

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MARCH 26 1974

The Budget and Control Board met in the Office of the Governor at 11:00 a. m. on March 26, 1974, with the following Board members in attendance.

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

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

The following business was conducted.

PATRIOT'S POINT - Mr. Charles F. Hyatt, Mr. Joe Riley, Admiral H. J. Kossler and Mr. Julian LeaMond appeared before the Budget and Control Board to advise that the State of South Carolina had the opportunity to acquire the aircraft carrier Yorktown for the Patriot's Point Naval Museum. The United States Government would make a gift of this ship, but the State will have to pay some \$3,000,000 to provide for moving expenses and a permanent place for docking. It was further stated that the Naval officials would require evidence that these funds were available before the gift would be approved.

The delegation for Patriot's Point stated that there were several other naval museums but that none had an aircraft carrier. Also it appears that the Yorktown will be the only carrier available for several years.

After considerable discussion, it was decided that a joint Resolution of the Senate and the House of Representatives pledging support of a \$3,000,000 bond issue would be the quickest method of assuring these funds. Pursuant to this agreement, Mr. LeaMond stated that he would introduce such a Resolution.

A copy of a letter from the Patriot's Point Development Authority has been retained in these files and is identified as Exhibit I.

NATIONAL LEGISLATIVE LEADERS CONFERENCE - Governor West advised the Board members that the National Legislative Leaders Conference will be held in South Carolina during the current year; and that Mr. Rex Carter, Speaker of the House, had requested approximately \$1,000 for the expenses of this meeting. The Board unanimously approved this expenditure from the Civil Contingent Fund.

MINUTES OF THE LAST MEETING - A copy of the minutes of the Budget and Control Board meeting of March 5, 1974 had previously been furnished to each member. These minutes were approved as written.

FOREIGN TRAVEL - The Budget and Control Board approved the following requests for foreign travel.

UNIVERSITY OF SOUTH CAROLINA -

1. Robert L. Oakman to attend a meeting in Cardiff, Wales.
2. W. H. Kanes, Alan Nairn, and Bruce Nelson to travel in North Africa for research.
3. Richard Zingmark to travel in Great Britain to attend the International Seaweed Symposium.
4. Paula Shirley to conduct research in Madrid, Spain.

MEDICAL UNIVERSITY -

1. Dr. Fred E. Pittman to attend a course of study in Trapani, Sicily.

STATE DEVELOPMENT BOARD -

1. Milton Folds and Caleb Whitaker to accompany Governor West on his trip to Europe.

CLEMSON UNIVERSITY -

1. Dr. Eldon I. Zehr to attend a meeting in Vancouver, British Columbia, Canada.

Letters requesting this travel have been retained in these files and are identified as Exhibits II through VIII.



ADJUTANT GENERAL'S OFFICE - SELECTION OF ARCHITECTS - In a letter dated March 5, 1974, the Adjutant General's office requested permission to contract with the following architects.

Carson and Williams for the Eastover Armory Project

Opsahl and Pate for the Rock Hill Organizational Maintenance shop.

The Budget and Control Board approved both of these requests.

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

MENTAL HEALTH COMMISSION - RIGHT-OF-WAY - The Budget and Control Board approved a request of the South Carolina Department of Mental Health for authorization to grant a right-of-way to the South Carolina Electric and Gas Company along the west side of Bull Street and a second right-of-way on the north side of Rabon Road.

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

GENERAL SERVICES DIVISION - Mr. Furman McEachern, Director of the General Services Division, appeared before the Budget and Control Board to present the following items.

a. Mr. McEachern advised that he had been contacted concerning the possibility of the sale of approximately eighty (80) acres of land which is presently a part of the State Park, but which will be separated from the main tract by the freeway. Subsequently, the prospective buyer indicated that he was no longer interested in purchasing the property, but Mr. McEachern recommended that the Board give serious consideration to the sale of the land if other buyers exhibit interest.

It was agreed that the State should seriously consider selling this property if other investors showed interest.

A memorandum from Mr. McEachern pertaining to the pro-

posed transaction has been retained and is identified as Exhibit XI.

b. The Budget and Control Board approved the initial requests for the construction of the Blatt Building and the Gressette Building and for awarding a contract to Wood Salvage Company for the demolition of the Caughman and Heyward Buildings.

c. The Board approved the financing of the geological building by using \$60,000 as provided by Act 508, Acts of 1971, and by utilizing \$22,000 of the funds provided to the Budget and Control Board in Act 1555, Acts of 1972.

d. Mr. McEachern furnished the Budget and Control Board with reports pertaining to the following items.

Purchase of Vehicles  
Records Disposition  
Tideland Permits  
Equipment Purchases

A copy of the reports furnished by Mr. McEachern has been retained in these files and is identified as Exhibit XII.

RETIREMENT SYSTEM - At the request of Mr. Purvis Collins, Director of the State Retirement System, the Budget and Control Board approved two Resolutions pertaining to the Retirement System. The first of these Resolutions increased the fixed rate of interest to be allowed on deferred annuities from 3% to 4% while the second Resolution provided for cost of living increases for retirees.

Copies of these Resolutions have been retained in these files and are identified as Exhibit XIII and XIV, respectively.

TITLE I - HIGHER EDUCATION ACT - PROJECT GRANTS - The Budget and Control Board approved for funding under Title I of the Higher Education Act, thirteen (13) projects which were recommended by the State Advisory Council.

A brochure describing each of these projects has been retained in these files and is identified as Exhibit XV.

POLLUTION CONTROL FACILITIES BONDS - The Budget and Control Board approved a Petition of Georgetown County for the issuance of \$3,000,000 of Pollution Control Facilities Bonds on behalf of Georgetown Steel Corporation.

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

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL - The Budget and Control Board approved the advancing of sick leave for Mrs. Macy Brown of the Department of Health and Environmental Control and for the payment of her salary until April 18, 1974, at which time she will be retired as a result of physical disability.

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

a. Dr. Mullins presented each Board member with a brochure pertaining to policy and procedure with respect to dual employment, but because of a lack of time, it was agreed that this matter would be held for further study.

A copy of the brochure pertaining to dual employment has been retained in these files and is identified as Exhibit XVII.

b. In the Budget and Control Board meeting of March 5, 1974, Dr. Mullins reported that Blue Cross - Blue Shield would like to pool the experience of State Government employees and that of local government employees for the purpose of determining a rate factor. As it is now certain that such pooling would result in a substantial rate increase for State employees, the Board unanimously agreed that it should not be permitted.



c. Dr. Mullins reported that the insurance rates for State employee coverage for the fiscal year 1975 would increase from \$10.60 per month to \$12.08 per month, but that the additional amount of \$480,000 which will result from this change can be borne by the Insurance Fund. Therefore he recommended, and the Board concurred, that the increase of \$1.48 per employee per month should be borne in full by the State of South Carolina.

d. At the request of Dr. Mullins, the Board approved six new positions for the State Personnel Division, each of which is to be paid from available Federal funds totaling \$71,000.

e. The Board approved a recommendation by Dr. Mullins that his Organization arrange for Federal HATCH Act seminars for selected State employees and for local governments.

f. Dr. Mullins recommended, and the Board approved, nineteen (19) requests for dual employment.

A copy of these requests has been retained in these files and is identified as Exhibit XVIII.

g. Dr. Mullins presented the Board with a copy of a proposed Bill dealing with sick leave which would be substituted for the presently existing sick leave act and the maternity leave act. This proposed Bill was approved by all members of the Board, and Dr. Mullins was directed to forward a copy to the Senate Committee studying the State Personnel System, which is headed by Senator Drummond.

A copy of the proposed Bill has been retained in these files and is designated as Exhibit XIX.

h. Mr. Patterson advised the Board that he had received several complaints that Blue Cross - Blue Shield was extremely slow in paying major medical claims and requested that a letter be directed to the insurance company asking for relief from this

situation. Dr. Mullins indicated that he would write such a letter on behalf of the Budget and Control Board.

PIER PERMIT - Board members were advised that a request had been received for the renovation and extension of an existing pier located at Garden City, South Carolina; but that there was a question in the mind of the Attorney General as to whether the Budget and Control Board actually had the authority to deal with such matters. Therefore, the Budget and Control Board directed Mr. P. C. Smith to request that the Attorney General draft Legislation which would clarify the Board's authority for dealing with such matters.

Consideration of the Garden City request was postponed until a subsequent meeting.

CHAIRMAN  
CHARLES F. HYATT  
APT. BY GOV. WEST

GEORGE E. CAMPSER  
NOM. BY SEN. THURMOND

A. CRAWFORD CLARKSON  
NOM. BY CONG. SPENCE

ALEX C. CROUCH  
NOM. BY CONG. MANN

J. E. GUERRY, JR.  
NOM. BY SEN. HOLLINGS

State of South Carolina  
Patriot's Point  
Development Authority

R Adm. Herman J. Kossler, USN, Ret.  
EXECUTIVE DIRECTOR

Post Office Box 634  
Charleston, South Carolina 29402

Telephone  
803/722-2203

EXHIBIT I  
MARCH 26 1974  
RADM ROBERT H. HARE  
NOM. BY CONG. DORN

J. MAT HIERS  
NOM. BY CONG. GETTYS

LEROY H. KEYSERLING  
NOM. BY CONG. DAVIS

HORACE TILGHMAN  
NOM. BY CONG. YOUNG

FRANK K. SLOAN  
COUNSEL

March 25, 1974

Yorktown is key to establishment of the Naval Museum and hence the catalyst to development of Patriot's Point. Not only is it in good shape requiring minimum Museum preparation costs, but is the only carrier now scheduled to be available in our time frame.

The Instruction for applying to the Navy for donation of the Carrier Yorktown requires that the following be included in the application:

"Statement of financial resources currently available to Patriot's Point Development Authority to pay the costs required to be assumed should the Yorktown be donated to the Authority. This statement should include a summary of sources and amounts of annual income and annual expenditures, exclusive of estimated costs that would be attributable to the Yorktown, so as to permit an evaluation of funds that will be available for upkeep of the vessel."

It has been estimated that to prepare the Naval Museum site at Patriot's Point for the Yorktown; to tow her from New Jersey and to prepare her for visitors; and to operate and maintain the ship and Naval Museum during FY 1975 and FY 1976, will cost approximately \$3 million. In FY 1977 and subsequent years, it will cost approximately \$650,000 to operate the Naval Museum, including the maintenance of the Yorktown.

Once the Yorktown is open for visitors, and it is estimated that this would be the Summer of 1975, the following incomes will be generated. It has been predicted that the number of admissions will double during the first 10 years.

First Year Admissions	\$1,000,000
Net Income from Concessions	<u>100,000</u>
Total:	\$1,100,000

Funds from the following sources will become available to Patriot's Point Development Authority after Yorktown has been obtained:

- (1) Bicentennial Funds
- (2) U. S. Department of Interior, Bureau of Outdoor Recreation, Land and Water Conservation Fund - grants available for acquisition of land and development.



- (3) Historic Preservation grants from the National Park Service.
- (4) Foundation Grants.
- (5) Leasehold sales of land at Patriot's Point to private enterprise or concessionaires for construction of support facilities.
- (6) Fund raising. Ketchum Inc., has been hired to investigate the feasibility of conducting a National Fund Drive. A report is due in June or July. There are over 20,000 veterans who have had duty on the Yorktown, and this fact, along with the many other veterans and veteran organizations in our Country, indicate that a fund drive would be successful.
- (7) Other Federal and State Sources.
- (8) Pledges of assistance from National Naval organizations, such as Bunker Hill Association, Yorktown Association and P.T. Boats, Inc.

Our request for "full faith and credit of the State", is to permit our stating in the application to the Navy that the money is available now to pay all the costs required, should Yorktown be donated to the Patriot's Point Development Authority. If we don't have this full faith and credit, I believe our application will not be approved, and we will be in danger of losing the Yorktown to the State of Virginia. I have the following reasons for believing this:

- (1) This last weekend I was notified that there is considerable pressure from the Governor and State Delegation of Virginia to delay the application date of 1 April, so that Virginia can submit an application for the Yorktown.
- (2) The General Assembly of Virginia has just passed a Bill giving \$100,000 seedmoney to work on obtaining Yorktown.
- (3) I understand that if our application is accepted, we will be given the Yorktown, but if it isn't, it will be returned to us, and a new deadline date set for submission of the application. This will give Virginia the time to prepare and submit their request. Virginia has many things in her favor including suitable temporary berthing which could permit early delivery of the ship, which is desired by the Navy.
- (4) I strongly believe there is a very good chance we will lose the Yorktown, if we don't get it on the first time around.

I hope that representatives of the Patriot's Point Development Authority can go to Washington next Sunday with an application that has the full backing of the State of South Carolina. We have appointments to deliver copies of this application to the Secretary of the Navy, the Under Secretary of the Navy, top Navy Admirals, and our Congressional Delegation. I am confident that with the full backing of the State, we will not only be successful in obtaining Yorktown, but also, no additional costs will accrue to the State by giving the "full faith and credit of the State" to the Patriot's Point Development Authority.



UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

3-7-74

Office of the Treasurer

EXHIBIT II  
March 26, 1974

TO: William T. Putnam  
FROM: Joseph Jones *BJ*  
SUBJECT: Foreign Travel Approval

Attached is a travel authorization request No. 25636  
dated 2-7-74 covering foreign travel to Wales  
by Robert L. Oakman.

Will you please submit this request to the Budget and  
Control Board for approval.

Mr. Putnam:

Subject Travel Request was received by me  
yesterday, March 6.

Please note that Mr. Oakman is scheduled to  
leave on March 16, 1974.

Is there any way I can receive approval of  
this request prior to March 16?

Joseph B. Jones  
*BJ*



UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

DEPARTMENT OF COMPUTER SCIENCE

February 7, 1974

Professor William J. Eccles, Head  
Department of Mathematics and Computer Science  
University of South Carolina

Dear Bill:

As you know, last fall I submitted a paper for the Third International Symposium on the Use of Computers in Literary Research in Cardiff, Wales, April 1-5, 1974. I heard this week that the paper has been accepted. In October I also applied to the Modern Language Association for a partial travel grant for international meetings. In December I received \$233 from MLA to pay international air fare round trip between New York and London.

With this letter I am applying for the balance of my expenses, itemized as follows:

Domestic travel - Columbia/ New York	\$125
Overseas travel - includes 8-day rail pass (London/Cardiff)	83
Registration	10
Per diem for 5 days	<u>125</u>
TOTAL	\$343

I know that the University has formerly had special funds for international travel. Having already received considerable assistance from MLA, I hope that my request for additional funds will be honored.

Thanks for your initial encouragement and continued support.

Sincerely yours,

*Bob Oakman*

Robert L. Oakman  
Associate Professor



Green Accounting Dept. Copy  
Yellow Department Approved Copy  
Pink Department File Copy

UNIVERSITY OF SOUTH CAROLINA  
TRAVEL AUTHORIZATION FORM

TA No. **Nº 25636**

Date 2-7-74  
Mo. Day Yr.

SECTION I

Requested by Robert L. Oakman Dept. Mathematics and Computer Science  
Name of Traveler (if more than one person, see reverse side of pink copy for instructions) Name

For the purpose of delivering paper at Third International Symposium on the Use of Computers in Literary Research in Cardiff, Wales

Duration of trip: From March 16, 1974 To: April 8, 1974  
Mo. Day Yr. Mo. Day Yr.

Destination of Trip Cardiff, Wales

Does this authorization supersede a previously approved trip? No If so, give TA. No.

SECTION II  
Method of Travel

Common Carrier

Bus ☐

Plane ☒

Railroad ☐

Other

Personal Vehicle ☐

University Vehicle ☐

Other - Explain \_\_\_\_\_

State of South Carolina regulations provide "that in traveling on business of the University, Faculty, and Staff are required to use the most economical mode of transportation". Please refer to the policies and procedures manual for the maximum travel expenses allowed.

Approval Subject To The Following

Full Reimbursement ☐

Transportation ☐

Subsistence only ☐

Other or % \_\_\_\_\_

SECTION III  
Estimated Cost

Transportation (Do not include USC Vehicle) \$208.00

Subsistence Per diem for 5 days 125.00

\*Other Expenses Registration 10.00

Estimated Total Cost \$343.00

\*Explain \_\_\_\_\_

SECTION IV

Account(s) to be charged (see reverse side of pink copy for instructions)

Dept.	Fund	Class	Analytical	Amount
13030	A000	52024		\$218 <sup>00</sup>
61020	A000	52024		\$125 <sup>00</sup>

SECTION V

Approved

[Signature]  
Dept. Head

J. R. Davis  
Dean, V. P. or Provost

Date

2/10/74  
Date

If trip plans are altered after submission of this form, the Treasurer's Office must be notified.

The Travel Expense Voucher for reimbursement should be submitted within seven (7) days after return to campus.

The University reserves the right not to reimburse expenditures without receipts. Be sure to obtain receipts whenever practical.

TREASURER'S OFFICE USE ONLY

Amount	P or C	Date Paid
Common Carrier \$	<input type="checkbox"/>	
Lodging, Meals or Other	<input type="checkbox"/>	
Total \$		



UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

3-1-74

Office of the Treasurer

TO: William T. Putnam  
FROM: Joseph Jones *JB*  
SUBJECT: Foreign Travel Approval

Attached is a travel authorization request No. 30655  
dated 2-25-74 covering foreign travel to Mid East  
by William H. Ranes, Alex Naim, Bruce Nelson

Will you please submit this request to the Budget and  
Control Board for approval.

Green Accounting Dept. Copy  
Yellow Department Approved Copy  
Pink Department File Copy

UNIVERSITY OF SOUTH CAROLINA  
TRAVEL AUTHORIZATION FORM

TA No. **Nº 30655**

Date 2 25 74  
Mo. Day Yr.

SECTION I

Requested by William H. Kanes, Alan Nairn, Bruce Nelson Dept. Geology  
Name of Traveler (if more than one person, see reverse side of pink copy for instructions) Name

For the purpose of Conducting meetings with grant associates in Morocco and Tunisia,  
and conferring with officials in Egypt concerning proposed research

Duration of trip: From 3 4 74 To: 3 15 74  
Mo. Day Yr. Mo. Day Yr.

Destination of Trip Casablanca, Morocco, Tunis, Tunisia, and Cairo, Egypt

Does this authorization supersede a previously approved trip? NO If so, give TA. No. \_\_\_\_\_

SECTION II

Method of Travel

Common Carrier

Bus ☐

Plane ☒

Railroad ☐

Other

Personal Vehicle ☐

University Vehicle ☐

Other - Explain \_\_\_\_\_

State of South Carolina regulations provide "that in traveling on business of the University, Faculty, and Staff are required to use the most economical mode of transportation". Please refer to the policies and procedures manual for the maximum travel expenses allowed.

Approval Subject To The Following

Full Reimbursement ☐

Transportation ☐

Subsistence only ☐

Other or % \_\_\_\_\_

SECTION III

Estimated Cost

Transportation (Do not include USC Vehicle) \_\_\_\_\_

Subsistence \_\_\_\_\_

\*Other Expenses \_\_\_\_\_

Estimated Total Cost \_\_\_\_\_

AMOUNT

\$ .00

\$ .00

\*Explain \_\_\_\_\_

SECTION IV

Account(s) to be charged (see reverse side of pink copy for instructions)

Dept.	Fund	Class	Analytical	Amount
13040	F122	52024		\$ .00

SECTION V  
Approved

Dr. Lawrence  
Dept. Head  
J. R. Dwyer  
Dean, V. P. or Provost

2/25/74  
Date  
2/28/74  
Date

If trip plans are altered after submission of this form, the Treasurer's Office must be notified.

The Travel Expense Voucher for reimbursement should be submitted within seven (7) days after return to campus.

The University reserves the right not to reimburse expenditures without receipts. Be sure to obtain receipts whenever practical.

TREASURER'S OFFICE USE ONLY

Amount or Date Paid  
Common Carrier \$ ☐  
Lodging, Meals or Other ☐  
Total \$ \_\_\_\_\_





UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

3-1-74

Office of the Treasurer

TO: William T. Putnam  
FROM: Joseph Jones  
SUBJECT: Foreign Travel Approval

Attached is a travel authorization request No. 36931  
dated Feb. 26, 1974 covering foreign travel to Bergen North Wales  
by Richard S. Jirgmark. Great Britain

Will you please submit this request to the Budget and  
Control Board for approval.

Green Accounting Dept. Copy  
Yellow Department Approved Copy  
Pink Department File Copy

UNIVERSITY OF SOUTH CAROLINA  
TRAVEL AUTHORIZATION FORM

TA No. **Nº 36931**

Date Feb. 26 74  
Mo. Day Yr.

SECTION I

Requested by Richard G. Zingmark Dept. Biology  
Name of Traveler (if more than one person, see reverse side of pink copy for instructions) Name

For the purpose of Attending and presenting a paper at the VIII th International Seaweed Symposium.

Duration of trip: From August 10 1974 To: Sept. 1 1974  
Mo. Day Yr. Mo. Day Yr.

Destination of Trip Bangor, North Wales, Great Britain

Does this authorization supersede a previously approved trip? No If so, give TA. No. \_\_\_\_\_

SECTION II

Method of Travel

Common Carrier

Bus ☐

Plane ☒

Railroad ☐

Other

Personal Vehicle ☐

University Vehicle ☐

Other - Explain \_\_\_\_\_

State of South Carolina regulations provide "that in traveling on business of the University, Faculty, and Staff are required to use the most economical mode of transportation". Please refer to the policies and procedures manual for the maximum travel expenses allowed.

Approval Subject To The Following

Full Reimbursement ☐

Transportation ☐

Subsistence only ☐

Other or % \_\_\_\_\_

SECTION III

Estimated Cost

Transportation (Do not include USC Vehicle) \_\_\_\_\_

Subsistence \_\_\_\_\_

\*Other Expenses \_\_\_\_\_

Estimated Total Cost \_\_\_\_\_

\*Explain \_\_\_\_\_

SECTION IV

Account(s) to be charged (see reverse side of pink copy for instructions)

Dept.	Fund	Class	Analytical	Amount
13010	J200	52024		\$508.14

SECTION V

Approved

J. H. Scandalios  
Dept. Head  
J. R. D. W.  
Dean, V.P. or Provost

February 27, 1974

Date  
3/1/74  
Date

If trip plans are altered after submission of this form, the Treasurer's Office must be notified.

The Travel Expense Voucher for reimbursement should be submitted within seven (7) days after return to campus.

The University reserves the right not to reimburse expenditures without receipts. Be sure to obtain receipts whenever practical.

TREASURER'S OFFICE USE ONLY

Amount	P or C	Date Paid
Common Carrier \$	<input type="checkbox"/>	
Lodging, Meals or Other	<input type="checkbox"/>	
Total \$		



UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

3-15-74

Office of the Treasurer

TO: William T. Putnam  
FROM: Joseph Jones *JJ*  
SUBJECT: Foreign Travel Approval

Attached is a travel authorization request No. 34740  
dated 3-6-74 covering foreign travel to Madrid, Spain  
by Paula Shirley.

Will you please submit this request to the Budget and  
Control Board for approval.



Green Accounting Dept. Copy  
Yellow Department Approved Copy  
Pink Department File Copy

UNIVERSITY OF SOUTH CAROLINA  
TRAVEL AUTHORIZATION FORM

TA No. **Nº 34740**

Date 03 06 74  
Mo. Day Yr.

SECTION I

Requested by Paula Shirley Dept. English  
Name of Traveler (if more than one person, see reverse side of pink copy for instructions) Name

For the purpose of Examining newspaper & magazine articles dealing with the critical reception of Perez Galdos' Torquemada En La Hoquera at Hermenoteca Library in Madrid, Spain

Duration of trip: From May 15 1974 To: June 18 1974  
Mo. Day Yr. Mo. Day Yr.

