purchase Agreement, the Refunding Escrow Deposit Agreement, the Tax Regulatory Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Preliminary Official Statement, the Official Statement and the performance of all obligations of the County under and pursuant to the Loan Agreement, the Trust Indenture, the Bond Purchase Agreement, the Refunding Escrow Deposit Agreement, the Tax Regulatory Agreement, the Remarketing Agreement, the Tender Agent Agreement, the Preliminary Official Statement, the Official Statement and the Bonds and the issuance, sale, execution and delivery of the Bonds; and the Trustee is hereby authorized to receive and receipt for the proceeds of the Bonds on behalf of the County and to hold, invest and disburse said proceeds in accordance with the provisions of the Trust Indenture.

Section 19. The Supervisor and Chairman and Clerk of the County Council are each authorized, upon approval of the County Attorney, to execute, seal and deliver such other documents and certificates necessary to effectuate the issuance and delivery of the Bonds.

Section 20. The provisions of this ordinance are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 21. No approvals granted in connection with the Bonds nor any requests for any allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 22. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this ordinance shall take effect and be in full force from and after its passage and approval.

Passed and approved this 17th day of February, 1987.

OCONEE COUNTY, SOUTH CAROLINA

By: *Norman D. Crain*
Norman D. Crain, Supervisor and
Chairman, Oconee County,
South Carolina

(SEAL)

ATTEST:

Opal O. Green
Opal O. Green, Clerk,
County Council of Oconee
County, South Carolina

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

First Reading: January 20, 1987
Second Reading: February 3, 1987
Public Hearing and
Third Reading: February 17, 1987

Rec 1/29/87

Jim Fields asked that I have these documents hand delivered to Mr. Bill McGinnis at the Budget and Control Board this morning.

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

008598

South Carolina Department of Health and Environmental Control

2600 Bull Street
Columbia, S.C. 29201

Commissioner
Robert S. Jackson, M.D.



Board

Moses H. Clarkson, Jr., Chairman
Gerald A. Kaynard, Vice-Chairman
Oren L. Brady, Jr., Secretary
Barbara P. Nuessle
James A. Spruill, Jr.
William H. Hester, M.D.
Euta M. Colvin, M.D.

January 28, 1987

EXHIBIT

JAN 29 1987 NO. 14

James P. Fields, Jr.
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC 29211

STATE BUDGET & CONTROL BOARD

Re: Duke Power Company - Pollution Control Facility Bonds,
Oconee Nuclear Station

Dear Mr. Fields:

Thank you for your letter to Commissioner Jarrett of January 19, 1987 in which you request a certificate indicating that certain pollution control facilities will result in the elimination, mitigation, and prevention of air or water pollution.

You enclosed a letter of January 16, 1987, addressed to Commissioner Jarrett, from Mr. John O'Keefe, Duke's vice president for taxes. Also enclosed was a 1983 description of the Oconee Nuclear Station Pollution Control Facility; an Attachment to Description of Duke Power Company Environmental Facilities at the Oconee Nuclear Station; and a copy of DHEC's Certificate dated May 17, 1982 regarding this pollution control facility.

Mr. Heyward Shealy and I have conferred about your request and we are unclear as to the content of the Certificate you desire. I contacted by telephone Mr. O'Keefe of Duke's Charlotte office and he provided some clarification. In the circumstances, I am enclosing an Amended Certificate signed by Commissioner Jarrett and dated January 28, 1987. The amount shown on the Amended Certificate is \$142,000,000. This amount was derived from Item 3 of the Attachment which shows the revised cost of the pollution control facility to be \$141,926,000. This figure, I assume, does not include certain estimated interests, but I have no way of knowing anything about that.

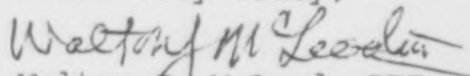
008599

James P. Fields, Jr.
January 28, 1987
Page Two

In the event that the Amended Certificate is unsuitable, or in the event that the figure of \$142,000,000 is unsuitable, please let me hear from you so that the Certificate can be revised.

Herewith being enclosed to you are the original and four copies of the Amended Certificate, the copy of DHEC's Certificate of May 17, 1982, copy of the 1983 Description of the facility, and Attachment to the Description.

Yours very truly,


Walton J. McLeod, III
General Counsel

WJM:tr

Enclosures

cc: Heyward G. Shealy, Chief of Radiological Health

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

008600

A M E N D E D C E R T I F I C A T E

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the industry), has acquired, constructed and installed certain facilities designed for the elimination, mitigation and prevention of air or water pollution and for the disposal of solid waste at its Oconee Nuclear Station, an electric generating plant, located in Oconee, South Carolina; and

WHEREAS, such facilities (hereinafter called the Facility) are fully described in the Description and Attachment attached hereto; 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 is financing the cost of the acquisition, construction, and installation of the Facility through the issuance of bonds in an amount that is presently estimated to be \$142,000,000, pursuant to the authorization of the Pollution Control Facilities Act, Section 48-3-10 et seq., 1976 Code of Laws of South Carolina, and must obtain, pursuant to Section 48-3-60, 1976 Code of Laws of South Carolina, 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 of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of Health and Environmental Control

008601

to determine whether or not the findings required in Section 48-3-60, 1976 Code of Laws of South Carolina can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner of the Department of Health and Environmental Control, having made such a determination, is further empowered by the South Carolina Department 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 pollution control 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 and water pollution.

DONE at Columbia, South Carolina this 28th day of January, 1987.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY: Michael D. Jarrett
Michael D. Jarrett, Commissioner

008602

A M E N D E D C E R T I F I C A T E

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the industry), has acquired, constructed and installed certain facilities designed for the elimination, mitigation and prevention of air or water pollution and for the disposal of solid waste at its Oconee Nuclear Station, an electric generating plant, located in Oconee, South Carolina; and

WHEREAS, such facilities (hereinafter called the Facility) are fully described in the Description and Attachment attached hereto; 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 is financing the cost of the acquisition, construction, and installation of the Facility through the issuance of bonds in an amount that is presently estimated to be \$142,000,000, pursuant to the authorization of the Pollution Control Facilities Act, Section 48-3-10 et seq., 1976 Code of Laws of South Carolina, and must obtain, pursuant to Section 48-3-60, 1976 Code of Laws of South Carolina, 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 of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of Health and Environmental Control

008603

to determine whether or not the findings required in Section 48-3-60, 1976 Code of Laws of South Carolina can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner of the Department of Health and Environmental Control, having made such a determination, is further empowered by the South Carolina Department 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 pollution control 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 and water pollution.

DONE at Columbia, South Carolina this 29th day of January, 1987.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY: Michael D. Jarrett
Michael D. Jarrett, Commissioner

008604

EXHIBIT

JAN 29 1987 NO. 14

AMENDED CERTIFICATE STATE BUDGET & CONTROL BOARD

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the industry), has acquired, constructed and installed certain facilities designed for the elimination, mitigation and prevention of air or water pollution and for the disposal of solid waste at its Oconee Nuclear Station, an electric generating plant, located in Oconee, South Carolina; and

WHEREAS, such facilities (hereinafter called the Facility) are fully described in the Description and Attachment attached hereto; 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 is financing the cost of the acquisition, construction, and installation of the Facility through the issuance of bonds in an amount that is presently estimated to be \$142,000,000, pursuant to the authorization of the Pollution Control Facilities Act, Section 48-3-10 et seq., 1976 Code of Laws of South Carolina, and must obtain, pursuant to Section 48-3-60, 1976 Code of Laws of South Carolina, 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 of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of Health and Environmental Control

008605

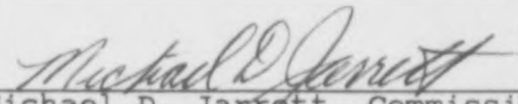
to determine whether or not the findings required in Section 48-3-60, 1976 Code of Laws of South Carolina can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner of the Department of Health and Environmental Control, having made such a determination, is further empowered by the South Carolina Department 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 pollution control 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 and water pollution.

DONE at Columbia, South Carolina this 28th day of January, 1987.

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY:


Michael D. Jarrett, Commissioner

008606

A M E N D E D C E R T I F I C A T E

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the industry), has acquired, constructed and installed certain facilities designed for the elimination, mitigation and prevention of air or water pollution and for the disposal of solid waste at its Oconee Nuclear Station, an electric generating plant, located in Oconee, South Carolina; and

WHEREAS, such facilities (hereinafter called the Facility) are fully described in the Description and Attachment attached hereto; 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 is financing the cost of the acquisition, construction, and installation of the Facility through the issuance of bonds in an amount that is presently estimated to be \$142,000,000, pursuant to the authorization of the Pollution Control Facilities Act, Section 48-3-10 et seq., 1976 Code of Laws of South Carolina, and must obtain, pursuant to Section 48-3-60, 1976 Code of Laws of South Carolina, 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 of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of Health and Environmental Control

008607

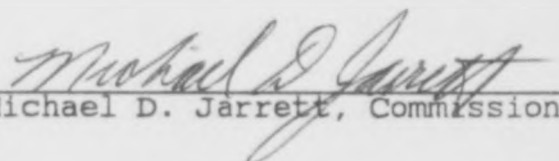
to determine whether or not the findings required in Section 48-3-60, 1976 Code of Laws of South Carolina can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner of the Department of Health and Environmental Control, having made such a determination, is further empowered by the South Carolina Department 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 pollution control 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 and water pollution.

DONE at Columbia, South Carolina this 28th day of January, 1987.

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY:


Michael D. Jarrett, Commissioner

008608

A M E N D E D C E R T I F I C A T E

WHEREAS, DUKE POWER COMPANY, a North Carolina Corporation duly domesticated in South Carolina (the industry), has acquired, constructed and installed certain facilities designed for the elimination, mitigation and prevention of air or water pollution and for the disposal of solid waste at its Oconee Nuclear Station, an electric generating plant, located in Oconee, South Carolina; and

WHEREAS, such facilities (hereinafter called the Facility) are fully described in the Description and Attachment attached hereto; 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 is financing the cost of the acquisition, construction, and installation of the Facility through the issuance of bonds in an amount that is presently estimated to be \$142,000,000, pursuant to the authorization of the Pollution Control Facilities Act, Section 48-3-10 et seq., 1976 Code of Laws of South Carolina, and must obtain, pursuant to Section 48-3-60, 1976 Code of Laws of South Carolina, 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 of the South Carolina Department of Health and Environmental Control has been duly authorized by the South Carolina Department of Health and Environmental Control

008609

to determine whether or not the findings required in Section 48-3-60, 1976 Code of Laws of South Carolina can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner of the Department of Health and Environmental Control, having made such a determination, is further empowered by the South Carolina Department 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 pollution control 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 and water pollution.

DONE at Columbia, South Carolina this 28th day of January, 1987.

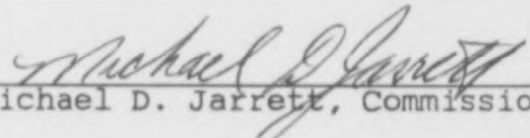
EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

BY:


Michael D. Jarrett, Commissioner

008610

PROPOSED BUT
NOT
ADOPTED
WAM

A RESOLUTION APPROVING THE ISSUANCE BY OCONEE COUNTY, SOUTH CAROLINA, OF (i) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), AND (ii) NOT EXCEEDING \$28,000,000 ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 48, CHAPTER 3 (1976), AS AMENDED.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

WHEREAS, the County Council of Oconee County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Oconee County (the "County") pursuant to the Act of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project") to be used as follows: (1) proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station ; and

WHEREAS, the Project is to be made available to Duke Power Company (the "Company") upon terms which require the Company to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Company by a mortgage and security interest in the Project; and

008611

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Company; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 20, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 48-3-140 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Loan Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Seneca Journal, which is a newspaper having general circulation in Oconee County.

008612

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

Section 5. This Resolution shall take effect immediately.

008613

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: (1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Oconee County to

008614

finance the same, by action de novo instituted in the Circuit Court for Oconee County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 29, 1987.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

008615

A RESOLUTION AUTHORIZING AND DETERMINING TO ISSUE ONE OR MORE SERIES OF BONDS AS DEFINED BY ACT NO. 156 OF THE ACTS OF 1971 OF SOUTH CAROLINA, IN AN AMOUNT NOT TO EXCEED \$60,000,000. THE PROCEEDS OF WHICH WILL BE LOANED TO DUKE POWER COMPANY TO FINANCE THE COST OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES TO BE LOCATED IN OCONEE COUNTY, SOUTH CAROLINA, SUCH BONDS TO BE SECURED BY AND TO BE PAYABLE SOLELY FROM REVENUES TO BE DERIVED BY OCONEE COUNTY UNDER THE TERMS OF A LOAN AGREEMENT BETWEEN OCONEE COUNTY AND DUKE POWER COMPANY.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

WHEREAS, the County of Oconee, South Carolina (the "County") subject to obtaining the necessary approvals from the State Budget and Control Board of South Carolina and the South Carolina Department of Health and Environmental Control, is empowered by Act No. 156 of the Acts of 1971 of South Carolina, known as the Industrial Pollution Control Facilities Act (the "Act"), to assist industries (such term here and hereinafter defined as it is defined in the Act) in protecting the environment by providing a means with which to raise monies to pay the cost of facilities for such purposes and in furtherance thereof is authorized:

- (i) To enter into agreements with Industries to construct and thereafter operate, maintain and improve Pollution Control Facilities (such term here and hereinafter defined as it is defined in the Act),
- (ii) To issue Bonds (such term here and hereinafter defined as it is defined in the Act) for the purpose of defraying

the cost of acquiring, by construction or purchase, Pollution Control Facilities or to issue Bonds for any enlargement, improvement or expansion of any then existing Pollution Control Facilities, the payment of such Bonds to be secured by a pledge of the revenues payable to the County pursuant to a Loan Agreement (such term here and hereinafter defined as it is defined in the Act), as well as by any other security authorized by the Act and deemed advisable by the County,

(iii) To enter into a Loan Agreement with the Industries prescribing the terms and conditions of the payments to be made by the Industries to the County, or its assignee, to meet the payments that shall become due on Bonds to be issued by the County; and

WHEREAS, Duke Power Company, a corporation organized and existing under the laws of the State of North Carolina, and duly domesticated and authorized to conduct business in the State of South Carolina (the Company), is undertaking a program for the construction of a new radwaste facility at its Oconee Nuclear Station (an electric generating plant) located in the County; and

WHEREAS, the Company has advised the County that:

(i) It is undertaking a program for the acquisition, construction and installation of certain air and water pollution control facilities, including but not limited to

008617

a powdered resin recovery system; a waste solidification system; two liquid waste processing systems; a reactor coolant recycle system; and all other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air and water pollution (including excessive heat) at the Oconee Nuclear Station (such air and water pollution control facilities being referred to collectively herein as the "Project"), and

(ii) The Company is desirous of financing the cost of the Project and expenses incident thereto so that investors will receive interest which is exempt from Federal income tax under provisions of Section 103 of the Internal Revenue Code of 1954 (the "Code"), and

(iii) The cost of the Project and expenses incident thereto that could be so financed in accordance with current interpretations of Section 103 of the Code may be as much as ~~fifty~~ ^{sixty} million dollars (\$60,000,000) and it is possible that under later interpretations of Section 103 an additional cost amount might be so financed (hereinafter termed "additional amount"); and

WHEREAS, the Company has requested the County to consider issuing Bonds pursuant to the Act in one or more issues or series, in an aggregate principal amount sufficient to finance the cost of the Project; and

WHEREAS, the Company will be assisted in financing the cost of the Project by a determination by the County to issue Bonds in an aggregate principal amount of up to sixty million dollars (\$60,000,000), plus any additional amount that may later be determined, in one or more series, under the Act, if so requested by the Company, and by the execution of a Loan Agreement providing for payments to the County, or its assignee, in amounts sufficient to pay the principal of such Bonds and the interest and premium, if any, thereon, and such other costs as may be incurred by the County; and

WHEREAS, the County has determined that financing the Project will serve the purposes of the Act; and

WHEREAS, it is intended that the Resolution set forth herein shall constitute a "bond resolution" or "some other similar official action" toward the issuance of the Bonds within the meaning of §1.103-8 (a) (5), of the Income Tax Regulations prescribed by the United States Treasury Department;

NOW, THEREFORE, IT IS RESOLVED BY THE OCONEE COUNTY BOARD OF COMMISSIONERS, THAT:

SECTION 1. There is hereby authorized to be issued and this County hereby determines to issue pursuant to the Act one or more issues or series of Bonds, if so requested by the Company, in an aggregate principal amount to be agreed to by the County and the Company up to sixty million dollars (\$60,000,000), plus any additional amount that may later be determined and is approved by the County in an amendment to this resolution, but not to exceed the estimated cost of the Project as of the time of any such

008619

issuance of Bonds, and to expend the proceeds of the sale thereof to finance the cost of the Project, including all costs of the County in connection with the issuance of the Bonds, such Bonds to be secured by and payable solely from revenues to be derived by the County under the terms of a Loan Agreement to be executed by the Company and the County with respect to the Project, upon such terms and conditions of the Bonds and the Loan Agreement as shall be agreed upon by the Company and the County.

SECTION 2. The Bonds shall bear such dates, mature at such time or times, bear interest at such rate or rates, and contain such other terms and provisions as shall be determined by subsequent resolution of the County.

SECTION 3. The Project shall be financed by the County pursuant to a Loan Agreement under the terms of which the Company will be obligated to make payments to the County, or to its assignee, on the Bonds, as and when the same shall become due and payable and such other costs as may be incurred by the County in connection with the Project.

SECTION 4. The Chairman of the Oconee County Board of Commissioners, or other appropriate representatives of the County are hereby authorized and directed to take such action or actions as are necessary or appropriate to implement this Resolution.

SECTION 5. This Resolution is an affirmative official action of the County toward the issuance of the Bonds as contemplated herein, and in accordance with the purposes of the laws of the State of South Carolina, and the United States Treasury Regulations §1.103-8 (a) (5).

008620

SECTION 6. This Resolution shall take effect immediately.

APPROVED AND ADOPTED THIS 12th day of June, 1980, at a
Regular Meeting of the Oconee County Board of Commissioners, duly
called, proper notice thereof having been given, at Walhalla, South
Carolina.

OCONEE COUNTY BOARD OF COMMISSIONERS

By:

James M. Chinnery
Chairman of the Oconee County
Board of Commissioners

John B. H.

Norman D. Cain

Colman L. Jennings

William H. Frady

Hugh P. Miller

Board of Commissioners

008621

Oconee County Resolution #82-3

RESOLUTION AMENDING OCONEE COUNTY RESOLUTION 80-3 CONCERNING THE ISSUE OF BONDS AS DEFINED BY ACT NO. 156 OF THE ACTS OF 1971 OF SOUTH CAROLINA, THE PROCEEDS OF WHICH WILL BE LOANED TO DUKE POWER COMPANY TO FINANCE THE COST OF THE ACQUISITION CONSTRUCTION AND INSTALLATION OF CERTAIN AIR AND WATER POLLUTION CONTROL FACILITIES TO BE LOCATED IN OCONEE COUNTY, SOUTH CAROLINA, SUCH BONDS TO BE SECURED BY AND TO BE PAYABLE SOLELY FROM REVENUES UNDER THE TERMS OF A LOAN AGREEMENT BETWEEN OCONEE COUNTY AND DUKE POWER COMPANY.