Destination of Trip Madrid, Spain

Does this authorization supersede a previously approved trip? \_\_\_\_\_ If so, give TA. No. \_\_\_\_\_

SECTION II

Method of Travel

Common Carrier

Bus ☐

Plane ☒

Railroad ☐

Other

Personal Vehicle ☐

University Vehicle ☐

Other - Explain \_\_\_\_\_

State of South Carolina regulations provide "that in traveling on business of the University, Faculty, and Staff are required to use the most economical mode of transportation". Please refer to the policies and procedures manual for the maximum travel expenses allowed.

Approval Subject To The Following

Full Reimbursement ☐

Transportation ☐

Subsistence only ☐

Other or % \_\_\_\_\_

SECTION III

Estimated Cost

Transportation (Do not include USC Vehicle) Flying from Columbia to N.Y. to Madrid

Subsistence \_\_\_\_\_

\*Other Expenses \_\_\_\_\_

Estimated Total Cost \_\_\_\_\_

\*Explain \_\_\_\_\_

SECTION IV

Account(s) to be charged (see reverse side of pink copy for instructions)

Dept.	Fund	Class	Analytical	Amount
12530	L400	52024		\$448.25 <del>XXXXXX</del>

SECTION V

Approved

John L. Kimmey J. L. Kimmey March 13, 1974  
Dept. Head Date

(EDPA Director)

Dean, V. P. or Provost \_\_\_\_\_

Date \_\_\_\_\_

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TREASURER'S OFFICE USE ONLY

Amount ☐ P or C Date Paid  
Common Carrier \$ ☐  
Lodging, Meals or Other ☐  
Total \$ \_\_\_\_\_

*Exhibit VI*  
*March 26, 1974*

**CLEMSON UNIVERSITY**  
CLEMSON, SOUTH CAROLINA 29631

OFFICE OF THE PRESIDENT

March 22, 1974

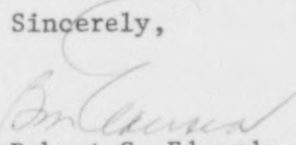
Mr. P. C. Smith  
Secretary  
State Budget and Control Board  
Post Office Box 11333  
Columbia, South Carolina 29211

Dear Mr. Smith:

Dr. Eldon I. Zehr, Assistant Professor of Plant Pathology and Physiology, is requesting permission to attend the annual meetings of the American Phytopathological Society (APS) at Vancouver, British Columbia, Canada, on August 11-15, 1974. Dr. Zehr is currently serving as chairman of the New Fungicide and Nematicide Data Committee and is a member of the Publication Committee and the Pesticide Nomenclature Committee. All of these APS committees meet and transact the major part of their business at the annual meetings of the Society.

Dr. Zehr will represent Clemson University and will bring back to Clemson the latest information, especially in the areas of fruit diseases and agricultural pesticides for plant disease control. The cost of this trip will involve approximately \$500 in state funds and we believe that it would be in the best interests of Clemson University and the State of South Carolina for Dr. Zehr to attend these meetings. We respectfully request approval of this trip by the State Budget and Control Board.

Sincerely,

  
Robert C. Edwards  
President

RCE:ak

cc: Dean Victor Hurst  
Dean Luther P. Anderson  
Dr. W. M. Epps

1906

*Exhibit VII*  
*March 26, 1974*

March 20, 1974

Mr. L. W. Michaelis, Director-Business Operations  
Medical University of South Carolina  
80 Barre Street  
Charleston, South Carolina 29401

Dear Luke:

The Budget and Control Board will meet next on Tuesday,  
March 20. We will at that meeting present your request for the  
approval of foreign travel for Dr. Pittman.

Very truly yours,

P. C. Smith  
State Auditor

PCS:dr



DIRECTOR OF BUSINESS OPERATIONS  
(803) 792-3046



## Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

March 14, 1974

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

Dear Pat:

I am enclosing information pertinent for a proposed foreign trip by Dr. Fred E. Pittman, Associate Professor of Medicine at the Medical University of South Carolina, for review and approval by the State Budget and Control Board. As you will note from the enclosed material, Dr. Pittman has received proper Medical University of South Carolina approval which authorizes him for the foreign travel, subject to the Budget and Control Board's approval.

We trust that the Budget and Control Board will act favorably upon this request and give its approval at the earliest possible date.

Sincerely yours,

*Luke*

L. W. Michaelis  
Director, Business Operations

LWM/mam  
enc.



## Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

March 14, 1974

### MEMORANDUM

TO: Mr. L. W. Michaelis

FROM: Fred E. Pittman, M.D., Ph.D.

SUBJECT: Submission to State Budget and Control Board

Permission is requested for travel outside the USA for the following purposes:

A. Attendance at the 4th Course: Electron Microscopy in Biology: New Developments and Perspectives. International School of Electron Microscopy, Erice, Trapani, Sicily, April 6-20, 1974. Evaluation of this course indicates that it will cover some of the most up-to-date techniques in scanning and transmission electron microscopy which will be presented by a faculty composed of persons who have contributed significantly to current advances in these fields. A number of these techniques are of particular interest to us in our investigations of the pathogenic effects of *E. histolytica* and in our electron microscopic studies of diseases of intestinal mucosa.

By bringing such a distinguished faculty together, one is provided with an excellent opportunity to learn about a number of interrelated advances in an intensive manner without the necessity of visiting several laboratories. An especially desirable feature of such a gathering is the opportunity for informal discussion of research problems and ideas with the faculty and other participants, all of whom are active investigators who will have been selected in advance by a Committee of the School. Dr. Samuel Spicer, Professor of Experimental Pathology, has reviewed the topics and the faculty, and has confirmed the unusually high quality of the course (see attached).

B. Research Unit Visit: Following the course, Dr. Pittman plans to visit the Research Unit of the Department of Clinical Pharmacology, University of Berne, Berne, Switzerland, to consult with Professor Rudi Preisig, Chairman of the Department. Dr. Preisig is an expert in drug metabolism and his group has developed techniques for study of drug metabolism which are of potential value in our project investigating drug toxicity and colonic mucosa. These techniques are not currently available in the United States.

March 14, 1974

C. After leaving Berne, Dr. Pittman plans to visit the Liver Unit of King's College Hospital in London. This special unit was recently organized by Dr. Roger Williams, the Director, to provide a uniformed approach to the care of patients with liver failure. Dr. Pittman would like to evaluate Dr. Williams' unit to see if it is working well enough to warrant a trial at one of the teaching hospitals of the Medical University of South Carolina. The Veterans Administration Hospital would be a potentially good site for such a unit, as we see many patients here with liver failure.

Dr. Pittman is personally acquainted with both Dr. Preisig and Dr. Williams, having spent a year of training with them at Columbia University. It is certain that they will provide a worthwhile experience during the visits to their respective research units.

The education trip proposed above has received the approval of Dr. Pittman's Department Chairman at the Medical University, Dr. Joseph C. Ross.

*Fred E. Pittman M.D.*

FRED E. PITTMAN, M.D., Ph.D.  
Associate Professor of Medicine

lhs

Attachments: Letter from Dr. Spicer  
Course description  
Information on Liver Unit of King's College Hospital



DEPARTMENT OF PATHOLOGY  
INSTITUTE OF PATHOBIOLOGY  
(803) 792-2712



## Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

January 30, 1974

Dr. U. Muscatello, Director  
Fourth Course: Electron Microscopy in Biology:  
New Developments and Perspectives  
Istituto di Patologia Generale  
Via Campi 287  
41100 Modena (Italy)

Dear Dr. Muscatello:

I am writing at the suggestion of Dr. Fred E. Pittman, Associate Professor of Medicine at this university. Dr. Pittman is interested in attending the course given this April under your direction, on electron microscopy and biology: new developments and perspectives. I would like to recommend Dr. Pittman very strongly as a candidate for attending this course. I have known Dr. Pittman for some time and shared with him interests in the application of ultrastructural and cytochemical methods to investigation of problems in cell biology and pathobiology. Dr. Pittman has been exceptionally productive in this area, and I am sure would benefit greatly from the opportunity to learn about the numerous important developments in high resolution methods for investigation of cell structure and function. From his extensive background of research experience, I would expect Dr. Pittman to be an able participant in the course, contributing valuably to discussions of the validity and applicability of the various new techniques.

I must commend you on the excellent program and the number of outstanding experts which you have assembled in arranging this course and hope that an opportunity may be made available for Dr. Pittman to participate.

Sincerely yours,

Samuel S. Spicer, M.D.  
Professor of Pathology

SSS:ksb

1911



# Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

January 30, 1974

## MEMORANDUM

To: DR. FRED E. PITTMAN  
ASSOCIATE PROFESSOR OF MEDICINE  
GASTROENTEROLOGY DIVISION

From: DR. S. S. SPICER  
PROFESSOR OF PATHOLOGY

Subject: PROPOSED ATTENDANCE AT COURSE ON ELECTRON  
MICROSCOPY & BIOLOGY: NEW DEVELOPMENTS AND  
PERSPECTIVES GIVEN BY INT. SCHOOL OF ELECTRON  
MICROSCOPY, TUPONI, SICILY; APRIL 1974.

On looking over the program of the prospective course on electron microscopy and biology as requested, I am of the opinion that the course would be a very valuable experience for a person concerned about the potential value to his work offered by recently developed techniques and approaches to study of cell ultrastructure and function. Many of the speakers are well known for advances that they have contributed to new fine structural and cytochemical techniques. The course covers new developments in scanning electron microscopy and includes an interesting talk by Hall, who is perhaps the foremost authority in the area, on X-Ray microanalysis at the ultrastructural level. It should also provide the up-to-date information on techniques for immunostaining at the electron microscope level, for ultrastructural autoradiography and for cytochemical demonstration of enzymes and nucleic acids. Carbohydrate histochemistry and cytochemistry seems neglected but, in general, this should be a very valuable course in providing adequate background for undertaking application of the various methods to biologic problems.

*Sam Spicer*

INTERNATIONAL SCHOOL OF ELECTRON MICROSCOPY

Erice - Trapani - Sicily: 6-20 April 1974

Sponsored by: International Federation of Societies for Electron Microscopy  
Italian Ministry of Public Education  
Italian Ministry of Scientific and Technological Research  
Italian Society of Electron Microscopy  
National Research Council  
Regional Sicilian Government

4th Course: Electron Microscopy in Biology: New Developments and Perspectives

THE DIRECTOR OF THE COURSE

U. Muscatello

THE DIRECTOR OF THE SCHOOL

U. Valdre

THE DIRECTOR OF THE CENTRE

A. Zichichi



INTERNATIONAL SCHOOL OF ELECTRON MICROSCOPY

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4th Course: Electron Microscopy in Biology: New Developments and Perspectives

THE DIRECTOR OF THE COURSE

U. Muscatello

THE DIRECTOR OF THE SCHOOL

U. Valdre

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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 LEGIBILITY AND MAY NOT PHOTOGRAPH WELL.
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4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
6. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.

## DEVELOPMENTS IN INSTRUMENTATION AND OBSERVATION TECHNIQUE

- \* « *Developments in instrumentation for electron microscopy of biological specimens, high voltage and scanning electron microscopy* »  
V. E. COSSLETT, University of Cambridge, U.K.
- \* « *Scanning electron microscopy: instrumentation, applications, specimen preparation techniques and interpretation* » and « *Specimen preparation for X-ray microanalysis* »  
P. ECHLIN, University of Cambridge, U.K.
- \* « *Techniques for the examination of the three-dimensional organization of biological specimens by high voltage electron microscopy* »  
A. M. GLAUERT, Strangeways Research Laboratory, Cambridge, U.K.
- \* « *Technical problems and applications of X-ray microanalysis in biology: microanalysis with SEM and EMMA* »  
T. A. HALL, University of Cambridge, U.K.
- \* « *Optimization of illumination and alignment of conventional high resolution electron microscopes* » and « *Phase contrast images of specimens formed with multiple coherent beams produced by crystal supports* »  
R. L. HINES, Northwestern University, Evanston, U.S.A.
- \* « *The practical application of the optical diffractometer to the analysis of electron micrographs* » and « *The limitations imposed by the specimen on the resolution from biological objects* »  
R. W. HORNE, John Innes Institute, Norwich, U.K.
- \* « *Electron microscopy on electron beam sensitive polymeric materials* »  
A. KELLER, University of Bristol, U.K.

## PURPOSE OF THE SCHOOL

The purpose of the Course is threefold:

- 1) to bring scientists up to date with a refresher course on the latest developments in instrumentation, analytical methods and quantitative techniques of electron microscopy applied to Biology;
- 2) to favour contact between users and designers of electron optical instrumentation and ancillary equipments;
- 3) to stimulate discussions on present problems of electron microscopy as applied to the study of biological macromolecules, of fundamental biological structures and of the relationships between function and structure of cell constituents.

## ERICE

Legend tells that Erice, son of Venus, was the founder, more than three thousand years ago, of a small town on top of a mountain (750 metres above sea level).

Homer (~ 1,000 B.C.), Theocritus (~ 300 B.C.), Polybius (~ 200 B.C.), Horace (~ 70 B.C.), Virgil (~ 20 B.C.), and others have celebrated in their Poems this magnificent spot in



## S AND PROGRAMME

### NIQUES

### DEVELOPMENTS IN SPECIMEN PREPARATION TECHNIQUES

- il « *Developments in cryofixation* ».  
L. BACHMANN, University of Munich, Germany.
- n « *Advances in fixation, dehydration and embedding techniques* ».  
A. M. GLAUERT, Strangeways Research Laboratory, Cambridge, U.K.
- n « *The application of negative staining techniques to biological specimens* ».  
R. W. HORNE, John Innes Institute, Norwich, U.K.
- « *Cryoultramicrotomy techniques and instrumentation* ».  
A. PERSSON, L.K.B., Stockholm, Sweden.
- f « *Advances in specimen preparation* ».  
F. S. SJOESTRAND, University of California, Los Angeles, U.S.A.

### y: DEVELOPMENTS IN CYTOCHEMICAL TECHNIQUES

- \* « *The use of enzyme markers in immunocytology* ».  
S. AVRAMEAS, Institut Pasteur, Paris, France.
- n « *Enzyme cytochemistry* ».  
W. TH. DAEMS, University of Leiden, Holland.
- \* « *Advances in autoradiography* ».  
M. SALPETER, Cornell University, Ithaca, U.S.A.
- n « *Nucleic acid ultracytochemistry* ».  
G. MOYNE, Institut de Recherches Scientifique sur le Cancer, Villejuif, France.
- \* « *The study of the structure of antibodies, their interaction with antigens and the binding of the components of complement using the negative staining technique* ».  
E. A. MUNN, ARC Institute of Animal Physiology, Babraham, U.K.

## GENERAL INFORMATION

Persons wishing to attend the Course should write to:

The Secretary of the School: Dr IVONNE PASQUALI  
Istituto di Patologia Generale  
Via Campi 287  
41100 Modena (Italy)

They should specify:

- i) age and present nationality;
- ii) degree and other academic qualifications;
- iii) list of publications, previous scientific training and field of interest;
- iv) present position and place of work;
- v) proficiency in the knowledge of the English language;

and include

- vi) a letter of recommendation from their research group leader or from a senior scientist.

The total fee, including full board and lodging (arranged by the School), is 250 US dollars.

The Course is at post-graduate level. The official language will be English.



*electron microscopes » and « Phase contrast images of specimens formed with multiple coherent beams produced by crystal supports ».*

R. L. HINES, Northwestern University, Evanston, U.S.A.

*« The practical application of the optical diffractometer to the analysis of electron micrographs » and « The limitations imposed by the specimen on the resolution from biological objects ».*

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*Please note:*

- We regret that, owing to the limited number of places available in the lecture hall, it will not be possible to allow any person not selected by the Committee of the School to follow the courses.

THE DIRECTOR OF THE COURSE

U. MUSCATELLO

THE DIRECTOR OF

U. VAI



\* *« The use of enzyme markers in immunocytology ».*

S. AVRAMEAS, Institut Pasteur, Paris, France.

\* *« Enzyme cytochemistry ».*

W. TH. DAEMS, University of Leiden, Holland.

\* *« Advances in autoradiography ».*

M. SALPETER, Cornell University, Ithaca, U.S.A.

*« Nucleic acid ultracytochemistry ».*

G. MOYNE, Institut de Recherches Scientifique sur le Cancer, Villejuif, France.

\* *« The study of the structure of antibodies, their interaction with antigens and the binding of the components of complement using the negative staining technique ».*

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- v) proficiency in the knowledge of the English language;

and include

- vi) a letter of recommendation from their research group leader or from a senior scientist.

The total fee, including full board and lodging (arranged by the School), is 250 US dollars.

The Course is at post-graduate level. The official language will be English.

Closing date for applications: 28th February 1974

No special application-form is required

A letter will be sent to successful applicants by March 10. Students having difficulties with travel documents and who need to know before March 10 whether or not their applications have been accepted may get an earlier special decision by submitting a justified request.

Admission to the School will be decided by a committee consisting of Professors: P. Buffa, V. E. Cosslett, P. Echlin, R. W. Horne, U. Muscatello, U. Valdrè and A. Zichichi.

Students should arrive in Erice on April 6 for registration. More detailed information, including the time table of the lectures, will be sent to successful applicants together with the acceptance letter.

OR OF THE SCHOOL

A. VALDRÈ

THE DIRECTOR OF THE CENTRE

A. ZICHICHI

1917



Roger Williams, Director  
Liver Unit  
King's College Hospital, London SE5  
8RX

The clinical syndrome is well-defined.<sup>1-5</sup> It is commoner in boys than girls. Sometimes other members of the family are affected, but these cases must be distinguished from Alport's syndrome of hereditary nephritis and deafness, in which the prognosis is more sinister. Haematuria, visible to the naked eye, occurs in bouts lasting a day or two and recurs at intervals of from a few days to several months or even years. Attacks often occur at the height of an acute febrile illness, such as a cold or influenza, or after exercise. They may be accompanied by a little malaise, loin pain, or dysuria. Between attacks microscopic haematuria is found in about half of the patients. Oedema and hypertension are generally absent, the urine contains little or no protein, and renal function is normal. Evidence of a preceding streptococcal infection is usually lacking. In longterm follow-up studies<sup>1-3, 6</sup> renal function has been found to remain normal in most patients. So despite recurrence of haematuria over many years in some the prognosis is generally good.

The histopathology is less consistent. In most series<sup>1, 3, 7</sup> the commonest appearance on renal biopsy is a focal glomerulonephritis. Some of the glomeruli are affected by cellular proliferation, mesangial sclerosis, and capsular adhesions, while the others appear normal. Often there is a segmental distribution as well. In fact the term focal nephritis was used long before percutaneous renal biopsy became available,<sup>8</sup> and it has since been applied indiscriminately as a label for the clinical syndrome of recurrent haematuria. But in two series of patients subjected to biopsy<sup>4, 5</sup> a focal distribution was found in only one out of a total of 58 patients. In these series the common patterns on light microscopy were: a virtually normal appearance, mesangial thickening without proliferation, or mesangial thickening with hypercellularity. Since focal glomerulonephritis is seen in various clinical settings other than recurrent haematuria, such as the Henoch-Schönlein syndrome, subacute bacterial endocarditis, systemic lupus erythematosus, polyarteritis nodosa, and the nephrotic syndrome,<sup>9</sup> it is clearly wrong to apply the pathological descriptive term "focal nephritis" indiscriminately to the clinical syndrome of recurrent haematuria.

Despite the diversity of appearances on routine microscopy, the use of immunofluorescence microscopy has shown them to be surprisingly consistent in many patients. M. Bodian and his colleagues<sup>3</sup> originally found deposition of gammaglobulin in several of their biopsy specimens and pointed out that more glomeruli were affected than conventional strains showed. Subsequently J. Berger<sup>10</sup> found deposition of IgG, IgA, and beta 1C in the glomeruli and noted its mesangial distribution. More recently L. P. Roy and his colleagues<sup>7</sup> found mesangial fluorescence in 11 of 16 patients with recurrent haematuria. Five of the 6 tested for IgA were positive. Though IgA is deposited in other glomerular diseases, its distribution, along with other immunoglobulins, in the mesangium rather than along the glomerular basement membrane does seem to be characteristic of the syndrome of recurrent haematuria. Furthermore, the involvement of all glomeruli shown by immunofluorescence is in striking contrast to the focal distribution of lesions seen on ordinary microscopy.

The clinician faced with a patient with recurrent, asymptomatic haematuria should first look for hypertension, oedema, impairment of renal function, a degree of proteinuria more than minor, evidence of a systemic disease such as systemic lupus erythematosus or Henoch-Schönlein purpura, or a family history suggestive of Alport's syndrome. In these cases the patient is likely to have a more serious form of

glomerulonephritis, and renal biopsy will usually be needed to elucidate the pathology. Next he should arrange an intravenous pyelogram to exclude a structural abnormality of the renal tract. In adults, but not always in children, a cystoscopy will be required as well. The remaining patients and their parents can be reassured that the prognosis is likely to be good, though longterm follow-up should be undertaken to detect the occasional patient with progressive disease. Renal biopsy is not required as a routine, but if carried out it is likely to show minor or focal changes on light microscopy, with widespread mesangial fluorescence to IgG, IgA, and beta 1C. No specific treatment is available, and everyday activities and schooling should not be curtailed.

<sup>1</sup> Ross, J. H., *Quarterly Journal of Medicine*, 1960, 29, 391.

<sup>2</sup> Ayoub, E. M., and Vernier, R. L., *American Journal of Diseases of Childhood*, 1965, 109, 217.

<sup>3</sup> Bodian, M., Black, J. A., Kobayashi, N., Lake, B. D., and Shuler, S. E., *Quarterly Journal of Medicine*, 1965, 34, 359.

<sup>4</sup> Arneil, G. C., Lam, C. N., McDonald, A. M., and McDonald, M., *British Medical Journal*, 1969, 2, 233.

<sup>5</sup> Glasgow, E. F., Moncrieff, M. W., and White, R. H. R., *British Medical Journal*, 1970, 2, 687.

<sup>6</sup> Baehr, G., *Journal of the American Medical Association*, 1926, 86, 1001.

<sup>7</sup> Roy, L. P., Fish, A. J., Vernier, R. L., and Michael, A. F., *Journal of Paediatrics*, 1973, 82, 767.

<sup>8</sup> Volhard, F., and Fahr, T., *Die Brightsche Nierenkrankheit*. Berlin, Springer-Verlag, 1914.

<sup>9</sup> Heptinstall, R. H., and Joekes, A. M., *Quarterly Journal of Medicine*, 1959, 28, 329.

<sup>10</sup> Berger, J., *Transplantation Proceedings*, 1969, 1, 939.

## Treatment of Liver Failure

Few conditions carry such a high mortality as acute liver failure for at present eight out of every ten patients die despite treatment. In Britain there are several hundred deaths each year from the condition, of which the three main causes are viral hepatitis types A and B, overdosage of paracetamol, and reactions to halothane anaesthesia. These deaths present a unique medical challenge, since the regenerative capacity of the liver is so remarkable that patients with acute failure have good prospects of recovery if they can only be tided over a critical period of a few days.

For more than ten years now efforts have been made to develop a form of artificial liver which could take over its excretory functions and so give time for regeneration. Techniques that have been tried include perfusion of the patient's blood through an animal liver—pig, baboon, or calf—or through a human cadaver liver, and exchange blood transfusion has also been used, but both approaches have proved disappointing in practice.

Much more simple is a haemoperfusion system developed at King's College Hospital, London, where a liver failure unit equipped with a grant from the Department of Health of £85,000 was formally opened last week. The new system relies on perfusion of the blood through charcoal to remove water-soluble toxins and through ion-exchange resins to remove protein-bound compounds. The haemoperfusion technique is combined with supportive therapy and replacement of the essential functions of the liver such as the synthesis of clotting factors by infusion of protein concentrates. Risks of cross infection for both staff and patients have been reduced by filtering and sterilizing the air in the unit. So far two patients treated by haemoperfusion have recovered from their acute liver failure, and while these results are very preliminary they are encouraging enough for Sir Douglas Black to describe them at the opening as being perhaps the "brink of a breakthrough."

1918

to coagulate, and even to clip off, bleeding points and to inject varices. There is little published material on the extraction of foreign bodies utilizing fibreendoscopic techniques. We have succeeded in removing a hairpin from a normal oesophagus, and a piece of vegetable matter causing acute oesophageal obstruction in a patient with a benign stricture. We have also removed a dental reamer (a device similar in size to a hypodermic needle but with a cork-screw-like shaft) which had been swallowed and which had become embedded in the antral mucosa. Retained sutures following gastric operations have been removed on six occasions. We have failed to remove a florin retained in the stomach of a child, and have also failed to remove a swallowed toothbrush despite two attempts using 'cannulation' of the hole in the proximal (handle) end by biopsy forceps, snaring of the handle with a nylon loop, and traction on the distal (bristle) end. Experimental forceps designed for the endoscopic removal of foreign bodies are described. Removal of foreign bodies from the oesophagus may be safer when flexible rather than rigid instruments are employed whenever the size and nature of a foreign body makes this possible. Removal of suitable foreign bodies from the stomach utilizing fibreendoscopy is quicker, simpler, and probably safer than surgical removal.

## Notes and activities

### New Liver Failure Unit at King's College Hospital, London

An intensive care unit expressly for patients with acute liver failure was formally opened at King's College Hospital by Sir Douglas Black on 9 October. The new Unit, to be directed by Dr Roger Williams, complements the other clinical and research facilities of the Liver Unit, and was provided by the Department of Health at a cost of £80 000.

The new Unit is designed to care for two patients at any one time. It is equipped with the latest monitoring devices, including facilities for continuous electroencephalographic and cardiac recording. It also contains a small operating theatre for placing arteriovenous shunts and other procedures likely to be needed with the development of artificial liver support systems. Care has been taken, by special air-filtering systems, to reduce the risks of cross infection and to protect staff and patients alike from virus B hepatitis. X-ray equipment within the Unit can be operated by remote control and the self-contained suite has, in addition, changing rooms for nursing and medical staff.

### Provisional International Nomenclature of Diseases of the Gastrointestinal Tract

The Council for the International Organization of Medical Sciences has published a booklet, 'Provisional international nomenclature of diseases of the gastrointestinal tract'. It can be obtained from Dr S. Btsh, Executive Secretary, c/o World Health Organization, 1211 Geneva 27, Switzerland, at a special price for members of the British Society of Gastroenterology of Sw. frs. 7.50.

### Future Meetings of the British Society of Gastroenterology

In an attempt to prevent future meetings clashing with those of other societies the following arrangements have been made: 29-30 March, 1974, Nottingham (closing date for abstracts 19.1.74); 19-21 September, 1974, Birmingham (closing date for abstracts 22.6.74); 11-12 April, 1975, Southampton; 25-27 September, 1975, Oxford; Spring 1976, ? London; 28 September-2 October, 1976, ? Aviemore.

### Symposium on Prostaglandins in Medicine

A symposium on prostaglandins in medicine organized by the Medical Research Council Gastroenterology Unit will be held at the Avery Jones Postgraduate Medical Centre in the Central Middlesex Hospital on Friday 1 March 1974.

The programme will include:

- Biochemistry and distribution
  - Dr Harvey Main
- Measurement in biological fluids
  - Dr Keith Hillier
- Role in inflammation and fever
  - Dr Sergio Ferreira
- Mechanism of action of anti-inflammatory drugs
  - Dr Roderick Flower
- Prostaglandins and inflammation of the skin
  - Dr Malcolm Greaves
- Pharmacology of actions of prostaglandins on human smooth muscle
  - Dr Alan Bennett
- Prostaglandins and asthma
  - Dr Maurice Cuthbert
- Prostaglandins and heartburn
  - Dr George Misiewicz
- Prostaglandins and peptic ulcer
  - Dr Alvin Newman
- Prostaglandins and diarrhoea
  - Dr John Cummings
- Panel discussion
  - Future therapeutic implications

The registration fee of £3.00 will cover meals and refreshments.

Application forms can be obtained from Dr J. J. Misiewicz, MRC Gastroenterology Unit, Central Middlesex Hospital, London, NW10 7NS. Tel: 01-965-5733, ext. 289.



*Exhibit VIII*  
*March 26, 1974*

March 11, 1974

Honorable F. Earl Ellis, Deputy Director  
S. C. State Development Board  
Post Office Box 927  
Columbia, South Carolina 29202

Dear Earl:

I have contacted the Governor's Office (Jack David) with respect to Caleb Whitaker's proposed trip to Europe and found no objection. I am accordingly taking the liberty of approving this request for our Board.

Since the Governor's trip will not take place until April 19, I am holding the matter of approving Whitaker and Folds accompanying the Governor for a meeting of the Board, probably within the next few days.

Very truly yours,

P. C. Smith  
State Auditor

PCS:dr



*Buttermilk  
wash out, mty.*



STATE DEVELOPMENT BOARD

POST OFFICE BOX 927  
COLUMBIA, SOUTH CAROLINA 29202

F. EARL ELLIS  
DEPUTY DIRECTOR

March 7, 1974

TELEPHONE  
(803) 758-3333

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

*Called J. David 2/8 - 5:00 PM  
3/11 (H)*

Dear Pat:

Budget and Control Board approval is requested for an overseas trip of our staff member Caleb Whitaker, Manager of Business Development. Caleb will be visiting Brussels, Stuttgart, Zurich and Geneva from March 20 through March 29 to make the necessary advance arrangements for a visit by Governor West and his party. The Governor's visit is to call on select industrialists to enhance our reverse investment, and to participate in the formal dedication of the new Brussels office of the State Ports Authority (which will also service the State Development Board).

Approval is also requested for the Director, Milton Folds, and Caleb Whitaker to accompany the Governor and his party on their trip to Europe for the period April 19 through May 2.

I apologize for this short lead time in requesting approval, but the plans have just been finalized.

Sincerely,

F. Earl Ellis  
Deputy Director

FEE:trp

*Hamilton*  
*Do you have any questions*  
*about this?*  
*Bob*

ROBERT L. MCCRADY  
MAJOR GENERAL  
THE ADJUTANT GENERAL



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

/mtw

*Exhibit IX*  
*March 26, 1974*

5 March 1974

State Budget and Control Board  
ATTN: Chairman  
Room 205, Wade Hampton Office Building  
Post Office Box 11333  
Columbia, South Carolina 29211

Dear Mr. Chairman:

In compliance with the procedures to be followed by state agencies in the selection of architectural and/or engineering firms, you will find enclosed tentative architectural contracts for two proposed projects. Carson and Williams of Columbia have been selected for the Eastover Armory project. Opsahl and Pate of Columbia have been selected for the Rock Hill Organizational Maintenance Shop.

You will also find enclosed a list of the firms considered, a statement of construction projects undertaken by my agency in the preceding two years with the architectural and/or engineering firm involved showing the nature of the project and the amount of the construction contract, and a certification of the newspaper announcement. Also enclosed is a copy of a letter with inclosures which was directed to all interested firms in an effort to get additional data upon which to make a logical selection.

The firms selected are highly qualified and fully capable of designing the structure and supervising the construction.

I shall appreciate your prompt attention and an early notification of your decision.

Sincerely,

*R. L. McCrady*  
R. L. MCCRADY

7 Inclosures  
As stated

1922

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

/mtw

5 March 1974

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The firms selected are highly qualified and fully capable of designing the structure and supervising the construction.

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Sincerely,

R. L. McCRADY

7 Inclosures  
As stated

1923



Federal Contract No. DAHA38-74-C-0036

State Contract No. 5-74

LUMP SUM  
CONTRACT FOR  
ARCHITECT-ENGINEER SERVICES  
With Optional Supervision  
State of South Carolina

ARCHITECT-ENGINEER & ADDRESS      Carson & Williams, A.I.A.  
2801 Devine St.  
Columbia, S. C. 29205

SERVICES IN CONNECTION WITH: New Plans, Specifications, and  
Supervision of Construction, 200-Man National Guard Armory

LOCATION: Eastover, South Carolina

	<u>TOTAL</u>	<u>FEDERAL</u>	<u>STATE</u>
AMOUNT: (3.9%) FOR TITLE I	\$ 13,884.00	10,413.00	3,471.00
(1.3%) FOR TITLE II	\$ 4,628.00	3,471.00	1,157.00
TOTAL (5.2%)	\$ 18,512.00	13,884.00	4,628.00

Finance and Accounting, Office, Fort Jackson, South Carolina

PAYMENT: ~~THIRTY-THREE THOUSAND, SIX HUNDRED AND EIGHTY-ONE DOLLARS AND NO CENTS, FORT JACKSON, SOUTH CAROLINA~~  
~~Georgia~~ will make payment of the Federal Share of this contract.

The Adjutant General, Military Department, State of South Carolina will make payment of the State share of this contract through the office of the State Comptroller General.

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to, the following allotments, the available balances of which are sufficient to cover the cost of the same:

FEDERAL: 21X2085    418-1038    P8551-2572    S38084

STATE: State Appropriation available to the Adjutant General

This contract was negotiated under and is authorized by the following laws: National Defense Facilities Act (10 USC 2231-2238), as amended.

NGB Form No. 16  
(Revised 5 Feb 60)

Incl 1

## TITLE I

### ARTICLE I-A - Description of Project

1. The Architect-Engineer shall, upon receipt of notice to proceed, perform all the services required under this contract for the project generally described as follows: New plans, specifications and supervision of construction, National Guard Armory

(hereinafter referred to as "the project"), located at or in the vicinity of Eastover, South Carolina

and more specifically described in Appendix "A" which is attached hereto and made a part hereof.

### ARTICLE I-B - Statement of Architect-Engineer Services

The Architect-Engineer shall perform the following services:

1. Make such topographical and other surveys and maps as are specified in Appendix "A"; supervise necessary test borings and other subsurface investigations required by the Contracting Officer, ~~but the cost of such borings and investigations shall be borne by the State.~~ This provision is not to be deemed to require the Architect-Engineer to make real estate surveys.

2. Establish a permanently monumented base line, with elevations, tied into the North American Datum.

3. Prepare, subject to the approval of the Contracting Officer, preliminary studies, sketches, and layout plans and reports including estimates of cost of the proposed project and of all structures, utilities and appurtenances thereto.

4. Adapt Department of Defense space criteria and general construction standards for Army National Guard armories (as specified in ~~NGR 415-10~~ ~~XXXXXX~~) and prepare detailed specifications and drawings in the required form.

CORRECTION



Federal Contract No. DAHA38-74-C-0036

State Contract No. 5-74

LUMP SUM  
CONTRACT FOR  
ARCHITECT-ENGINEER SERVICES  
With Optional Supervision  
State of South Carolina

ARCHITECT-ENGINEER & ADDRESS      Carson & Williams, A.I.A.  
2801 Devine St.  
Columbia, S. C. 29205

SERVICES IN CONNECTION WITH: New Plans, Specifications, and  
Supervision of Construction, 200-Man National Guard Armory

LOCATION: Eastover, South Carolina

	<u>TOTAL</u>	<u>FEDERAL</u>	<u>STATE</u>
AMOUNT: (3.9%) FOR TITLE I	\$ 13,884.00	10,413.00	3,471.00
(1.3%) FOR TITLE II	\$ 4,628.00	3,471.00	1,157.00
TOTAL (5.2%)	\$ 18,512.00	13,884.00	4,628.00

Finance and Accounting, Office, Fort Jackson, South Carolina

PAYMENT: ~~Third U. S. Army Central Finance Office (Field), Fort Monmouth, Georgia~~ will make payment of the Federal Share of this contract.

The Adjutant General, Military Department, State of South Carolina will make payment of the State share of this contract through the office of the State Comptroller General.

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to, the following allotments, the available balances of which are sufficient to cover the cost of the same:

FEDERAL: 21X2085    418-1038    P8551-2572    S38084

STATE: State Appropriation available to the Adjutant General

This contract was negotiated under and is authorized by the following laws: National Defense Facilities Act (10 USC 2231-2238), as amended.

NGB Form No. 16  
(Revised 5 Feb 60)

1

1921

Incl 1

LUMP SUM  
CONTRACT FOR  
ARCHITECT-ENGINEER SERVICES  
With Optional Supervision

THIS CONTRACT, entered into this 27th day of February 1974, by the State of South Carolina (hereinafter called the "State"), represented by the Contract Officer executing this contract and

Carson and Williams, AIA  
2801 Devine Street  
Columbia, S. C. 29205

\* ~~an incorporation organized and existing under the laws of the State of South Carolina~~

\* a partnership consisting of Charles C. Carson  
Malachi A. Williams

\* ~~an individual residing~~

in the city of Columbia State of South Carolina (hereinafter called the "Architect-Engineer").

WITNESSETH THAT:

WHEREAS, the accomplishment of the hereinafter-described work and services is authorized by law; and

WHEREAS, the State desires to engage the Architect-Engineer to render services as hereinafter set forth for the preparation of necessary reports, designs, drawings, specifications and other documents; and, at the option of the Government, for technical supervision of the construction of the project described in Article I-A hereof; and

WHEREAS, the Government and the State have negotiated an agreement No. DAHA38-74-A-0031 providing for participation of the Government in this contract up to 75% of the cost, the agreement being made a part hereof by references:

NOW, THEREFORE, THE parties hereto do mutually agree as follows:

## TITLE I

### ARTICLE I-A - Description of Project

1. The Architect-Engineer shall, upon receipt of notice to proceed, perform all the services required under this contract for the project generally described as follows: New plans, specifications and supervision of construction, National Guard Armory

(hereinafter referred to as "the project"), located at or in the vicinity of Eastover, South Carolina

and more specifically described in Appendix "A" which is attached hereto and made a part hereof.

### ARTICLE I-B - Statement of Architect-Engineer Services

The Architect-Engineer shall perform the following services:

1. Make such topographical and other surveys and maps as are specified in Appendix "A"; supervise necessary test borings and other subsurface investigations required by the Contracting Officer, ~~but the cost of such borings and investigations shall be borne by the State.~~ This provision is not to be deemed to require the Architect-Engineer to make real estate surveys.

2. Establish a permanently monumented base line, with elevations, tied into the North American Datum.

3. Prepare, subject to the approval of the Contracting Officer, preliminary studies, sketches, and layout plans and reports including estimates of cost of the proposed project and of all structures, utilities and appurtenances thereto.

4. Adapt Department of Defense space criteria and general construction standards for Army National Guard armories (as specified in ~~NGR 415-10~~ ~~XXXXXX~~) and prepare detailed specifications and drawings in the required form.



5. When preliminary drawings are approved in writing by the Contracting Officer, prepare final designs, detailed working drawings and specifications in accordance with Government standards necessary for the effective coordinations and efficient execution of the construction work and revise such drawings and specifications if necessary. All such drawings may be prepared in pencil on tracing paper or pencil tracing cloth of approved quality by such methods and of such quality of workmanship as will permit the making of satisfactory reproductions thereof and the revision of such drawings for record purposes. Prepare and furnish eight copies of the specifications and eight sets of full size copies of working drawings for use of the Contracting Officer and as many additional sets of specifications and drawings as are required for plan rooms, prospective bidders, etc. There shall be included in the specifications all provisions which the Contracting Officer may direct to have incorporated therein relating to the advertising, negotiating, or awarding of construction contract or contracts, conditions under which the work shall be done, and any special provisions required by statute or existing Department of the Army regulations or instructions, or by state laws and ordinances.

6. Obtain necessary permits and approvals from all local, State and Federal authorities. Should it become necessary in the performance of the work and services for the Architect-Engineer to secure the right of ingress and egress to perform any of the work required by Title I hereof on properties not owned or controlled by the Government or State, the Architect-Engineer shall, if practicable, secure the consent of the owner, his representative, or agent, prior to effecting entry on such property. In the event the owner requires the payment of any fee for a license to enter upon and/or use such property, the Architect-Engineer when so directed by the Contracting Officer, shall pay such fee and obtain a receipt therefor. The expenditures covering such fees shall constitute a reimbursable item under this contract, and the Architect-Engineer, upon presentation on a voucher therefor, duly supported by proper receipts attached thereto, shall be reimbursed for the full amount thereof.

7. Prepare an estimate of the cost of the proposed project based upon the approved designs, drawings and specifications therefor.

8. Prepare schedules and charts showing the sequence of operations in the construction of each of the several portions of the work.

9. ~~Prepare estimates showing the quantities of critical and important materials and length of time after award of the construction contract when such materials will be required on the job~~

10. Assist the Contracting Officer in preparing invitations for bids or proposals and analyzing and evaluating bids or proposals for construction contract or contracts based upon the approved drawings and specifications.

11. Check and approve all shop and working drawings submitted by the Contractor in connection with the construction work to assure that they conform with approved drawings.

12. During the construction period the Architect-Engineer shall furnish such advice as may be requested and an approved representative shall make visits to the site of the work at periods required by the Contracting Officer. In the event that the option of Title II is exercised, the provisions of this paragraph shall not apply.

#### ARTICLE I-C - Design Control

The Architect-Engineer agrees that, in consideration of the fixed fee determined by Article III-S, he will, meeting all the requirements of this contract, control the design of the project so that the construction cost will not exceed the maximum sum of Three Hundred Fifty Six Thousand

And No/100 Dollars (\$356,000.00)

which is the amount available for this project. It is understood that the aforesaid construction cost will be determined by the lowest bona fide bid received, acceptable to the National Guard Bureau and to the State. It is further agreed that in the event no acceptable bona fide bid is received within the maximum figure as set forth above, the Architect-Engineer shall, at the direction of the Contracting Officer, and at no further cost to the National Guard Bureau or the State, revise such plans so as to come within such maximum figure, such plans to be satisfactory to the State and the National Guard Bureau. And it is further understood, that if during the development of the plans for the project, it becomes evident that the cost will exceed the above stated available funds, the Architect-Engineer will notify the Contracting Officer and all work shall cease and be held in abeyance until funding differences, scope, and/or criteria are resolved and such changes as may be required are executed.

#### ARTICLE I-D - Progress Schedule

1. The Architect-Engineer shall promptly after the execution of this contract, prepare and submit to the Contracting Officer, for approval, a schedule showing the order in which the Architect-Engineer proposes to carry on the work, with dates on which he will start the several salient features of the work and the contemplated dates for completing the same. Such schedule shall provide for completion of all work hereunder within the contract time. The schedule shall be in the form of a progress chart at suitable scale so as to indicate with symbols the percentage completed at any time.

The Architect-Engineer shall correct the progress schedule at the end of each week and shall immediately deliver three copies to the Contracting Officer.

2. The Architect-Engineer shall furnish sufficient technical, supervisory and administrative personnel to insure the prosecution of the work in accordance with the approved progress schedule.

#### ARTICLE I-E- Period of Service

1. The Architect-Engineer shall complete all work and services under Title I of this contract, except work and services required under Article I-B, sections 11 and 12, within sixty (60) days.

#### ARTICLES I-F - Payment

1. In consideration of the performance of his undertakings under this Title I the Architect-Engineer shall be paid the sum of Thirteen Thousand Eight Hundred Eighty Four And No/100 Dollars (3.9%) (\$ 13,884.00 ), which shall constitute complete payment for all services required to be performed under this Title I and all expenditures which may be made and expenses incurred except as are otherwise expressly provided herein.

### TITLE II

At any time prior to six months after satisfactory completion and acceptance of the work and services to be furnished under Title I except Article I-B, sections 11 and 12, the State, at its option, may direct, by a written order, the Architect-Engineer to perform the work and service provided under this Article II. Upon receipt of such direction, the Architect-Engineer shall proceed with such work and services.

#### ARTICLE II-A - Services to be furnished by Architect-Engineer

The Architect-Engineer shall perform the following services:

1. Furnish all governing lines, bench marks and grades essential to the construction of the project.

2. Furnish personnel to supervise the construction to assure that every part of the work is done in accordance with the approved drawings and specifications and within the areas and boundaries designated for the project. The Architect-Engineer will furnish inspection services ~~for the duration of the work as required~~ during the construction of this project and as required by the contracting officer.



3. Make all field tests at the site of the work and report to the Contracting Officer in writing as to the conformity or nonconformity of the materials and equipment and workmanship to specifications. ~~The Architect-Engineer shall evaluate reports on such other tests of material and equipment as may be required by the Contracting Officer, but the cost of such tests shall be borne by the State.~~

4. Prepare, with the assistance of the Contractor, labor estimates showing the approximate numbers, trades and dates required to meet the approved construction schedule.

5. Prepare weekly progress reports in approved form showing the progress of the construction work and any deviation from the approved construction schedule.

6. Prepare, when required by the Contracting Officer, the partial and final construction estimates for payment.

7. Without additional compensation the Architect-Engineer or any member of the organization, when requested, shall consult and advise with the Contracting Officer on any question which may arise in connection with the work under this contract.

8. Upon termination or completion of this contract as determined by the Contracting Officer, and before final payment, the Architect-Engineer shall:

a. Prepare record drawings to show construction as actually accomplished. These record drawings shall be prepared by correcting drawings as prepared for construction purposes or, where construction drawings cannot be satisfactorily revised for record purposes, by preparation of appropriate new drawings. All such new drawings shall be prepared in pencil on tracing paper or pencil tracing cloth of approved quality.

b. Assist the Contracting Officer in the preparation of the completion report for the project.

c. Supervise the testing or operating units to assure their conformance with specifications and furnish all engineering services necessary to secure such conformance.

d. Prepare instructions for the proper operation and maintenance of all utilities and operating equipment designed by the Architect-Engineer.

9. At a time specified by the Contracting Officer, before the contractor's one-year guarantee period expires, the Architect-Engineer will visit the site

with the Contracting Officer or his representative to determine that any deficiencies in material or workmanship which may have developed have been corrected and that all requirements of the guarantee have been met.

#### ARTICLE II-B - Period of Service

1. The period of service of the Architect-Engineer under Title II of this contract shall be for the duration of the ~~work and for the entire term of the guarantee period~~ construction of this project.

#### ARTICLE II-C - Payment

1. In consideration of the performance of his undertakings under this Title II the Architect-Engineer shall be paid the sum of Four Thousand Six Hundred Twenty-Eight and No/100 (1.3%) Dollars (\$ 4,628.00 ), which shall constitute complete payment for all services required to be performed under this Title II and all expenditures which may be made and expenses incurred except as are otherwise provided herein.

### TITLE III

The provisions of this Title shall apply to the entire contract, to wit: to Title I and likewise to Title II, should Title II become operative as provided herein.

#### ARTICLE III-A - Method of payment

1. Estimates shall be made monthly of the amount and value of the work and services performed by the Architect-Engineer under this contract.

2. Upon approval of such estimate by the Contracting Officer, payment upon vouchers approved by the Contracting Officer shall be made to the Architect-Engineer as soon as practicable of 90% of the amount as determined above, less all previous payments.

3. In the event that the State does not exercise the option under Title II of this contract within 30 days after the satisfactory completion and acceptance by the Contracting Officer of the work done by the Architect-Engineer under Article I-B, sections 1 through 10 inclusive, the Architect-Engineer shall be paid the unpaid balance of any money due for work done under said sections.

4. Upon satisfactory completion of construction work and its final acceptance the Architect-Engineer shall be paid any unpaid balance of any money due hereunder. Prior to such final payment under the contract, or prior to settlement upon termination of the contract, and as a condition precedent thereto the Architect-Engineer shall execute and deliver to the Contracting Officer a release of all claims against the State arising under or by virtue of this

contract, other than such claims, if any, as may be specifically excepted by the Architect-Engineer from the operation of the release in stated amounts to be set forth therein.

#### ARTICLE III - B - Drawings and other Data to Become Property of State

1. All notes, designs, drawings, specifications and other technical data are to become the property of the State on completion as outlined in this contract, and the State shall have full right to use those instruments for the purpose of constructing under contract or otherwise any buildings or other structures for the sole use of the State when and where the State may designate, without any claim on the part of the Architect-Engineer for additional compensation.

2. All notes, designs, drawings, specifications and other technical data concerning the project shall be delivered to the State whenever requested by the Contracting Officer, and, furthermore, access to such data shall be restricted to trusted and duly authorized representatives of the State and the Architect-Engineer.