WHEREAS, the County of Oconee, South Carolina (the "County") subject to obtaining the necessary approvals from the State Budget and Control Board of South Carolina and the South Carolina Department of Health and Environmental Control, is empowered by Act No. 156 of the Acts of 1971 of South Carolina, known as the Industrial Pollution Control Facilities Act (the "Act"), to assist industries (such term here and hereinafter defined as it is defined in the Act) in protecting the environment by providing a means with which to raise monies to pay the cost of facilities for such purposes and in furtherance thereof is authorized:

- (i) To enter into agreements with Industries to construct and thereafter operate, maintain and improve Pollution Control Facilities (such term here and hereinafter defined as it is defined in the Act),
- (ii) To issue Bonds (such terms here and hereinafter defined as it is defined in the Act) for the purpose of defraying the cost of acquiring, by construction or purchase, Pollution Control Facilities or to issue Bonds for any enlargement,

008622

improvement or expansion of any then existing Pollution Control Facilities, the payment of such bonds to be secured by a pledge of the revenues payable to the County pursuant to a Loan Agreement (such term here and hereinafter defined as it is defined in the Act), as well as by any other security authorized by the Act and deemed advisable by the County,

(iii) To enter into a Loan Agreement with the Industries prescribing the terms and conditions of the payments to be made by the Industries to the County, or its assignee, to meet the payments that shall become due on Bonds to be issued by the County; and

WHEREAS, Duke Power Company, a corporation organized and existing under the laws of the State of North Carolina, and duly domesticated and authorized to conduct business in the State of South Carolina (the Company), is undertaking a program for the construction of a new radwaste facility (the "Project") at its Oconee Nuclear Station (an electric generating plant) located in the County; and

WHEREAS, by Oconee County Resolution 80-3 dated June 12, 1980, there was authorized to be issued and this County determined to issue pursuant to the Act one or more issues or series of Bonds, if so requested by the Company, in an aggregate principal amount up to sixty million dollars (\$60,000,000), plus any additional amount that might later be determined and be approved by the County in an amendment to Oconee County Resolution 80-3, the proceeds of the sale of the Bonds to be expended to finance the cost of the Project and expenses incident thereto; and

WHEREAS, the Project has been modified so that it will consist of a liquid waste and recycle system, a resin recovery system and a volume reduction and solidification system, and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station; and

WHEREAS, the total of the cost of the Project and expenses incident thereto that could be financed under provisions of Section 103 of the Internal Revenue Code of 1954 is presently estimated to be one hundred thirty million dollars (\$130,000,000); and

WHEREAS, the Company has requested the County to amend Oconee County Resolution 80-3 to increase to an amount that is presently estimated to be one hundred thirty million dollars (\$130,000,000) the amount stated in that resolution for issue of Bonds and further to amend that resolution to incorporate therein the above-stated description of the Project as modified;

NOW, THEREFORE, IT IS RESOLVED BY THE OCONEE COUNTY COUNCIL that Oconee County Resolution 80-3 is hereby amended to increase to an amount that is presently estimated to be one hundred thirty million dollars (\$130,000,000) the amount stated in that resolution for issue of Bonds and to incorporate therein the above-stated description of the Project as modified. This resolution shall take effect immediately.

APPROVED AND ADOPTED this 20TH day of April, 1982 at a Regular Meeting of the Oconee County Council, duly called, proper notice thereof having been given, at Walhalla, South Carolina.

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

008624

OCONEE COUNTY COUNCIL

By:

Norman L. Cain
Chairman

Larry C. Bond
Council Member

Larry R. Butts
Council Member

John R. Hall
Council Member

W. Paul E. Hinger
Council Member

Alton R. Williams
Council Member

CERTIFIED TRUE COPY:

Opal O. Green

OPAL GREEN, CLERK OCONEE COUNTY COUNCIL

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

008625

A RESOLUTION APPROVING THE ISSUANCE BY OCONEE COUNTY, SOUTH CAROLINA, OF (i) NOT EXCEEDING \$25,000,000 PRINCIPAL AMOUNT ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987A (DUKE POWER COMPANY PROJECT), AND (ii) NOT EXCEEDING \$28,000,000 ANNUAL TENDER POLLUTION CONTROL REVENUE BONDS, SERIES 1987B (DUKE POWER COMPANY PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 48, CHAPTER 3 (1976), AS AMENDED.

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

WHEREAS, the County Council of Oconee County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Oconee County (the "County") pursuant to the Act of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project") to be used as follows: (1) proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station ; and

WHEREAS, the Project is to be made available to Duke Power Company (the "Company") upon terms which require the Company to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Company by a mortgage and security interest in the Project; and

008626

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Company; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on January 20, 1987;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 48-3-140 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Company, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Loan Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Company, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Seneca Journal, which is a newspaper having general circulation in Oconee County.

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

Section 5. This Resolution shall take effect immediately.

008628

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$28,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: (1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Oconee County to

008679

finance the same, by action de novo instituted in the Circuit Court for Oconee County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: January 29, 1987.

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

008630

MAR - 2 1987

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

EXHIBIT
JAN 29 1987 NO. 14
STATE BUDGET & CONTROL BOARD

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES S. KONDURIS
D. WAYNE CORLEY
E. MILEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY M. SHEEDEN
STEPHEN KORLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
H. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
RHETT DAWSON*
SCOTT F. BARNES
K. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. MILEOD, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON II
PETER L. MURPHY
C. ALAN RUMYAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILMOT B. IRVIN
APRIL C. LUCAS
ROBERT E. STEPP
KATHLEEN CRUM MURNEY
E. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE*
CARL S. CARRUTH
JOHN W. HUNTER*
J. WESLEY CRUM II
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER MCG. HOLMES
DEBORAH K. OWEN*

SARA S. ROGERS
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDLEMAN
JANE W. TRINKLEY
J. LYLES GLENN IV
CELESTE TILLEN JONES
KATHERINE ELIZABETH MMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALISON RENEE LEE
MARTHA R. MUMFILLIN
GREGORY D. DILGACH
WILLIAM ASHLEY JORDAN, JR.
MICHAEL M. BEAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. RARRIN HUNTER
ROBERT F. McMAHAN, JR.

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

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803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

February 26, 1987

*NOT ADMITTED IN SOUTH CAROLINA

Mr. William A. McInnis
State Budget and Control Board
Wade Hampton Office Building, Room 600
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$25,000,000 Oconee County, South Carolina,
Annual Tender Pollution Control Revenue Bonds,
Series 1987 A (Duke Power Company Project)

\$10,000,000 Oconee County, South Carolina,
Annual Tender Pollution Control Revenue Bonds,
Series 1987 B (Duke Power Company Project)

Dear Mr. McInnis:

This is to confirm with you that the above-referenced bond issue
closed on February 26, 1987 as scheduled.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/rnb

008631

EXHIBIT

McNAIR LAW FIRM, P. A.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 1201

NCNB PLAZA

7 NORTH LAURENS STREET

GREENVILLE, SOUTH CAROLINA 29601

803-271-4940

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES S. KONDOUROS
O. WAHNE CORLEY
E. MILEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY M. SNEEDEN
STEPHEN KOPLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN K. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
RHETT DAWSON*
SCOTT Y. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. MILEOD, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES P. FIELDS, JR.
M. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RAYMAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILFOT B. IRVIN
ARPH C. LUCAS
ROBERT E. STERF
KATHLEEN CRUM MCKINNEY
E. RUSSELL JETER, JR.
WILLIAM MICHAEL HOUSE*
CARL B. CARRUTH
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ALISON RENEE LEE
MARTHA P. MCMILLIN
GREGORY D. DOLDOACH
WILLIAM ASHLEY JORDAN, JR.
MICHAEL M. REAL
DEBORAH ANN DAVIS
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT F. WILMAHAN, JR.

*NOT ADMITTED IN SOUTH CAROLINA

February 9, 1987

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

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803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

Mr. William A. McInnis
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$25,000,000 Oconee County, South Carolina
Annual Tender Pollution Control Revenue Bonds
Series 1987 A (Duke Power Project)

\$10,000,000 Oconee County, South Carolina
Annual Tender Pollution Control Revenue Bonds
Series 1987 B (Duke Power Project)

Dear Mr. McInnis:

Enclosed please find Duke Power Company check #212012 in the amount of \$4,000.00 made payable to the State Treasurer in connection with the above-referenced bond issue.

If I can be of further assistance, please call me.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/rnb
Enclosure

008632

FEB 12 1987

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

ROBERT E. MINAR
TERRELL L. GLENN
JAMES S. KONDURIS
D. WAYNE CONLEY
E. MLEDD SHOLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY M. SHEEDEN
STEPHEN KORLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN H. LUMPKIN, JR.
M. WILLIAM YOUNGBLOOD, JR.
JOHN W. CURRIE
RHETT DAWSON*
SCOTT F. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DAVID R. MLEDD, JR.
WILLIAM S. ROSE, JR.
HUEL D. ADAMS, JR.

JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
BRENTON D. JEFFCOAT
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C. ALAN RUNYAN
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WILMOT B. IRVIN
APRIL C. LUCAS
ROBERT E. STEFF
KATHLEEN CRUM WIKINNEY
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1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

February 6, 1987

*NOT ADMITTED IN SOUTH CAROLINA

Mr. William A. McInnis
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$25,000,000 Oconee County, South Carolina
Annual Tender Pollution Control Revenue Bonds
Series 1987 A (Duke Power Project)

\$10,000,000 Oconee County, South Carolina
Annual Tender Pollution Control Revenue Bonds
Series 1987 B (Duke Power Project)

Dear Mr. McInnis:

In accordance with Board Regulation 19-102.05 I am enclosing an affidavit certifying that the notice of the Board's approval of the above-referenced bond issue was published in The Seneca Journal on January 30, 1987. The Board approved this issue at its meeting on January 29, 1987.

If you need anything further, please give me a call.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page
Nancy Page

NP/rnb
Enclosure

008633

PUBLISHER'S AFFIDAVIT

STATE OF SOUTH CAROLINA.

COUNTY OF OCONEE.

IN RE: Legal Notice - Duke Power Co.

BEFORE ME, the undersigned, a Notary Public for the State and County above named, this day personally came J.A. Gallimore, who, being first duly sworn, according to law, says that he is the publisher of The Seneca Journal, a semi-weekly newspaper published at Seneca, in said County and State, and that the publication, (of which the annexed is a true copy), was published in said paper on the 30 day of January, 1987, and once each week thereafter for consecutive weeks, and that the rate charged therefor is not in excess of the regular rates charged private individuals for similar advertisements.

(Signed) J.A. Gallimore
Publisher.

SUBSCRIBED and sworn to before me this 31

day of January, A.D. 1987.

Sharon M. Hedden
Notary Public for South Carolina.

My commission expires 3/9/94

008634

LEGAL NOTICE

NOTICE PURSUANT TO
THE PROVISIONS
OF SOUTH CAROLINA
CODE ANNOTATED,
TITLE 48, CHAPTER 3 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 48-3-140 of South Carolina Code Annotated, Title 48, Chapter 3 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Oconee County, South Carolina, has given its approval to the following undertaking by Oconee County, South Carolina:

The issuance by Oconee County of its (i) not exceeding \$25,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987A (Duke Power Company Project), and (ii) not exceeding \$12,000,000 Annual Tender Pollution Control Revenue Bonds, Series 1987B (Duke Power Company Project) (the Series 1987A and Series 1987B Bonds are collectively referred to as the "Bonds"), to defray the cost of acquiring certain pollution control facilities, as defined in the Act (the "Project"), located in Oconee County, to be used as follows: 1) the proceeds of the Series A Bonds will be used to refund a portion of the \$102,000,000 Oconee County, South Carolina, Pollution Control Revenue Bonds, Series A (Duke Power Company Project) issued June 1, 1983; (2) the proceeds of the Series B Bonds will be made available to Duke Power Company to defray the cost of completing the acquisition, construction and installation of a liquid waste and recycle system, a resin recovery system, a volume reduction and solidification system and other machinery, devices, equipment, facilities, systems, structures and appurtenances to abate, eliminate, control or prevent air or water pollution (including excessive heat) and to dispose of solid waste at the Oconee Nuclear Station. The Project will be made available to Duke Power Company which will unconditionally covenant to make payments sufficient to pay the principal and interest in the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by Duke Power Company for the use of the Project.

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

STATE BUDGET AND
CONTROL BOARD

By: WILLIAM A. McINNIS, Secretary
Dated: January 29, 1987.

008635

JAN 21 1987

MCNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW

SUITE 1201

NCNB PLAZA

7 NORTH LAURENS STREET

GREENVILLE, SOUTH CAROLINA 29601

803-271-4940

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES E. WOODWARD
D. WAYNE CORLEY
E. MUELO SINGLETARY
CHARLES ROSTER
ROBERT W. ORRILE, JR.
EMORY W. SKEEDEN
STEPHEN KIRKMAN
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN W. LUMPKIN, JR.
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BRYETT DAWSON*
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OF COUNSEL

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803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

January 19, 1987

*NOT ADMITTED IN SOUTH CAROLINA

Mr. William A. McInnis
State Budget and Control Board
Room 600 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: Not Exceeding \$53,000,000 Oconee County, South
Carolina, Annual Tender Pollution Control
Revenue Bonds, Series 1987 (Duke Power Company
Project)

Dear Mr. McInnis:

I have enclosed the Transmittal Form and the documents
requested by the State Budget and Control Board in connection
with the Duke Power Company bond issue. This issue consists
of a \$25,000,000 refunding issue and a not exceeding
\$28,000,000 new money issue.

On November 3, 1982 the State Budget and Control Board
approved \$130,000,000 of bonds for Duke Power. In this
regard, the Company issued \$102,000,000 on June 1, 1983.
Duke Power is now requesting the remaining \$28,000,000 to be
used for cost over-runs.

Wayne Corley has discussed this matter with you
following the issuance of Executive Order 87-01. If the
Board determines that an allocation of \$28,000,000 for Duke
Power is not appropriate, the Company requests the Board
approve a request of \$10,000,000. I have therefore enclosed
two copies of the Budget and Control Board Resolution and
Public Notice; one approving a \$28,000,000 issue and one
approving \$10,000,000.

I have also enclosed a check from Duke Power Company in
the amount of \$5,000 which is the required amount for an

008636

issue of \$50,000,000 or more. If the Board should allocate only \$10,000,000, thus lowering the approved amount to \$35,000,000, I would request the Board refund \$1,000 to Duke Power since an issue of \$35,000,000 requires a \$4,000 approval fee.

Please let me or Wayne know if you have any questions or if we can be of assistance in any way.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy Page

Nancy Page

NP/rnb

Enclosures

cc: O. Wayne Corley, Esquire

EXHIBIT

JAN 29 1987

NO. 14

STATE BUDGET & CONTROL BOARD

008637

TRANSMITTAL FORM, REVENUE BONDS

Date: January 21, 1987
Submitted for BCB Meeting on:
January 29, 1987

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.

Name of Law Firm
Greenville, S.C. 29601

City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$53,000,000
Amount of Issue
Oconee County, S.C.
Issuing Authority Name

Pollution Control Revenue Bonds
Type of Bonds or Notes
February 25, 1987
Projected Issue Date

Project Name: Duke Power Company
Project Description: (See Attached)

EXHIBIT

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

Employment as result of project: Total Employment: 2300 Est. Increase of 35

CEILING ALLOCATION REQUIRED

<u>X</u>	Yes (\$ 28,000,000 ³)	<u> </u>	No
	Amount		

Amount
*or such lesser amount
approved by the Board

REFUNDING INVOLVED

X Yes (\$25,000,000) No
Amount

PROJECT APPROVED PREVIOUSLY

Yes () No X
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. X Inducement Resolution or comparable preliminary approval (executed copy)
- D. Standard Form Investment Letter from bonds purchaser (executed original)
- (Purchaser: _____)

OR ☒ Audited financial statements for three most recent years

- E. X * Department of Health and Environmental Control certificate IF REQUIRED *to be furnished under
F. X Budget and Control Board Resolution and Public Notice (original) separate cover
[Plus 4 copies for certification and return to counsel]
G. X Processing fee

G.	x	Processing fee
----	---	----------------

Amount \$ \$5,000 Check No. 764761
Payor Duke Power Company

Bond Counsel: Nancy Page Typed Name

By: T. L. Perry Page
Signature

008638

JAN 21 1987
2:46 P.M.
2 of 2 - LG

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

Date: January 21, 1987
Submitted for BCB Meeting on:
January 29, 1987

McNair Law Firm, P.A.
Name of Law Firm
Greenville, S.C. 29601
City, State, Zip Code

Suite 1201 NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: Not Exceeding \$53,000,000
Amount of Issue
Oconee County, S.C.
Issuing Authority Name

Pollution Control Revenue Bonds	
Type of Bonds or Notes	February 25, 1987
Projected Issue Date	

EXHIBIT

Project Name: Duke Power Company
Project Description: (See Attached)

JAN 29 1987 NO. 14

STATE BUDGET & CONTROL BOARD

Employment as result of project: Total Employment: 2300 Est. Increase of 35

PROJECT APPROVED PREVIOUSLY

X Yes (\$ 28,000,000*) No

Amount

*or such lesser amount approved by the Board

X Yes (\$25,000,000) No
Amount

Yes () X No
Date

DOCUMENTS ENCLOSED:

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

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. X Inducement Resolution or comparable preliminary approval (executed copy)
- D. Standard Form Investment Letter from bonds purchaser (executed original)
- (Purchaser: _____)

OR ☒ Audited financial statements for three most recent years

- E. X * Department of Health and Environmental Control certificate IF REQUIRED *to be furnished under
F. X Budget and Control Board Resolution and Public Notice (original) separate cover
[Plus 4 copies for certification and return to counsel]
G. X Processing fee

G.	x	Processing fee
----	---	----------------

Amount	\$ 5,000	Check No.	764761
Payor	Duke Power Company		

Bond Counsel: Nancy Page Typed Name

By: Tanya Pae Signature

008639

EXHIBIT

JAN 29 1987

NO. 15

STATE BUDGET AND CONTROL BOARD AR SESSION
MEETING OF JANUARY 29, 1987

ITEM NUMBER

7

AGENCY: University of South Carolina

SUBJECT: \$5,400,000 Student and Faculty Housing Revenue Bonds

On May 27, 1986, the Board approved the establishment of the USC-Coastal Residence Hall Complex permanent improvement project, following the favorable review of the project by the Bond Committee. The estimated cost of the 426-bed student housing complex was \$5,000,000. Student and Faculty Housing Revenue Bonds were to be issued to finance the project. The bonds were to be issued as an exercise of the authority granted to the University of South Carolina in Act 904 of 1960 under which the aggregate of such bonds outstanding at any one time is not to exceed \$25 million. At November 30, 1986, \$17,447,000 of such bonds were outstanding.

Bond counsel for USC now advises that construction of the facilities has begun and that the University has found the total amount necessary to finance the project requires the issuance of \$5,400,000 of bonds. Presumably, USC also will ask that the budget of the project be revised. No expenditures on the project were reported to the Statewide Permanent Improvements Reporting System (SPIRS) as of December 30.

Bond counsel also advises that the USC Board of Trustees solicited proposals from a number of investment banking firms and received five financing proposals. Counsel further indicates that the Trustees propose to sell the bonds to Cranston Securities Company, the underwriter which offered the lowest underwriting cost to the University. With the Board's approval, the Trustees may sell these bonds at negotiated sale which is what they propose.

Act 904 also calls for the review of the issue by the Joint Bond Review Committee.

*JBRC favorable review
Summary 16-87, item 14*

BOARD ACTION REQUESTED:

Adopt a resolution approving the negotiated sale of \$5,400,000 USC Student and Faculty Housing Revenue Bonds, Series 1987, to finance the acquisition of student housing facilities for USC-Coastal Carolina.

ATTACHMENTS:

Proposed resolution.

008640

EXHIBIT

JAN 29 1987

NO. 15

STATE OF SOUTH CAROLINA)

USC Student and Faculty Housing

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and
Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

The Honorable Robert N. McLellan, Chairman of the House
Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 11 a.m., on Thursday, January 29, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

AGAINST MOTION

5

0

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

March 16, 1987

William A. McInnis

008641

A RESOLUTION APPROVING THE NEGOTIATED SALE OF \$5,400,000 UNIVERSITY OF SOUTH CAROLINA STUDENT AND FACULTY HOUSING REVENUE BONDS, SERIES 1987, TO FINANCE THE COST OF ACQUIRING STUDENT HOUSING FACILITIES FOR USC--COASTAL CAROLINA

BE IT RESOLVED BY THE SOUTH CAROLINA BUDGET AND CONTROL BOARD, IN MEETING DULY ASSEMBLED:

ARTICLE 1. Findings of Fact. As an incident to the adoption of this resolution the South Carolina Budget and Control Board (the "State Board") makes the following findings of fact:

1. Act No. 904 of the 1960 Acts of the South Carolina General Assembly as amended (the "Enabling Act") authorizes the trustees of the University (the "Trustees") to issue bonds pursuant thereto, provided that the aggregate of all bonds outstanding thereunder shall not at any time exceed \$25,000,000.

2. Heretofore, under date of March 29, 1971, the Trustees adopted the Student and Faculty Housing Revenue Bond Resolution (the "Bond Resolution") as a means of providing for the issuance of such student and faculty housing revenue bonds, several issues of which are now outstanding. By action taken on February 13, 1986 the Trustees approved the acquisition, constructing and equipping of a 426-bed resident facility at Coastal Carolina. A copy of the Board's approval is attached hereto and incorporated herein as Exhibit A.

3. By certificate executed May 27, 1986, the State Budget and Control Board approved this project and the financing therefor in the amount of \$5,000,000. A copy of such approval is attached hereto as Exhibit B and incorporated herein.

4. Based upon such authorizations the University has begun the construction of the facilities and has found that the total amount necessary to finance the project (including amounts necessary to pay interest on the bonds during the construction period) requires the issuance of \$5,400,000 of such housing revenue bonds.

5. Section 9 of the Enabling Act permits the Trustees to sell such bonds at negotiated sale with the approval of the State Board.