#### ARTICLE III-C - Contracting Officer's Decisions

1. The extent and character of the work to be done by the Architect-Engineer shall be subject to the general supervision, direction, control and approval of the Contracting Officer to whom the Architect-Engineer shall report and be responsible. In the event that there should be any dispute with regard to the extent and character of the work to be done, the decision of the Contracting Officer shall govern, but the Architect-Engineer shall have the right of appeal as provided in Article III-D.

#### ARTICLE III - D - Disputes

1. Except as otherwise specifically provided in this contract, and except as otherwise specifically provided by the State procedure for arbitration or other State procedure established by State law, any disputes concerning a question of fact arising under this contract, which is not disposed of by mutual agreement, shall be decided by the Contracting Officer, who shall reduce his decision to writing and send by registered mail, return receipt requested, a copy thereof to the contractor at his address shown herein. Within thirty (30) days from the date of receipt of such copy the Architect-Engineer may appeal in writing to the Governor, State of South Carolina, whose written decision thereon, or that of his designated representative or representatives, shall, unless determined by a court of competent jurisdiction to have been fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence, be final and conclusive; provided, that if no such appeal is taken the decision of the Contracting Officer shall be final and conclusive. The Governor, State of South Carolina, may designate an individual or individuals other than the Contracting Officer, or a board, as his authorized representative to determine appeals under this Article. In connection with any appeal proceeding under this clause, the



contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision. Any sum or sums allowed to the Architect-Engineer under the provisions of this Article or under the State arbitration proceedings or under other State procedure shall be paid subject to the approval of the Chief, National Guard Bureau as part of the cost of the work herein contracted for and shall be deemed to be within the contemplation of this contract.

#### ARTICLE III - E - Changes

1. The Contracting Officer may at any time, by a written order, make any changes within the general scope of this contract in the work and services to be performed. If such changes cause an increase or decrease in the services required under this contract, or in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. Any claim for adjustment under this article must be asserted within 30 days from the date the change is ordered; provided, however, that the Contracting Officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the Chief, National Guard Bureau or his duly authorized representative, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made, the dispute shall be determined as provided in Article III-D, but nothing provided in this Article shall excuse the Architect-Engineer from proceeding with the prosecution of the work so changed.

#### ARTICLE III - F - Termination

1. The State may terminate this contract at any time and for any cause by a notice in writing from the Contracting Officer to the Architect-Engineer. Upon receipt of such notice the Architect-Engineer shall, unless the notice directs otherwise, immediately discontinue all work.

2. If the contract is terminated for the convenience of the State, payment to the Architect-Engineer will be made promptly for this proportion of the services required under the contract which the work actually performed bears to the total work required under the contract, less any payments previously made.

3. If this contract is terminated because of the failure on the part of the Architect-Engineer to fulfill his undertakings under this contract, the State may take over the work and prosecute the same to completion by contract or otherwise, and the Architect-Engineer shall be liable to the State for any excess cost occasioned to the State thereby.

### ARTICLE III - G - Covenant Against Contingent Fees

1. The Architect-Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Architect-Engineer for the purpose of securing business. For breach or violation of this warranty the Government or State shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

### ARTICLE III - H - Officials not to Benefit

1. No member of or delegate to Congress or resident commissioner or State official or State employee shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

### ARTICLE III - Assignment of Claims

1. Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended, (31 U. S. Code 203, 41 U. S. Code 15), if this contract provides for payments aggregating \$1,000 or more, claims for money due or to become due the Architect-Engineer from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal Lending agency, and may thereafter be further assigned and re-assigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Notwithstanding any provisions of this contract, payments to an assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off.

2. In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same: Provided, that a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

#### ARTICLE III-J - Convict Labor

1. In connection with the performance of work under this contract, the Architect-Engineer agrees not to employ any person undergoing sentence of imprisonment at hard labor.

#### ARTICLE III-K - Dismissals

1. Should the continued employment, under this contract, of any person in the Architect-Engineer's organization be deemed by the Contracting Officer to be prejudicial to the interests of the Government or State that person shall be immediately removed from the work. The Architect-Engineer shall make every reasonable effort in the selection of his employees and in the prosecution of the work under this contract to safeguard all drawings and specifications and to prevent the theft or unauthorized use of the same.

#### ARTICLE III-L - Workman's Compensation Laws

1. The Act of June 25, 1936 (49 Stat. 1938, 1939; 40 U.S.C. 290), provides that the several states have authority to make their Workmen's Compensation Laws applicable to contracts for the construction, alteration or repair of a public buildings or public work of the United States, and the several states are vested with the power and authority to enforce such state laws on lands of the United States.

#### ARTICLE III-M - Accident Prevention

1. The Architect-Engineer will maintain an accurate record of, and will report to the Contract Officer in the manner and on the forms prescribed by the Contracting Officer, all causes of death; occupational disease, and traumatic injury arising out of or in the course of employment on work under this contract.

#### ARTICLE III-N - Nondiscrimination in Employment

1. In connection with the performance of work under this contract, the Architect-Engineer agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Architect-Engineer agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notice to be provided by the Contracting Officer setting forth the provisions of the nondiscrimination clause.



2. The Architect-Engineer further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

#### ARTICLE III-O - Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

1. The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department of the Army and the head of any assistant head of the executive agency; and the term "his duly authorized representative" means any person or persons or board (other than the contracting officer) authorized to act for the Secretary of the Army.

2. The term "contracting officer" means the person executing this contract on behalf of the State and any other officer or civilian employee who is properly designated contracting officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a contracting officer acting within the limits of his authority.

3. The term "Government" means the United States and any Department head thereof.

4. The term "State" means the State, Territory, District of Columbia or the Commonwealth of Puerto Rico which is the party to this contract.

5. The term "Governor" means the Governor of the State or his duly appointed representative (other than the contracting officer).

#### ARTICLE III-P - Approval

1. This contract shall be subject to the written approval of the Chief, National Guard Bureau, or his duly authorized representative and shall not be binding until so approved.

#### ARTICLE III-Q - Examination of Records

1. The Architect-Engineer agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Architect-Engineer involving transactions related to this contract.

2. The Architect-Engineer further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees

that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontract, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$2,500 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

#### ARTICLES III-R - Gratuities

1. The State may, by written notice to the Architect-Engineer, terminate the right of the Architect-Engineer to proceed under this contract if it is found, after notice and hearing, by the Secretary or Governor or the duly authorized representative of either, that gratuities in the form of entertainment, gifts, or otherwise, were offered or given by the Architect-Engineer, or any agent or representative of the Architect-Engineer to any officer or employee of the Government or State with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing, of such contract; Provided, That the existence of the facts upon which the Secretary or Governor or the duly authorized representative of either makes such findings shall be in issue and may be reviewed in any competent court.

2. In the event this contract is terminated as provided in paragraph 1 hereof, the State shall be entitled (i) to pursue the same remedies against the Architect-Engineer as it could pursue in the event of a breach of the contract by the Architect-Engineer, and (ii) as a penalty in addition to any other damages of which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or Governor or the duly authorized representative of either) which shall be not less than 3 nor more than 10 times the cost incurred by the Architect-Engineer in providing any such gratuities to any such officer or employee.

3. The rights and remedies of the State or the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

### ARTICLE III-S - Payment Escalation

1. The sums noted for payment in Article I-F and Article II-C are estimated amounts and do not constitute the amount which the Architect-Engineer shall receive as a fee. The Architect-Engineer's fee for all services under this contract, Title I and Title II combined, shall be a sum determined upon a certain percentage of the lowest acceptable responsible bid under the construction contract. ~~Such percentage shall be established in accordance with the attached chart entitled "Uniform Standards for the Payment of Architect-Engineer Services."~~ The Federal share of the Architect-Engineer fee shall be based upon the established percentage of the Federal participation in the construction contract at the time of approval of the award. In the event the Federal or State Governments abandon the project and a contract for the building is not awarded, the Architect-Engineer's fee for Title I shall be computed on the lowest bid received or if bids have not been received, then upon a reasonable estimate of the cost of the building as determined by the Contracting Officer, but not to exceed the amount established by the contract.

### ARTICLE III-T - Alterations

The following alterations have been made in the provisions of this contract.

Article III-S, Payment Escalation, is altered by deleting reference to chart entitled "Uniform Standards for the Payment of Architect-Engineer Services." Percentage rates shown on Pages 1, 6, and 8 of this contract were established by negotiation and not in accordance with referenced chart.



IN WITNESS WHEREOF, the parties hereto have executed this contract  
as of the day and year first above written:

THE STATE OF South Carolina

By \_\_\_\_\_

R. L. McCrady  
Major General  
The Adjutant General  
\_\_\_\_\_  
(Official Title)

Witness as to signature  
of Architect-Engineer

Robert B. Gentry  
1721 Bluff Road  
Columbia, S.C.  
\_\_\_\_\_  
(Address)

Carson and Williams, AIA  
(Architect-Engineer)

By Malachi A. Williams  
Malachi A. Williams, Partner  
2801 Devine St.  
Columbia, S. C. 29205  
\_\_\_\_\_  
(Business Address)

Jack P. Pierce  
1721 Bluff Road  
Columbia, S.C.  
\_\_\_\_\_  
(Address)

I .  
Certify that I am the

Secretary of the corporation named as Architect-Engineer herein; that

who signed this contract on behalf  
of the Architect-Engineer was then of  
said corporation; that said contract was duly signed for and on behalf of  
said corporation by authority of its governing body and is within the scope  
of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal  
of said corporation this day of

19

(Corporate Seal)

.....

(..... Secretary)

---

I hereby certify that, to the best of my knowledge and belief, based  
upon observation and inquiry, , who  
signed this contract for  
had authority to execute the same, and is the individual who signs similar  
contracts on behalf of this corporation with the public generally.

.....  
(Contracting Officer)

11 May 1971

NATIONAL GUARD BUREAU  
UNIFORM STANDARDS FOR THE PAYMENT OF ARCHITECT-ENGINEER SERVICES  
FOR ARMY NATIONAL GUARD ARMORY AND NON-ARMORY PROJECTS

LOWEST RESPONSIBLE BID (Not Total Construction Cost)				New Work		Site Adaptation			
				Total	Title 1	Title 11	Total	Title 1	Title 11
				(a)	(b)75	(c)25	(d)	(e)	(f)
	\$	50,000 and less		6.3%	4.73	1.57	4.3	2.73	1.57
Over		50,000 "	under \$ 75,000	6.2	4.65	1.55	4.2	2.65	1.55
		75,000 "	" 100,000	6.1	4.58	1.52	4.1	2.58	1.52
		100,000 "	" 125,000	6.0	4.50	1.50	4.0	2.50	1.50
		125,000 "	" 150,000	5.9	4.43	1.47	3.9	2.43	1.47
		150,000 "	" 200,000	5.8	4.35	1.45	3.8	2.35	1.45
		200,000 "	" 250,000	5.7	4.28	1.42	3.7	2.28	1.42
		250,000 "	" 350,000	5.6	4.20	1.40	3.6	2.20	1.40
		350,000 "	" 450,000	5.5	4.13	1.37	3.5	2.13	1.37
		450,000 "	" 550,000	5.4	4.05	1.35	3.4	2.05	1.35
		550,000 "	" 700,000	5.3	3.98	1.32	3.3	1.98	1.32
		700,000 "	" 1,000,000	5.2	3.90	1.30	3.2	1.90	1.30
		1,000,000 "	over	5.1	3.83	1.27	3.1	1.83	1.27



## APPENDIX A

### REQUIREMENTS: ARCHITECT-ENGINEER

1. The Architect-Engineer will furnish a vicinity sketch. This sketch will show the general area surrounding the plot on which the proposed structure will be erected. If zoning regulations prevail in the locality, the particular classification applicable to the city shall be stated.

2. The "Plot Plan" will be submitted to show the location of the proposed structure and all improvements and utilities such as gas, water, and sewerage lines and electric light and power distribution lines. A base line will be established and the ground elevations should be plotted on the plan in two-foot contours within the building area. Elsewhere on the site, contours may be plotted at greater intervals, but in sufficient detail to show the general topography in relation to the proposed building site and approaches. Indicate in outline all required walks, roads, and parking areas, and fencing.

3. Site Survey Certificate. The Site Survey Certificate will be furnished by the Architect-Engineer and will certify that the site is suitable for the erection of an armory building as planned, that the bearing capacity of the undisturbed soil is about 4,000 pounds per square foot, and that "subsoil conditions are such as to safely permit the carrying of this load per square foot at the planned elevation of the foundation footings.

4. After the preceding requirements have been completed, the Architect-Engineer will be authorized to prepare and submit preliminary plans and specifications for review and approval. These plans will designate each functional area and if more than one unit, detachment or headquarters is to occupy the armory, each area will be clearly marked showing the purpose for which it will be used and the unit which will use it. As a guide for use in the preparation of these plans and specifications, criteria approved by the Department of Defense governing space and construction materials as contained in ~~Tables 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100~~ <sup>NCR-415-10</sup> will be followed. The office of the Secretary of Defense has emphasized that the expanded space criteria were established to meet existing requirement with respect to the particular armory, and has called particular attention to the fact that "USE OF FULL MAXIMUM ALLOWANCES IS PERMISSIVE RATHER THAN MANDATORY". A chart on the first sheet of the preliminary plans, as well as final plans, will show space criteria, both authorized and actual. Three sets of preliminary plans and specifications will be submitted to The Adjutant General, State of South Carolina.

5. The Adjutant General will return one (1) set of the preliminary plans and specifications indicating, as appropriate: approval; suggested changes which must be accomplished. The Architect-Engineer will then be authorized to proceed with the preparation of the final and detailed working drawings, specifications, advertisement and bidding documents.

1. Armory Location: Eastover, South Carolina

2. Unit(s):

51st Aviation Company

3. Description of Project:

a. New Plan

200 Man National Guard Armory

b. Site Adaption

(1) Where used before

c. Other (Expansion, rehabilitation, etc)

4. Building Size (Interior exclusive of circulation) 13,444 sq ft

Federal Contract No. DAHA38-74-C-0037

State Contract No. 6-74

LUMP SUM  
CONTRACT FOR  
ARCHITECT-ENGINEER SERVICES  
With Optional Supervision  
State of South Carolina

ARCHITECT-ENGINEER & ADDRESS OPSAHL & PATE, ARCHITECTS  
WADE HAMPTON HOTEL  
COLUMBIA, S. C. 29201

SERVICES IN CONNECTION WITH: NEW PLANS, SPECIFICATIONS, AND  
SUPERVISION OF CONSTRUCTION, ORGANIZATIONAL MAINTENANCE SHOP.

LOCATION: ROCK HILL, SOUTH CAROLINA

	<u>TOTAL</u>	<u>FEDERAL</u>	<u>STATE</u>
(4.43%) AMOUNT: FOR TITLE I \$	<u>5,595.09</u>	<u>5,595.09</u>	<u>0</u>
(1.47%) FOR TITLE II \$	<u>1,856.61</u>	<u>1,856.61</u>	<u>0</u>
TOTAL (5.90%) \$	<u>7,451.70</u>	<u>7,451.70</u>	<u>0</u>

PAYMENT: ~~Finance and Accounting Office, Fort Jackson, South Carolina~~  
~~Finance and Accounting Office, Fort Jackson, South Carolina~~  
~~Finance and Accounting Office, Fort Jackson, South Carolina~~  
Georgia will make payment of the Federal Share of this contract.

The Adjutant General, Military Department, State of South Carolina will make payment of the State share of this contract through the office of the State Comptroller General.

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to, the following allotments, the available balances of which are sufficient to cover the cost of the same:

FEDERAL: 21X2085 418-1038 P8551-2572 S38084

STATE:

This contract was negotiated under and is authorized by the following laws: National Defense Facilities Act (10 USC 2231-2238), as amended.

NGB Form No. 16  
(Revised 5 Feb 60)



LUMP SUM  
CONTRACT FOR  
ARCHITECT-ENGINEER SERVICES  
With Optional Supervision

THIS CONTRACT, entered into this 27th day of FEBRUARY 1974, by the State of South Carolina (hereinafter called the "State"), represented by the Contract Officer executing this contract and

OPSAHL & PATE ARCHITECTS  
WADE HAMPTON HOTEL  
COLUMBIA, S. C. 29201

\* ~~a corporation organized and existing under the laws of the State of South Carolina~~

\* a partnership consisting of ROBERT OPSAHL  
OLIN PATE

\* ~~an individual residing in~~

in the city of COLUMBIA State of South Carolina (hereinafter called the "Architect-Engineer").

WITNESSETH THAT:

WHEREAS, the accomplishment of the hereinafter-described work and services is authorized by law; and

WHEREAS, the State desires to engage the Architect-Engineer to render services as hereinafter set forth for the preparation of necessary reports, designs, drawings, specifications and other documents; and, at the option of the Government, for technical supervision of the construction of the project described in Article I-A hereof; and

WHEREAS, the Government and the State have negotiated an agreement No. DAHA38-74-A-0030 providing for participation of the Government in this contract up to ~~75%~~<sup>100%</sup> of the cost, the agreement being made a part hereof by references:

NOW, THEREFORE, THE parties hereto do mutually agree as follows:

# TITLE I

### ARTICLE I-A - Description of Project

1. The Architect-Engineer shall, upon receipt of notice to proceed, perform all the services required under this contract for the project generally described as follows: NEW PLANS, SPECIFICATIONS AND SUPERVISION OF CONSTRUCTION, ORGANIZATIONAL MAINTENANCE SHOP

(hereinafter referred to as "the project"), located at or in the vicinity of  
ROCK HILL, SOUTH CAROLINA  
and more specifically described in Appendix "A" which is attached hereto  
and made a part hereof.

## ARTICLE I-B - Statement of Architect-Engineer Services

The Architect-Engineer shall perform the following services:

1. Make such topographical and other surveys and maps as are specified in Appendix "A"; supervise necessary test borings and other subsurface investigations required by the Contracting Officer, ~~but the cost of such borings and investigations shall be borne by the State.~~ This provision is not to be deemed to require the Architect-Engineer to make real estate surveys.

2. Establish a permanently monumented base line, with elevations, tied into the North American Datum.

3. Prepare, subject to the approval of the Contracting Officer, preliminary studies, sketches, and layout plans and reports including estimates of cost of the proposed project and of all structures, utilities and appurtenances thereto.

4. Adapt Department of Defense space criteria and general construction standards for Army National Guard armories (as specified in ~~NOEX Paragraph~~ NGR 415-10 ~~for 7411~~) and prepare detailed specifications and drawings in the required form.

5. When preliminary drawings are approved in writing by the Contracting Officer, prepare final designs, detailed working drawings and specifications in accordance with Government standards necessary for the effective coordinations and efficient execution of the construction work and revise such drawings and specifications if necessary. All such drawings may be prepared in pencil on tracing paper or pencil tracing cloth of approved quality by such methods and of such quality of workmanship as will permit the making of satisfactory reproductions thereof and the revision of such drawings for record purposes. Prepare and furnish EIGHT copies of the specifications and EIGHT sets of full size copies of working drawings for use of the Contracting Officer and as many additional sets of specifications and drawings as are required for plan rooms, prospective bidders, etc. There shall be included in the specifications all provisions which the Contracting Officer may direct to have incorporated therein relating to the advertising, negotiating, or awarding of construction contract or contracts, conditions under which the work shall be done, and any special provisions required by statute or existing Department of the Army regulations or instructions, or by state laws and ordinances.

6. Obtain necessary permits and approvals from all local, State and Federal authorities. Should it become necessary in the performance of the work and services for the Architect-Engineer to secure the right of ingress and egress to perform any of the work required by Title I hereof on properties not owned or controlled by the Government or State, the Architect-Engineer shall, if practicable, secure the consent of the owner, his representative, or agent, prior to effecting entry on such property. In the event the owner requires the payment of any fee for a license to enter upon and/or use such property, the Architect-Engineer when so directed by the Contracting Officer, shall pay such fee and obtain a receipt therefor. The expenditures covering such fees shall constitute a reimbursable item under this contract, and the Architect-Engineer, upon presentation on a voucher therefor, duly supported by proper receipts attached thereto, shall be reimbursed for the full amount thereof.

7. Prepare an estimate of the cost of the proposed project based upon the approved designs, drawings and specifications therefor.

8. Prepare schedules and charts showing the sequence of operations in the construction of each of the several portions of the work.

9. ~~Prepare estimates showing the quantities of critical and important materials and length of time after award of the construction contract when such materials will be required on the job~~



10. Assist the Contracting Officer in preparing invitations for bids or proposals and analyzing and evaluating bids or proposals for construction contract or contracts based upon the approved drawings and specifications.

11. Check and approve all shop and working drawings submitted by the Contractor in connection with the construction work to assure that they conform with approved drawings.

12. During the construction period the Architect-Engineer shall furnish such advice as may be requested and an approved representative shall make visits to the site of the work at periods required by the Contracting Officer. In the event that the option of Title II is exercised, the provisions of this paragraph shall not apply.

#### ARTICLE I-C - Design Control

The Architect-Engineer agrees that, in consideration of the fixed fee determined by Article III-S, he will, meeting all the requirements of this contract, control the design of the project so that the construction cost will not exceed the maximum sum of ONE HUNDRED TWENTY SIX THOUSAND,

THREE HUNDRED AND NO/100 DOLLARS (\$126,300.00)

which is the amount available for this project. It is understood that the aforesaid construction cost will be determined by the lowest bona fide bid received, acceptable to the National Guard Bureau and to the State. It is further agreed that in the event no acceptable bona fide bid is received within the maximum figure as set forth above, the Architect-Engineer shall, at the direction of the Contracting Officer, and at no further cost to the National Guard Bureau or the State, revise such plans so as to come within such maximum figure, such plans to be satisfactory to the State and the National Guard Bureau. And it is further understood, that if during the development of the plans for the project, it becomes evident that the cost will exceed the above stated available funds, the Architect-Engineer will notify the Contracting Officer and all work shall cease and be held in abeyance until funding differences, scope, and/or criteria are resolved and such changes as may be required are executed.

#### ARTICLE I-D - Progress Schedule

1. The Architect-Engineer shall promptly after the execution of this contract, prepare and submit to the Contracting Officer, for approval, a schedule showing the order in which the Architect-Engineer proposes to carry on the work, with dates on which he will start the several salient features of the work and the contemplated dates for completing the same. Such schedule shall provide for completion of all work hereunder within the contract time. The schedule shall be in the form of a progress chart at suitable scale so as to indicate with symbols the percentage completed at any time.

The Architect-Engineer shall correct the progress schedule at the end of each week and shall immediately deliver three copies to the Contracting Officer.

2. The Architect-Engineer shall furnish sufficient technical, supervisory and administrative personnel to insure the prosecution of the work in accordance with the approved progress schedule.

#### ARTICLE I-E- Period of Service

1. The Architect-Engineer shall complete all work and services under Title I of this contract, except work and services required under Article I-B, sections 11 and 12, within sixty (60) days.

#### ARTICLES I-F - Payment

1. In consideration of the performance of his undertakings under this Title I the Architect-Engineer shall be paid the sum of FIVE THOUSAND FIVE HUNDRED, NINETY FIVE AND 09/100 DOLLARS (4.43%) (\$ 5,595.09 ), which shall constitute complete payment for all services required to be performed under this Title I and all expenditures which may be made and expenses incurred except as are otherwise expressly provided herein.

### TITLE II

At any time prior to six months after satisfactory completion and acceptance of the work and services to be furnished under Title I except Article I-B, sections 11 and 12, the State, at its option, may direct, by a written order, the Architect-Engineer to perform the work and service provided under this Article II. Upon receipt of such direction, the Architect-Engineer shall proceed with such work and services.

#### ARTICLE II-A - Services to be furnished by Architect-Engineer

The Architect-Engineer shall perform the following services:

1. Furnish all governing lines, bench marks and grades essential to the construction of the project.

2. Furnish personnel to supervise the construction to assure that every part of the work is done in accordance with the approved drawings and specifications and within the areas and boundaries designated for the project. The Architect-Engineer will furnish inspection services ~~for the duration of the work as required.~~ DURING THE CONSTRUCTION OF THIS PROJECT AND AS REQUIRED BY THE CONTRACTING OFFICER.