6. The Trustees solicited request for proposals from a number of investment banking firms and received five (5) such proposals for the financing of the facilities above described. The Trustees by resolution duly adopted on January 22, 1987, a copy of which is attached hereto as Exhibit C and incorporated herein propose to sell such bonds to Cranston Securities Company, the underwriter which offered the lowest underwriting cost to the University in response to its request for proposals.

EXHIBIT

008642

JAN 29 1987

NO. 15

STATE BUDGET & CONTROL BOARD

ARTICLE 2. Approval of Issuance of Bonds. Pursuant to the Enabling Act as last amended in 1979 the State Board hereby approves the issuance of \$5,400,000 of University of South Carolina Student and Faculty Housing Revenue Bonds, Series 1987.

EXHIBIT

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

008643

A RESOLUTION APPROVING THE NEGOTIATED SALE OF \$5,400,000 UNIVERSITY OF SOUTH CAROLINA STUDENT AND FACULTY HOUSING REVENUE BONDS, SERIES 1987, TO FINANCE THE COST OF ACQUIRING STUDENT HOUSING FACILITIES FOR USC--COASTAL CAROLINA

BE IT RESOLVED BY THE SOUTH CAROLINA BUDGET AND CONTROL BOARD, IN MEETING DULY ASSEMBLED:

ARTICLE 1. Findings of Fact. As an incident to the adoption of this resolution the South Carolina Budget and Control Board (the "State Board") makes the following findings of fact:

1. Act No. 904 of the 1960 Acts of the South Carolina General Assembly as amended (the "Enabling Act") authorizes the trustees of the University (the "Trustees") to issue bonds pursuant thereto, provided that the aggregate of all bonds outstanding thereunder shall not at any time exceed \$25,000,000.

2. Heretofore, under date of March 29, 1971, the Trustees adopted the Student and Faculty Housing Revenue Bond Resolution (the "Bond Resolution") as a means of providing for the issuance of such student and faculty housing revenue bonds, several issues of which are now outstanding. By action taken on February 13, 1986 the Trustees approved the acquisition, constructing and equipping of a 426-bed resident facility at Coastal Carolina. A copy of the Board's approval is attached hereto and incorporated herein as Exhibit A.

3. By certificate executed May 27, 1986, the State Budget and Control Board approved this project and the financing therefor in the amount of \$5,000,000. A copy of such approval is attached hereto as Exhibit B and incorporated herein.

4. Based upon such authorizations the University has begun the construction of the facilities and has found that the total amount necessary to finance the project (including amounts necessary to pay interest on the bonds during the construction period) requires the issuance of \$5,400,000 of such housing revenue bonds.

5. Section 9 of the Enabling Act permits the Trustees to sell such bonds at negotiated sale with the approval of the State Board.

6. The Trustees solicited request for proposals from a number of investment banking firms and received five (5) such proposals for the financing of the facilities above described. The Trustees by resolution duly adopted on January 22, 1987, a copy of which is attached hereto as Exhibit C and incorporated herein propose to sell such bonds to Cranston Securities Company, the underwriter which offered the lowest underwriting cost to the University in response to its request for proposals.

EXHIBIT

JAN 29 1987

NO. 15

STATE BUDGET & CONTROL BOARD

008644

ORIGINALLY
PROPOSED -
WAS REVISED
SUBSEQUENTLY
THIS VERSION WAS
NOT ADOPTED.
WTH

ARTICLE 2. Approval of Negotiated Sale. Pursuant to Section 9 of the Enabling Act the State Board hereby approves the sale of \$5,400,000 of University of South Carolina Student and Faculty Housing Revenue Bonds, Series 1987, to Cranston Securities Company.

EXHIBIT

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

008645

JAN 23 1987

UNIVERSITY OF SOUTH CAROLINA

OFFICE OF THE BOARD OF TRUSTEES

The excerpt below is taken from the printed Minutes of the Board of Trustees meeting and/or a meeting of a Committee of the Board.

Full Board
Board/Committee

February 13, 1986
Date of Meeting

b. USC-Coastal Carolina Housing: Mr. Goldsmith remarked that in the October meeting the Board of Trustees approved a resolution directing the University Administration to take the necessary steps to provide housing where needed on the Four-Year Campuses, either by ownership of the housing development by the University or through cooperation with private enterprise in providing housing where needed. As a result of that resolution and based on the need at Coastal Carolina campus, the administration made a thorough study and presented to the Buildings and Grounds Committee meeting in January a request for authorization to construct a 426 bed resident facility at Coastal Carolina to be financed through a \$5 million bond issue. At the Buildings & Grounds Committee meeting in January, it was thoroughly discussed and the administration was asked to make a more detailed economic feasibility study and to report back to the Committee. On behalf of the Buildings & Grounds Committee, Mr. Goldsmith moved that approval be given for a resident facility for Coastal Carolina for 426 beds, not to exceed \$5 million and conditioned on the two tests that were set forth in the study: Test A - The net revenues must exceed one hundred ten percent (110%) of the principal and interest payment; and Test B - The annual Net Revenue must be at least one hundred thirty percent (130%) of the annual average debt service as projected by the study. Mr. Adams seconded the motion; vote was taken and the motion carried.

EXHIBIT

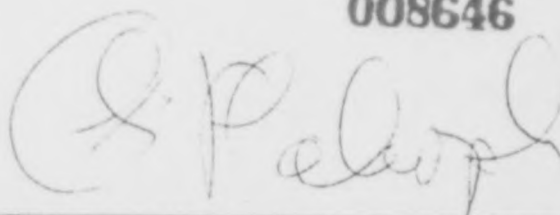
JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

I hereby certify the above Minute
of the Board of Trustees.

EXHIBIT A

008646



Secretary to Board of Trustees

June 26, 1986
Date

UNIVERSITY OF SOUTH CAROLINA
OFFICE OF THE BOARD OF TRUSTEES

The excerpt below is taken from the printed Minutes of the Board of Trustees meeting and/or a meeting of a Committee of the Board.

Full Board

Board/Committee

October 10, 1985

Date of Meeting

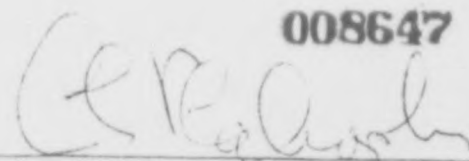
III. Master Plan Change: The President was asked to address the change in the Master Plan and directed attention to a resolution asking the Commission on Higher Education to revise the wording in the South Carolina Master Plan for Higher Education with respect to the commuting arrangements on the three Four-Year campuses: USC-Aiken, USC-Coastal Carolina and USC-Spartanburg. At the moment, those campuses are prohibited by the Master Plan adopted in 1979 from having the University enter into the sale of revenue generating bonds for the construction of dormitories because these campuses are restricted to being commuter campuses. The nature of those campuses has changed as the nature of the Columbia campus has changed. With the absolute limit on enrollment on this campus at the undergraduate level of 14,000, and with 7,000 to 8,000 applicants for 2500 freshmen places, many highly qualified students will be going to the Four-Year campuses. These campuses are gaining their own reputations nationally and regionally. Increases in enrollments this fall were: USC-Spartanburg, 14 percent; USC-Coastal Carolina, 11 percent; and USC-Aiken, between 7 & 8 percent. There is a need to develop within each of the campuses a strong sense of community with students living on campus. The administration feels it is better to have that kind of facility under the control of the University than have it stand outside of its control; however, it will continue to work with the privately constructed dormitory facilities at USC-Aiken and USC-Spartanburg. In closing, the President asked the Board to address the resolution to the Commission on Higher Education for its approval and incorporation into its South Carolina Master Plan for Higher Education. Chairman Wienges read the resolution with corrections. (See Exhibit A) Mr. Floyd moved adoption of the resolution; Mr. Benson seconded the motion, and it passed.

EXHIBIT

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

I hereby certify the above Minute of the Board of Trustees.

008647

Secretary to Board of Trustees
June 26, 1986
Date

RESOLUTION

WHEREAS, the University of South Carolina has maintained campuses at Aiken, Conway and Spartanburg since 1961, 1960 and 1967 respectively; and

WHEREAS, these campuses were originally established as two-year programs and subsequently recognized as four-year college campuses offering programs of study through the baccalaureate degree in 1976, 1975, and 1975 respectively; and

WHEREAS, these campuses have emerged from their status as two-year community colleges to that of multifaceted colleges with strong commitments to community service; and

WHEREAS, the South Carolina Master Plan for Higher Education (1979) states in pertinent part with respect to student housing at USC-Aiken, USC-Coastal Carolina College and USC-Spartanburg that such institutions are "regional institutions" and as such as intended to serve "the local area for commuting students;" and

WHEREAS, the University of South Carolina System administration, in consultation with the Chancellor and appropriate campus constituencies on each campus, has determined that amendment of the Master Plan to permit the University of South Carolina the construction or acquisition of student residence halls on these three campuses will enhance the further development of such campuses by establishing a living/learning environment and will further enhance student retention;

NOW THEREFORE BE IT RESOLVED that the University of South Carolina Board of Trustees hereby approves such amendments to the South Carolina Master Plan for Higher Education (1979) and authorizes the administration to take such further steps as are reasonably necessary to effect such amendments by the South Carolina Commission on Higher Education.

EXHIBIT**JAN 29 1987 NO. 15****STATE BUDGET & CONTROL BOARD****008648**

EXHIBIT B

MAY 6 - 1986

MAY 6 1986

BUDGET AND CONTROL BOARD FORM A-13 PAGE 1
STATEWIDE PERMANENT IMPROVEMENT REPORTING SYSTEM (SPIRS)

For Board Use Only

38-86(9)

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT
FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR _____

1. PROJECT IDENTIFIERS:

A. Agency: Number H-32 Name USC-Coastal

B. Contact Person David P. Rinker Phone: 777-5993

C. Project Name: Residence Hall Complex # 9043

D. Facility Affected: Name USC-Coastal Number H

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation):

Construct dormitory at USC-Coastal

Site Description: (Attach a map showing project location)

Location: Horry 25 Conway

county code city site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation):

See attached documents

(What specific needs does this project address?):

EXHIBIT

JAN 29 1987

NO. 15

STATE BUDGET & CONTROL BOARD

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

Private development

5. PRIORITY: This project is priority number 1 of 1 projects proposed in this program.

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes _____ No X If yes, complete and attach addendum A-49

Complex will be self-supporting according to State Law.

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 5,000,000

B. Total estimated cost of project includes the following (1. through 10 = 7A above)

- (1) \$ 250,000 Planning/design services
- (2) 150,000 Site work (including utilities)
- (3) _____ Central energy systems repair/replacement
- (4) _____ Mechanical systems repair/replacement
- (5) _____ General renovation/repair of floor space (Gross sq. ft. _____)
- (6) _____ Roof repair/replacement
- (7) 4,400,000 Construction of additional floor space: (Gross sq. ft. 91,700)
- (8) _____ Equipment/supplies
- (9) _____ Purchase of facilities: (Floor space, gross sq. ft. _____)
- (10) 200,000 Other (Specify) Contingency, Bond fees, tests, etc.

S

Total (Same as 7 A)

008649

23

C. Total estimated cost of project by broad purpose. Total cost: \$ 5,000,000
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>5,000,000</u>	8. Other: _____	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: _____ \$ _____
(Expenditure purposes (use 7B categories): _____)

B. Estimated expenditures after this FY: _____ \$ _____

C. Total (Same as 7A, 7B and 7C): _____ \$ _____

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer I D Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds ✓	\$ _____					
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds /						
(3) Revenue Bonds Housing ✓	5,000,000	8211	38800100		9001	0700
(4) Excess Dept Service ✓						
(5) Appropriated State ✓						
(7) Federal ✓						
(8) Athletic ✓						
(9) Other ✓						
TOTAL (Same as 7A)	\$ 5,000,000					

EXHIBIT

JAN 29 1987

NO. 15

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official: David P. Rinker
David P. Rinker
System Vice President for Facilities Planning

Date Submitted: 5/5/86
FY Submitted: 85-86

11. APPROVED (For Board Use Only):

William A. McInnis
Typed Name and Title and Signature

WILLIAM A. McINNIS
Deputy Executive Director

MAY 27 1986

Date

PROJECT NUMBER: _____

PROJECT NAME: _____

008650

215

EXHIBIT C

Discussion Draft - For Board Review - McNair Law Firm -
January 14, 1987

A RESOLUTION

SUPPLEMENTING A RESOLUTION ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STUDENT AND FACULTY HOUSING REVENUE BONDS OF THE UNIVERSITY OF SOUTH CAROLINA," ADOPTED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF SOUTH CAROLINA ON THE 29TH DAY OF MARCH, 1971, BY MAKING PROVISION FOR THE ISSUANCE OF \$5,400,000 UNIVERSITY OF SOUTH CAROLINA STUDENT AND FACULTY HOUSING REVENUE BONDS, SERIES 1987, TO RAISE MONEYS TO FINANCE THE COST OF ACQUIRING STUDENT HOUSING FACILITIES FOR USC-COASTAL CAROLINA.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

EXHIBIT

ARTICLE I

JAN 29 1987

NO. 15

DEFINITIONS

STATE BUDGET & CONTROL BOARD

SECTION 1.01.

Certain terms used in this Resolution are defined terms with definitions set forth in Article II of the Resolution entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STUDENT AND FACULTY HOUSING REVENUE BONDS OF THE UNIVERSITY OF SOUTH CAROLINA," adopted by the Board of Trustees of the University of South Carolina on the 29th day of March, 1971, and whenever such terms are used, they shall have the meanings given to them in said Article II.

ARTICLE II

FINDINGS OF FACT

SECTION 2.01.

It is found as follows:

008651

1. Heretofore, under date of March 29, 1971, the Trustees adopted the Student and Faculty Housing Revenue Bond Resolution (the "Bond Resolution") as a means of providing for the issuance of: (a) Bonds of the University whose proceeds are to be used for financing Facilities, (b) Bonds of the University issued for the purposes of refunding by exchange Outstanding Bonds, and (c) Bonds of the University issued for the purpose of effecting the refunding of Bonds issued to finance Facilities.

2. In and by the Bond Resolution, it is expressly provided that Bonds shall be issued pursuant to a resolution expressed to be supplemental to the Bond Resolution.

3. Act No. 904 of the 1960 Acts of the South Carolina General Assembly, as amended (the "Enabling Act") authorizes the Trustee to issue bonds pursuant thereto, provided that the aggregate of all bonds outstanding shall not at any time exceed twenty five million dollars (\$25,000,000) plus such further sums as the Trustees determine to borrow from time to time for the purpose of refunding all or any part of the bonds theretofore issued.

4. The Enabling Act in Section 2 mandates that all such bonds "shall be payable from the entire revenues derived by the University from all student and faculty housing facilities which it may now or hereafter possess, and such revenues shall be pledged to the payment..." of such bonds.

5. The Enabling Act in Section 10(6) also contemplates that

EXHIBIT

2

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD
008652

all additional bonds shall be issued on a parity with the bonds originally issued thereunder.

6. At the time the first issue of bonds was authorized under the Enabling Act in 1971 the mission of the regional campuses of USC was to be commuter facilities. Consequently the basic bond resolution of 1971 excluded from the definition of "Facilities," any dormitories on the regional campuses.

7. The Trustees, having now received approval of the Commission on Higher Education to remove the prohibition contained in the Commission's 1979 Master Plan on the construction of dormitory facilities for such regional campuses and having received approval of the Budget and Control Board and of the Joint Bond Review Committee, to acquire the student and faculty housing facilities herein authorized, are in a position to amend the definition of "Facilities" in the Bond Resolution and to comply with the mandate of the Enabling Act that the revenues to be derived from such facilities shall be pledged, equally and ratably, to the payment of all student and faculty housing revenue bonds of the University.

8. Heretofore the Trustees authorized the acquisition and construction of a 426 bed residence facility at USC Coastal Carolina, provided that a test, comparable to the test for the issuance of additional bonds under the Bond Resolution, could be met.

9. It is contemplated that the revenues to be derived from the Facilities to be constructed for USC-Coastal Carolina will be

fully sufficient to amortize the principal of and interest on the Bonds herein authorized. Consequently, the Trustees have determined that issuing the bonds herein authorized on a parity with all outstanding bonds issued under the Enabling Act will enhance and not diminish the security granted to all bondholders.

10. Computations have been made as required by the provisions of Article IV of the Bond Resolution and it has been determined that all of the requirements of such article relating to the issuance of bonds have or will be met on or before the delivery of the Bonds authorized by this Supplemental Resolution.

On the basis of the foregoing, the Trustees adopt this Resolution in order to modify the Bond Resolution in the particulars hereafter set forth, and to provide for the issuance of \$5,400,000 Student and Faculty Housing Revenue Bonds, Series 1987, in order to raise the funds so required for the acquisition and construction of a 426 bed residence facility for USC-Coastal Carolina (the "Project").

ARTICLE III

PROVISIONS AMENDING BOND RESOLUTION

SECTION 3.01.

Section 2.02(11) of the Bond Resolution is amended by deleting therefrom any reference in the definition of Facilities which would seek to limit the provisions of the Enabling Act, including, without limitation, the following sentence: "This term shall exclude facilities of this sort which may hereafter be

established in connection with the operation of any regional branches of the University."

SECTION 3.02.

As amended Section 2.02(11) of the Bond Resolution shall provide as follows:

"(11) Facilities or Student and Faculty Housing Facilities shall mean all the dormitories, student dwelling quarters and facilities, houses, residences, apartment buildings, used or designed for use as student and faculty housing, and all furniture, furnishings and equipment therein, which are now owned by the University for any of such purposes, and which are used or are useful in carrying out the functions of the University. The term Student and Faculty Housing Facilities shall likewise include such property which may be the subject of leasehold estates in favor of the University, and such property as to which the University has become the beneficial owner, if such property be acquired for or shall be used for student or faculty housing. Such term shall not be deemed to include the residence of the President of the University, or such portions of the said facilities as are used by matrons or proctors of student dormitories, such facilities being specifically excluded from the definition.

EXHIBIT

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

EXHIBIT

ARTICLE IV

JAN 29 1987

NO. 15

ISSUANCE OF BONDS

STATE BUDGET & CONTROL BOARD

SECTION 4.01.

Pursuant to the Bond Resolution, as herein amended, and in order to raise the moneys required to pay the cost of the Project, Bonds shall be issued in the principal amount of \$5,400,000. Such Bonds shall be designated "University of South Carolina Student and Faculty Housing Revenue Bonds, Series 1987 (the "Series 1987 Bonds").

*Not Attached
or when*
The Series 1987 Bonds shall be in form substantially as set forth in Exhibit "A." The Series 1987 Bonds shall mature in annual installments on June 1 in the years and principal amounts and bear interest as follows:

<u>Year</u>	<u>Principal Payments</u>	<u>Interest Rate*</u>	<u>Year</u>	<u>Principal Payments</u>	<u>Interest Rate*</u>
1988	\$ 35,000	4.00%	2003	\$160,000	7.10%
1989	70,000	4.50	2004	175,000	7.10
1990	70,000	4.80	2005	185,000	7.10
1991	80,000	5.10	2006	200,000	7.10
1992	80,000	5.35	2007	215,000	7.10
1993	85,000	5.60	2008	225,000	7.20
1994	90,000	5.85	2009	245,000	7.20
1995	95,000	6.05	2010	265,000	7.20
1996	100,000	6.20	2011	285,000	7.20
1997	110,000	6.35	2012	305,000	7.20
1998	115,000	6.50	2013	325,000	7.20
1999	125,000	6.65	2014	350,000	7.20
2000	130,000	6.80	2015	375,000	7.20
2001	140,000	7.10	2016	405,000	7.20
2002	150,000	7.10	2017	210,000	7.20

*Preliminary; subject to change.

SECTION 4.02.

The Series 1987 Bonds shall be issued in fully registered form, and shall be payable as to interest on the first days of

June and December of each year during the life of the Series 1987 Bonds, with the first payment to be made on June 1, 1987.

SECTION 4.03.

Both the principal of, premium, if any, and interest on the Series 1987 Bonds, shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts. Interest on the Series 1987 Bonds shall be payable by check drawn upon the Paying Agent and mailed to the registered holders at the addresses appearing on the books of the Registrar on the Record Date. Principal of and premium, if any, on the Series 1987 Bonds shall be paid when due upon presentation and surrender of such Series 1987 Bonds at the principal corporate office of the Paying Agent.

_____ is hereby designated Paying Agent and Registrar for the Series 1987 Bonds.

SECTION 4.04.

Except as provided in Section 4.05 hereafter, if notice thereof is given in accordance with the applicable provisions of the Bond Resolution, the Series 1987 Bonds shall be subject to redemption prior to maturity, at the option of the University, as follows:

(a) The Series 1987 Bonds (or the installments thereof) maturing on or before June 1, 1996, shall not be subject to redemption; and

(b) The Series 1987 Bonds, maturing in the years 1997 through 2017 shall be subject to redemption in whole or in part,

but if in part, in inverse numerical order (or in inverse chronological order of the principal installments thereof) and in multiples of \$5,000, on any interest payment date on and after December 1, 1996, at the principal amount thereof, plus accrued interest to the date of redemption, in accordance with the following schedule:

- (i) 3% of the principal amount if redeemed December 1, 1996 through _____;
- (ii) 2-1/2% of the principal amount if redeemed _____;
- (iii) 2% of the principal amount if redeemed _____;
- (iv) 1-1/2% of the principal amount if redeemed _____.