The Architect-Engineer shall correct the progress schedule at the end of each week and shall immediately deliver three copies to the Contracting Officer.

2. The Architect-Engineer shall furnish sufficient technical, supervisory and administrative personnel to insure the prosecution of the work in accordance with the approved progress schedule.

#### ARTICLE I-E- Period of Service

1. The Architect-Engineer shall complete all work and services under Title I of this contract, except work and services required under Article I-B, sections 11 and 12, within sixty (60) days.

#### ARTICLES I-F - Payment

1. In consideration of the performance of his undertakings under this Title I the Architect-Engineer shall be paid the sum of FIVE THOUSAND FIVE HUNDRED, NINETY FIVE AND 09/100 DOLLARS (4.43%) (\$ 5,595.09 ), which shall constitute complete payment for all services required to be performed under this Title I and all expenditures which may be made and expenses incurred except as are otherwise expressly provided herein.

### TITLE II

At any time prior to six months after satisfactory completion and acceptance of the work and services to be furnished under Title I except Article I-B, sections 11 and 12, the State, at its option, may direct, by a written order, the Architect-Engineer to perform the work and service provided under this Article II. Upon receipt of such direction, the Architect-Engineer shall proceed with such work and services.

#### ARTICLE II-A - Services to be furnished by Architect-Engineer

The Architect-Engineer shall perform the following services:

1. Furnish all governing lines, bench marks and grades essential to the construction of the project.

2. Furnish personnel to supervise the construction to assure that every part of the work is done in accordance with the approved drawings and specifications and within the areas and boundaries designated for the project. The Architect-Engineer will furnish inspection services ~~for the duration of the work as required.~~ DURING THE CONSTRUCTION OF THIS PROJECT AND AS REQUIRED BY THE CONTRACTING OFFICER.



3. Make all field tests at the site of the work and report to the Contracting Officer in writing as to the conformity or nonconformity of the materials and equipment and workmanship to specifications. ~~The Architect-Engineer shall evaluate reports on such other tests of materials and equipment as may be required by the Contracting Officer, but the cost of such tests shall be borne by the State.~~

4. Prepare, with the assistance of the Contractor, labor estimates showing the approximate numbers, trades and dates required to meet the approved construction schedule.

5. Prepare weekly progress reports in approved form showing the progress of the construction work and any deviation from the approved construction schedule.

6. Prepare, when required by the Contracting Officer, the partial and final construction estimates for payment.

7. Without additional compensation the Architect-Engineer or any member of the organization, when requested, shall consult and advise with the Contracting Officer on any question which may arise in connection with the work under this contract.

8. Upon termination or completion of this contract as determined by the Contracting Officer, and before final payment, the Architect-Engineer shall:

a. Prepare record drawings to show construction as actually accomplished. These record drawings shall be prepared by correcting drawings as prepared for construction purposes or, where construction drawings cannot be satisfactorily revised for record purposes, by preparation of appropriate new drawings. All such new drawings shall be prepared in pencil on tracing paper or pencil tracing cloth of approved quality.

b. Assist the Contracting Officer in the preparation of the completion report for the project.

c. Supervise the testing or operating units to assure their conformance with specifications and furnish all engineering services necessary to secure such conformance.

d. Prepare instructions for the proper operation and maintenance of all utilities and operating equipment designed by the Architect-Engineer.

9. At a time specified by the Contracting Officer, before the contractor's one-year guarantee period expires, the Architect-Engineer will visit the site

with the Contracting Officer or his representative to determine that any deficiencies in material or workmanship which may have developed have been corrected and that all requirements of the guarantee have been met.

#### ARTICLE II-B - Period of Service

1. The period of service of the Architect-Engineer under Title II of this contract shall be for the duration of the ~~work and for the one year guarantee period~~. CONSTRUCTION OF THIS PROJECT.

#### ARTICLE II-C - Payment

1. In consideration of the performance of his undertakings under this Title II the Architect-Engineer shall be paid the sum of ONE THOUSAND EIGHT HUNDRED FIFTY-SIX AND 61/100 (1.47%) Dollars (\$ 1,856.61 ), which shall constitute complete payment for all services required to be performed under this Title II and all expenditures which may be made and expenses incurred except as are otherwise provided herein.

#### TITLE III

The provisions of this Title shall apply to the entire contract, to wit: to Title I and likewise to Title II, should Title II become operative as provided herein.

#### ARTICLE III-A - Method of payment

1. Estimates shall be made monthly of the amount and value of the work and services performed by the Architect-Engineer under this contract.

2. Upon approval of such estimate by the Contracting Officer, payment upon vouchers approved by the Contracting Officer shall be made to the Architect-Engineer as soon as practicable of 90% of the amount as determined above, less all previous payments.

3. In the event that the State does not exercise the option under Title II of this contract within 30 days after the satisfactory completion and acceptance by the Contracting Officer of the work done by the Architect-Engineer under Article I-B, sections 1 through 10 inclusive, the Architect-Engineer shall be paid the unpaid balance of any money due for work done under said sections.

4. Upon satisfactory completion of construction work and its final acceptance the Architect-Engineer shall be paid any unpaid balance of any money due hereunder. Prior to such final payment under the contract, or prior to settlement upon termination of the contract, and as a condition precedent thereto the Architect-Engineer shall execute and deliver to the Contracting Officer a release of all claims against the State arising under or by virtue of **1951**

contract, other than such claims, if any, as may be specifically excepted by the Architect-Engineer from the operation of the release in stated amounts to be set forth therein.

#### ARTICLE III - B - Drawings and other Data to Become Property of State

1. All notes, designs, drawings, specifications and other technical data are to become the property of the State on completion as outlined in this contract, and the State shall have full right to use those instruments for the purpose of constructing under contract or otherwise any buildings or other structures for the sole use of the State when and where the State may designate, without any claim on the part of the Architect-Engineer for additional compensation.

2. All notes, designs, drawings, specifications and other technical data concerning the project shall be delivered to the State whenever requested by the Contracting Officer, and, furthermore, access to such data shall be restricted to trusted and duly authorized representatives of the State and the Architect-Engineer.

#### ARTICLE III-C - Contracting Officer's Decisions

1. The extent and character of the work to be done by the Architect-Engineer shall be subject to the general supervision, direction, control and approval of the Contracting Officer to whom the Architect-Engineer shall report and be responsible. In the event that there should be any dispute with regard to the extent and character of the work to be done, the decision of the Contracting Officer shall govern, but the Architect-Engineer shall have the right of appeal as provided in Article III-D.

#### ARTICLE III - D - Disputes

1. Except as otherwise specifically provided in this contract, and except as otherwise specifically provided by the State procedure for arbitration or other State procedure established by State law, any disputes concerning a question of fact arising under this contract, which is not disposed of by mutual agreement, shall be decided by the Contracting Officer, who shall reduce his decision to writing and send by registered mail, return receipt requested, a copy thereof to the contractor at his address shown herein. Within thirty (30) days from the date of receipt of such copy the Architect-Engineer may appeal in writing to the Governor, State of South Carolina, whose written decision thereon, or that of his designated representative or representatives, shall, unless determined by a court of competent jurisdiction to have been fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence, be final and conclusive; provided, that if no such appeal is taken the decision of the Contracting Officer shall be final and conclusive. The Governor, State of South Carolina, may designate an individual or individuals other than the Contracting Officer, or a board, as his authorized representative to determine appeals under this Article. In connection with any appeal proceeding under this clause, the



contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision. Any sum or sums allowed to the Architect-Engineer under the provisions of this Article or under the State arbitration proceedings or under other State procedure shall be paid subject to the approval of the Chief, National Guard Bureau as part of the cost of the work herein contracted for and shall be deemed to be within the contemplation of this contract.

#### ARTICLE III - E - Changes

1. The Contracting Officer may at any time, by a written order, make any changes within the general scope of this contract in the work and services to be performed. If such changes cause an increase or decrease in the services required under this contract, or in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. Any claim for adjustment under this article must be asserted within 30 days from the date the change is ordered; provided, however, that the Contracting Officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the Chief, National Guard Bureau or his duly authorized representative, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made, the dispute shall be determined as provided in Article III-D, but nothing provided in this Article shall excuse the Architect-Engineer from proceeding with the prosecution of the work so changed.

#### ARTICLE III - F - Termination

1. The State may terminate this contract at any time and for any cause by a notice in writing from the Contracting Officer to the Architect-Engineer. Upon receipt of such notice the Architect-Engineer shall, unless the notice directs otherwise, immediately discontinue all work.

2. If the contract is terminated for the convenience of the State, payment to the Architect-Engineer will be made promptly for this proportion of the services required under the contract which the work actually performed bears to the total work required under the contract, less any payments previously made.

3. If this contract is terminated because of the failure on the part of the Architect-Engineer to fulfill his undertakings under this contract, the State may take over the work and prosecute the same to completion by contract or otherwise, and the Architect-Engineer shall be liable to the State for any excess cost occasioned to the State thereby.

### ARTICLE III - G - Covenant Against Contingent Fees

1. The Architect-Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Architect-Engineer for the purpose of securing business. For breach or violation of this warranty the Government or State shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

### ARTICLE III - H - Officials not to Benefit

1. No member of or delegate to Congress or resident commissioner or State official or State employee shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

### ARTICLE III - Assignment of Claims

1. Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended, (31 U. S. Code 203, 41 U. S. Code 15), if this contract provides for payments aggregating \$1,000 or more, claims for money due or to become due the Architect-Engineer from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal Lending agency, and may thereafter be further assigned and re-assigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Notwithstanding any provisions of this contract, payments to an assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off.

2. In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret," "Secret," or "Confidential," be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same: Provided, that a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

#### ARTICLE III-J - Convict Labor

1. In connection with the performance of work under this contract, the Architect-Engineer agrees not to employ any person undergoing sentence of imprisonment at hard labor.

#### ARTICLE III-K - Dismissals

1. Should the continued employment, under this contract, of any person in the Architect-Engineer's organization be deemed by the Contracting Officer to be prejudicial to the interests of the Government or State that person shall be immediately removed from the work. The Architect-Engineer shall make every reasonable effort in the selection of his employees and in the prosecution of the work under this contract to safeguard all drawings and specifications and to prevent the theft or unauthorized use of the same.

#### ARTICLE III-L - Workman's Compensation Laws

1. The Act of June 25, 1936 (49 Stat. 1938, 1939; 40 U.S.C. 290), provides that the several states have authority to make their Workmen's Compensation Laws applicable to contracts for the construction, alteration or repair of a public buildings or public work of the United States, and the several states are vested with the power and authority to enforce such state laws on lands of the United States.

#### ARTICLE III-M - Accident Prevention

1. The Architect-Engineer will maintain an accurate record of, and will report to the Contract Officer in the manner and on the forms prescribed by the Contracting Officer, all causes of death, occupational disease, and traumatic injury arising out of or in the course of employment on work under this contract.

#### ARTICLE III-N - Nondiscrimination in Employment

1. In connection with the performance of work under this contract, the Architect-Engineer agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Architect-Engineer agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notice to be provided by the Contracting Officer setting forth the provisions of the nondiscrimination clause.



2. The Architect-Engineer further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

#### ARTICLE III-O - Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

1. The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department of the Army and the head of any assistant head of the executive agency; and the term "his duly authorized representative" means any person or persons or board (other than the contracting officer) authorized to act for the Secretary of the Army.

2. The term "contracting officer" means the person executing this contract on behalf of the State and any other officer or civilian employee who is properly designated contracting officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a contracting officer acting within the limits of his authority.

3. The term "Government" means the United States and any Department head thereof.

4. The term "State" means the State, Territory, District of Columbia or the Commonwealth of Puerto Rico which is the party to this contract.

5. The term "Governor" means the Governor of the State or his duly appointed representative (other than the contracting officer).

#### ARTICLE III-P - Approval

1. This contract shall be subject to the written approval of the Chief, National Guard Bureau, or his duly authorized representative and shall not be binding until so approved.

#### ARTICLE III-Q - Examination of Records

1. The Architect-Engineer agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers and records of the Architect-Engineer involving transactions related to this contract.

2. The Architect-Engineer further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees

that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontract, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (i) purchase orders not exceeding \$2,500 and (ii) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

#### ARTICLES III-R - Gratuities

1. The State may, by written notice to the Architect-Engineer, terminate the right of the Architect-Engineer to proceed under this contract if it is found, after notice and hearing, by the Secretary or Governor or the duly authorized representative of either, that gratuities in the form of entertainment, gifts, or otherwise, were offered or given by the Architect-Engineer, or any agent or representative of the Architect-Engineer to any officer or employee of the Government or State with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing, of such contract; Provided, That the existence of the facts upon which the Secretary or Governor or the duly authorized representative of either makes such findings shall be in issue and may be reviewed in any competent court.

2. In the event this contract is terminated as provided in paragraph 1 hereof, the State shall be entitled (i) to pursue the same remedies against the Architect-Engineer as it could pursue in the event of a breach of the contract by the Architect-Engineer, and (ii) as a penalty in addition to any other damages of which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or Governor or the duly authorized representative of either) which shall be not less than 3 nor more than 10 times the cost incurred by the Architect-Engineer in providing any such gratuities to any such officer or employee.

3. The rights and remedies of the State or the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

### ARTICLE III-S - Payment Escalation

1. The sums noted for payment in Article I-F and Article II-C are estimated amounts and do not constitute the amount which the Architect-Engineer shall receive as a fee. The Architect-Engineer's fee for all services under this contract, Title I and Title II combined, shall be a sum determined upon a certain percentage of the lowest acceptable responsible bid under the construction contract. ~~Such percentage shall be as established in accordance with the attached chart entitled "Uniform Standards for the Payment of Architect-Engineer Services"~~ The Federal share of the Architect-Engineer fee shall be based upon the established percentage of the Federal participation in the construction contract at the time of approval of the award. In the event the Federal or State Governments abandon the project and a contract for the building is not awarded, the Architect-Engineer's fee for Title I shall be computed on the lowest bid received or if bids have not been received, then upon a reasonable estimate of the cost of the building as determined by the Contracting Officer, but not to exceed the amount established by the contract.

### ARTICLE III-T - Alterations

The following alterations have been made in the provisions of this contract.

ARTICLE III-S, PAYMENT ESCALATION, IS ALTERED BY DELETING REFERENCE TO CHART ENTITLED "UNIFORM STANDARDS FOR THE PAYMENT OF ARCHITECT-ENGINEER SERVICES." PERCENTAGE RATES SHOWN ON PAGES 1, 6 AND 8 OF THIS CONTRACT WERE ESTABLISHED BY NEGOTIATION AND NOT IN ACCORDANCE WITH REFERENCED CHART.



IN WITNESS WHEREOF, the parties hereto have executed this contract  
as of the day and year first above written:

THE STATE OF South Carolina

By \_\_\_\_\_

R. L. McCrady  
MAJOR GENERAL, SCARNG  
THE ADJUTANT GENERAL

\_\_\_\_\_  
(Official Title)

Witness as to signature  
of Architect-Engineer

*Robert B. Gussner*  
*1201 Main*  
*Columbia, SC*  
(Address)

OPSAHL AND PATE ARCHITECTS  
(Architect-Engineer)

By \_\_\_\_\_

*Olin Pate*  
OLIN PATE, PARTNER  
WADE HAMPTON HOTEL  
COLUMBIA, S. C. 29201  
\_\_\_\_\_  
(Business Address)

*Robert Opsahl*  
*1201 Main*  
*Columbia, SC*  
(Address)

I .  
Certify that I am the

Secretary of the corporation named as Architect-Engineer herein; that

who signed this contract on behalf

of the Architect-Engineer was then of

said corporation; that said contract was duly signed for and on behalf of

said corporation by authority of its governing body and is within the scope

of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal

of said corporation this day of

19

(Corporate Seal)

.....

(.....Secretary)

---

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, , who signed this contract for had authority to execute the same, and is the individual who signs similar contracts on behalf of this corporation with the public generally.

.....

(Contracting Officer)

11 May 1971

NATIONAL GUARD BUREAU  
UNIFORM STANDARDS FOR THE PAYMENT OF ARCHITECT-ENGINEER SERVICES  
FOR ARMY NATIONAL GUARD ARMORY AND NON-ARMORY PROJECTS

LOWEST RESPONSIBLE BID (Not Total Construction Cost)				New Work			Site Adaptation		
				Total	Title 1	Title 11	Total	Title 1	Title 11
				(a)	(b)75	(c)25	(d)	(e)	(f)
\$ 50,000 and less				6.3%	4.73	1.57	4.3	2.73	1.57
Over 50,000 " under \$ 75,000				6.2	4.65	1.55	4.2	2.65	1.55
75,000 " " 100,000				6.1	4.58	1.52	4.1	2.58	1.52
100,000 " " 125,000				6.0	4.50	1.50	4.0	2.50	1.50
125,000 " " 150,000				5.9	4.43	1.47	3.9	2.43	1.47
150,000 " " 200,000				5.8	4.35	1.45	3.8	2.35	1.45
200,000 " " 250,000				5.7	4.28	1.42	3.7	2.28	1.42
250,000 " " 350,000				5.6	4.20	1.40	3.6	2.20	1.40
350,000 " " 450,000				5.5	4.13	1.37	3.5	2.13	1.37
450,000 " " 550,000				5.4	4.05	1.35	3.4	2.05	1.35
550,000 " " 700,000				5.3	3.98	1.32	3.3	1.98	1.32
700,000 " " 1,000,000				5.2	3.90	1.30	3.2	1.90	1.30
1,000,000 " over				5.1	3.83	1.27	3.1	1.83	1.27



## APPENDIX A

### REQUIREMENTS: ARCHITECT-ENGINEER

1. The Architect-Engineer will furnish a vicinity sketch. This sketch will show the general area surrounding the plot on which the proposed structure will be erected. If zoning regulations prevail in the locality, the particular classification applicable to the city shall be stated.

2. The "Plot Plan" will be submitted to show the location of the proposed structure and all improvements and utilities such as gas, water, and sewerage lines and electric light and power distribution lines. A base line will be established and the ground elevations should be plotted on the plan in two-foot contours within the building area. Elsewhere on the site, contours may be plotted at greater intervals, but in sufficient detail to show the general topography in relation to the proposed building site and approaches. Indicate in outline all required walks, roads, and parking areas, and fencing.

3. Site Survey Certificate. The Site Survey Certificate will be furnished by the Architect-Engineer and will certify that the site is suitable for the erection of an armory building as planned, that the bearing capacity of the undisturbed soil is about 4,000 pounds per square foot, and that "subsoil conditions are such as to safely permit the carrying of this load per square foot at the planned elevation of the foundation footings.

4. After the preceding requirements have been completed, the Architect-Engineer will be authorized to prepare and submit preliminary plans and specifications for review and approval. These plans will designate each functional area and if more than one unit, detachment or headquarters is to occupy the armory, each area will be clearly marked showing the purpose for which it will be used and the unit which will use it. As a guide for use in the preparation of these plans and specifications, criteria approved by the Department of Defense governing space and construction materials as contained in ~~Tables 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100~~ <sup>NGR 415-10</sup>, will be followed. The office of the Secretary of Defense has emphasized that the expanded space criteria were established to meet existing requirement with respect to the particular armory, and has called particular attention to the fact that "USE OF FULL MAXIMUM ALLOWANCES IS PERMISSIVE RATHER THAN MANDATORY". A chart on the first sheet of the preliminary plans, as well as final plans, will show space criteria, both authorized and actual. Three sets of preliminary plans and specifications will be submitted to The Adjutant General, State of South Carolina.

5. The Adjutant General will return one (1) set of the preliminary plans and specifications indicating, as appropriate: approval; suggested changes which must be accomplished. The Architect-Engineer will then be authorized to proceed with the preparation of the final and detailed working drawings, specifications, advertisement and bidding documents.

1. <sup>OMS</sup>~~XXXXXX~~ Location: ROCK HILL, S. C.

2. Unit(s):

HHC 2 BN 263 ARMOR

CO A 2 BN 263 ARMOR

CO B 2 BN 263 ARMOR

CO C 2 BN 263 ARMOR

SPT CO 2 BN 263 ARMOR

3. Description of Project:

a. New Plan

b. Site Adaption

(1) Where used before

c. Other (Expansion, rehabilitation, etc)

4. Building Size (Interior exclusive of circulation) 5,984 sq ft

LISTING OF FIRMS CONSIDERED

Columbia Architectural Group  
1308 Lady Street  
Columbia, South Carolina 29201

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

Demosthenes, McCreight & Riley, AIA  
202 West Calhoun Street  
Sumter, South Carolina 29150

McMillan, Bunes, Townsend and Bowen  
Post Office Box 1508  
Greenville, South Carolina 29602

Opsahl & Pate Architects  
1201 Maint Street  
Columbia, South Carolina 29201

Paul E. Allen, Architect  
731 Santee Avenue  
Columbia, South Carolina 29205

Maynard Pearlstine/William Anderson  
AIA Architects/Planners  
3106 Devine Street  
Columbia, South Carolina 29205

Jeffrey Marc Rosenblum, AIA  
276 East Bay Street  
Charleston, South Carolina 29401

Carson and Williams  
A.I.A. Architects  
3135 Millwood Avenue  
Columbia, South Carolina 29205

Jones and Fellows  
1300 Pickens Street  
Columbia, South Carolina 29201



FY1971- Architect	Project	Contract
Demosthenes, McCreight & Riley	Armory - & Organizational Maintenance Shop Florence	\$413,500.00
John D. Rogers	Organizational Maintenance Shop-Anderson	78,479.00

FY1972- Architect	Project	Contract
Prather, Thomas, Campbell & Pridgeon " " " " " " " "	Armory - Union Organizational Maintenance Shop - Union	\$401,962.00
Demosthenes, McCreight & Riley	Armory - Sumter	354,946.00
Demosthenes, McCreight & Riley	AASF-McEntire	534,946.00
Prather, Thomas, Campbell & Pridgeon	Addition - Newberry	48,256.00
Demosthenes, McCreight & Riley	Calibration Facility	22,500.00

FY1973-Architect	Project	Contract
Alexander & Moormann	Armory - Warrentonville	\$358,800.00
Demosthenes, McCreight & Riley	Edgefield Addition	\$ 28,000.00
Demosthenes, McCreight & Riley	Paint Booth - Columbia	30,000.00
Demosthenes, McCreight & Riley	Latrine- Leesburg Week-End Training Site	75,000.00
David LeRoy Parrott	Addition - Mt. Pleasant	28,100.00
Holiday, Coleman, Williams	Intrusion-Detection- System- various locations	176,000.00

1965

*Incl 4*

cont. FY1973 Architect	Project	Contract
Edward P. Guerard	Armory - Andrews	\$332,700.00
Columbia Architectural Group	Organizational Maint. Shop - Leesburg Week-End Training Site	384,900.00
Columbia Architectural Group	Mess Shelters - Leesburg Week-End Training Site	46,000.00



## Military Department

STATE OF SOUTH CAROLINA

OFFICE OF THE ADJUTANT GENERAL

NATIONAL GUARD ARMORY, 1225 BLUFF ROAD

COLUMBIA 29201

ROBERT L. MCCRADY  
MAJOR GENERAL  
THE ADJUTANT GENERAL

AGSC-FM

26 November 1973

State-Record Publishing Company  
ATTN: Mrs. Jackie Colley  
Stadium Road  
Columbia, South Carolina 29201

Dear Mrs. Colley:

Request that the attached advertisement be run in the STATE newspaper for three (3) days Monday, 3 December 1973, Friday, 7 December 1973, and Wednesday, 12 December 1973, furnishing this office with proof of advertising.

Upon completion, please bill this at the established STATE rate.