ARTICLE V

SALE OF BONDS

SECTION 5.01.

The Series 1987 Bonds shall be sold to Cranston Securities Company pursuant to the provisions of the Bond Purchase Agreement dated February __, 1987.

SECTION 5.02.

The Series 1987 Bonds shall be printed forthwith and when printed shall be executed by the facsimile signature of the Chairman of the Trustees, the Seal of the University shall be reproduced thereon and attested by the manual signature of the Secretary of the Board of Trustees of the University or of any assistant or acting secretary and by the manual signature of the Vice President for Business and Finance. Upon execution, the

Series 1987 Bonds shall be delivered upon the receipt of the purchase price therefor.

ARTICLE VI

DISPOSITION OF PROCEEDS OF SALE OF SERIES 1987 BONDS

SECTION 6.01.

Upon delivery of the Series 1987 Bonds all proceeds therefrom shall be paid to the State Treasurer and shall be used to pay the cost and expenses of issuing the Series 1987 Bonds and to pay costs incurred and to be incurred in acquiring the Project.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01.

This resolution is expressly declared to be supplemental to the Bond Resolution.

SECTION 7.02.

Upon the delivery of the Series 1987 Bonds, they shall constitute "Bonds" as such term is used in the Bond Resolution and shall be entitled to the benefit of all covenants and agreements made available by the Bond Resolution for all Bonds at any time outstanding.

SECTION 7.03.

Appropriate steps as required by Section 16.02 the Bond resolution shall be taken with respect to the additional covenants

assumed by the University and the Trustees pursuant to Article III hereof.

SECTION 7.04.

All resolutions, or parts thereof, inconsistent herewith, be and the same are hereby rescinded and repealed to the extent of such inconsistencies.

SECTION 7.05.

The computations made by the Chief Financial Officer of the University pursuant to Section 4.05 of the Bond Resolution herewith presented in the form of this certificate is hereby approved.

SECTION 7.06.

This resolution has been prepared and is being executed in several counterparts, each of which is an original and all of which are identical. Each counterpart so executed shall be deemed an original of this resolution and all counterparts hereof are to be deemed but one instrument.

SECTION 7.07.

A request shall be made on behalf of the Board of Trustees of the University of South Carolina to approve pursuant to Section 9 of the Enabling Act the issuance of the Series 1987 Bonds in the manner herein prescribed.

DONE IN MEETING DULY ASSEMBLED, this ____ day of January,
1987.

Chairman, Board of Trustees of
the University of South
Carolina

(SEAL)

Attest:

Secretary, Board of Trustees
of the University of South
Carolina

EXHIBIT

JAN 29 1987

NO. 15

EXHIBIT A

STATE BUDGET & CONTROL BOARD

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
UNIVERSITY OF SOUTH CAROLINA
STUDENT AND FACULTY HOUSING REVENUE BOND
SERIES 1979

NO. R- ____

\$3,000,000

The UNIVERSITY OF SOUTH CAROLINA (the University), for value received, hereby promises to pay to the UNITED STATES OF AMERICA, SECRETARY OF HOUSING AND URBAN DEVELOPMENT, or his successor (the Payee) or his registered assigns (the Alternate Payee), the principal sum of THREE MILLION DOLLARS, on the first day of June, in years and installments as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Principal Year</u>	<u>Amount</u>
1982	\$ 5,000	2001	\$ 80,000
1983	5,000	2002	90,000
1984	10,000	2003	100,000
1985	15,000	2004	110,000
1986	20,000	2005	120,000
1987	25,000	2006	130,000
1988	30,000	2007	140,000
1989	35,000	2008	150,000
1990	40,000	2009	150,000
1991	40,000	2010	150,000
1992	45,000	2011	150,000
1993	45,000	2012	150,000
1994	45,000	2013	150,000
1995	50,000	2014	150,000
1996	55,000	2015	150,000
1997	60,000	2016	150,000
1998	65,000	2017	100,000
1999	70,000	2018	45,000
2000	75,000		

in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment

008662

of public and private debts, and to pay interest from the date of the delivery of this Bond as established by the certificate of the State Treasurer of the State of South Carolina appearing hereon, on the principal sum or the balance thereof from time to time remaining unpaid, in like coin or currency, at the rate of three per centum (3%) per annum, payable on June 1 and December 1 of each year, commencing December 1, 1979, until the principal amount hereof has been paid. During the time the Payee is the registered owner of this Bond, payment of the principal installments and interest due shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia, or such other fiscal agent as the Payee shall designate (herein called the Fiscal Agent). During such time as an Alternate Payee is the registered owner hereof, said payment shall be made at the principal office of The South Carolina National Bank, in the City of Columbia, State of South Carolina (the Paying Agent), or, at the option of the Alternate Payee, at the principal office of Morgan Guaranty Trust Company of New York, in the City of New York, State of New York (the Alternate Paying Agent). Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted on the payment record made a part of this Bond, and if payment is made at the office of the Fiscal Agent or Alternate Paying Agent, written notice of the making of such notations shall be promptly sent to the University at the office of the Paying

Agent, and such payment shall fully discharge the obligation of the University hereon to the extent of the payments so made. Upon final payment of principal and interest this Bond shall be submitted to the Paying Agent for cancellation and surrender to the University.

This Bond, designated as "University of South Carolina Student and Faculty Housing Revenue Bond, Series 1979" (herein referred to as the "Bond"), limited to an aggregate principal amount of Three Million Dollars (\$3,000,000), is issued pursuant to a Resolution entitled "A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STUDENT AND FACULTY HOUSING REVENUE BONDS OF THE UNIVERSITY OF SOUTH CAROLINA," duly adopted by the Board of Trustees of the University of South Carolina (the Trustees) on March 29, 1971, and a resolution supplementary thereto (collectively, the Bond Resolution), and under and in full compliance with the Constitution and Statutes of the State of South Carolina, including particularly Act No. 904 of the Acts of the General Assembly of the State of South Carolina for the year 1960, as amended (hereinafter called the Enabling Act), to raise funds with which to pay the cost of acquiring and converting a building in the City of Columbia, South Carolina, known as the Wade Hampton Hotel Building in order that it might be used as a student and faculty housing facility.

THIS BOND ranks equally, and is on a parity in all respects, with outstanding bonds of certain other issues of

Student and Faculty Housing Revenue Bonds of the University, which outstanding bonds are more fully described in the Bond Resolution.

As provided in the Bond Resolution, this Bond is exchangeable at the sole expense of the University, at any time, upon ninety days notice, at the request of the registered owner hereof and upon surrender of this Bond to the University at the office of the Paying Agent, in the City of Columbia, State of South Carolina, for negotiable coupon bonds, payable to bearer, registrable as to principal only, in the denomination of \$5,000 each, in the aggregate principal amount equal to the unpaid principal amount of this Bond, and in the form of such coupon Bond as provided for in the Bond Resolution.

In addition to the installments of principal required to be paid by the University as hereinabove set forth, the University shall have the right to prepay on any interest payment date beginning with the interest payment date December 1, 1988, the principal installments due on or after June 1, 1989, or any portion thereof as it may determine in inverse chronological order thereof and in multiples of \$5,000, at the respective redemption prices set

forth below and expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Price
December 1, 1988 through June 1, 1993	103%
December 1, 1993 through June 1, 1998	102-1/2%
December 1, 1998 through June 1, 2003	102%
December 1, 2003 through June 1, 2008	101-1/2%
December 1, 2008 through June 1, 2013	101%
December 1, 2013 and thereafter	100%

In addition, this Bond is subject to mandatory redemption in whole at any time or in part on any interest payment date, but if in part in the inverse chronological order of the principal installments hereof and in multiples of \$5,000, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the date of redemption with such portion of the net proceeds of the sale (if it shall hereafter occur) of the facilities acquired with the proceeds of the Bonds, Series 1979, and known as the Wade Hampton Hotel Building, as shall become applicable thereto upon the redemption of outstanding Student and Faculty Housing Revenue Bonds of the University in accordance with the provision of paragraph 3 of Section 11.02 of the Bond Resolution.

Notice of any such prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date, the amount of principal and the premium, if any, to be prepaid.

EXHIBIT

JAN 29 1987

NO. 15

5

STATE BUDGET & CONTROL BOARD

008666

This Bond may be assigned, and upon such assignment, the assignor shall promptly notify the University at the office of the Paying Agent by registered mail, and the Alternate Payee shall surrender the same to the Paying Agent, either in exchange for a new fully registered bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every such assignee shall take this Bond subject to such condition.

Both the principal of and interest on this Bond are payable from: (a) the entire revenues (as the same are defined in the Bond Resolution) derived by the University from all student and faculty housing facilities (as the same are defined in the Bond Resolution), and (b) from all loan subsidies (as such term is defined in the Bond Resolution) to which the University may hereafter become entitled, and such revenues and such loan subsidies are irrevocably pledged to the payment of the principal and interest on this Bond. The faith and credit of neither the State of South Carolina nor of the Trustees is pledged to the payment of either the principal of or interest on this Bond, nor shall any member of the Trustees, or any person signing this Bond, be personally liable hereon.

The Bond Resolution permits the issuance of additional bonds by the University, payable from the

revenues and loan subsidies pledged to the payment of this Bond, and such bonds, if issued in accordance with the provisions of the Bond Resolution, shall rank equally and be on a parity with this Bond.

The Trustees hereby agree that they will operate and maintain the student and faculty housing facilities from whose revenues the principal of and interest on this Bond are payable in an efficient and economical manner, and that they will fix and maintain such rentals and charges for such facilities as shall at all times be sufficient to pay the interest on and the principal of this Bond, as and when the same become due and payable, and to enable the University to discharge all obligations assumed by it in the Bond Resolution.

Under authority of the Enabling Act, and by the Bond Resolution, there has been created and granted to and in favor of the holder or holders of this Bond, a statutory lien which is hereby recognized as valid and binding on the student and faculty housing facilities from whose revenues the principal of and interest on this Bond are payable, and such facilities shall remain subject to said statutory lien to the extent provided by the Bond Resolution until the payment in full of the interest on and principal of this Bond. Upon the happening of any event of default, as defined in the Bond Resolution, the principal of this Bond may become or may be declared forthwith due and payable in

the manner and with the effect provided for in the Bond Resolution.

THIS BOND and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, and to be performed precedent to or in the issuance of this Bond, exist, have happened and have been done and performed in regular and due time, form and manner, and that the amount of this Bond does not exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the UNIVERSITY OF SOUTH CAROLINA has caused this Bond to be signed by the Chairman of its Board of Trustees by his facsimile signature, under

its Corporate Seal reproduced hereon, attested by the manual signature of the Vice President for Finance of the University of South Carolina, and this Bond to be dated as of the 1st day of June, 1979.

UNIVERSITY OF SOUTH CAROLINA

(SEAL)

By: _____
Chairman, Executive
Committee of the Board of
Trustees

ATTEST:

H I B I T

By: _____
Vice President for Finance
of the University of
South Carolina

JAN 29 1987 NO. 15

STATE BUDGET & CONTROL BOARD

AGENCY: Joint Bond Review Committee

SUBJECT: Release of "New Start" Projects in Priority Group 10

The Bond Committee has agreed to the release of 24 "new start projects" included in Priority Group 10 (for initiation during the January - June 1987 period). They represent a total of \$31,871,458 of Capital Improvement Bond funds which are scheduled for draw as follows:

Jan - June 1987	Group 10	\$9,739,222
July - Dec 1987	" 11	3,288,778
Jan - June 1988	" 12	2,882,586
July - Dec 1988	" 13	2,804,000
Jan - June 1989	" 14	2,446,872
July - Dec 1989	" 15	4,833,000
Jan - June 1990	" 16	5,877,000

EXHIBIT

JAN 29 1987

NO. 16

STATE BUDGET & CONTROL BOARD

The Board's particular attention is called to the Committee's inclusion as new start projects in Group 10 of two asbestos abatement projects. One is listed at \$1,000,000 for a Clemson University dormitory. The other is \$792,000 for the MUSC Teaching Hospital. Project details are being sought.

A third asbestos abatement project also is considered by the Committee as having been released. It is a \$1,200,000 USC Columbia - Columbia Hall (dormitory) abatement project. It does not appear as a new start in Group 10 because the Committee applied the \$500,000 released in Group 9 for general asbestos abatement to this USC project. The Board has not approved the establishment of any of these three projects.

Board staff also question the use of capital improvement bond funds to finance asbestos abatement in dormitories in view of the proviso in Part I, Section 130 of the Appropriations Act for 1986-87 (copy attached). That proviso says that fees applicable to student housing shall be sufficient to fully cover the total direct operating and capital expenses of providing such facilities and services over their expected useful life.

The effect of these Committee actions on asbestos abatement projects, if the Board were to concur in them, is that none of the \$8.2 million of capital improvement bond funds authorized for asbestos abatement is available to pay for surveying the asbestos situation. The \$5,208,000 balance is now scheduled as follows: \$508,000, Group 12, January - June 1988; \$2,000,000 Group 13, July - December, 1988; and \$2,700,000 Group 14, January - June 1989.

BOARD ACTION REQUESTED:

Consult with Joint Bond Review Committee by agreeing to the release of all "new start" projects in Priority Group 10 except #5 and #9 in the schedule attached (Clemson and MUSC asbestos projects) and by asking the Committee to agree to release \$627,000 additional in Group 10 for asbestos survey and related purposes with trailing draws of \$923,000 in Group 11, \$883,500 in Group 12, and \$868,500 in Group 13.

ATTACHMENTS:

Smith January 9, 1987 letters to McInnis plus schedule; Part I, Section 130 of Appropriations Act; extracts from bond acts and Appropriations Act on bond fund scheduling.

008671

JAN - 9 1987

Capital Improvements Joint Bond Review Committee

HORACE C. SMITH

SENATE
CHAIRMAN

SCOTT R. INKLEY

DIRECTOR OF RESEARCH AND ADMINISTRATION/
BUDGET AND CONTROL BOARD LIAISON



MARION P. CARNELL

HOUSE OF REPRESENTATIVES
VICE CHAIRMAN

LIB CROFT

ADMINISTRATIVE ASSISTANT

734-2824

3090

P.O. BOX 142 TELEPHONE (803)-~~758-5088~~ OR -~~8900~~

ROOM 410, GRESSETTE BUILDING

Columbia, South Carolina 29202

SENATE MEMBERS:

HORACE C. SMITH
JAMES M. WADDELL, JR.
WILLIAM W. DOAR, JR.
HUGH K. LEATHERMAN
THOMAS L. MOORE

HOUSE MEMBERS:

MARION P. CARNELL
JENNINGS G. MCABEE
T.W. EDWARDS, JR.
R.N. MCLELLAN
Larry Blanding

January 9, 1987

EXHIBIT

JAN 29 1987

NO. 16

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
Wade Hampton Bldg.
Columbia, South Carolina 29201

In Re: Capital Improvement Bond Funded Projects
Priority Group #10

Dear Mr. McInnis:

Transmitted herewith for the Budget and Control Board's review is the Joint Bond Review Committee's Priority Group No. 10 listing of Capital Improvement Bond Funded projects which was finalized at the Committee meeting of January 7, 1987.

There are twenty-four projects in Group No. 10 representing \$31,871,458 of authorized Capital Improvement Bonds.

With kind regards, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Horace C. Smith".

Senator Horace C. Smith, Chairman
Joint Bond Review Committee

HCS:lc
Enc. Priority Group #10
cc: Mr. Bill Clement
Acting State Engineer

008672

Capital Improvements
Joint Bond Review Committee

S-14-87 JAN - 9 1987

HORACE C. SMITH
SENATE
CHAIRMAN

SCOTT R. INKLEY
DIRECTOR OF RESEARCH AND ADMINISTRATION/
BUDGET AND CONTROL BOARD LIAISON



MARION P. CARNELL
HOUSE OF REPRESENTATIVES
VICE CHAIRMAN

LIB CROFT
ADMINISTRATIVE ASSISTANT

734-2824 3090

P.O. BOX 142 TELEPHONE (803)-758-5088 OR -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29202

January 9, 1987

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Larry Blanding

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
600 Wade Hampton Bldg.
Columbia, South Carolina 29201

EXHIBIT

JAN 29 1987 NO. 16

STATE BUDGET & CONTROL BOARD

In Re: S-14-87
(1-4) B&C Board/Gen. Services
(5-6) The Citadel
(7-9) Medical University
(11) Mental Retardation Dept.

Dear Mr. McInnis:

Transmitted herewith is Summary #14-87, pages 1-4, indicating Joint Bond Review Committee approval, at the meeting of January 7, 1987, of various projects for the above referenced agencies and departments.

As you requested, per your letter of January 6, 1987, which transmitted S-14-87, Item #4 which establishes the B&C Board-General Services State-wide Asbestos Survey & Emergency Abatement project is to be considered as a source-of-funds type project only. As individual projects are established for funding under this lump sum project, the amount of funding will be transferred to the particular agency and/or department involved. In this connection, it should be noted that at the meeting of January 7, 1987, the Committee approved the following transfers:

Item 5 USC-Columbia ----- \$1,200,000
" 9 Clemson University ----- \$1,000,000
" 9 Medical University of SC ---- \$ 792,000

008673

JOINT BOND REVIEW COMMITTEE

Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Page 1

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
1 Adjutant General Hartsville Armory Improvements	38,000						
			Total for all draws:		38,000		
2 Adjutant General Spartanburg Armory Improvements	33,000						
			Total for all draws:		33,000		
3 Adjutant General Manning Armory Improvements	20,000						
			Total for all draws:		20,000		
4 Adjutant General St. Matthews Armory Improvements	24,000						
			Total for all draws:		24,000		
Adjutant General <<< TOTALS >>>	115,000		Adjutant General totals:		115,000		
5 Clemson University Asbestos Abatement	500,000	500,000					
			Total for all draws:		1,000,000		
Clemson University <<< TOTALS >>>	500,000	500,000	Clemson University totals:		1,000,000		
6 Col. of Charleston Craig Union Cafeter. Renovation & Expans.	300,000						
			Total for all draws:		300,000		

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STATE BUDGET & CONTROL BOARD

JAN 29 1987 NO. 16

EXHIBIT

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Capital Improvements
Joint Bond Review Committee

S-14-87 JAN - 9 1987

HORACE C. SMITH
SENATE
CHAIRMAN

SCOTT R. INKLEY
DIRECTOR OF RESEARCH AND ADMINISTRATION/
BUDGET AND CONTROL BOARD LIAISON



MARION P. CARNELL
HOUSE OF REPRESENTATIVES
VICE CHAIRMAN

LIB CROFT
ADMINISTRATIVE ASSISTANT

734-2824 3090

P.O. BOX 142 TELEPHONE (803)-758-5000 OR -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29202

January 9, 1987

SENATE MEMBERS:

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THOMAS L. MOORE

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R.N. McLELLAN
Larry Blanding

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
600 Wade Hampton Bldg.
Columbia, South Carolina 29201

EXHIBIT

JAN 29 1987 NO. 16

STATE BUDGET & CONTROL BOARD

In Re: S-14-87
(1-4) B&C Board/Gen. Services
(5-6) The Citadel
(7-9) Medical University
(11) Mental Retardation Dept.

Dear Mr. McInnis:

Transmitted herewith is Summary #14-87, pages 1-4, indicating Joint Bond Review Committee approval, at the meeting of January 7, 1987, of various projects for the above referenced agencies and departments.

As you requested, per your letter of January 6, 1987, which transmitted S-14-87, Item #4 which establishes the B&C Board-General Services State-wide Asbestos Survey & Emergency Abatement project is to be considered as a source-of-funds type project only. As individual projects are established for funding under this lump sum project, the amount of funding will be transferred to the particular agency and/or department involved. In this connection, it should be noted that at the meeting of January 7, 1987, the Committee approved the following transfers:

Item 5	USC-Columbia -----	\$1,200,000
" 9	Clemson University -----	\$1,000,000
	Medical University of SC ----	\$ 792,000


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Mr. W. A. McInnis
Page 2
January 9, 1987

The Clemson and MUSC transfers are reflected in the Priority Group #10 Projects Release. The USC-Columbia transfer is not shown on the Priority Group #10 listing since their first draw came in Priority Group #9.

With kind regards, I am

Sincerely,

A handwritten signature in cursive script, appearing to read "Horace C. Smith".

Senator Horace C. Smith, Chairman
Joint Bond Review Committee

HCS:lc

cc: Mr. Bill Clement
Acting State Engineer

Enc. S-14-87, pgs. 1-4

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JOINT BOND REVIEW COMMITTEE

Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Page 1

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
1 Adjutant General Hartsville Armory Improvements	38,000						
			Total for all draws:	38,000			
2 Adjutant General Spartanburg Armory Improvements	33,000						
			Total for all draws:	33,000			
3 Adjutant General Manning Armory Improvements	20,000						
			Total for all draws:	20,000			
4 Adjutant General St. Matthews Armory Improvements	24,000						
			Total for all draws:	24,000			
Adjutant General <<< TOTALS >>>	115,000		Adjutant General totals:	115,000			
5 Clemson University Asbestos Abatement	500,000	500,000					
			Total for all draws:	1,000,000			
Clemson University <<< TOTALS >>>	500,000	500,000	Clemson University totals:	1,000,000			
6 Col. of Charleston Craig Union Cafeter. Renovation & Expans.	300,000						
			Total for all draws:	300,000			

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EXHIBIT
JAN 29 1987 NO. 16
STATE BUDGET & CONTROL BOARD

JOINT BOND REVIEW COMMITTEE

Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Page 2

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
Col. of Charleston <<< TOTALS >>>	300,000						
		Col. of Charleston totals:		300,000			
7 Francis Marion Col. Library Expansion	55,000	60,000	756,000	744,000	744,000	33,000	
		Total for all draws:		2,392,000			
Francis Marion Col. <<< TOTALS >>>	55,000	60,000	756,000	744,000	744,000	33,000	
		Francis Marion Col. totals:		2,392,000			
8 Lander College Physical Education Complex	25,000	175,000	225,000	225,000	1,500,000	2,000,000	5,877,000
		Total for all draws:		10,027,000			
Lander College <<< TOTALS >>>	25,000	175,000	225,000	225,000	1,500,000	2,000,000	5,877,000
		Lander College totals:		10,027,000			
9 Medical Univ. of SC Asbestos Abatement	792,000						
		Total for all draws:		792,000			
Medical Univ. of SC <<< TOTALS >>>	792,000						
		Medical Univ. of SC totals:		792,000			
10 TEC Midlands Multipurp. Resource Center	350,000	1,800,000	1,800,000	1,800,000	170,000		
		Total for all draws:		5,920,000			

EXHIBIT
JAN 29 1987 NO. 16
STATE BUDGET & CONTROL BOARD

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JOINT BOND REVIEW COMMITTEE

Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Page 3

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
TEC	350,000	1,800,000	1,800,000	1,800,000	170,000		
<<< TOTALS >>>			TEC totals:	5,920,000			
<hr/>							
11 Mental Health Anderson State Vets. Nursing Home	200,000					2,800,000	
			Total for all draws:	3,000,000			
<hr/>							
Mental Health <<< TOTALS >>>	200,000		Mental Health totals:	3,000,000		2,800,000	
<hr/>							
12 Forestry Commission Newberry Office	175,000	175,000	66,586				
			Total for all draws:	416,586			
<hr/>							
Forestry Commission <<< TOTALS >>>	175,000	175,000	66,586				
			Forestry Commission totals:	416,586			
<hr/>							
13 Wildlife Webb Center Renovation	40,000	40,000					
			Total for all draws:	80,000			
<hr/>							
Wildlife <<< TOTALS >>>	40,000	40,000	Wildlife totals:	80,000			
<hr/>							
14 PRT Mountain Bridge Project	750,000						
			Total for all draws:	750,000			

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EXHIBIT
JAN 29 1987 NO. 16
STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987

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STATE BUDGET & CONTROL BOARD

JOINT BOND REVIEW COMMITTEE

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Priority Group Number Ten
Capital Improvement Bond Funded Projects

Friday January 9, 1987 9:31 AM

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
PRT	750,000						
<<< TOTALS >>>			PRT totals:	750,000			

15 Clarks Hill-Russ. Au
Property Acquisition
& Development

5,000,000
Total for all draws: 5,000,000

Clarks Hill-Russ. Au
<<< TOTALS >>>

5,000,000
Clarks Hill-Russ. Au totals:

16 Empl. Security Comm.
Myrtle Beach Office

195,000
Total for all draws: 195,000

17 Empl. Security Comm.
Bennettesville
Office

126,560
Total for all draws: 228,000

18 Empl. Security Comm.
Walterboro Office

132,552
Total for all draws: 239,000

19 Empl. Security Comm.
Georgetown Office

155,552
Total for all draws: 262,000

20 Empl. Security Comm.
Lancaster Office

300,000
Total for all draws: 300,000

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JOINT BOND REVIEW COMMITTEE

Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Page 5

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
21 Empl. Security Comm. Barnwell Office	109,710	83,290					
			Total for all draws:	193,000			
22 Empl. Security Comm. Hartsville Office	223,000						
			Total for all draws:	223,000			
23 Empl. Security Comm. Gaffney Office	144,848	116,152					
			Total for all draws:	261,000			
Empl. Security Comm. <<< TOTALS >>>	1,387,222	513,778	Empl. Security Comm. totals:	1,901,000			
24 Aeronautics Comm. Airport Improvements Misc. Fac. Repair/De	50,000	25,000	35,000	35,000	32,872		
			Total for all draws:	177,872			
Aeronautics Comm. <<< TOTALS >>>	50,000	25,000	35,000	35,000	32,872		
			Aeronautics Comm. totals:	177,872			

EXHIBIT
JAN 29 1987 NO. 16
STATE BUDGET & CONTROL BOARD

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EXHIBIT

JAN 29 1987 NO. 16

STATE BUDGET & CONTROL BOARD

JOINT BOND REVIEW COMMITTEE

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Friday January 9, 1987 9:31 AM

Priority Group Number Ten
Capital Improvement Bond Funded Projects

Project	Group 10 (Jan-June '87)	Second Draw (July-Dec '87)	Third Draw (Jan-June '88)	Fourth Draw (July-Dec '88)	Fifth Draw (Jan-June '89)	Sixth Draw (July-Dec '89)	Seventh Draw (Jan-June '90)
All Projects	9,739,222	3,288,778	2,882,586	2,804,000	2,446,872	4,833,000	5,877,000
			Total for ALL projects:	31,871,458			

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EXHIBIT

JAN 29 1987

NO. 16

STATE BUDGET & CONTROL BOARD

EXHIBIT

JAN 29 1987

NO. 16

STATE BUDGET & CONTROL BOARD

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remittance and transfers of funds to the General Fund of the State required by law.

SEC. 130. During the Fiscal Year 1986-87, student fees at the State institutions of higher learning shall be fixed by the respective Boards of Trustees as follows:

(1) Fees applicable to student housing, dining halls, student health service, parking facility, laundries and all other personal subsistence expenses shall be sufficient to fully cover the total direct operating and capital expenses of providing such facilities and services over their expected useful life.

(2) Student Activity Fees may be fixed at such rates as the respective Boards shall deem reasonable and necessary.

SEC. 131. The University of South Carolina, Clemson University, the Medical University of S. C. (including the Medical University Hospital), The Citadel, Winthrop College, S. C. State College, Francis Marion College, College of Charleston, Lander College and the Wil Lou Gray Opportunity School shall remit all revenues and income, collected at the respective institutions, to the State Treasurer according to the terms of Section 1 of this Act, but all such revenues or income so collected, except fees received as regular term tuition, matriculation, and registration, shall be carried in a special continuing account by the State Treasurer, to the credit of the respective institutions, and may be requisitioned by said institutions, in the manner prescribed in Section 129 of this Act, and expended to fulfill

ACT 538 OF 1986 (the big bond act)

EXHIBIT

JAN 29 1987

NO. 16

Committee to schedule authorizations

STATE BUDGET & CONTROL BOARD

SECTION 3. The Joint Bond Review Committee shall schedule the authorizations as provided in Section 1 of this act into the statewide capital improvements priority schedule it has previously adopted.

ACT 540 OF 1986 (Appropriations Act, Part I, Section 122)

Provided, Further, That the Budget and Control Board, after review of the Joint Bond Review Committee, is hereby authorized and directed to regulate the starting date of the various projects approved for funding through the issuance of Capital Improvement Bonds so as to insure that the appropriations for debt service on such bonds, as provided in this Section, shall be sufficient during Fiscal Year 1986-87.

ACT 547 OF 1986 (prison bond act)

Conditions of authorization

SECTION 3. No project authorized in whole or in part for capital improvement bond funding under the provisions of Act 1377 of 1968, as amended, may be implemented until funds can be made available and until the Joint Bond Review Committee, in consultation with the Budget and Control Board, establishes priorities for the funding of the projects. The Joint Bond Review Committee shall report its priorities to the members of the General Assembly within thirty days of the establishment of the funding priorities.

008680

008681

EXHIBIT

JAN 29 1987

NO. 17

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER

9

AGENCY: General Services

SUBJECT: Asbestos Task Force

The Division of General Services advises that, early in fiscal year 1986-87, the Budget and Control Board authorized the Division to develop a plan of action regarding the abatement of asbestos-related hazards in State-owned buildings.

The General Assembly authorized \$8.2 million in general obligation bonds and another \$10 million in loan authorization (which is to come from the Insurance Reserve Fund and be repaid) for abatement-related activities. The Bond Committee now has scheduled the \$8.2 million of capital improvement bond funds as follows:

	Jul-Dec 86 Group 9	Jan-Jun 87 Group 10	Jul-Dec 87 Group 11	Jan-Jun 88 Group 12	After June 88
USC - Dormitory	500,000	600,000	100,000	-0-	-0-
Clemson - Dorm	-0-	500,000	500,000	-0-	-0-
MUSC - Hospital	-0-	792,000	-0-	-0-	-0-
B & C Board	-0-	-0-	-0-	508,000	4,700,000
	500,000	1,892,000	600,000	508,000	4,700,000

The Task Force agrees that the USC, Clemson and MUSC asbestos abatement projects are top priority. It does express concern that the work included in the plan approved by the Board in October of 1986 cannot go forward because no funds are made available under the Bond Committee's action.

The Task Force proposes that the following capital improvement bonds be scheduled for surveying the asbestos situation in State-owned buildings and related work (these are the amounts shown in agenda item 8 which are proposed for release):

	Group 10	Group 11	Group 12	Group 13	Total
Research & Training	105,000	30,000	15,000	-0-	150,000
Davis & Floyd, Inc.	472,000	893,000	841,000	841,000	3,047,000*
DHEC	50,000	-0-	27,500	27,500	105,000**
	627,000	923,000	883,500	868,500	3,302,000

*An estimated \$1,563,000 additional will be required for Groups 14 and 15 periods.

**An estimated \$55,000 additional will be required for Groups 14 and 15 periods.

BOARD ACTION REQUESTED:

Receive as information the Task Force report on priority asbestos abatement activities and estimated costs of survey and related work.

ATTACHMENTS:

Agenda item worksheet and attachment

008682

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

January 29, 1987

Blue Agenda
☒ Regular Session Agenda
☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Division Director

2. Subject:

3. Summary Background Information:

Early in FY '86-'87, the Budget and Control Board authorized the Division of General Services to establish an Asbestos Task Force to develop a plan of action regarding the abatement of asbestos related hazards in state-owned buildings. Additionally, the Joint Bond Review Committee authorized \$8.2M in G.O. bonds and another \$10M in loan authorization for abatement related activities and also authorized the \$8.2M in G.O. bonds to be disbursed in six allotments over the next 3½ years.

EXHIBIT

JAN 29 1987

NO. 17

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

The Budget and Control Board is asked to submit to the Joint Bond Review Committee a request to adjust the priority release schedule in order to move available funds forward to meet the expenditures of the attached Summary and Schedule.

5. What is recommendation of the Board Division involved?

6. Recommendation of other office (as required)?

(a) Office Name _____ (b) Signature _____

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
 from Submitter

008683

EXHIBIT

JAN 29 1987

NO. 17

SUMMARY

STATE BUDGET & CONTROL BOARD

The Joint Bond Review Committee in its meeting of January 7, 1987, approved the transfer of funds from the \$8.2 million Statewide Asbestos Abatement Project to three (3) specific projects. By doing so the Joint Bond Review Committee moved up the scheduling of funds so that sufficient funds would be available at this time to cover \$2.9 million of anticipated projects at the University of South Carolina (\$1.2 million), Clemson University (\$1.0 million) and the Medical University of South Carolina \$0.792 million).

At this time and as a result of the JBRC action there are no funds available to provide for the other needs of the Statewide Abatement Project.

In consideration of the priority schedule of funding as developed by the Joint Bond Review Committee, the Asbestos Abatement Task Force determined that its first priorities would be to identify the magnitude of the asbestos problem confronting the State of South Carolina and to develop an in-house methodology for assisting in responding to the problem:

1. Identifying the Magnitude

The Asbestos Abatement Task Force has received from Davis & Floyd, Inc. a proposal to survey, provide a health hazard examinations, collect samples and deliver same to DHEC for analysis and to provide a written report on 3,200 buildings over the next three (3) years.

The Asbestos Abatement Task Force has received from the S. C. Department of Health and Environmental Control a proposal to provide for the analysis of the samples collected by Davis & Floyd, Inc.

2. In-House Methodology

It is the intent of the Division of General Services to set up through its Research and Training Section a training and educational program in asbestos abatement. Primarily this program will be for State maintenance personnel and will be used to train them in detecting and removing asbestos they encounter in their normal maintenance routine. The program will also counsel them in awareness and the use of caution in areas suspected asbestos use.

Additionally there is the possibility of expanding the program to include asbestos abatement by State personnel. On some of the smaller asbestos abatement projects determined in the survey program.

008684

SCHEDULE

STATEWIDE ASBESTOS ABATEMENT PROJECT SEMI-ANNUAL CASH FLOW PROJECTIONS

	<u>01/01/87- 06/30/87</u>	<u>07/01/87 12/31/87</u>	<u>01/01/88 06/30/88</u>	<u>07/01/88 12/31/88</u>	<u>TOTAL COST</u>
1. Columbia Hall University of South Carolina	800,000	400,000			1,200,000
2. Barnett Hall Clemson University	500,000	500,000			1,000,000
3. Teaching Hospital Medical University of South Carolina	500,000	292,000			792,000
4. Research and Training	105,000	30,000	15,000		150,000
5. Davis & Floyd, Inc.	472,000	893,000	841,000	841,000	4,610,000
6. S. C. Department of Health & Environmental Control	50,000		27,500	27,500	160,000
TOTALS	*2,427,000	*2,115,000	*883,500	*868,500	7,912,000

EXHIBIT
JAN 29 1987
NO. 17
STATE BUDGET & CONTROL BOARD

*NOTE: These figures will not equal bottom line figure of \$7,912,000 for 4-6 month periods since additional funds will be required in an additional 2-6 month periods for expenditures to Davis & Floyd, Inc. and SCDHEC.

008685

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

REGULAR SESSION
ITEM NUMBER

10

AGENCY: Executive Director

SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

On Summary 13-87:

- (a) Item 8: Agency: Medical University
Project: 7075, East Addition (Hospital)
Request: Increase budget to \$50,898,470.84
Amount: Add net of \$528,402.18
Source: MUSC Hospital Revenue Bonds (add \$2,516,321.41);
Other [Builder's Risk Insurance Claim Reimbursement];
(add \$12,080.77); Capital Improvement Bonds (deduct
\$2,000,000);
Purpose: To reflect interest earned on Hospital Facility
Revenue Bonds and to show decrease of Capital
Improvement Bonds. This \$2 million reduction in the
Capital Improvement Bond funds in the budget of this
project is the result of a previous agreement with the
Board. For increased cost of equipment. Original
estimate was too low.
- (b) Item 14: Agency: Mental Retardation
Project: J16-9343, PD-8 Bed Community Residence-Conway
Request: Establish project and budget
Amount: \$300,000
Source: Capital Improvement Bonds (\$178,535) and Departmental
Capital Improvement Bonds (\$121,465).
Purpose: Projects J16-8830 & J16-8914, Statewide Community
Residences, which were submitted and approved in the
1985-86 Annual Permanent Improvement Programs (APIP),
were to be revised into individual projects as sites
and/or existing buildings were identified for location
of the community residences. This project proposes the
construction of an 8-bed, 3,075 gross square foot
facility on DMR-owned property. Estimated costs are:
construction \$250,000; equipment/supplies \$22,000; and
other \$28,000.
- (c) Item 15: Agency: Mental Retardation
Project: J16-9344, Piedmont-8 Bed Community Residence-Belton
Request: Establish project and budget
Amount: \$300,000
Source: Dept Capital Impr Bonds (\$264,000) and Excess Debt
Service funds (\$36,000)
Purpose: This project proposes the acquisition of about .7576
acre of land and the construction of an 8-bed, 3,075
gross square foot facility. Estimated costs are:
construction \$250,000; equipment/supplies \$22,000;
land purchase \$6,600; and other \$21,400.

008686

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER

10, Page 2

AGENCY: Executive Director

SUBJECT: Permanent Improvement Projects

On Summary 14-87:

- (d) Item 4: Agency: B&C Board-General Services
Project: Statewide Asbestos Survey & Emergency Abatement
Request: Establish project and budget
Amount: \$8,200,000
Source: Capital Improvement Bond funds
Purpose: To finance survey of all State-owned buildings to determine the presence of asbestos and emergency abatement as required. Proposed as "source of funds" type project only which would be reduced as specific survey and abatement projects are identified.
- (e) Item 11: Agency: Mental Retardation
Project: Piedmont-8 Bed Community Residence-Laurens
Request: Establish project and budget
Amount: \$302,850
Source: Excess Debt Service funds
Purpose: Project 9214, Statewide-Seven Community Residences, which was submitted and approved in the 1986-87 APIP, was to be revised into individual projects as sites and/or existing buildings were identified for location of the community residences. This project proposes the acquisition of about .75 acre of land at an estimated cost of \$5,600 and the construction of an 8-bed, 3,075 square foot facility at an estimated cost of \$250,000 plus \$24,200 for equipment/supplies and \$53,350 for other costs.

008687

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

REGULAR SESSION
ITEM NUMBER

10, Page 3

AGENCY: Executive Director

SUBJECT: Permanent Improvement Projects

(f) Supplement 1

<u>Agency:</u>	Technical & Comprehensive Education
<u>Project:</u>	Midlands-Multipurpose Resource Center
<u>Request:</u>	Establish project and budget
<u>Amount:</u>	\$1,480,000
<u>Source:</u>	Other (Local Counties) funds
<u>Purpose:</u>	Represents the establishment of project as authorized in Act 538 of 1986. Proviso in Act requires the certification of available local funds of 20% of total project cost. This will provide for the establishment of the project before the amended Priority Release Group 10 is formally adopted. Project consists of construction of approximately 80,000 square foot building with parking area. Building to be utilized on meeting space needs in various administrative and academic areas to include library, food service, lab and classroom, and auditorium.

BOARD ACTION REQUESTED:

Approve Permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Referenced summary extracts plus attachments.

008688

Item Agency: H51 Medical University Project: 7075, East Addition
8.

CHE Approval Date: 12/10/86
Committee Review Date: *
B&C Board Approval Date: *

Action
Proposed: Increase budget from \$ 50,370,068.66 to \$ 50,898,470.84

(a) (Subtract \$ 2,000,000.00 [0] Capital Improvement Bonds)
(Add \$ 2,516,321.41 [3] Revenue Bonds)
(Add \$ 12,080.77 [9] Other, Builder's Risk Ins Claim Reimbursement)

Budget After Action Proposed	
Source	Amount
Capital Improvement Bonds	30,428,574.66
Institution Bonds	5,000,000.00
Revenue Bonds	15,457,815.41
Other	12,080.77

Purpose: To reflect interest earned on Hospital Facility Revenue Bonds and to show decrease of Capital Improvement Bonds. CIB funds being "returned to source" as previously agreed.

Ref: Supporting document pages 20-23.

TOTAL FUNDS 50,898,470.84

Item Agency: J16 Mental Retardation Project: 9343, PD-8 Bed Community Residence-Conway
14.

CHE Approval Date: Not req'd
Committee Review Date: *
B&C Board Approval Date: *

Action
Proposed: Establish project.

(b) Total budget.....\$ 300,000.00
[0] Capital Improvement Bonds.....\$ 178,535.00
[1] Dept Capital Impr Bonds.....\$ 121,465.00

Budget After Action Proposed	
Source	Amount
Capital Improvement Bonds	178,535.00
Dept Capital Impr Bonds	121,465.00

Purpose: Project J16-8830 & J16-8914, Statewide Community Residences, which were submitted and approved in the 1985-86 APIP, and was to be revised into individual projects as sites and/or existing buildings are identified for location of the community residences. This project proposes the construction of a 3,075 gross square foot facility on DMR owned property at a cost of \$250,000. Equipment and Supplies (\$22,000) and other costs, including contingencies (\$28,000) make up the total budget.