Yours truly,

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

2 Incls:

adv - draft -

Architect/Engineer-

for McEntire Armory and

Architect/Engineer-

for Rock Hill Organizational

Maintenance Shop

Incl 5-

1967



ADVERTISEMENT  
FOR BID

The Office of The Adjutant General will require the services of a qualified Architectural Firm for the design and supervision of the construction of an Organizational Maintenance Shop to be located in Rock Hill, South Carolina. This is to include complete design, drawings, specifications and supervision for a complete turnkey job. Sum of of qualifications will be forwarded to The Adjutant General, 13 Bluff Road, Columbia, South Carolina 29201, ATTN: CPT Vernon T. Rasmussen. Resumes will be forwarded no later than 19 December 1973. STATE OF SOUTH CAROLINA Military Department Office of The Adjutant General

COLUMBIA NEWSPAPERS, INC.

Columbia, South Carolina

Publishers of

*The State*  
Mornings and Sunday

AND

*The Columbia Record*  
Evenings

STATE OF SOUTH CAROLINA  
COUNTY OF RICHLAND

Personally appeared before me J.W. Holton, Jr., Advertising Director of THE STATE, and makes oath that the advertisement,

ADVERTISEMENT FOR BID-Construction of an Organizational Maintenance Shop to be located in Rock Hill, South Carolina a clipping of which is attached hereto, was printed in THE STATE, a daily newspaper of general circulation published in the City of Columbia, State and County aforesaid, in the issues of

December 3, 7, 12, 1973

J.W. Holton, Jr.

Subscribed and sworn to before me this 12 day of December 19 73

Ernest L. Lande Notary Public

1968

ADVERTISEMENT FOR BID

The Office of The Adjutant General will require the services of a qualified Architectural Firm for the design and supervision of the construction of an Organizational Maintenance Shop to be located in Rock Hill, South Carolina.

This is to include complete design, drawings, specifications and supervision for a complete turn-key job.

Resume' of qualifications will be forwarded to The Adjutant General, 1225 Bluff Road, Columbia, South Carolina 29201, ATTN: CPT Vernon E. Amick, Construction & Facilities Mgr. Resum's will be forwarded no later than 19 December 1973.

STATE OF SOUTH CAROLINA  
Military Department  
Office of The Adjutant General

1969



## Military Department

STATE OF SOUTH CAROLINA

OFFICE OF THE ADJUTANT GENERAL

NATIONAL GUARD ARMORY, 1225 BLUFF ROAD

COLUMBIA 29201

ROBERT L. MCCRADY  
MAJOR GENERAL  
THE ADJUTANT GENERAL

AGSC-FM

26 November 1973

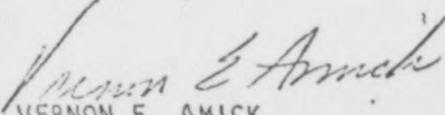
State-Record Publishing Company  
ATTN: Mrs. Jackie Colley  
Stadium Road  
Columbia, South Carolina 29201

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Upon completion, please bill this at the established STATE rate.

Yours truly,

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

2 Incls:  
adv - draft -  
Architect/Engineer -  
for McEntire Armory and  
Architect/Engineer -  
for Rock Hill Organizational  
Maintenance Shop

1970

Incl 6



ADVERTISEMENT  
FOR BID

The Office of The Adjutant General  
will require the services of a quali-  
fied Architectural Firm for the de-  
sign and supervision of the construc-  
tion of a National Guard Armory to  
be located in Eastover, McIntire Air  
National Guard Air Base, South Car-  
olina.  
This is to include complete design,  
drawings, specifications and supervi-  
sion for a complete turnkey job.  
Resumes of qualifications will be for-  
warded to The Adjutant General,  
1225 Bluff Road, Columbia, South  
Carolina 29201, ATTN: CPT Vernon  
E. Amick, Construction & Facilities  
Mgr. Resumes will be forwarded no  
later than December 1973.  
STATE OF SOUTH CAROLINA  
Military Department  
Office of The Adjutant General

COLUMBIA NEWSPAPERS, INC.

Columbia, South Carolina

Publishers of

*The State*

Mornings and Sunday

AND

*The Columbia Record*

Evenings

STATE OF SOUTH CAROLINA  
COUNTY OF RICHLAND

Personally appeared before me J.W. Holton, Jr., Advertising Director  
of THE STATE, and makes oath that the advertisement,

ADVERTISEMENT FOR BID - Construction of National Guard Armory to be  
located in Eastover

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

December 3, 7, 12, 1973

*J.W. Holton Jr.*

Subscribed and sworn to before me  
this 12 day of December 19 73

*Emma Lee Sautter* Notary Public

1971

ADVERTISEMENT FOR BID

The Office of The Adjutant General will require the services of a qualified Architectural Firm for the design and supervision of the construction of a National Guard Armory to be located in Eastover, McEntire Air National Guard Air Base, South Carolina

This is to include complete design, drawings, specifications and supervision for a complete turn-key job.

Resume' of qualifications will be forwarded to The Adjutant General, 1225 Bluff Road, Columbia, South Carolina 29201, ATTN: CPT Vernon E. Amick, Construction & Facilities Mgr. Resum's will be forwarded no later than 19 December 1973.

STATE OF SOUTH CAROLINA  
Military Department  
Office of The Adjutant General

1972

/mtw

21 January 1974

Jones and Fellers  
1300 Pickens Street  
Columbia, South Carolina 29201

Dear Sirs:

Please be advised that Department of Army has re-allocated funds for construction of the Eastover Armory and the Rock Hill Maintenance Facility. We are again free to proceed with A&E Contracts.

We are experiencing increased interest on the part of architects and/or engineers in armory and non-armory construction. The relative background and experience of those interested make selection of the best qualified an almost impossible task.

In an honest and forthright effort to be impartial in the awarding of architectural and/or engineering services, we are requesting the additional information as outlined on Inclosure 1. This further information is requested to assist in acquainting this agency with the relative qualifications of the interested firms.

After a review and evaluation, I shall make my recommendations to the State Budget and Control Board on the basis of the best qualified, to the best of my judgement. I accept this to be a most difficult, if not impossible, undertaking and beg your indulgence.

I wish to further advise that it is the intent of my office to avoid repetitious awards to the same firm except in those instances that such a policy would violate the principal of selection of the most highly qualified.

Request inclosures be completed and returned to this office on or before 31 January 1974.

*Inc 7*

1973



Jones and Fellers

21 January 1974

Inclosure 1 will be made a part of your permanent file in this office and will be updated from time to time. Inclosure 2 lists the job you have expressed an interest in, giving the type armory, square footage and other pertinent information. Inclosure 3 is the National Guard Bureau Uniform Standards for the payment of architect/engineer services for Army National Guard armory and non-armory projects.

Sincerely,

R. L. McCrady  
Major General, SCARNG  
The Adjutant General

3 Incls  
As stated

/bmw

23 January 1974

Alexander-Moormann and Associates  
Architects - A.I.A.  
218 Newberry Street, S.W.  
Aiken, South Carolina 29801

Dear Sirs:

Please be advised that Department of Army has re-allocated funds for construction of the Eastover Armory and the Rock Hill Maintenance Facility. We are again free to proceed with A&E Contracts.

In that your firm has been interested in one or more contracts previously and you have completed the required documents, we now request that you only update your file which we maintain in this office.

I am forwarding the usual inclosures. You need only complete the sections of Inclosure 1 applicable to the job or jobs you are interested in along with any update of information submitted previously.

The policy as set forth in my letter of 26 October 1973 prevails. I am appreciative of your continued interest.

Sincerely,

3 Incls  
as

R. L. McCrady  
Major General, SCARNG  
The Adjutant General

1975

INCLOSURE 2

EASTOVER ARMORY

Location: McEntire Air National Guard Base - Eastover, S. C.

Estimated cost: \$359,800.00

Space allowed: 13,444 square feet

Type construction: Permanent masonry construction consisting of brick,  
concrete and concrete floor.

Drawings and specifications required: On or before 15 November 1974.

1976



INCLOSURE 2

ORGANIZATIONAL MAINTENANCE SHOP

Location: Adjoining the existing armory, Rock Hill, S. C.

Estimated cost: \$126,300.00

Space allowed: 5,984 square feet

Type construction: A standard designed OMS building with 5 work bays  
and 1 administrative bay to include all utilities.

Drawings and specifications required: On or before 15 November 1974.

1977

## INCLOSURE 3

NATIONAL GUARD BUREAU  
UNIFORM STANDARDS FOR THE PAYMENT OF ARCHITECT-ENGINEER SERVICES  
FOR ARMY NATIONAL GUARD ARMORY AND NON-ARMORY PROJECTS

LOWEST RESPONSIBLE BID (Not Total Construction Cost)				New Work			Site Adaptation		
				Total	Title I	Title II	Total	Title I	Title II
				(a)	(b)75	(c)25	(d)	(e)	(f)
\$	50,000 and less			6.3%	4.73	1.57	4.3	2.73	1.57
over	50,000	"	under \$ 75,000	6.2	4.65	1.55	4.2	2.65	1.55
	75,000	"	" 100,000	6.1	4.58	1.52	4.1	2.58	1.52
	100,000	"	" 125,000	6.0	4.50	1.50	4.0	2.50	1.50
	125,000	"	" 150,000	5.9	4.43	1.47	3.9	2.43	1.47
	150,000	"	" 200,000	5.8	4.35	1.45	3.8	2.35	1.45
	200,000	"	" 250,000	5.7	4.28	1.42	3.7	2.28	1.42
	250,000	"	" 350,000	5.6	4.20	1.40	3.6	2.20	1.40
	350,000	"	" 450,000	5.5	4.13	1.37	3.5	2.13	1.37
	450,000	"	" 550,000	5.4	4.05	1.35	3.4	2.05	1.35
	550,000	"	" 700,000	5.3	3.98	1.32	3.3	1.98	1.32
	700,000	"	" 1,000,000	5.2	3.90	1.30	3.2	1.90	1.30
	1,000,000	"	over	5.1	3.83	1.27	3.1	1.83	1.27

1978



## South Carolina Department of Mental Health

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

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

March 19, 1974

Mr. P. C. Smith  
State Auditor  
S. C. State Budget and Control Board  
P. O. Box 11333  
Columbia, South Carolina 29211

Dear Mr. Smith:

The South Carolina Electric and Gas Company has requested two right-of-ways for electric distribution lines from the Department of Mental Health. The Mental Health Commission approved the granting of said right-of-ways on February 5, 1974. One of the right-of-ways is along the west side and parallel to Bull Street and the other along the north side and parallel to Rabon Road northeast of State Park Health Center.

Pursuant to the requirements of Section 1-49.3, Code of Laws of South Carolina (1962), 1973 cumulative supplement, I would appreciate your review and concurrence to granting of right-of-ways to the South Carolina Electric and Gas Company. I am enclosing a copy of each of the right-of-ways requested and a copy of the Attorney General's letter of approval.

I thank you very much for your assistance in this matter.

Sincerely yours,

WILLIAM S. HALL, M.D.,  
STATE COMMISSIONER OF MENTAL HEALTH

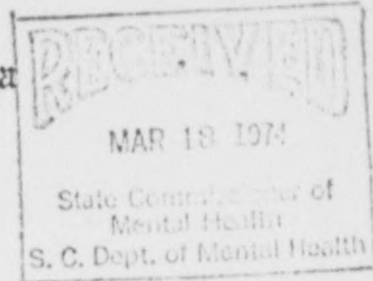
By *Robert B. Price*  
Robert B. Price, Chief,  
Engineering and Planning Section

RBP:csc  
Enclosures

1974



The State of South Carolina



Office of the Attorney General

RAYMOND G. HALFORD  
ASSISTANT ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING  
POST OFFICE BOX 11549  
COLUMBIA, S. C. 29211  
TELEPHONE 803-758-3385

DANIEL R. McLEOD  
ATTORNEY GENERAL

JOSEPH C. COLEMAN  
DEPUTY ATTORNEY GENERAL

March 18, 1974

Dr. William S. Hall  
State Commissioner of Mental Health  
South Carolina Department of Mental Health  
Post Office Box 458  
Columbia, South Carolina 29202

Attention: Mr. Robert B. Price, Chief,  
Engineering and Planning Section

Re: Right of Way Easements  
South Carolina Electric & Gas Company  
(Tract of 369.5 Acres, West of S.C.  
Highway No. 555, and Tract North of  
Confederate Avenue and West of Bull  
Street--Deed of William Wallace, year 1896)

Dear Dr. Hall:

Pursuant to the requirements of Section 32-941, Code of Laws of South Carolina (1962), I have examined the proposed right of way easements to South Carolina Electric & Gas Company, dated February 27, 1974, and the same are hereby approved, subject to compliance with the provisions of Section 1-49.3, Code of Laws of South Carolina (1962), 1973 Cum. Supp., a copy of which is attached hereto. Section 1-49.3 being enacted subsequent to Section 32-941, the concurrence and acquiescence of the State Budget and Control Board will be required on these two easements.

If you should have any further questions concerning this matter, please do not hesitate to contact me.

With kindest personal regards,

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Raymond G. Halford'.  
Raymond G. Halford  
Assistant Attorney General

RGH:rr  
Enclosures

1980

INDENTURE, made this 27th day of February, 1974, by and between S. C. State Department of Mental Health

of the Town of Columbia, County of Richland and State of South Carolina (hereinafter called Grantors), and the SOUTH CAROLINA ELECTRIC & GAS COMPANY, a South Carolina corporation, having its principal office in Columbia, South Carolina (hereinafter called Grantee).

WITNESSETH:

That, in consideration of the sum of One Dollar (\$1.00) received from Grantee, Grantors, being the owners of land situate in the County of Richland, State of South Carolina, which said land abuts on the street or highway known as Division of General Services Office Building and is bounded Northerly by lands of Harden St. Extension Easterly by lands of Bull Street Southerly by lands of Confederate Avenue Westerly by lands of \_\_\_\_\_

hereby grant and convey to Grantee, its successors and assigns, the right to construct, extend, replace, relocate, perpetually maintain and operate an electric line or lines consisting of any or all of the following: poles, conductors, overhead and underground lightning protective wires, municipal, public, or private communication wires, guys, push braces, underground cables, or conduits, transformer pads, and other accessory apparatus and equipment deemed by the Grantee to be necessary therefor, upon, over, across, through, and under said land along the said street or highway and/or on, over, across, through and under my or our land described as follows: A tract of land located north of Confederate Avenue and west of Bull Street.

This being the same land conveyed to grantor by deed of William Wallace (Special Master) on or about the year 1896. Said deed being recorded in the Richland County Clerk of Courts Office in Deed Book #Z at page #324. Right of way to continue in a northerly direction along and parallel to the westerly side of Bull Street from S. C. Electric & Gas Company existing pole #209127 for 500 feet, more or less.

If at any time in the future, it is found to be necessary to move or remove said lines to allow for expansion of the Department of Mental Health facilities, the moving or removal of said lines, poles, etc., will be made at the expense of South Carolina Electric and Gas Company.

Together with the right from time to time to install on said line such additional apparatus and equipment as Grantee may deem necessary and the right to remove said line or any part thereof.

Together also with the right from time to time to trim, cut or remove trees, underbrush and other obstructions that are over, under, or through a strip of land extending Ten (10) feet on either side of the center of said wires, cables, or conduits or any other wire strung on said line; provided, however, any damage to the property of Grantors (other than that caused by said trimming, cutting or removing) caused by Grantee in maintaining or repairing said line, shall be borne by Grantee. Together also with the right of entry upon the Grantors' said lands for all of the purposes aforesaid.

Grantee's rights shall be subject to the lien of the mortgage indenture dated January 1, 1945 and supplements thereto, entered into between Grantee and Central Hanover Bank and Trust Company (now Manufacturers Hanover Trust Company) which mortgage indenture is recorded in the office of the R. M. C. or Clerk of Court in the County and State aforesaid.

The words "Grantors" and "Grantee" shall include their heirs, executors, administrators, successors and assigns, as the case may be.

IN WITNESS WHEREOF, Grantors have caused this indenture to be duly executed the day and year first above written.

WITNESS:

Rebecca V. Caldwell  
Linda C. Hasty

S. C. State Department of Mental Health  
BY: William S. Hall (SEAL)  
William S. Hall, M.D.  
State Commissioner of Mental Health (SEAL)  
and  
Executive Secretary, South Carolina (SEAL)  
Mental Health Commission (SEAL)

1981

RW-4-E-SC-7-68

State of South Carolina,

County of Richland

} ss

Linda C. Hasty

Personally appeared before me

and made oath that he saw the within named State Department of Mental Health by

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

as its act and deed deliver the within right-of-way grant for the uses and purposes therein mentioned, and that she with

Rebecca H. Caldwell in the presence of each other, witnessed the due execution thereof.

Sworn to before me this

day of

March 6th 1974

Notary Public for S. C.

STATE OF SOUTH CAROLINA,

County.

(Linda C. Hasty)

Personally appeared before me

and made oath that saw the within named

by the hand of

sign, affix the

corporate seal, and as the act and deed of said corporation deliver the within written instrument for the uses and purposes therein

mentioned, and that with witnessed the execution thereof and

subscribed names as witnesses thereto.

Sworn to and subscribed before me, this

day of

A. D., 19

(L. S.)

Notary Public for S. C.

State of South Carolina,

County of

} ss

I, do hereby certify

unto all whom it may concern that, the wife of the within named

separately examined by me, did declare that she does freely, voluntarily and without any compulsion, dread or fear of any person or

persons whomsoever, renounce, release and forever relinquish unto the within named her heirs and assigns, all her interests and estate, and also all her right and claim of dower of, in or to all and singular the premises within mentioned and released.

Given under my hand and seal this

day of

A. D., 19

Notary Public for S. C.

Line:

County:

RIGHT OF WAY GRANT

TO

South Carolina Electric & Gas  
Company

Dated: 19

Received in the Clerk's Office of the County

of

South Carolina, on the

day of A. D. 19

at o'clock in the noon

and recorded in Book of Deeds

for said County on Page

1982



INDENTURE, made this 27th day of February, 19 74, by and between S. C. State Department of Mental Health

of the Town of Columbia, County of Richland and State of South Carolina (hereinafter called Grantors), and the SOUTH CAROLINA ELECTRIC & GAS COMPANY, a South Carolina corporation, having its principal office in Columbia, South Carolina (hereinafter called Grantee).

WITNESSETH:

That, in consideration of the sum of One Dollar (\$1.00) received from Grantee, Grantors, being the owners of land situate in the County of Richland, State of South Carolina, which said land abuts on the street or highway known as Rabon Road Recond. & Conversion and is bounded Northerly by lands of \_\_\_\_\_ Easterly by lands of Comleas Branch Southerly by lands of Southern Railroad Westerly by lands of U. S. Highway #21

hereby grant and convey to Grantee, its successors and assigns, the right to construct, extend, replace, relocate, perpetually maintain and operate an electric line or lines consisting of any or all of the following: poles, conductors, overhead and underground lightning protective wires, municipal, public, or private communication wires, guys, push braces, underground cables, or conduits, transformer pads, and other accessory apparatus and equipment deemed by the Grantee to be necessary therefor, upon, over, across, through, and under said land along the said street or highway and/or on, over, across, through and under my or our land described as follows: A tract of land consisting of 369.5 acres, more or less, located west of S. C. Highway #555. This being the same land conveyed to grantor by deed of Samuel C. Moore on or about the year 1910. Said deed being recorded in the Richland County Clerk of Courts Office in Deed Book #AX at page #90. Right of way to enter grantors land from S. C. Highway #555 and continue in an easterly direction along and parallel to the northern side of Rabon Road for 205 feet, more or less, to the existing power line. Also for stub pole, guy and anchor to be installed on the west side of S. C. Highway #555 across from Rabon Road.

If at any time in the future, it is found to be necessary to move or remove said lines to allow for expansion of the Department of Mental Health facilities, the moving or removal of said lines, poles, etc., will be made at the expense of South Carolina Electric and Gas Company.

Together with the right from time to time to install on said line such additional apparatus and equipment as Grantee may deem necessary and the right to remove said line or any part thereof.

Together also with the right from time to time to trim, cut or remove trees, underbrush and other obstructions that are over, under, or through a strip of land extending Ten (10) feet on either side of the center of said wires, cables, or conduits or any other wire strung on said line; provided, however, any damage to the property of Grantors (other than that caused by said trimming, cutting or removing) caused by Grantee in maintaining or repairing said line, shall be borne by Grantee. Together also with the right of entry upon the Grantors' said lands for all of the purposes aforesaid.

Grantee's rights shall be subject to the lien of the mortgage indenture dated January 1, 1945 and supplements thereto, entered into between Grantee and Central Hanover Bank and Trust Company (now Manufacturers Hanover Trust Company) which mortgage indenture is recorded in the office of the R. M. C. or Clerk of Court in the County and State aforesaid.

The words "Grantors" and "Grantee" shall include their heirs, executors, administrators, successors and assigns, as the case may be.

IN WITNESS WHEREOF, Grantors have caused this indenture to be duly executed the day and year first above written.

WITNESS:

Rebecca V. Caldwell  
Linda C. Nasty

S. C. Department of Mental Health

BY: William S. Hall (SEAL)

William S. Hall, M.D.

State Commissioner of Mental Health (SEAL)

and

Executive Secretary, South (SEAL)

Carolina Mental Health Commission

1983 (SEAL)

RW-4-E-SC-7-68

State of South Carolina,

County of Richland

ss

Personally appeared before me

Linda C. Hasty

and made oath that he saw the within named State Department of Mental Health by

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

sign, seal and

as its act and deed deliver the within right-of-way grant

for the uses and purposes therein mentioned, and that she with

Rebecca H. Caldwell

in the presence of each other, witnessed the due execution thereof.

Sworn to before me this

day of

6th A. D., 1974

Notary Public for S. C.

STATE OF SOUTH CAROLINA,

County.

(Linda C. Hasty)

Personally appeared before me

and made oath that saw the within named

by the hand of

sign, affix the

corporate seal, and as the act and deed of said corporation deliver the within written instrument for the uses and purposes therein mentioned, and that with

witnessed the execution thereof and

subscribed names as witnesses thereto.

Sworn to and subscribed before me, this

day of

A. D., 19

(L. S.)

Notary Public for S. C.

State of South Carolina,

County of

ss

I,

do hereby certify

unto all whom it may concern that

the wife of the within named

separately examined by me, did declare that she does freely, voluntarily and without any compulsion, dread or fear of any person or

persons whomsoever, renounce, release and forever relinquish unto the within named

her heirs and assigns, all her interests and estate, and also all her right and claim of dower of, in or to all and singular the premises within mentioned and released.

Given under my hand and seal this

day of

A. D., 19

Notary Public for S. C.

Line:

County:

RIGHT OF WAY GRANT

TO

South Carolina Electric & Gas  
Company

Dated: , 19

Received in the Clerk's Office of the County

of

South Carolina, on the

day of A. D. 19

at o'clock in the noon

and recorded in Book of Deeds

for said County on Page

1981

*Exhibit XI  
March 26, 1974*

*Continued  
Int. City 3/26/74*

STATE OF SOUTH CAROLINA  
DIVISION OF GENERAL SERVICES

BUDGET AND CONTROL BOARD

300 GERVAIS STREET  
COLUMBIA, S. C. 29201

FURMAN E. McEACHERN, JR.  
DIRECTOR

PHONE: (803) 758-2226

February 28, 1974

To: Governor John C. West

From: F. E. McEachern, Jr.  
Director

Subject: State Park Property

The State Highway Department has received bids for additional construction on the northeast freeway crossing State Park property and leaving a remainder parcel of approximately eighty (80) acres on the eastern side of the freeway and completely severs it from the main tract of land. This tract contains no facilities which are part of the State Park Health Center program, and at present there are no plans for use of the property. The main tract has approximately two hundred seventy (270) acres which will provide for present and future programs of the center.

Over a period of several months commercial interests have indicated a strong desire to obtain a portion or all of this property at current values for commercial development. The discussions have been of such interest that this Division has called for two independent appraisals of the property at its apparent highest and best use: shopping center -- mall -- motel complex. The State was previously offered \$32,500 an acre for the property, whereas right-of-way negotiations resulted in obtaining necessary land for the northeast freeway at a figure less than \$10,000 an acre. Since this land can be removed from actual public use without handicapping any current State programs, it appears that this may be the opportune time for the State to divest itself of the property at the highest possible value. Development according to indicated plans can result in some \$40,000,000 investment and approximately 4,000 created jobs.