Ref: Supporting document pages 34-35.

TOTAL FUNDS 300,000.00

Item Agency: J16 Mental Retardation Project: 9344, Piedmont-8 Bed Community Res-Belton
15.

CHE Approval Date: Not req'd
Committee Review Date: *
B&C Board Approval Date: *

Action
Proposed: Establish project.

(c) Total budget.....\$ 300,000.00
[1] Dept Capital Impr Bonds.....\$ 264,000.00
[4] Excess Debt Service.....\$ 36,000.00

Budget After Action Proposed	
Source	Amount
Dept Capital Impr Bonds	264,000.00
Excess Debt Service	36,000.00

Purpose: Projects 8830 & 8914, Statewide Community Residences, which were submitted and approved in the 1985-86 APIP, and were to be revised into individual projects as sites and/or existing buildings are identified for location of the community residences. This project proposes the acquisition of about .7576 acre of land for \$6,600 and the construction of a 3,075 gross square foot facility at a cost of \$250,000. Equipment and supplies (\$22,000) and other costs, including contingencies (\$21,400) make up the total budget.

Ref: Supporting document pages 36-45.

TOTAL FUNDS 300,000.00

STATE BUDGET & CONTROL BOARD
JAN 29 1987
EXHIBIT
NO. 18

008689

BUDGET AND CONTROL BOARD FORM A-23 PAGE 1
STATEWIDE PERMANENT IMPROVEMENT REPORTING SYSTEM (SPIRS)

DEC 11 1987

For Board Use Only

13-87(8)

Packet Number

REVISION OF PROJECT BUDGET OR PROJECT SCOPE

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR _____

1. PROJECT IDENTIFIERS:

A. Agency: Number H-51 Name Medical University of South Carolina
B. Contact person: C. Edward Kaylor, Jr., Ph.D. Phone: (803) 792-4103
C. Project Number: 7075 Name: East Addition

2. PROJECT ACTION PROPOSED:

XX Increase total project budget XX Change source of funds
 Decrease total project budget Revise scope

3. WHAT IS THE REVISION PROPOSED?:

To increase the project budget to reflect interest earned on Hospital Facility Revenue Bonds and to show decrease of Capital Improvement Bonds. \$2 million Capital Improvement Bonds are being returned to source.

4. JUSTIFICATION FOR REVISION (Why is it needed?):

All Hospital Facility Revenue Bonds for this project have been spent and no more interest will accrue. This revision is necessary to adjust budget to actual interest received.

5. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs because of the revision? Yes No XX
If yes, complete and attach Addendum A-49.

6. ESTIMATES OF PROJECT COSTS AS REVISED

A. Total estimated cost of project as revised: \$ 50,898,470.84
B. Total estimated cost of project as revised includes the following (1 through 10 = 6A above)
(1) \$ 7,705,054.15 Planning/design services
(2) Site work (including utilities)
(3) Central energy systems repair/replacement
(4) Mechanical systems repair/replacement
(5) General renovation/repair of floor space: (Gross sq. ft.)
(6) Roof repair/replacement
(7) 36,296,647.66 Construction of additional floor space (Gross sq. ft.)
(8) Equipment/supplies
(9) 6,896,769.03 Purchase of facilities: (Floor space, gross sq. ft.)
(Land, acres:)
(10) Other (Specify)

\$ 50,898,470.84 Total (Same as 6A)

EXHIBIT

JAN 29 1987

NO. 1 8008690

(a)

20

STATE BUDGET & CONTROL BOARD

6 C. Total estimated cost of project, as revised, by broad purpose: Total cost: \$ 50,898,470.84
(equals 1 through 8, below, and is same as 6A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>50,898,470.34</u>	8. Other _____	\$ _____

7. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR AS REVISED:

A. Estimated expenditures and expenditure purposes, this FY: _____ \$ 50,898,470.84
(expenditure purposes (use 6B categories): and prior years _____)

B. Estimated expenditures after this FY _____ \$ _____

C. Total (Same as 6A, 6B and 6C) 7075 \$ 50,898,470.84

8. PROPOSED SOURCES OF FUNDS AS REVISED:	PREVIOUSLY APPROVED AMOUNT	PROPOSED INCREASE + DECREASE -	REVISED AMOUNT	REVENUE CODE	TREASURER I. D. NUMBER	SUB FUND
(0) Capital Improvement Bonds	\$ 30,850,000.	\$ (2,000,000)	\$ 28,850,000.	8115	02103400	3043
(0) Depart Capital Imp Bonds	350,000	-0-	350,000.	8115	01701900	3043
	1,200,000	-0-	1,200,000.	8115	01803600	3043
	28,574.66	-0-	28,574.66	8115	00802100	3043
(2) Inst (tuition) Bonds	5,000,000.	-0-	5,000,000.	8111	n/a	4944
(3) Revenue Bonds Hospital Facility Revenue Bonds	12,941,494.	2,516,321.41	15,457,815.41	8220 4516	38800100 n/a	4944
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other Builder's Risk Insurance Claim Reim- bursement	-0-	12,080.77	12,080.77		n/a	
TOTAL	\$ 50,370,068.66	\$ 528,402.18	\$ 50,898,470.84			

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

9. Submitted By:

Authorized Official

Marion E. Woodbury
Typed Name and Title and Signature
Marion E. Woodbury
Vice President for Business Affairs

Date Submitted 12-3-76

FY Submitted 87

10. APPROVED (For Board Use Only):

Typed Name and Title and Signature

008691

Date

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DEC 3 1986

BUDGET AND CONTROL BOARD FORM A-13 PAGE 1
STATEWIDE PERMANENT IMPROVEMENT REPORTING SYSTEM (SPIRS)

For Board Use Only

13-87 (14)

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 1986/87

1. PROJECT IDENTIFIERS:

A. Agency: Number J16 Name S. C. DEPARTMENT OF MENTAL RETARDATION
B. Contact Person ERUCH T. TATA, P. E., DIR. ENGR. & PLANNING Phone: 737-6511
C. Project Name: PEE DEE REGION - 8-BED COMM. RESIDENCE IN CONWAY #9343
D. Facility Affected: Name NEW CONSTRUCTION Number EXHIBIT

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation):

8-BED UNIT TO HOUSE CLIENTS.

JAN 29 1987

NO. 18

Site Description: (Attach a map showing project location)

Location: HORRY 26 CONWAY
county code city

STATE BUDGET & CONTROL BOARD

COASTAL REGION HWY 701
site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation): AS PER AGREEMENT
WITH MR. MC INNIS, PROJECT J16-8914 & J16-8830, STATEWIDE COMMUNITY RESIDENCES, SUBMITTED
AND APPROVED IN THE APIP 1985/86, WOULD BE REVISED INTO INDIVIDUAL PROJECTS AS SITES AND
/OR EXISTING BUILDINGS ARE IDENTIFIED FOR LOCATION OF COMMUNITY RESIDENCES.
(What specific needs does this project address?):

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

N/A

5. PRIORITY: This project is priority number _____ of _____ projects proposed in this program.

N/A

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes _____ No X If yes, complete and attach addendum A-49.

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 300,000.00

B. Total estimated cost of project includes the following (1. through 10. = 7A above)

- (1) \$ _____ Planning/design services
(2) _____ Site work (including utilities)
(3) _____ Central energy systems repair/replacement
(4) _____ Mechanical systems repair/replacement
(5) _____ General renovation/repair of floor space (Gross sq. ft.: _____)
(6) _____ Roof repair/replacement
(7) 250,000.00 Construction of additional floor space: (Gross sq. ft.: 3,075)
(8) 22,000.00 Equipment/supplies
(9) _____ Purchase of facilities: (Floor space, gross sq. ft.: _____)
(Land, acres: _____)
(10) 28,000.00 Other (Specify) BLDRS RISK, CONTINGENCIES

\$ 300,000.00 Total (Same as 7 A)

008692

(b)

34

7. C. Total estimated cost of project by broad purpose: Total cost: \$ 300,000.00
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>300,000.00</u>	8. Other: _____	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 86/87 \$ 300,000.00
(Expenditure purposes (use 7B categories): _____
(7) (8) (10) _____

B. Estimated expenditures after this FY: \$ - 0 -

C. Total (Same as 7A, 7B and 7C): \$ 300,000.00

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer ID Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$ 178,535.00	8115	21-06300	3043	9001	0700
(1) Dept Capital Imp Bonds	121,465.00	8115	101-00800	3143	9001	0700
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ 300,000.00	TRANSFERRING FROM J16-8914				

EXHIBIT

JAN 29 1987 NO. 18

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official:

Lennie A. Bowman
Typed Name and Title and Signature

Date Submitted _____

for: CHARLES D. BARNETT, PH.D., COMMISSIONER

FY Submitted 1986/87

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature

PROJECT NUMBER _____

PROJECT NAME: _____

008693

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DEC 3 1986

BUDGET AND CONTROL BOARD FORM A-13 PAGE 1
STATEWIDE PERMANENT IMPROVEMENT REPORTING SYSTEM (SPIRS)

For Board Use Only

13-87 (15)

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 1986/87

1. PROJECT IDENTIFIERS:

A. Agency: Number J16 Name S. C. DEPARTMENT OF MENTAL RETARDATION
 B. Contact Person ERUCH T. TATA, P. E., DIR. ENGR. & PLANNING Phone: 737-6511
 C. Project Name: PIEDMONT REGION - 8-BED COMM. RESIDENCE IN BELTON # 9344
 D. Facility Affected: Name NEW CONSTRUCTION Number _____

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation):

EXHIBIT

JAN 29 1987

NO. 18

CONSTRUCT AN 8-BED UNIT TO HOUSE CLIENTS.

Site Description: (Attach a map showing project location)

Location: ANDERSON 04 BELTON
county code citySTATE BUDGET & CONTROL BOARD
HOLMES STREET
site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation):

AS PER AGREEMENT WITH MR. MC INNIS, PROJECT J16-8914, STATEWIDE COMMUNITY RESIDENCES, AND J16-8830 STATEWIDE COMMUNITY RESIDENCES SUBMITTED AND APPROVED IN THE APIP 1985/86, WOULD BE REVISED INTO INDIVIDUAL PROJECTS, AS SITES AND/OR EXISTING BUILDINGS ARE IDENTIFIED FOR LOCATION OF COMMUNITY RESIDENCES.

(What specific needs does this project address?):

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

N/A

5. PRIORITY: This project is priority number _____ of _____ projects proposed in this program.

N/A

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes X No _____ If yes, complete and attach addendum A-49.

A-49 SUBMITTED IN APIP 1985/86

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 300,000.00

B. Total estimated cost of project includes the following (1. through 10. = 7A above)

- (1) \$ _____ Planning/design services
 (2) _____ Site work (including utilities)
 (3) _____ Central energy systems repair/replacement
 (4) _____ Mechanical systems repair/replacement
 (5) _____ General renovation/repair of floor space (Gross sq. ft.: _____)
 (6) _____ Roof repair/replacement
 (7) 250,000.00 Construction of additional floor space: (Gross sq. ft.: 3,075)
 (8) 22,000.00 Equipment/supplies
 (9) 6,600.00 Purchase of facilities: (Floor space, gross sq. ft.: _____)
 (Land, acres: .7576)
 (10) 21,400.00 Other (Specify) BLDR. RISK INS.; CONTINGENCIES

\$ 300,000.00 Total (Same as 7 A)

008694

(C) 36

7. C Total estimated cost of project by broad purpose: Total cost: \$ 300,000.00
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ <u>6,600.00</u>	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>293,400.00</u>	8. Other:	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 1986/87 \$ 300,000.00
(Expenditure purposes (use 7B categories): (7), (8), (9), (10))

B. Estimated expenditures after this FY: \$ -0-

C. Total (Same as 7A, 7B and 7C): \$ 300,000.00

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer I D Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$ _____					
(1) Dept Capital Imp Bonds	* 264,000.00	8115	101-008	3143	9001	0700
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service	* 36,000.00	4516	450-227	4660	0083	0700
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ 300,000.00					

EXHIBIT

JAN 29 1987 NO. 18

STATE BUDGET & CONTROL BOARD

* Transferring from Projects J16-8830 & J16-8

10. Submitted By:

Authorized Official:

Lonnie H. Bourne Jr.
Typed Name and Title and Signature

Date Submitted _____

for: Charles D. Barnett, Ph.D., Commissioner

FY Submitted 1986/87

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature

PROJECT NUMBER _____

PROJECT NAME _____

008695

Date

STATE BUDGET AND CONTROL BOARD, OFFICE OF EXECUTIVE DIRECTOR
SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY AGENCIES
December 16, 1986 Through December 31, 1986

SUMMARY 14-87 Page 1 of 7
Forwarded to JBRC 01/06/87

Item Agency: F12 B&C Bd-General Services Project: 9355, Statewide Asbestos Survey & Emrgncy Abatement

4.

Action

Proposed: Establish project.

CHE Approval Date: Not req'd
Committee Review Date: *
B&C Board Approval Date: *

Budget After Action Proposed
Source Amount

Capital Improvement Bonds 8,200,000.00

TOTAL FUNDS 8,200,000.00

CHE Approval Date: Not req'd
Committee Review Date: *
B&C Board Approval Date: *

Budget After Action Proposed
Source Amount

Excess Debt Service 302,850.00

TOTAL FUNDS 302,850.00

(d)

Total budget.....\$ 8,200,000.00
[0] Capital Improvement Bonds.....\$ 8,200,000.00

Purpose: To conduct survey of all state owned buildings to determine the presence of asbestos. To perform emergency abatement as required. Recommend establishing as Source-of Funds project only with projects (including survey cost) to be established as needs are prioritized.

Ref: Supporting document pages 12-16.

Item Agency: J16 Mental Retardation Project: 9351, Piedmont-8 Bed Comm Res-Laurens

11.

Action

Proposed: Establish project.

(e)

Total budget.....\$ 302,850.00
[4] Excess Debt Service.....\$ 302,850.00

Purpose: Project 9214, Statewide-Seven Community Residences, which was submitted and approved in the 1986-87 APIP, and was to be revised into individual projects as sites and/or existing buildings are identified for location of the community residences. This project proposes the acquisition of about .75 acre of land for \$5,600 and the construction of a 3,075 gross square foot facility at a cost of \$217,850. Site work (\$1,850), equipment and supplies (\$24,200) and other costs, including contingencies (\$53,350) make up the total budget.

Ref: Supporting document pages 41-49.

STATE BUDGET & CONTROL BOARD

JAN 29 1987 NO. 18

EXHIBIT

008696

For Board Use Only

14-87F4

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 86-87

1. PROJECT IDENTIFIERS:

A. Agency: Number FI2 Name Division of General Services
B. Contact Person William J. Clement Phone: 737-2150
C. Project Name: SOF- Statewide Asbestos Survey and Emergency Abatement #9355
D. Facility Affected: Name Various Buildings to be Determined Number

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation):

Conduct survey of all state owned buildings to determine the presence of asbestos. Perform emergency abatement as required.

Site Description: (Attach a map showing project location)

Location: county code city Statewide site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation):

All state owned buildings have not been surveyed to determine the presence of asbestos.

EXHIBIT

(What specific needs does this project address?):

Eliminate health hazard due to asbestos exposure.

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

5. PRIORITY: This project is priority number of projects proposed in this program.

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes No xx If yes, complete and attach addendum A-49.

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 8,200,000

B. Total estimated cost of project includes the following (1. through 10.=7A above)

- (1) \$ Planning/design services
- (2) Site work (including utilities)
- (3) Central energy systems repair/replacement
- (4) Mechanical systems repair/replacement
- (5) General renovation/repair of floor space (Gross sq. ft.:)
- (6) Roof repair/replacement
- (7) Construction of additional floor space: (Gross sq. ft.:)
- (8) Equipment/supplies
- (9) Purchase of facilities: (Floor space, gross sq. ft.)
- (10) 8,200,000 Other (Specify) survey, testing, emergency abatement as required

\$ 8,200,000 Total (Same as 7 A)

008697

12

7. C. Total estimated cost of project by broad purpose: Total cost: \$ 8,200,000.
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ _____	8. Other: <u>survey, testing, abatements</u>	\$ <u>8,200,000.</u>

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 86-87 \$ 1,500,000.
(Expenditure purposes (use 7B categories): survey, testing, and emergency abatement as required.

B. Estimated expenditures after this FY: \$ 6,700,000.

C. Total (Same as 7A, 7B and 7C): \$ 8,200,000

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer ID Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds Act 538 of 1986	\$ 8,200,000	8115	028-090	3043	9001	0700
(1) Dept Capital Imp Bonds	Approved by Bond Committee on 1/7/87 as Source of Funds project only. Administrative A23 prepared to decrease this amount by 1,200,000 to fund the H27-USC Columbia, Columbia Hall Asbestos Abatement project, also approved on 1/7/87. USC Project # 9354, to be included formally in Summary 15-87.					
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ 8,200,000.					

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official: William J. Clement Assistant Div. Director
Typed Name and Title and Signature
Date Submitted 12/18/86
FY Submitted 86-87

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature
PROJECT NUMBER _____
PROJECT NAME: _____

Date
008698

13

DEC 17 1986

For Board Use Only

14-87(11)

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 1986/87

1. PROJECT IDENTIFIERS:

A. Agency: Number J16 Name S.C. Dept. of Mental Retardation
B. Contact Person Eruch T. Tata, P.E., Director of Engineering & Planning Phone 737-6511
C. Project Name: Piedmont Region - 8-Bed Comm. Res. in Laurens # 9351
D. Facility Affected: Name New Construction Number ---

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation) To construct an eight-bed facility to house clients.

JAN 29 1987

NO. 18

Site Description: (Attach a map showing project location)

Location: Laurens 30 Laurens S. Harper Street
county code city site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation): As per agreement with Mr. William A. McInnis, Project #9214 Statewide Seven Community Residences, submitted and approved in APIP 1986/87 would be revised into individual projects as sites and/or existing buildings are identified for location of the community (What specific needs does this project address?): residence. It will provide housing for clients in community setting in a normalized environment. New beds created will help relocate clients off of the centers through depopulation and to provide residential services for clients eligible but on our waiting list.

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3: ----

5. PRIORITY: This project is priority number -- of -- projects proposed in this program.

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?
Yes X No --- If yes, complete and attach addendum A-49.
(A-49 submitted in APIP 1986/87)

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 302,850.00
B. Total estimated cost of project includes the following (1. through 10. = 7A above)
(1) \$ 1,850.00 Planning/design services
(2) 1,850.00 Site work (including utilities)
(3) --- Central energy systems repair/replacement
(4) --- Mechanical systems repair/replacement
(5) --- General renovation/repair of floor space (Gross sq. ft.: ---)
(6) --- Roof repair/replacement
(7) 217,850.00 Construction of additional floor space: (Gross sq. ft.: 3,075)
(8) 24,200.00 Equipment/supplies
(9) 5,600.00 Purchase of facilities: (Floor space, gross sq. ft.: ---)
(Land, acres: .75)
(10) 53,350.00 Other (Specify) Ins. Contingencies
\$ 302,850.00 Total (Same as 7 A)

008699

(el)

41

7. C. Total estimated cost of project by broad purpose: Total cost: \$ 302,850.00
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ <u>5,600.00</u>	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>297,250.00</u>	8. Other: _____	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 1986/87 \$ 180,000.00
(Expenditure purposes (use 7B categories): (2), (7), (8), (9), (10))

B. Estimated expenditures after this FY: \$ 122,850.00

C. Total (Same as 7A, 7B and 7C): \$ 302,850.00

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer I D Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$ _____					
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service	302,850.00	4516	450-30000	4660	0083	0700
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ 302,850.00	*Transferring funds from Project #9214.				

10. Submitted By:

Authorized Official: Lennie A. Bowman Jr

Typed Name and Title and Signature

Date Submitted 11/17/86

FY Submitted 1986/87

for Charles D. Barnett, Ph.D., Commissioner

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature

Date

PROJECT NUMBER _____

PROJECT NAME: _____

008700

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Packet Number

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR_____

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 7,400,000 *7,400,000*

B. Total estimated cost of project includes the following (1. through 10. = 7A above)

- (1) _____ Planning/design services
- (2) _____ Site work (including utilities)
- (3) _____ Central energy systems repair/replacement
- (4) _____ Mechanical systems repair/replacement
- (5) _____ General renovation/repair of floor space (Gross sq. ft.: _____)
- (6) _____ Roof repair/replacement
- (7) *1,480,000* _____ Construction of additional floor space: (Gross sq. ft.: *80,000*)
- (8) _____ Equipment/supplies
- (9) _____ Purchase of facilities: (Floor space, gross sq. ft. _____
(Land, acres: _____)
- (10) _____ Other (Specify) _____ Contingency

\$ 1,480,000

Total (Same as 7 A)

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

008701

7. C. Total estimated cost of project by broad purpose: Total cost. 1,480,000
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ <u>1,480,000</u>	8. Other: _____	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 86-87 \$ -0-
(Expenditure purposes (use 7B categories): _____)

B. Estimated expenditures after this FY: \$ 1,480,000

C. Total (Same as 7A, 7B and 7C): \$ 1,480,000

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer ID Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$	8115	028037	3043	9001	0700
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
Local Counties	1,480,000	7841	98800100			0700
TOTAL (Same as 7A)	<u>1,480,000</u>					

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official: Don H. Morris, Director, Operations
Typed Name and Title and Signature

Date Submitted 1/12/87

FY Submitted 86-87

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature
PROJECT NUMBER _____
PROJECT NAME: _____

Date

008702

EXHIBIT

JAN 29 1987

NO. 18

STATE BUDGET & CONTROL BOARD

** Provided, that prior to the withdrawal from the State Treasurer of any of the funds authorized above for the Orangeburg/Calhoun Allied Health Center, Midlands Multipurpose Resource Center, Tri-county Learning Resource/Administration Building, and Piedmont Engineer Technology Buildings, the State Board for Technical and Comprehensive Education shall obtain and transmit to the Budget and Control Board a certificate from the appropriate official at such technical institutions stating that, as required by Section 6 of Act 654 of 1976, a minimum of twenty percent of the cost of each of the projects authorized in this subitem has been provided by the local support area.

Act 538 of 1986

Proviso requiring certification of
local match at 20% level.

008703

EXHIBIT

JAN 29 1987

NO. 19

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF January 29, 1987

ITEM NUMBER

11

AGENCY: General Services

SUBJECT: Tort Liability Reinsurance

The Insurance Reserve Fund advises that, at the instruction of the Budget and Control Board, proposals for a reinsurance program over the self-insuring program for tort liability were requested and were received on January 15, 1987.

Insurance Reserve Fund staff will report to the Board on the evaluations of the proposals and will make recommendations.

Staff recommends that neither of the proposals received be accepted.

Please refer to the attached report for details.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Agenda item worksheet; report on tort reinsurance proposals

008704

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

Blue Agenda

☒ Regular Session Agenda

☐ Executive Session Agenda

January 29, 1987

1. Submitted By:

(a) Agency: DIVISION OF GENERAL SERVICES - INSURANCE RESERVE FUND

(b) Authorized Official Signature: Richard W. Kelly

2. Subject: TORT LIABILITY REINSURANCE

3. Summary Background Information:

Proposals for a reinsurance program over the self-insuring program of the Insurance Reserve Fund for tort liability were requested at Budget and Control Board instructions, and were recieved on January 15, 1987.

EXHIBIT

JAN 29 1987

NO. 19

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Receive report and recommendations of evaluators on proposals received.

5. What is recommendation of the Board Division involved?

Evaluation to be completed by January 21, 1987 and report on recommendations will be furnished to Budget and Control Board staff by January 23, 1987.

6. Recommendation of other office (as required)?

(a) Office Name _____

Authorized

(b) Signature _____

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

To be furnished by January 23, 1987.

008705

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
P.O. BOX 1066
1122 LADY STREET, SUITE 600
COLUMBIA, S.C. 29211
(803) 734-1460

RECEIVED

JAN 23 1987

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN,
GOVERNOR

GRADY L. PATTERSON, JR.,
STATE TREASURER

EARLE E. MORRIS, JR.,
COMPTROLLER GENERAL



JAMES E. BENNETT, CPCU
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

ROBERT N. MCLELLAN
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph. D.
EXECUTIVE DIRECTOR

EXHIBIT

JAN 29 1987

NO. 19

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Dr. Jesse A. Coles, Jr., Ph. D.
Executive Director

FROM: James E. Bennett, CPCU *JB*
Assistant Division Director

RE: Tort Reinsurance Proposal

DATE: January 23, 1987

Background

The Tort Liability 100% reinsurance program was cancelled effective 1-1-86. Although the Insurance Reserve Fund has adequate resources to self-insure Tort Liability Insurance, it is desirable to protect those resources against the possibility of unexpected, catastrophic loss. Accordingly, the Budget and Control Board instructed Staff to seek an "annual aggregate excess" or "stop loss" reinsurance package.

Procurement Process

Due to a limited time frame and the unusual nature of the desired program, the Board authorized the Staff to solicit on a "Request for Proposal" basis rather than a more normal "Bid" basis. The following parties were invited to attend an initial meeting and to obtain an outline of the desired program:

008706

INSURANCE RESERVE FUND

PROFESSIONAL LIABILITY
INSURANCE

LEGAL

SAFETY
ENGINEERING

CLAIMS

MANAGEMENT INFORMATION
SERVICES

CASUALTY
INSURANCE

PROPERTY
INSURANCE

EXHIBIT

JAN 29 1987

NO. 19

Dr. Jesse A. Coles
January 23, 1987
Page Two

STATE BUDGET & CONTROL BOARD

Wood & Company, Inc.
Marsh & McLennan, Inc.
Associated Intermediaries
Thomas C. Brown Agency
Independent Insurance Agents of South Carolina
Nationwide Insurance Company
Seibels-Bruce
Fred S. James
G. L. Hodson, Company

Representatives of all parties except Seibels-Bruce and Fred S. James attended a meeting on October 27, 1986. At that time a package containing the proposal outline, procurement procedures, statistical information, and various reports was distributed to all parties.

Initially, proposals were to be delivered and opened on December 15, 1986. In response to several requests for additional time, the opening date was extended to January 15, 1987.

An evaluation team was established to evaluate the proposals. At the request of the Governor's Office, an additional member was added to the team.

Receipt of Proposals and Evaluation

Proposals were publically opened at 2:30 on January 15, 1987. Two proposals were received and are summarized below:

Broker: Wood & Company, Inc.
Company: Not identified
Coverage: \$5 million with an annual aggregate retention (deductible) of \$10 million. Earliest payment to be made in 1991.
Premium: \$3.5 million
Return of
Premium: In 1997, any claims paid will be deducted from \$5 million and the difference will be refunded to the Insurance Reserve Fund.

Broker: G. L. Hodson
Company: Pinnacle
Coverage: \$5 million with an annual aggregate retention of \$15 million.
Premium: \$3,825,000.
Return of
Premium: In 1993, any claims paid will be deducted from \$5 million and the difference will be returned to the Insurance Reserve Fund.

008707

EXHIBIT

JAN 29 1987

NO. 19

Dr. Jesse A. Coles
January 23, 1987
Page Three

STATE BUDGET & CONTROL BOARD

On January 16, 1987 copies of the proposals, evaluation sheets, and evaluation instructions were delivered to all evaluators.

The evaluation team met at 5:30 PM on January 20, 1987. The evaluation process was intended to select the best available proposal, and this was accomplished. Hodson's proposal was judged to be a better proposal than Wood's proposal. However, all evaluating parties agreed that neither proposal should be recommended. The following extract from an Insurance Department Memorandum accurately states the unanimous consensus of the evaluation team:

It is our contention, despite the above rankings, that neither of the two proposals should be accepted. The Insurance Reserve Fund is financially very sound, with enough surplus to self-insure the layer in question. The purchase of \$5 million of coverage for a cost of \$3.5 to \$3.8 million in an area where significant claims are unlikely as a dubious expenditure of funds.....we believe that both proposals are priced at a highly excessive level.

Alternatives and Recommendations

In consideration of the price and the unanimous opinion of the evaluation team, the recommendation that both proposals be rejected is obvious and that is my first recommendation.

If my recommendation to reject both proposals is accepted by the Budget and Control Board, three additional options are available:

1. A new bid process may be started.
2. Direct negotiations with a reinsurer may be initiated.
3. A decision to self-insure with no reinsurance may be made.

Conversations with brokers, reinsurers, and members of the evaluation team indicate that a new bid process is unlikely to produce different results from the recently completed proposal process. The opinions which have been expressed to me are confirmed by our past experience with Medical Professional Liability Reinsurance. The process of purchasing large amounts of reinsurance is dictated by the sellers. Reinsurers are not receptive to requests for bids or proposals and express their lack of receptivity by refusing to bid or by submitting excessive bids. Therefore, I recommend that we not proceed with another bid process.

As Commissioner Richards has pointed out, the assets of the Insurance Reserve Fund are adequate to self-insure the layer in question. Therefore, reinsurance is not an absolute necessity for the continued solvency of the Insurance Reserve Fund. However, the existence and size of the Insurance

008708

EXHIBIT

JAN 29 1987

NO. 19

Dr. Jesse A. Coles
January 23, 1987
Page Four

STATE BUDGET & CONTROL BOARD

Reserve Fund's assets allows considerable freedom in providing insurance benefits for government. Therefore, if reinsurance can be obtained to protect our assets at a reasonable price, such reinsurance should be purchased.

Accordingly, I recommend that we negotiate directly with the London market in an effort to obtain reinsurance for Tort Liability. Since reinsurance in this area is not an absolute necessity, I would anticipate that the Board would establish a ceiling on the price to be paid prior to the beginning of negotiations. I further recommend that negotiations be scheduled in a time frame compatible with Medical Professional Liability negotiations, in order to minimize travel.

Conclusion

The request for proposal process has failed to produce acceptable proposals. I recommend that all proposals be rejected.

While the alternative of operating without Tort Liability reinsurance is tenable, I recommend that before that alternative is selected, we attempt to negotiate directly with the London market, and that such negotiations be timed to correspond with Medical Professional Liability reinsurance renewal negotiations and subject to a predetermined price ceiling.

cc: John Trussell
Rick Kelly

008709

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET AND CONTROL BOARD
MEETING OF January 29, 1987

ITEM NUMBER

12

AGENCY: General Services

SUBJECT: Trident Technical College Procurement Certification

The Division of General Services, in accord with Section 11-35-1210, has audited Trident Technical College and recommends its certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of two years: \$10,000 per purchase commitment for (1) goods and services, local funds only; (2) consultants, local funds only; and (3) information technology in accordance with the approved information technology plan, local funds only.

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement certification to Trident Technical College within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of two years: \$10,000 per purchase commitment for (1) goods and services, local funds only; (2) consultants, local funds only; and (3) information technology in accordance with the approved information technology plan, local funds only.

ATTACHMENTS:

Agenda item worksheet and attachment

008710

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

January 29, 1987

Blue Agenda

☒ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Director

2. Subject: Procurement Certification for Trident Technical college

3. Summary Background Information: The Division of General Services has audited Trident Technical College and recommends its certification in accordance with Section 11-35-1210 of the Consolidated Procurement Code within the parameters described in the audit report for the following limits for a period of Two (2) years:

- I. Goods and Services (local funds only) *10,000 per purchase commitment
- II. Consultants (local funds only) *10,000 per purchase commitment
- III. Information Technology in accordance with the approved Information Technology Plan (local funds only) *10,000 per purchase commitment

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

4. What is Board asked to do?

Grant procurement certification to Trident Technical college.

5. What is recommendation of the Board Division involved?

Grant Certification

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available from Submitter

- 1. 20 Copies of the Procurement Audit and Certification Report

008711

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD

SUBARTICLE 9

AUDITING AND FISCAL REPORTING

SEC.

- 11-35-1210. Certification.
- 11-35-1220. Collection of data concerning public procurement.
- 11-35-1230. Auditing and fiscal reporting.
- 11-35-1240. Administrative penalties.
- 11-35-1250. Authority to contract for auditing services.
- 11-35-1260. Authority to contract for legal services.
- 11-35-1270. Authority to contract for certain services.

§ 11-35-1210. Certification.

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

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

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

(3) *Adherence to Provisions of the Code.* All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

HISTORY: 1981 Act No. 148, § 1.

Cross references—

As to revocation of certification of direct procurement authority of governmental body for not taking corrective action after audit discloses internal procurement procedures inconsistent with Code, see § 11-35-1230.

Research and Practice References—

- 64 Am Jur 2d, Public Works and Contracts §§ 8, 10.
- 72 CJS Supplement, Public Contracts § 6.

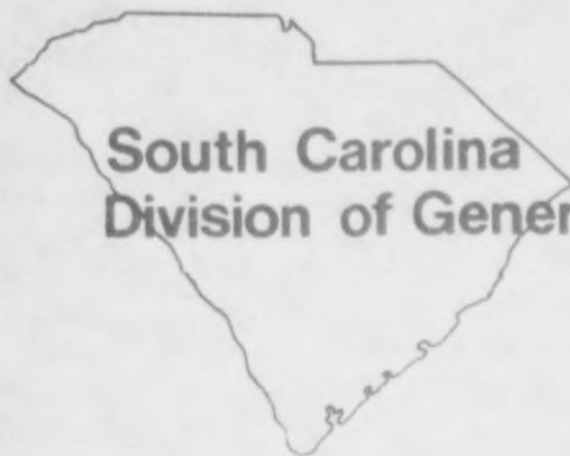
008712

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD



South Carolina
Division of General Services

PROCUREMENT
AUDIT AND
CERTIFICATION

TRIDENT TECHNICAL COLLEGE

AGENCY

JANUARY 8, 1987

DATE

008713

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIN STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2150

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



WILLIAM J. CLEMENT
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

EXHIBIT

January 8, 1987

JAN 29 1987 NO. 20

STATE BUDGET & CONTROL BOARD

Mr. Richard W. Kelly
Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Rick:

Attached is the final Trident Technical College audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the College two years certification as outlined in the audit report.

Sincerely,

A handwritten signature in dark ink, appearing to read "WJC", written over the typed name.

William J. Clement, AIA
Assistant Division Director

Attachment

008714

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD

TRIDENT TECHNICAL COLLEGE AUDIT REPORT

MAY 27, 1986

008715

EXHIBIT

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD

TABLE OF CONTENTS

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Transmittal Letter.....	1
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Scope.....	5
Summary of Audit Findings.....	7
Results of Examination.....	8
Certification Recommendation.....	10

008716

EXHIBIT

JAN 29 1987 NO. 20

STATE BUDGET & CONTROL BOARD

October 21, 1986

Mr. William J. Clement
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

We have examined the local fund procurement policies and procedures of Trident Technical College for the period April 1, 1985 - February 28, 1986. As a part of our examination we made a study and evaluation of the system of internal control over local fund procurement transactions to the extent we considered necessary.

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

The administration of Trident Technical College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of

008717

control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

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

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

The examination did disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

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

R. Voight Shealy
R. Voight Shealy, Manager
Office of Audit and Certification

INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies and related manual of Trident Technical College.

Our on-site review was conducted March 24, 1986 through April 4, 1986, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

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

BACKGROUND

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

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

While on site, we received a written request from Trident Technical College for certification to make local fund procurements in the following categories and designated amount:

<u>Area</u>	<u>Amount</u>
Goods and Services	\$10,000
Consultants	\$10,000
Construction	\$10,000
Information Technology	\$10,000

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of Trident Technical College and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. The examination was limited to procurements from local funds, which includes some federal funds, local contributions and student collections.

The Office of Audit and Certification selected random samples for the period July 1, 1985 - February 28, 1986, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

- (1) adherence to provisions of the South Carolina Consolidated Procurement Code and regulations;
- (2) procurement staff and training;
- (3) adequate audit trails and purchase order registers;
- (4) evidence of competition;
- (5) small purchase provisions and purchase order confirmations;
- (6) emergency and sole source procurements;
- (7) source selections;
- (8) file documentation of procurements;

- (9) disposition of surplus property;
- (10) economy and efficiency of the procurement process;
and
- (11) approval of Minority Business Enterprise
Utilization Plan.

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of Trident Technical College produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>COMPLIANCE - PROCUREMENTS</u>	8
Our review of transactions revealed that four procurements were neither competed nor sole sourced.	
II. <u>REVIEW OF THE PURCHASING PROCEDURES MANUAL</u>	9
The manual is inadequate for higher certification limits.	

RESULTS OF EXAMINATION

I. Compliance - Procurements

Our audit included, but was not limited to, reviews of, (1) a random sample of seventy-five procurement transactions for the period July 1, 1985 - February 28, 1986, (2) procurement files relating to bids obtained on additional transactions and, (3) vendor files for purchase orders issued. These tests revealed that the following procurements were made without solicitations of competition or preparation of sole source determinations.

<u>Purchase Order</u>	<u>Amount</u>	<u>Description</u>
1. 60217	\$23,100.00	Bus shuttle service
2. 60053	\$ 1,500.00	Maintenance - copiers
3. 53149	\$ 3,110.40	Maintenance
4. 60082	\$ 984.00	Maintenance - optical character reader

We agree that each of these procurements, except for number 1, were probably sole sources but the required determinations were not prepared.

We remind the college that all procurements greater than \$500.00 must either be supported by evidence of competition or sole source or emergency procurement determinations. It is essential that determinations be prepared to justify the actions taken.

Purchase order 60217 exceeded the college's procurement authority. It is an unauthorized procurement that must be ratified by the Materials Management Officer in accordance with Section 19-445.2015 of the Procurement Code regulations.

II. Review of the Purchasing Procedures Manual

We reviewed the purchasing procedures at Trident Technical College and found them adequate for certification at the basic level of \$2,500.00. However, the manual must be expanded and additional policies and procedures incorporated if higher certification limits are to be granted to the college. We have, by separate letter, provided the college with the increased requirements to be included in their manual.

EXHIBIT

JAN 29 1987 NO. 20

STATE BUDGET & CONTROL BOARD

EXHIBIT

CERTIFICATION RECOMMENDATIONS

JAN 29 1987

NO. 20

STATE BUDGET & CONTROL BOARD

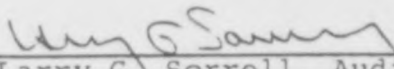
As enumerated in our transmittal letter, corrective action based on the recommendations described in the findings contained in the body of this report, we believe, will in all material respects place Trident Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend Trident Technical College be certified to make direct agency procurements up to the limits as follows:

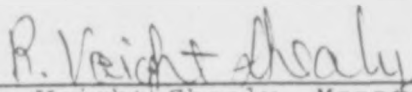
<u>PROCUREMENT AREA</u>	<u>RECOMMENDED CERTIFICATION</u>
Goods and Services (local funds only)	*\$10,000 per purchase commitment
Consultants (local funds only)	*\$10,000 per purchase commitment
Information Technology in accordance with the approved Information Technology Plan (local funds only)	*\$10,000 per purchase commitment

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

Construction certification is not recommended at this time.



Larry G. Sorrell, Audit Manager
Office of Audit and Certification



R. Voight Shealy, Manager
Office of Audit and Certification

Trident Technical College

P.O. Box 10367 • Charleston, SC 29411 • (803) 572-6111



October 28, 1986

Mr. R. Voight Shealy
Audit and Certification
Budget and Control Board
300 Gervais Street
Columbia, SC 29201

Dear Mr. Shealy:

We have reviewed the audit report dated May 27, 1986 and have taken steps to correct the stated deficiencies.

I. Compliance - Procurements

P.O. #60217 We have requested ratification
P.O. #53149 by Richard Campbell. A copy of the
letter is attached.

P.O. #60053 Prior to the audit review in May, we
P.O. #60082 had implemented a system to bid all
maintenance agreements exceeding \$500
prior to their renewal.

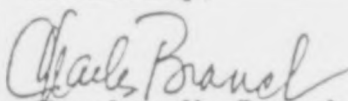
II. Purchasing Procedures Manual

Upon receipt of the letter from your office, we shall make all modifications to our manual to assure compliance with your standards.

We discussed the audit findings in detail with the auditor Larry Sorrell and have taken corrective action. Should you feel that a formal exit conference is necessary, please contact me regarding the date and time.

Should you have any questions, or need additional information, please contact me.

Sincerely,


Charles W. Branch
President

CWB:cab

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIN STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2150

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



WILLIAM J. CLEMENT
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

EXHIBIT

JAN 29 1987 NO. 20

STATE BUDGET & CONTROL BOARD

January 7, 1987

Mr. William J. Clement
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Bill:

We have reviewed the response to our audit report of Trident Technical College covering the period April 1, 1985 through February 28, 1986. Combined with observations made during our site visit, this review has satisfied the Office of Audit and Certification that the College is correcting the problem areas found and that internal controls over the procurement system are adequate.

We, therefore, recommend that the certification limits for Trident Technical College outlined in the audit report be granted for a period of two (2) years.

Sincerely,

R. Voight Shealy

R. Voight Shealy, Manager
Audit and Certification

008729

EXHIBIT

JAN 29 1987

NO. 21

STATE BUDGET AND CONTROL BOARD
MEETING OF JANUARY 29, 1987

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER

13

AGENCY: State Development Board

SUBJECT: Foreign Travel

The State Development Board requests Board approval of the travel of James T. Lindsay, Manager, International Business Development, to West Germany during the March 29 - April 11, 1987, period to participate in a trade mission sponsored by the Columbia Chamber of Commerce which is paying part of Mr. Lindsay's travel costs. The estimated cost to the State of this travel is \$1,500.