It is my considered opinion that this course of action would be to the best interest of the State of South Carolina. It is, therefore, my recommendation



Governor John C. West  
February 28, 1974  
Page 2

that this land be offered for sale under section 1-793 of the 1962 Code and that the funds be awarded to the Ordinary Sinking Fund under section 1-792 of the Code. It is further my recommendation that we offer at this time up to forty (40) acres for sale and that the Board authorize this sale by public auction with the entrance bid to be at least the average of the two appraisals. It would also be my recommendation that the General Assembly be requested to authorize expenditure of funds realized from such sale for the purchase of land in the Capitol Complex area already delineated in the planning concept prepared several years ago. This, in effect, would be the exchange of State property in a location where it is not essential for State use for similar property in a critical growth area.

FEMjr:an



*Exhibit XII*  
*March 26, 1974*

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

*Putman  
the records*

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

April 1, 1974

To: State Budget and Control Board

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

We are attaching report of action taken on behalf of the Board  
in accord with established procedures.

an

Attachments

STATE BUDGET AND CONTROL BOARD  
Division of General Services  
Reports

April 1, 1974

Purchase and Exchange of Vehicles

The agencies listed on attached sheet have been authorized to exchange or purchase vehicles in accord with policy established by the State Budget and Control Board.

Records Disposition

The following agencies have been authorized to dispose of records in accord with statute and policy of the State Budget and Control Board:

South Carolina Industrial Commission  
South Carolina Vocational Rehabilitation Department

Tideland Permits

In accord with established procedures the attached sheets of permits have been granted after review and recommendations by all State agencies involved.

Equipment

S. C. Law Enforcement Division - Purchase of equipment as listed:

- 1 Mechanical Paper Jogger for 2850 Multilith
- 1 Norfin Page Boy Feeder
- 1 Challenge 193 HB Power Paper Cutter
- 1 Martin Yale UHS Autofolder
- 1 Nineteen Sixties Electropunch Machine
- 1 Nineteen Sixties 28-H Binder



Report - Action Taken in Accord with Policy Established by the State Budget and Control Board

Purchase and Exchange of Vehicles

Agency		Mercury	Amn. Amb. Brougham	Amn. Mtrs. Matador	Compact Sub-Comp.	Station Wagon	Police	Utility Wagon	Suburb Carryall	Van Wagon	Add to Fleet	Ex- change
Class -	I	II	III	IV	V	VI	VII	VIII	IX	X		
Agriculture Department			2			1					1	2
Clemson University					3					1		4
Department of Corrections						1	1				1	1
Department of Insurance					1							1
Economic Opportunity Office										1	1	
Educational Television Commission										1		1
Highway Department		1					1					2
Industrial Commission		1										1
Lander College					1						1	
Mental Health					1				1		1	1
Mental Retardation		1		1		3	1			1	5	2
Parks, Recreation and Tourism				2		5					1	6
Ports Authority			2									2
School for Deaf and Blind							1					1
State College								1			1	
The Citadel					1						1	
University of South Carolina										1	1	
Whitten Village										1	1	
Wildlife and Marine Resources					3		38	2	1		31	13
Totals		3	4	3	10	10	42	3	2	6	46	37
Purchase - 83												
Exchange - 37												

1989

## PERMITS

### Beaufort County

First Beaufort Corporation - Construct a sewer line in the marshes of Battery Creek at Dowlingswoods Subdivision, Beaufort County

Kreidler, Howard E. - Construct and Maintain a bulkhead in Baynard Cove Creek at Lot B, Baynard Cove Road, Hilton Head Island

Linnell, Brig. Gen. Frank H. - Construct a pier and floating dock in Lucy Point Creek, Ladies Island

Sea Pines Plantation Company - Construct and maintain a nature boardwalk in front of Fort Mitchell on Hilton Head Island

Lighthouse Beach Company - Construct and maintain an island float in Wakely Cove, Hilton Head Island

### Charleston County

Brinson, Thomas W. - Construct a pier in Oak Island Creek at Bluefish Circle, Oak Island

Commander, Seventh Coast Guard District Office - Perform dredging in the Ashley River on the east shore, U. S. Coast Guard Station, City of Charleston

Consolidated Service, Inc. - Construct mooring piles in Ashley River on eastern shore of river in the vicinity of Duck Island

Petit, Carl D. - Construct a pier in Oak Island Creek at Swordfish Circle, Oak Island

Ports Authority, S. C. State - Perform maintenance dredging in Town Creek between the face of State Pier #8 and channel line in City of Charleston

Ports Authority, S. C. State - Construct a dolphin with a connecting walk in the Cooper River approximately 50' shoreward of pierhead line in City of Charleston

Price, W. Carrington - Construct a pier and floating dock in Capri Isles Canal connecting to the Stono River, Capri Isles Subdivision

Snyder, William H., Jr., Ph.D. - Construct a pier and floating dock in Capri Isles Canal adjacent to the Stono River, Capri Isles Subdivision

Stroman, Alexander Chandler, Jr. - Construct a pier in Jeremy Creek, McClellanville

### Clarendon County

Haas, S. J. - Construct two (2) piers in a slough off Taw Caw Creek approximately 0.3 miles below the impoundment at Highway #38

Clarendon County

Public Service Authority, S. C. - Excavate a channel in Lake Marion approximately three (3) miles east of U. S. Hwy. #301

Georgetown County

Equity Development Corporation - Construct a marina in Black River approximately 2.7 miles north of the intersection of the Pee Dee River

Hampton County

Hampton County, S. C., % E. E. Johnson - Construct a boat ramp and excavate a canal in the Combahee River northeast of Yemassee

Horry County

Myrtle Beach Farms Company - Construct a pier in the Atlantic Intracoastal Waterway at Station 1206+70

Jasper County

Georgia Ports Authority - Construct and maintain an additional berth with a pier located at the end of the berth in Savannah Harbor, Garden City

Lexington County

Allied Chemical Corporation - Perform maintenance excavation in the Saluda River approximately three (3) miles below the Lake Murray Dam

Oconee County

Duke Power Company - Install and maintain a 500KV aerial transmission line across Toxaway Creek, Hartwell Lake



*Exhibit XIII*  
*March 26, 1974*

SOUTH CAROLINA RETIREMENT SYSTEM

WHEREAS, the Budget and Control Board on October 6, 1949, fixed the rate of interest to be allowed on deferred annuities at the rate of three (3) per cent per annum, this rate being subject to change at the will of the Board; and

WHEREAS, since the calculation of benefits has since changed from a money purchase computation to a fixed formula eliminating the meaningfulness of an interest rate on deferred annuities different from the normal rate of four (4) per cent per annum credited to a member's account;

NOW, THEREFORE, Be it resolved that the rate of interest to be allowed on deferred annuities shall be the normal rate of interest as adopted by the Board for all other accounts.

The State Budget and Control Board, Governing Board of the South Carolina Retirement System passed on this Resolution on \_\_\_\_\_.

State Budget and Control Board  
South Carolina Retirement System

By \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

Exhibit XIV  
March 26, 1974

# SOUTH CAROLINA RETIREMENT SYSTEM

RESOLVED, that the State Budget and Control Board, acting in accordance with Section 61-128 of the Act governing the operation of the South Carolina Retirement System and upon the recommendation of George B. Buck Consulting Actuaries, Inc., does hereby authorize three additional lifetime cost-of-living increases of four per cent per annum commencing July 1, 1975.

The State Budget and Control Board of the South Carolina Retirement System passed on the above resolution on \_\_\_\_\_, 1974.

State Budget and Control Board  
South Carolina Retirement System

By \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

GEORGE B. BUCK CONSULTING ACTUARIES, INC.

EMPLOYEE BENEFIT PLAN CONSULTANTS

TWO PENNSYLVANIA PLAZA, NEW YORK, NEW YORK 10001

AREA CODE 212

695 2800

CABLE ADDRESS

SOUNDPLANS NEW YORK

March 13, 1974

Mr. Purvis Collins, Director  
South Carolina Retirement System  
P.O. Box 11960-Capitol Station  
Columbia, South Carolina 29211

Dear Mr. Collins:

The results of the valuation of the South Carolina Retirement System as of June 30, 1973 indicate that the present rates of contribution payable by employers may be continued.

The valuation of the Retirement System was based on new basic tables reflecting actual experience, an assumed interest rate of  $5\frac{1}{4}\%$  per annum and all of the amendments passed to date. Provision was made in the liabilities for five lifetime cost-of-living increases of  $\frac{1}{4}\%$  per annum to retirees, commencing with the one due on July 1, 1973.

Our calculations covering the foregoing were made on the basis of 40 year liquidation of the accrued liability. If the State wished to liquidate its accrued liability in less than 40 years, the accrued liability contribution rate of 2.61% of payroll would need to be increased. The components of the State's total contribution rate are as follows:

<u>Contribution</u>	<u>Percentage of Payroll (State)</u>
Normal	3.89%
Accrued Liability (40 years)	2.61
Pre-Retirement Death Benefit	<u>.40</u>
Total	<u>6.90%</u>

We would recommend against any further extension of the funding period of the unfunded accrued liability. A contribution rate based on 40-year funding provides little more than the interest accruing on the unfunded accrued liability during the early years. Furthermore, the funding requirements of the proposed Federal pension reform legislation, which presently excludes public systems, provides for a 30-year maximum past service funding period under industrial pension plans and a 40-year maximum period for joint union-management plans. Although these limitations do not, and may never, apply to public employee systems, it would seem prudent to stay within the limit if at all possible--at least until such time as any Federal legislation affecting public systems is on the books.



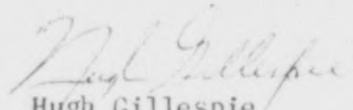
Mr. Purvis Collins

- 2 -

3-13-74

Please let me know if any questions arise in connection with the foregoing.

Very truly yours,

  
Hugh Gillespie  
Consulting Actuary

hg:lao

1995



*Exhibit IV*  
*March 26, 1974*  
*Community Service - Continuing Education*  
*Title I of the Higher Education Act of 1965*

Office of the State Administrator  
Community Service - Continuing Education  
Title I of the Higher Education Act of 1965

March 11, 1974

Mr. Pat Smith,  
State Auditor,  
205 Wade Hampton Office Building,  
Columbia, South Carolina 29201

Dear Mr. Smith:

Attached for the State Budget and Control Board's review are six (6) copies of the minutes of the February 26, 1974, State Advisory Council meeting for Title I of the Higher Education Act of 1965 (Community Service and Continuing Education).

This act allots money to the State to fund projects submitted by higher educational institutions that relate to problem solving through community-service or continuing-education activities. The act does not restrict the types of problems which institutions of higher education may assist the people to solve or ameliorate, but does indicate some of the problem areas which Congress had in mind, such as housing, poverty, government, recreation, employment, youth opportunities, health, transportation, and land use.

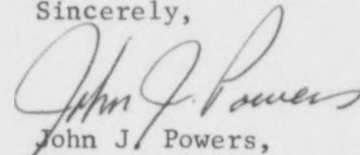
Twenty-three proposals were submitted for review by the Council. The Council members reviewed each proposal independently prior to the meeting. On the basis of the particularly favorable outcome of the review in their case, six of the initiators were not required to make formal presentation at the meeting. (The State Agency coordinated the Council members' votes establishing consensus on the recommendability of these six proposals.) The remaining seventeen initiators were required to make formal presentation at the Council meeting. Of these, seven proposals were recommended for funding, for a total of thirteen (including the six recommended without formal presentation).

It is noted that the Council was assisted in its deliberations by the Division of Administration, Office of the Governor. We are enclosing two copies of their Review and Evaluation, with our Table of Contents as cover-page. Ms. Kathy Cecil, with the assistance of qualified staff within the Division of Administration, was most help-

ful to the Council and to the State Agency in reviewing the projects from a statewide perspective and providing the Council with valuable assistance through their objective critique of the proposals.

I respectfully request that the Advisory Council's recommendations be approved by the State Budget and Control Board.

Sincerely,



John J. Powers,  
State Administrator Title I HEA,  
Tivoli Apartments 2A,  
University of South Carolina,  
Columbia, S.C. 29208

JJP:am

Enclosures: 8

Copy to Dr. Robert E. David



Minutes of  
STATE ADVISORY COUNCIL MEETING  
TITLE I, HIGHER EDUCATION ACT OF 1965  
Carolina Coliseum  
February 26, 1974

MEETING OF THE STATE ADVISORY COUNCIL  
of  
TITLE I, HIGHER EDUCATION ACT of 1965

February 26, 1974  
Carolina Coliseum  
University of South Carolina  
Columbia, South Carolina

The State Advisory Council to the State Budget and Control Board, appointed for administering the Higher Education Act of 1965, met on February 26 at 10:00 a.m. to review twenty-three Program Proposals and to select projects for funding out of the State's 1974 allotment (\$194,000).

State Advisory Council Members Present

Dr. R. Wright Spears, President  
Columbia College,  
Columbia, South Carolina 29203

Dr. Charles S. Davis,  
Higher Education Commission,  
Rm. 1104 Rutledge Bldg.,  
1429 Senate Street,  
Columbia, South Carolina 29201

Mr. Melford A. Wilson,  
Vice President for Business and Finance,  
Clemson University,  
Clemson, South Carolina 29613

Dr. H. V. Manning, President  
Claflin College,  
Orangeburg, South Carolina 29115

Dr. H. Willard Davis,  
Vice Provost for Regional Campuses,  
University of South Carolina,  
Columbia, South Carolina 29208

Seated for Mr. Stanley O. Smith:

Mr. Earl Moore,  
Technical Education Commission,  
1429 Senate Street,  
Columbia, South Carolina 20201

Observing:

Mr. James L. Solomon, Jr.,  
Executive Director  
South Carolina Higher Education Facilities Commission

State Agency Personnel Present:

Mr. John J. Powers,  
State Administrator Title I HEA of 1965,  
Tivoli Apartments 2A,  
University of South Carolina,  
Columbia, South Carolina 29208

Mr. D. Andrew Maloney,  
Research Assistant Title I HEA of 1965,  
University of South Carolina,  
Columbia, South Carolina 29208

The Council was assisted in its deliberations by comments furnished on Program Proposals under review, by members of the staff at the Division of Administration, Office of the Governor. Because of the subjective nature of project selection, this assistance was extremely valuable to the Council.

Thirty-eight preliminary proposals from seventeen Higher Education Institutions were initially received by the State Agency. Of these, twenty-three matured into final proposals that were considered by the Advisory Council.

Of the twenty-three Program Proposals considered by the Council, thirteen were recommended for funding. Higher Education Institutions having projects recommended were the following:

<u>Four-year Public</u>		<u>Federal Funds</u>
Clemson University	(2 projects)	\$36,165
College of Charleston	(1 project)	\$13,352
Medical University of South Carolina	(1 project)	\$12,049
University of South Carolina	(3 projects)	\$33,992
<u>Four-year Private</u>		
Allen University	(1 project)	\$11,400
Claflin College	(1 project)	\$ 7,956
Columbia College	(1 project)	\$24,910
<u>Two-year Public</u>		
Midlands TEC	(1 project)	\$16,057
Piedmont TEC	(1 project)	\$13,540
Spartanburg Regional Campus - USC	(1 project)	\$14,913



Particular Recommendations:

1. That the following projects be approved for FY 1974 funding in the amounts indicated:

a. The program "Management Training for Water and Wastewater Utility Managers," presented by Dr. Ralph D. Elliott and Dr. John H. Austin, Department of Environmental Systems Engineering, Clemson University, be funded in the amount of \$8,480. Institutional matching will be \$5,659. (Page 7)

b. The program "Eau Claire Community Assistance Project," presented by Dr. Robert J. Moore, Columbia College, be funded in the amount of \$24,910. Institutional matching will be \$22,858. (Page 8)

c. The program "Community Leadership Development Program," presented by Dr. James G. Fraser, Department of Education, University of South Carolina, be funded in the amount of \$16,006. Institutional matching will be \$17,104. (Page 9)

d. The program "A Program of Continuing Education in Community Understanding and Leadership," presented by Dr. John B. Edmunds, Jr., Division of Social and Behavioral Sciences, Spartanburg Regional Campus - USC, be funded in the amount of \$14,913. Institutional matching will be \$9,657. (Page 10)

e. The program "Partners in Reading," presented by Dr. Calvino Guimaraes, Midlands TEC, be funded in the amount of \$16,057. Institutional matching will be \$8,835. (Page 11)

f. The program "Project Transition," presented by Mrs. Elizabeth Moss, Piedmont TEC, be funded in the amount of \$13,540. Institutional matching will be \$7,319. (Page 12)

g. The program "Post-secondary Education for Community Leaders," presented by Dr. N. Steven Steinert, College of Charleston, be refunded in the amount of \$13,352. Institutional matching will be \$7,439. (Page 13)

h. The program "Health Care for General Public," presented by Dr. D. W. Robinson, Medical University of South Carolina, be refunded in the amount of \$12,049. Institutional matching will be \$11,108. (Page 14)

i. The program "Assistance to Low Income Parents and to the Child Care Staff, in Bamberg County, S. C., Concerning the Characteristics, Guidance, and Education of Young Children," presented by Dr. Davia Veach, Child Development Department, College of General Studies, University of South Carolina, be refunded in the amount of \$12,249. Institutional matching will be \$7,309. (Page 15)

j. The program "A Public Education/Participation Program in Land Use Problems and Issues in South Carolina - Development of an Educational Program," presented by Dr. John H. Austin, Environmental Systems Engineering, Clemson University, be funded in the amount of \$27,685 of which \$12,651 will be allotted from FY 74 funds and the remainder from FY 75 funds. Institutional matching will be \$19,238. (Page 16)

k. The program "Preliminary Development of an Allen University Center for Community Service and Continuing Education," presented by Dr. LaMyra Davis, Allen University, be funded in the amount of \$11,400. Institutional matching will be \$7,794. (Page 17)

l. The program "Life Adjustment and Enrichment Program," presented by Dr. J. Irby Hayes, Division of Educational Services, University of South Carolina, be funded in the amount of \$5,737. Institutional matching will be \$4,272. (Page 18)

m. The program "Inservice Training Program for Recreation Personnel," presented by Mrs. Elizabeth Rose, Claflin College, be funded in the amount of \$7,956. The institutional matching will be \$4,522. (Page 19)

2. That the following projects not be approved for funding at this time, for the reasons indicated:

a. The program "Stroke Rehabilitation for Nurses and Other Paramedical Personnel," developed by Dr. Harry T. Zankel, Allen University, was a request for refunding of a project previously funded by Title I. It was the general consensus of the Council that only minimal success was achieved through the original project. There was considerable doubt on the part of the Council about the Director's possibility of getting trainees. The Council also questioned the actual visible value of the limited training periods conducted in each group. (Page 20)

b. The program "Early Childhood Enrichment Series: Training Seminars and Lending Library," submitted by Ms. Constance Brunson, Allen University, was recognized as a useful project, but it was noted that a very similar project had been funded by Title I at Allen University and that the project provided "seed money" for further development of this type of activity by Allen from other federal sources. (Page 21)

c. The program "Public Employee Personnel Relations Workshop for County and Municipal Supervisors," submitted by Dr. B. R. Skelton, Department of Economics, Clemson University, was recognized as a sound program idea, but it appeared to duplicate, in part, at least, activities presently being conducted by the State Personnel Division through funds supplied under the Intergovernmental Personnel Act (IPA) of 1970. The Council recommended that a copy of Dr. Skelton's proposal be forwarded to State Personnel Division for their consideration and possible funding under I.P.A. (Page 22)

d. The program "An Inservice Program in Career Education for Elementary Public School Administrators and Teachers," submitted by Dr. Paul I. Clifford, Department of Psychology, South Carolina State College, was recognized as a sound program idea, but it appeared to duplicate, in part at least, activities presently being undertaken by the State Department of Education, under Mr. Raymond Holt, State Consultant for Career Development. The Council recommended that a copy of Dr. Clifford's proposal be forwarded to the State Department of Education for their consideration and possible funding. (Page 23)

e. The program "A Career Evaluation and Counseling Center," submitted by Ms. Darlene M. Rice, Spartanburg County TEC, was not awarded funding, because there was a feeling on the Council's part that the cost was too high and there was considerable doubt of the project's ability to continue after Title I money was spent. (Page 24)

f. The program "The Training of Community Personnel in Dietary Practices for the Prevention of Heart Disease and Strokes in South Carolina," submitted by Dr. James E. Konlande, School of Home Economics, Winthrop College, was considered a program making an attempt to get at an important health problem in the State. However, it was not held in as high a priority as some of the other projects considered at this time. There was also some reservation on the part of the Council as to the impact of such a program and as to how the program's effectiveness might be effectively appraised. (Page 25)

g. The program "A Cooperative Program for the Teaching of Art Heritage," submitted by Dr. Michael D. Day, Division of Art Education, University of South Carolina, was recognized as an excellent project, but the Council thought that it should be able to be carried out as part of the University of South Carolina's Art Department's regular continuing education program for teachers. (Page 26)

h. The program "Africa Institutes and Seminar Series," submitted by Dr. Mark W. DeLancey, Department of Government and International Studies, University of South Carolina, was considered an excellent project in its own right by the Council, but it was felt that it might be carried out as part of the University of South Carolina's Department of Government and International Studies' regular continuing education program for teachers. (Page 27)

i. The program "An Arts and Humanities Program for the Aging citizen of South Carolina," submitted by Dr. Donald H. Hoffman, Art Department, University of South Carolina, was considered by the Council a well-thought-out program, but they questioned the use of Title I funds for the project. They believed, after hearing Dr. Hoffman's presentation, that the large amounts of money needed to achieve its effectiveness would not be available through Title I, and might better be sought from more substantial federal

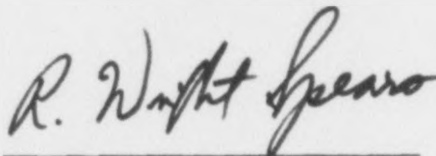


programs, such as the National Endowment for the Arts, or National Endowment for the Humanities and from the monies made available through the South Carolina Commission on Aging. (Page 28)

j. The program "Workshop on Providing for the Transportation Needs of the Rural Disadvantaged," submitted by Dr. Martin E. Lipinski, College of Engineering, University of South Carolina, was recognized as addressing a problem area that requires attention in the State. However, there was considerable question on the part of the Council as to the impact this type of workshop might have on the problem. It was suggested that a copy of Dr. Lipinski's proposal be sent to the Governor's Division of Administration, Office of Physical and Economic Development for review, with the possibility of Dr. Lipinski's working with that office on rural transportation problems. (Page 29)

3. That the Council, because of the uncertainty of the exact amount of monies the State would receive between the date of its meeting and June 30, 1974, recommend that Mr. John J. Powers, State Administrator, be given liberty to make such adjustments in funding within the project budgets as to insure that the State utilizes to the maximum extent State funding received under Title I of the Higher Education Act of 1965.

4. The Council meeting concerning matters relating to Title I of the Higher Education Act of 1965 (Continuing Education - Community Development) adjourned at 4:10 p.m.



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Dr. R. Wright Spears,  
Chairman

"Management Training for Water and Wastewater Utility Managers"  
Dr. Ralph D. Elliott and Dr. John H. Austin  
Clemson University  
Federal: \$8,480                      Matching: \$5,659

Utilities are a major industry and face all the management problems of any industrial firm. The role of the utility is further complicated by regulatory constraints. As a result, continuing management education is essential for water and wastewater utility managers, if they are expected to keep pace with the rapid progress and expansion of their industry and still carry out their very important responsibility in environmental control. Presenting a week-long water and wastewater-utility management course at Clemson University will help meet the management training needs of utility managers in South Carolina. With the help of five contributing associations, the co-directors will direct the development of a unique combination of lectures, case studies and management-simulation games for utility managers. Specific objectives of the program are: to enhance and improve the water and wastewater manager's performance on his present job; to develop a better understanding of the principles and practice in leadership roles; to broaden perspective on the substantial opportunities in management for contributing to overall organizational goals; to develop a better understanding of the water and wastewater utility's role in the community; to prepare the executive in this utility for increased responsibilities. Enrollment will be limited to 50 participants in the initial session. Future sessions will be offered on a self-supporting basis, so that the training needs of the state can continue to be met.