BOARD ACTION REQUESTED:

Approve the travel of James T. Lindsay, Manager, International Business Development, State Development Board to West Germany during the March 29 - April 11, 1987, period.

ATTACHMENTS:

Holladay January 20 letter to Coles

008730



STATE DEVELOPMENT BOARD

POST OFFICE BOX 927
COLUMBIA, SOUTH CAROLINA 29202

J. MAC HOLLADAY
DIRECTOR

RECEIVED

JAN 20 1987

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

TEL 803/734-1400
TWX NO 810 666 2628

January 20, 1987

Dr. Jesse A. Coles, Jr.
Executive Director
Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

EXHIBIT

JAN 29 1987 NO. 21

STATE BUDGET & CONTROL BOARD

Dear Dr. Coles:

Budget and Control Board approval is requested for international travel associated with a trade mission to West Germany departing Sunday, March 29, 1987 and returning April 11, 1987.

The State Development Board representative traveling at state expense will be:

James T. Lindsay, Manager, International Business Development.

The mission will go to West Germany. The purpose of the mission is to attract foreign investment prospects and exhibit on behalf of South Carolina at the trade show in West Germany. Thank you for your assistance.

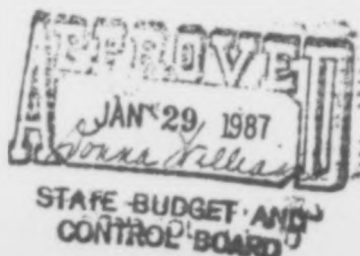
Kindest regards,

J Mac

J. Mac Holladay

JMH:dgh

*Estimated cost of
travel - \$1,500.*



008731

EXHIBIT

JAN 29 1987

NO. 22

BUDGET AND CONTROL BOARD

DIVISION OF LOCAL GOVERNMENTS STATE BUDGET & CONTROL BOARD

APPLICATION FOR RURAL IMPROVEMENT FUNDS

NAME OF APPLICANT City of Union
STREET ADDRESS 100 Sharp Avenue
CITY OR TOWN Union STATE S. C. ZIP 29379

Application must be completed in full. Submit original and one copy.

Description of Project:

(A) Oakmont Lane Industrial Site water line extension to accomodate industrial prospect; (B) Barnado Road Industrial Site water and sewer extension to accomodate industry in Union.

Anticipated Results of Projects:

Water main and appurtenances at Oakmont Lane Industrial Site, water main and appurtenances at Barnado Road Industrial Site, engineering, electrical extensions and natural gas at both sites. Sewer line at Barnado Road Industrial Site.

Source of Funding (Federal, State, Local, Private donations, etc...)

Rural improvement funds:	\$ 40,000.00
City of Union:	156,269.00

008732

Anticipated Expenditures (IN DETAIL)

Oakmont Lane Industrial Site - 3,058 feet of 10" DIP water main and appurtenances	\$	64,261.00
Barnado Road Industrial Site - 1,099 feet of 10" DIP water main and appurtenances		20,363.00
Sewer line		44,795.00
Miscellaneous (both projects) - Engineering		6,850.00
Electrical extension		25,000.00
Natural gas		35,000.00

EXHIBIT

JAN 29 1987 NO. 22

Total

STATE BUDGET & CONTROL BOARD

196,269.00

If approved, when will you need the funds? Date: 12-22-86 \$ 40,000

House Funds \$ 20,000.00

Senate Funds \$ 20,000.00

TOTAL \$ 40,000.00

General Information

- A. Unencumbered General Fund Balance \$ 1,709,790 at May 31, 1986
- B. How often is the applicant audited? Annually
- C. What period was covered by the last audit? June 1, 1985 - May 31, 1986
- D. What audit procedures will apply to Rural Improvement funds? Rural improvement funds will be included in annual FY single audit
- E. Name and Title of individual responsible for administration of Grant:
T.D. Sherbert, Jr. Title Director of Utilities

Approved by:

(Legislative Approval)

Thomas H. Pope, III
James M. Arthur

Organization City of Union

Authorized Signature [Signature] Title Mayor

Phone (803) 427-2691 Date 12-1-86

ALL FUNDS ARE SUBJECT TO RANDOM AUDIT

008733

EXHIBIT

JAN 16 1987

NO. 15

STATE BUDGET AND CONTROL BOARD
MEETING OF January 16, 1987

REGULAR SESSION
ITEM NUMBER

8

AGENCY: Executive Director

SUBJECT: New Employees Moving Expense Payments

In accordance with Code Section 8-11-135, the following agencies request approval of the payment of moving expenses:

- A. Department of Archives and History: Not more than \$5,000 as a reimbursement to Dr. George L. Vogt, who has accepted the position of Director of the Department, for the costs incurred in moving personal and household effects from Arlington, Virginia to Columbia.
- B. Department of Insurance: \$5,000 to Mr. Brian L. Klapman, Hixson, Tennessee to defray moving expenses. Mr. Klapman, a native South Carolinian, has accepted the position of Chief Life Actuary.
- C. Department of Mental Health: \$2,253.85 to Karla M. Reichert, 5371 Salem Bend Drive, Apt. B, Trotwood, Ohio for the costs incurred in moving personal and household effects from Trotwood, Ohio to Columbia.

The Department advises that the Hall Psychiatric Institute filled the position of Chief of Occupational Therapy after having recruited since December 1985. In the process of negotiating, the Department failed to receive Budget and Control Board approval to pay moving expenses.

BOARD ACTION REQUESTED:

In accordance with Code Section 8-11-135, approve:

- (a) Department of Archives and History payment of not more than \$5,000 as a reimbursement to Dr. George L. Vogt, who has accepted the position of Director of the Department, for the costs incurred in moving personal and household effects from Arlington, Virginia to Columbia;
- (b) Department of Insurance payment of up to \$5,000 in moving expenses to the newly-employed Chief Life Actuary, Brian L. Klapman to defray moving expenses from Hixson, Tennessee;
- (c) Department of Mental Health payment of \$4,253.85 to Karla M. Reichert, 5371 Salem Bend Drive, Apt. B, Trotwood, Ohio for the costs incurred in moving personal and household effects from Trotwood, Ohio to Columbia.

ATTACHMENTS:

Rogers January 6 memo to McInnis; agenda item worksheet; Bevilacqua January 8 memo to McInnis

008239

JAN - 7 1987



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

P.O. Box 11,669
Capitol Station 29211-1669
803-758-5816

EXHIBIT

JAN 16 1987 NO. 15

MEMORANDUM TO: William A. McInnis, Secretary
Budget and Control Board

STATE BUDGET & CONTROL BOARD

FROM:

George C. Rogers, Jr.
George C. Rogers, Jr., Chairman
Archives and History Commission

SUBJECT: New Employee Moving Expense Payment Approval Request

DATE: January 6, 1987

In accordance with Code Section 8-11-135, this is a request for Budget and Control Board approval of the payment by this agency of not more than \$5,000 as a reimbursement to Dr. George L. Vogt for the costs incurred in moving personal and household effects from Arlington, Virginia to Columbia, South Carolina.

Dr. Vogt is accepting the position as Director of the Department of Archives and History. The Archives and History Commission has recruited for this position nationwide, and because of the critical need to have this position filled, it is necessary for this agency to pay this reimbursement.

I certify that the amount to be paid by this agency toward the moving cost incurred by this new employee will not exceed \$5,000.

GCR:ab

008240

A

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

For meeting scheduled for:

January 16, 1987

Blue Agenda
☒ Regular Session Agenda
☐ Executive Session Agenda

1. Submitted By: Chief Insurance Commissioner John G. Richards
South Carolina Department of Insurance
2. Subject: Moving Expenses - Newly Employed Chief Life Actuary

3. Summary Background Information:

For the past two months, the South Carolina Department of Insurance has been recruiting applicants for the position of Chief Life Actuary, which position is critical to the needs of this Department. The position of Chief Life Actuary has been filled by a native South Carolinian, Mr. Brian L. Klapman, who currently resides in Hixson, Tennessee. Approval of the Budget & Control Board is requested to pay Mr. Klapman \$5,000 to defray moving expenses from Tennessee to South Carolina.

EXHIBIT

JAN 16 1987

NO. 15

STATE BUDGET & CONTROL BOARD

John G. Richards

4. What is Board Asked To Do?

Approve up to \$5,000 in moving expenses to the newly employed Chief Life Actuary, Brian L. Klapman, to defray moving expenses from Hixson, Tennessee to Columbia, South Carolina.

5. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

008241

B

JAN 12 1987



South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202

Information (803) 734-7783

Joseph J. Bevilacqua, Ph.D. / State Commissioner

(803) 734-7780

EXHIBIT

MEMORANDUM

MENTAL HEALTH COMMISSION:

JAN 16 1987

NO. 15

William L. Pope, Chairman
Columbia

TO:

William A. McInnis, Secretary
Budget and Control Board

STATE BUDGET & CONTROL BOARD

Bernard Warshaw, Vice-Chairman
Walterboro

FROM:

Joseph J. Bevilacqua, Ph.D.
State Commissioner of Mental Health

C. Alex Harvin, Jr.
Summerton

Elaine T. Freeman
Spartanburg

SUBJECT: New Employee Moving Expense Payment Approval
Request

Carol W. Garvin
Aiken

DATE: January 8, 1987

Willie G. Boulware
Rock Hill

Ernest E. Harrill
Greenville

C. M. Tucker, Jr.
Chairman Emeritus
Pageland

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

G. Werber Bryan
Member Emeritus
Sumter

In September, 1986, the William S. Hall Psychiatric Institute filled the position of Chief of Occupational Therapy after having recruited for this position since December, 1985. In the process of negotiating with this person, the Department of Mental Health inadvertently failed to receive Budget and Control Board approval to pay the moving expenses. In accord with Code Section 8-11-135, we are now requesting for Budget and Control Board approval of payment as reimbursement to Karla M. Reichert, 5371 Salem Bend Drive, Apt. B, Trotwood, Ohio for the costs incurred in moving personal and household effects from Trotwood, Ohio to Columbia, South Carolina, in the amount of \$2,253.85.

The Institute had been recruiting for this position since December, 1985, by advertising in numerous state and national occupational therapy association publications and trade journals. Because of the critical need to have this position filled, it is necessary for this agency to pay this reimbursement.

I certify that the indicated amount to be paid is the total paid and to be paid by this agency toward the moving cost incurred by this new employee.

Joseph J. Bevilacqua
JOSEPH J. BEVILACQUA, PH.D.
STATE COMMISSIONER OF MENTAL HEALTH

JJB:cmb

008242

C

JAN 12 1987



South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202

Information (803) 734-7783

Joseph J. Bevilacqua, Ph.D. / State Commissioner

(803) 734-7780

EXHIBIT

MEMORANDUM

MENTAL HEALTH COMMISSION:

JAN 16 1987

NO. 15

William L. Pope, Chairman
Columbia

TO:

William A. McInnis, Secretary
Budget and Control Board

STATE BUDGET & CONTROL BOARD

Bernard Warshaw, Vice-Chairman
Walterboro

FROM:

Joseph J. Bevilacqua, Ph.D.
State Commissioner of Mental Health

C. Alex Harvin, Jr.
Summerton

Elaine T. Freeman
Spartanburg

SUBJECT: New Employee Moving Expense Payment Approval
Request

Carol W. Garvin
Aiken

DATE: January 8, 1987

Willie G. Boulware
Rock Hill

Ernest E. Harrill
Greenville

C. M. Tucker, Jr.
Chairman Emeritus
Pageland

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Member Emeritus
Greenville

G. Werber Bryan
Member Emeritus
Sumter

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I certify that the indicated amount to be paid is the total paid and to be paid by this agency toward the moving cost incurred by this new employee.

Joseph J. Bevilacqua
JOSEPH J. BEVILACQUA, PH.D.
STATE COMMISSIONER OF MENTAL HEALTH

JJB:cmb

008242

EXHIBIT

JAN 16 1987

NO. 16

STATE BUDGET AND CONTROL BOARD
MEETING OF January 16, 1987

ITEM NUMBER

9

AGENCY: Parks, Recreation and Tourism

SUBJECT: Foreign Travel

The Department of Parks, Recreation and Tourism requests Board approval of the travel of Robert G. Liming and Donna Reynolds to Berlin, West Germany during the March 2-27, 1987, period to represent South Carolina at the International Tourism Exchange. The estimated cost of the travel is \$5,000 and will be paid from funds appropriated for tourism development and promotion.

BOARD ACTION REQUESTED:

Approve the travel of Parks, Recreation and Tourism staff members Robert G. Liming and Donna Reynolds to Berlin, West Germany during the March 2-27, 1987, period to represent South Carolina at the International Tourism Exchange.

ATTACHMENTS:

Brinkman January 6 letter to Coles

008243



Fred P. Brinkman
Executive Director
(803) 758-2566

EXHIBIT

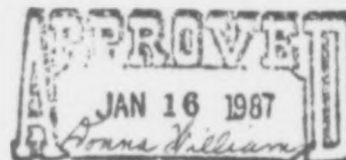
JAN 16 1987

NO. 16

STATE BUDGET & CONTROL BOARD

January 6, 1987

Dr. Jesse A. Coles, Jr.
Executive Director
State Budget and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29211



STATE BUDGET AND
CONTROL BOARD

Dear Jesse:

I am writing to request Budget and Control Board approval for Mr. Robert G. Liming, Director of the South Carolina Department of Parks, Recreation and Tourism's Division of Tourism, and Miss Donna Reynolds, Special Projects Coordinator, PRT's Division of Tourism, to represent South Carolina at the International Tourism Exchange (ITB) in Berlin, West Germany March 2 - March 27, 1987.

This show is the largest travel trade show in Europe which is oriented to the major travel trade and wholesale operators throughout the United Kingdom. PRT's participation is made possible through the special PRT International Marketing Program which helped attract over 29,000 Western European visitors to South Carolina last year. We are confident that this show and PRT's direct involvement will continue to strengthen South Carolina's marketing position as a leader in attracting Western European visitors to our state. All transportation, housing, meals and related expenses will be paid out of regular funds appropriated for tourism development and promotion. Estimated expenses are \$5,000.00.

Enclosed is PRT's European Tourism Marketing Program prepared by the Division of Tourism, May 1986. If there is any additional information you or the Board may need, please let me know.

Sincerely,

Fred P. Brinkman
Executive Director

cc: William McInnis, Deputy Executive Director
State Budget and Control Board

Edgar A. Vaughn, Jr., State Auditor

008244

EXHIBIT

JAN 16 1987

NO. 17

STATE BUDGET & CONTROL BOARD
STATE BUDGET AND CONTROL BOARD
MEETING OF January 16, 1987

SUPPLEMENTAL
REGULAR SESSION
ITEM NUMBER _____

AGENCY: Wildlife and Marine Resources

SUBJECT: Funds for Repair of Waterfowl Impoundment Dikes

The Wildlife and Marine Resources Department is asking the Board to provide \$150,000 of an estimated \$289,000 total cost to repair dikes at three waterfowl impoundments. The dikes were damaged by the recent storm which coupled unusually high tides with northeasterly winds. The impoundments are considered an important and integral component of the Department's waterfowl management program.

The Department reports that its staff has reviewed the damage and estimates repair costs as follows:

Bear Island Game Management Area	\$ 80,000
Santee Delta/Samworth Game Management Area	59,000
Santee Coastal Reserve Game Management Area	150,000
	<u>\$289,000</u>

The Department will seek the balance of the funds required from private sources and from the State's waterfowl stamp funds.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Timmerman January 15 letter to Coles

008245



*South Carolina
Wildlife & Marine
Resources Department*

James A. Timmerman, Jr., Ph.D.
Executive Director
John B. Reeves
Director of
Administrative Services

January 15, 1987

EXHIBIT

JAN 16 1987 NO. 17

STATE BUDGET & CONTROL BOARD

Dr. Jesse Coles, Executive Director
Budget and Control Board
612 Wade Hampton Office Building
Columbia South Carolina 29201

Dear Jesse:

This is to request funding assistance from the State Budget and Control Board for damages caused to the Department's waterfowl impoundments due to recent high tides coupled with northeasterly winds.

Our staff has completed an extensive review of damages caused during this storm and we estimate such damages as follows:

Bear Island Game Management Area	\$ 80,000
Santee Delta/Samworth Game Management Area	59,000
Santee Coastal Reserve Game Management Area	150,000
	<u>\$289,000</u>

The impoundments in each of these areas have been developed by the Department over the past twenty or so years. These impoundments represent an integral component of our waterfowl management program and are important to wintering waterfowl as well as wading birds, fisheries and a diversity of wildlife species. In addition, the impoundments are utilized extensively by the State's waterfowl hunters which enhances the State's economic development through expenditures for equipment, travel, lodging and the like.

The damages caused to the dikes in these management areas consist of several large breaks in the dikes at the 8,000 acre Murphy Island and the 6,000 acre Cedar Island. In addition, there is severe erosion on these dikes which, if not repaired, will deteriorate and cause further breaks in the dikes. The breaks in the various dikes need repair, the erosion needs to be sustained through tapping and repairs need to be made to wash-outs at water control structures in these impoundments.

008246

EXHIBIT

JAN 16 1987 NO. 17

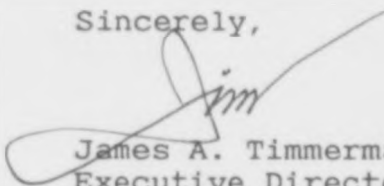
Dr. Jesse Coles
Page 2
January 15, 1987

STATE BUDGET & CONTROL BOARD

Currently, the Department is seeking to develop funds from private sources as well as the State's waterfowl stamp funds. However, we only feel that both sources will develop a relatively moderate amount for these repairs and we are, therefore, requesting \$150,000 from the State Budget and Control Board to supplement the \$289,000 estimated repair costs.

With kindest personal regards.

Sincerely,



James A. Timmerman, Jr.
Executive Director

JATjr/mbs
cc: Senator Rembert C. Dennis
Mr. William A. McInnis

008247

Budget and Control Board, Office of Executive Director
CIVIL CONTINGENT FUND - 86-87

Fund Status Report at January 6, 1987

Appropriations:
 General

\$

\$481,764.00

Transfers:

Governor's Ofc Exec Policy and Pgms/CETA 75-76 Claim	37,523.00
BCB/DRSS/Board of Economic Advisors	21,110.00
Water Resources Commission	83,900.00
Board of Examiners, LPC, AC, M&FT*	23,140.00
Parole and Community Corrections	
for Sentencing Guidelines/Ms. Causey	1,102.67
Board of Geologists	17,466.00
Governor's Office/Nat'l Governors Conference	30,000.00
Commission on Women	6,000.00
Attorney General's Ofc/Catawba Indian Suit	30,000.00

EXHIBIT

JAN 16 1987

NO. 17

STATE BUDGET & CONTROL BOARD

\$250,241.67

Direct Expenditures:

Budget and Control Board Meetings	2,984.46
Board of Economic Advisors	390.00
Construction Advisory Committee	277.76
Retirement/Preretirement Advisory Council	116.50
Governor's Youth Advisory Council	1,754.75
Florence Crittenton Programs	12,500.00
Study Committee/Hunger and Nutrition	2,685.69
NASBO Regional Meeting, SC Host	9,611.00

\$30,320.16

Encumbrances:

Budget and Control Board Meetings	1,015.54
BCB, OED, Microfilming, Binding Board Minutes	2,000.00
Retirement/Preretirement Advisory Council	233.50
Construction Advisory Council	322.24
Governor's Youth Advisory Council Meetings	2,245.25
Clemson University/Fire Ant Research	30,000.00
Att Gen Ofc/Catawba Indian Suit/Legal Fees	95,000.00
Sentencing and Guidelines Commission	439.00
Tax Study Commission	80,000.00

\$211,255.53

YTD Encumbered (Trans, Expend and Encumb):

\$491,817.36

Year-to-date Disbursement:

\$280,561.83

Balance (Cash available at 010687)

\$201,202.17

Balance Unencumbered (Total Available):

(\$10,053.36)

* Licensed Professional Counselors, Associate Counselors, Marital and Family Therapists

NOTE: Appropriation reflects 2.6% budget cut amounting to \$12,860 (holding in reserve) 008248

South Carolina Bond Contingency Revolving Fund

Capital Improvement Bonds

Authorized Prior to 1986 - Amount Currently Unallocated and Available

\$120,100.22

Authorized in Act 538 of 1986

\$667,000.00

Less Amount Previously Allocated in Priority Group 9 (July-December 1986)

-335,000.00

Remaining Amount - Scheduled for Group 13 Release (July-December 1988)

\$332,000.00

EXHIBIT
JAN 16 1987 NO. 17
STATE BUDGET & CONTROL BOARD

Attachment 1

12-15-86

008249

Attachment 1

T H E E N D

008250