"Eau Claire Community Assistance Project"

Dr. Robert J. Moore

Columbia College

Federal: \$24,910

Matching: \$22,858

The project is designed to help the area surrounding Columbia College to mobilize its resources for the solution of its problems. Eau Claire presents all the problems, yet all the potentials of a heterogeneous society composed of black and white, affluent and poor, young and old, newcomer and native resident. The off-campus approach will be led by a full-time community coordinator. This person will work with citizens and organizations, to help them identify specific problems and to organize and focus the resources of the community on their solution. The on-campus approach will be led by a professor giving one-half time to the project as director. This person will stimulate the College to become more informed about the community, more involved in it, and more helpful to it. He will help organize student volunteers and promote practicums and other courses, including evening classes to develop potential community leaders. The community will be vitally involved in the planning and operation of the project. Community representatives will have a two-thirds majority on the Board which will govern and oversee the entire project. A Citizens Advisory Committee will provide advice and criticism. It will thus be insured that the project will serve the community effectively.

RECOMMENDED FOR FUNDING



"Community Leadership Development Program"

Dr. James G. Fraser  
Department of Education  
University of South Carolina  
Federal: \$16,006

Matching: \$17,104

Local community leadership must be developed so that communities can not only solve the immediate problems, but develop the capability of maintaining continuous identification and solution strategies. The goal of this project is to develop, in a pilot community, a model which can be used statewide to train local community development leadership. It will train a task force of 20 formal and informal community leaders in an inner city community (Columbia: Wheeler Hill and Olympia) in the skills and knowledges necessary to develop, install and maintain functional community-service programs. These include: translating priority needs into attainable goals and objectives; identifying and mobilizing available resources to meet them; maximizing constructive interaction among diverse elements of the community. An innovative aspect is the inclusion of a "multiplier effect" in the identification of 400 additional potential leadership personnel through involvement in actual problem-solving under the leadership of the trained task force. The outcomes of the program will be: a model for community leadership training suitable for replication; a trained task force capable of assisting the community in assuming local initiative and responsibility to meet priority community needs.

RECOMMENDED FOR FUNDING

2007

"A Program of Continuing Education in Community Understanding and Leadership"

Dr. John B. Edmunds, Jr.

Division of Social and Behavioral Sciences

Spartanburg Regional Campus - USC

Federal: \$14,913                      Matching: \$9,657

This project intends to serve the greater Spartanburg community. Participants will number between 50 and 100. Through appropriate training, community leadership can be developed which will serve the community and the individual, and will bring groups into the political process which have been neglected, or have shown no interest in participating. The immediate results will be: greater awareness of the political process and of how the system functions; learning how to effect change and the methods of achieving it; the exposition of pressing problems, with accompanying discussion, and the showing of how to make changes in the system. Community interest is strong and promises good participation. The project, centering in the Spartanburg area, through cooperation of community leaders, faculty members, and outside experts, will train individuals in leadership. The project intends to develop a wide orientation to the community which will encompass a study of governments, of the power structure, and the methods of achieving leadership. The participants will be involved in a research project which can qualify as a directed-study course. Local and outside experts will assist individuals in their projects and in weekly class discussions. The program will serve various groups of divergent economic, social, working, and age background, in understanding human action, needs, and leadership roles in greater Spartanburg, a community in rapid transition.

RECOMMENDED FOR FUNDING

2008

10

"Partners in Reading"

Dr. Calvino Guimaraes

Midlands TEC

Federal: \$16,057

Matching: \$ 8 835

Most juveniles appearing before the Richland County Family Court share one common disadvantage which can cause psychological and social maladjustments manifested in delinquency. This disadvantage is the inability to read at a level which allows them success in school. This project will train between 30 and 60 volunteer tutors to teach reading to juveniles assigned by the Richland Family Court to a reading program at Midlands TEC, or in the county elementary schools, the correctional institutions, or the homes of juvenile offenders. Secondly, by way of training the tutors, this project will improve the reading skills of at least 40 probated juvenile offenders by an average  $1\frac{1}{2}$  months per month of attendance in a reading lab program. The primary target group will be the 30 to 60 volunteers interested in tutoring in reading and in helping young people with their problems of life preparation. At least 40 probated juvenile offenders will benefit from program activities in its direct application, without consideration of the continuing effect of the tutors' application of the techniques learned after the project is formally completed. The program combines the experience of Midlands TEC with the experience of past volunteer projects in conjunction with the Family Court. It is an attempt to combine personal concern and attention for the student with the most effective techniques for teaching reading.

RECOMMENDED FOR FUNDING

2009



"Project Transition"

Mrs. Elizabeth Moss

Piedmont TEC

Federal: \$13,540

Matching: \$ 7,319

The need for pre-retirement training has been pointed up by the South Carolina Commission on Aging. The Upper Savannah Region shares the problem, but has no program to resolve it. The project is designed to serve the needs of residents of the counties of Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda. A pre-retirement training course consisting of eight two-hour periods will be offered to employees who are in the final year of work prior to retirement. The course will be based on models which follow the recommendation of the American Association of Retired Persons. Instruction will be conducted by faculty members of the Piedmont TEC, supplemented by staff members of various social-service agencies. It is anticipated that 800 persons will be served by the program during the project period, and that local funding will be secured in future years to place the program on a continuing basis. All program information will be furnished to planning districts and TECs in South Carolina for their consideration and adoption, if they so desire.

RECOMMENDED FOR FUNDING

2010

"Post-secondary Education for Community Leaders" (Continuation)  
Dr. N. Steven Steinert  
College of Charleston  
Federal: \$13,352                      Matching: \$ 7,439

The project is designed to expose participants to a variety of urban problems encountered in the local community and to suggest alternative methods of meeting them. The long-term objective is development of community leadership responsive to the needs of a rapidly urbanizing environment. Outside experts and local community activists are involved. The participants will be involved in an extensive research project of their own design to give them an in-depth knowledge of a particular problem, as well as an understanding of the potentialities and limitations of research. The specific topics and format to be followed has been determined by an analysis of a detailed log kept during the first year's activities. This log records all ideas generated by the group. The first year has provided the participants with a general overview of urban problems. In the second year the participants will be split up into three or four groups to concentrate on particular problems. Most of the participants have organizational memberships and a "communication linkage" will be established. The program is one of leadership training for general community development and provides education for, and interaction among various elements of the community. The program is a joint effort between the College of Charleston and various community organizations and is planned as a basic element in the community service division of the College's new urban studies program.

RECOMMENDED FOR FUNDING

2011

"Health Care for General Public" (Continuation)

Dr. D. W. Robinson

Medical University of South Carolina

Federal: \$12,049                      Matching: \$11,108

Health care problems, as demonstrated by high infant mortality, incidence of hypertension, arteriosclerosis, etc., are well known. Inadequate health care delivery resources are compounded by a general ignorance of the public about health care and lack of educational programs for the consumer in such matters. The general public needs exposure to more specific subjects including available medical care and entrance into the system. There is a need for a mass media program utilizing radio and television to bring to the entire state information on useful subjects which will facilitate the improvement of the health of South Carolina citizens. This project will identify educational needs in health care that can be met through mass media; produce such programs for radio and television broadcast as will respond to those needs; prepare and distribute "spot" announcements on "health tips" for commercial broadcasting.

RECOMMENDED FOR FUNDING

2012



"Assistance to Low Income Parents and to the Child Care Staff,  
in Bamberg County, S.C., Concerning the characteristics, Guidance  
of Young Children." (Continuation)

Dr. Davia Veach

Child Development/College of General Studies

University of South Carolina

Federal: \$12,249

Matching: \$7,309

This project provides for the training of child care staff in two day-care centers in low-income areas in Bamberg County, S.C.; giving child development information and assistance to parents in the community; getting the community involved with the centers; providing educational toys and books, on a loan basis, for the homes of young children in the community. The major objectives are to assist low-income parents and child-care staff in understanding the general characteristics of young children; in providing educational materials and stimulation for young children; in using appropriate guidance techniques with young children; in taking advantage of all available community resources. A major attempt will be made to arouse community interest in and involvement with the two centers, which are sponsored by the Bamberg County Education and Recreation Agency, Inc. Two 20-minute, color videotapes and cartoon material will be developed. The Child-care staff at the centers and recruited members of the community (22-27 persons) will receive 40 hours of training. Monthly training sessions will be held for community members who wish to participate in the toy and book-lending library.

RECOMMENDED FOR FUNDING

2013

"A Public Education/Participation Program in Land-Use Problems and Issues in South Carolina"

Dr. John H. Austin  
Clemson University

Federal: \$27,685 (\$12,651 in FY 74, remainder in FY 75) Matching: \$19,238

The South Carolina State Land Use Planning and Management Study substantively documents the existence of land-use related problems in South Carolina, and evaluates the future implications of a do-nothing attitude. The report recommends, as a first effort, education of the responsible decision-makers and citizenry of South Carolina regarding the complexity of the land-policy question, and goes on to recommend that citizen involvement should be actively encouraged at all levels of land-use policy development process, including the planning, program and implementation stages. This project will undertake to honor these recommendations. Specifically, there will be produced a film of approximately 27 minutes length; a slide show with a narrative tape; a brochure which will serve as introduction to a newsletter. Input from professionals at Clemson University, from many state agencies and the ten Regional Councils of Government, as well as from various civic groups, will be used in the production of the material. A number of organizations, including Educational Television, the Department of Education, the Regional Councils of Government, and civic groups, have offered to help distribute the material to the general public. The program is an initiation of a continuous process to provide information and mechanisms for public participation in the land-use planning process. It will continue as a necessary component of the State's comprehensive land-use planning process.

RECOMMENDED FOR FUNDING

2014

"Preliminary Development of an Allen University Center for  
Community Service and Continuing Education"

Dr. La Myra Davis

Allen University

Federal: \$11,400

Matching: \$7,794

In this proposal, funds are requested for one phase of the preliminary development of an Allen University Community Service and Continuing Education Center. Its initial effort will be directed toward a series of six workshops in child health, nutrition and family planning. Prospective participants are community-service workers, educational personnel, and recipients of services. The proposed workshops and related activities will provide information and assistance which will offer a key to the development of personal and educational achievement for community residents in impoverished areas surrounding Allen University. The content of the workshops will be based on studies of diseases endogenous to Black Americans living in the South; problems of parasitism; attitudinal and psychological factors affecting delivery of community services. The meetings are planned to encourage group interaction, adding to a body of knowledge emphasizing the black child's differences as a means of furthering his acculturation to the mainstream, while maintaining his individual identification and cultural heritage. The interpretation of the content of initial group interaction is expected to ultimately aid in the development of programs and practices which will enhance the delivery of community services on a long term basis.

RECOMMENDED FOR FUNDING

2015



"Life Adjustment and Enrichment Program"

Dr. J. Irby Hayes

Division of Educational Services

University of South Carolina

Federal: \$5,737

Matching: \$4,272

Richland and Lexington counties have 31,372 retired workers. Too many workers are unprepared for retirement and "retire from," rather than "retire to." Only 5% of South Carolina businesses employing over 200 persons have retirement-preparation programs. The increasing number of retirees yearly, their lack of preparation for retirement, their often-inadequate incomes, and the decline in the number of relatives close enough to care for them, means that the retirees do not know what to do with their time, do not have the money to find out, and often do not have relatives to guide them and to allow them an opportunity for continued contributions to a family unit. The project is crucial to stimulate retirees mentally, to improve their self-image, to prepare them to make their retirement years count, to challenge them to active community participation, to reintegrate them into society, to help them cope with an ever-changing social and family environment, without straining their already inadequate incomes. The Life Adjustment and Enrichment Program will seek to serve approximately 1,000 retirees 55 years of age and older, in Richland and Lexington counties.

RECOMMENDED FOR FUNDING

"Inservice Training Program for Recreation Personnel"

Mrs. Elizabeth Rose

Claflin College

Federal: \$ 7,956

Matching: \$ 4,522

During the 1974-75 academic year, Claflin College proposes to offer two courses in recreation, one each semester, for three hours credit each. Persons employed by community recreation agencies in Orangeburg and other South Carolina counties are to be enrolled in the program. The classes will meet two nights per week for one hour fifteen minutes each. A major objective of the program is to plan and administer recreation programs to meet the needs of various community groups, including youth, the elderly, the handicapped and the disadvantaged. Claflin College personnel will serve as consultants to the employing agencies during the 1975 summer session, in order to assist the participants in application and adaptation of classroom concepts to specific job situations. Mr. G. D. Mizzell, Director of the Orangeburg City Recreation Department, will assist the College staff in planning and implementing the project.

RECOMMENDED FOR FUNDING

"Stroke Rehabilitation for Nurses and Other Paramedical Personnel"  
(Continuation)

Dr. Harry T. Zankel

Allen University

Federal: \$14,608

Matching: \$ 7,515

Nursing homes and chronic hospital wards are occupied by stroke victims who need rehabilitative procedures they are not getting. It is my object to overcome this deficiency. I have started this during the past year, and have contacted a dozen or so institutions. Many more need to be contacted. The immediate results: to train nurses and other paramedicals, so that they can spread information to their subordinates. Long-range results: a general improvement in their rehabilitation. The population to be served: stroke patients and residents in hospitals and nursing homes. Participants: I, a nurse, and a physical therapist, where possible. Other lecturers will be recruited, where circumstances permit. The geographic area: South Carolina. The project expands my present project. My new plan is to offer services in the hospitals and nursing homes, requiring more time to travel as well as lecture. I plan to follow up on my lectures and demonstrations by visiting institutions one or more times to make sure that the teaching is being applied.

NOT RECOMMENDED FOR FUNDING



"Early Childhood Enrichment Series: Training Seminars and Lending Library"

Ms. Constance Brunson

Allen University

Federal: \$16,009

Matching: \$10,689

The South Carolina Department of Education curriculum library is now restricted to those teaching handicapped children. There is a great need in the community for a centrally-located lending library, where toys, audio-visual equipment, and learning materials may be exchanged. Many early-learning centers cannot afford to purchase the basic amount of materials and equipment. By establishing a library, each center would have the opportunity to enrich their programs by providing more variety in the learning environment. Allen University will conduct a series of twice-monthly seminars on topics relevant to the curriculum of programs for children under six years. These would be conducted by specialists in the particular area. A lending library will augment the seminars, by providing equipment which the seminar participants may check out and use in their own centers. The population will be drawn from the greater Columbia area. Average attendance will be thirty persons, with a spread effect to six hundred children. This project is new to the area in that it provides open seminars on early childhood. Particularly innovative is the use of the lending library as a reward for regular attendance at the seminars.

NOT RECOMMENDED FOR FUNDING

2019

"Public Employee Personnel Relations Workshop for County and Municipal Supervisors"

Dr. B. R. Skelton

Clemson University,

Federal: \$10,952

Matching: \$ 6,147

Local governments need assistance in developing a training program designed to detail the appropriate procedures for employee selection, motivation, discipline, and handling of grievances; local government supervisors need training to recognize potential problems leading to labor unrest, as well as how to handle these potential problems ahead of time. The expected results of the program would be an improvement in the efficiency in the management of the human resource in local government; improved human relations, elimination of job action as a result of human relations problems leading to the development of worker associations. Approximately 50 supervisors and 1000 employees would be served. The initial program would be presented in only one county or major city, but would eventually serve the entire state. In the following year it would be presented in about ten locations throughout the state. The project's program will be made available to local governments, either through the second year's follow-up, or through the Clemson University Professional Development Program.

NOT RECOMMENDED FOR FUNDING

2020

"An inservice Program in Career Education for Elementary Public School Administrators and Teachers"

Dr. Paul I. Clifford

South Carolina State College

Federal: \$5,969

Matching: \$ 3,638

The interaction and the communication of all sectors of the community can be facilitated towards helping more people to gain an earlier awareness of the world of work and of themselves as persons. This program will contribute to meeting the community and educational needs of the community detailed in the five letters from school officials attached to the proposal. Immediate results: the acquisition of knowledge about and skill in implementing a program of career education in the public schools. Intermediate consequences: the initiation and implementation of career education in elementary and secondary schools. Ultimate consequences: greater awareness of the world of work, greater employability, and increased economic progress of all sectors of the community. Population: City and County of Orangeburg. There will be 30 participants. Geographic area: Orangeburg County. The project is innovative in that programs in career education are in their infancy in the state and none exists in Orangeburg County.

NOT RECOMMENDED FOR FUNDING



"Career Evaluation and Counseling Center"  
Spartanburg County TEC  
Ms. Darlene M. Rice  
Federal: \$19,978                      Matching: \$16,910

The career evaluation center is designed to help alleviate the employment problems among the under-educated, uneducated, and minority groups within the community. Awareness of under-education is the first step in the seeking of up-grading training. The program will attempt to make the target group aware of their need by a continuing public relations effort, and through contact with the commercial and industrial community. The primary objective is to provide a center that can assist the disadvantaged adult change his status in life by a realistic awareness of his abilities, interests, academic levels and career aptitudes. The intended outcome would be to place these adults in career training programs that most effectively utilize their assessed abilities, interests, and aptitudes. The services provided would include: an outreach program to penetrate community, industrial and commercial areas; a testing and evaluation program that will include assessment instruments oriented toward career program planning, and a guided use of audio-visual aids; and mini-courses in occupational skills, and in the practical needs of the adult will be developed, such as budgeting, job interviewing, the job-application process, personal grooming, etc.

NOT RECOMMENDED FOR FUNDING

2022

"The Training of Community Personnel in Dietary Practices for the Prevention of Heart Disease and Strokes in South Carolina"

Dr. James E. Konlande

Winthrop College

Federal: \$12,487

Matching: \$15,449

The death-rate for heart disease and stroke in the four counties covered by this proposal (Chester, Lancaster, Union and York) is 53% of all deaths. The death rate from these diseases in the state as a whole is 43.8%. The death-rate from these diseases might be reduced if a sufficient number of persons would follow the dietary practices recommended by the American Heart Association. What is needed is the instruction in such dietary practices on a practical level to lay persons with leadership roles in the community, who would teach what they learn to those they serve. The faculty in Food and Nutrition is seeking means to extend their efforts, based on considerable experience, to cover a wider range of persons in the local community. The funding of this program would give a strong impetus to their efforts in this direction. The training of persons as described would lead to their adoption of the dietary practices, where these persons have responsibility for providing food services and nutrition education. The total population served would be 180,700 persons, about 7% of the state's population.

NOT RECOMMENDED FOR FUNDING

2023

"A Cooperative Program for the Teaching of Art Heritage"

Dr. Michael D. Day

Art Department

University of South Carolina

Federal: \$5,215

Matching: \$7,225

This program is directed to the need for school children to learn of the rich art heritage in this country and the world. A series of Art Heritage Learning Packets of art reproductions organized around important concepts in art will contain written material about the paintings, the artists, and the organizing concepts. Suggested learning activities for school children will be included in the packets, developed by the Coordinator and two graduate research assistants. A graduate art education practicum and seminar will be offered in Department of Art for Masters degree candidates who participate in the program. Under the direction of a professor and a graduate teaching assistant, the university students will demonstrate the learning packets in the elementary classrooms of Richland County School District No. 2, and will assist the classroom teachers to learn to use them. The teachers will receive expert individual in-service training in the teaching of art; the graduate students will gain experience promoting art learning; the students in grades K through 6 will receive the benefit of a carefully planned art curriculum implemented by knowledgeable teachers. After the initial cost, this program could continue with very little cost. The simplicity and practicality of the program and the brief time required for its organization and implementation make it easy to replicate.

NOT RECOMMENDED FOR FUNDING

2024



"The Africa Institutes and Seminar Series"

Dr. Mark W. DeLancey

Department of Government and International Studies

University of South Carolina

Federal: \$13,150

Matching: \$8,037

The proposal is concerned with the problem of discrimination. There is a widespread ignorance of Africa among our school students, maintained by a lack of African-studies training for teachers. Ignorance and mythology about Africa leave black students with a poor self-image and white students with disrespect for African contributions to world history and civilization. Immediate result: an increase in knowledge about Africa among our participants. They will view Africa with more positive attitudes. There will be increased interest among the teacher-participants in offering African material to their students. In following years, a "spread effect" will cause more material on Africa to be taught in our schools. As a result, students will know more about Africa, view it in more positive terms, and have a more empathetic understanding of it. This spread effect will continue for as long as our participants continue to teach about Africa. This will lead to improvement in race relations. Sixty school teachers from the Spartanburg and Columbia environs will take part in the Institutes and 150 teachers, school administrators and interested adults will take part in the seminars. We expect participants from a 50 to 60 mile radius of the two locations. This project is new to the state, although some experience was gained in a special course offered at the main campus during the regular summer session last year. Innovative features include the three-week format, follow-up Seminars, and the provision of the Institutes at more than one location in the state.

NOT RECOMMENDED FOR FUNDING

2025

"An Arts and Humanities Program for the Aging Citizen of South Carolina"

Dr. Donald H. Hoffman

Art Department

University of South Carolina

Federal: \$15,301

Matching: \$9,922

This project is an attempt to unify, upgrade and innovate activities in the Arts that will alleviate the intellectual void left by changing worlds and reactivate the creativity/dormant possessed by the elderly population of the state. The project will provide artists (practicing and from higher education) to present workshops in the visual arts throughout the state, provide performance/workshops in theatre, folk music, classical guitar, chamber music and poetry, and provide for academic personnel from higher education units to present workshops in these arts. These programs would be replicated and utilized by a consortium of higher-education units throughout the state (eventually the region). The program is to run in conjunction with, and in support of a larger, more complex aging program in the Arts and Humanities.

NOT RECOMMENDED FOR FUNDING

2026

"Workshop on Providing for the Transportation Needs of the Rural Disadvantaged"

Dr. M. E. Lipinski

College of Engineering

University of South Carolina

Federal: \$ 2,788

Matching: \$ 2,738

The effectiveness of many social service and educational agencies in the state is limited by lack of adequate transportation service in rural areas. Many who could benefit from their services are not participant because they do not have reliable means of transportation. The initiation of a program that will contribute to the understanding of rural transportation problems and assist in implementing rural transportation systems will permit social service and educational agencies to increase the availability of their programs and will contribute to an upgrading of the general economic level of individuals in rural areas. The immediate result of the two-day workshop will be an increased understanding on the part of the participants of the scope of the problem and the development of methods that could be used to develop improved transportation service. The organization of a study-group to assist and advise these agencies will result in intermediate and long-range benefits. This group will provide expertise to those desiring to implement transportation programs. In addition, it will evaluate the successes of all new endeavors and serve as a clearing-house for information on rural transportation. One hundred people representing planning districts, social services, and educational agencies from all areas of the state will attend this workshop. It will serve the entire rural portion of the state.

2027

NOT RECOMMENDED FOR FUNDING



ok

8/7/74

Proper procedures have been  
followed - Proposed architectural  
agreements are reasonable and  
fees are well in line or  
below normal.

J.A.S.

2028

LAW OFFICES  
ROSEN AND ROSEN  
GEORGETOWN, S. C. 29440

*Exhibit XVI*  
*March 26, 1974*

SYLVAN L. ROSEN  
MEYER ROSEN

March 18, 1974

TELEPHONES 546-4131  
546-4132  
P. O. BOX 583

Mr. P. C. Smith  
Auditor, State of South Carolina  
200 Hampton Office Building  
Box 11333  
Columbia, S. C., 29211

Re: Pollution Control Bonds  
County of Georgetown  
Georgetown Steel Corporation

Dear Mr. Smith:

We enclose herewith Petition of Georgetown County for approval of issuance of Pollution Control Revenue Bonds in the amount of \$3,700,000.00, in connection with installation of pollution control facilities at Georgetown Steel Corporation in Georgetown, S. C., in quintuplet. Incident thereto, we also enclose herewith a Declaration of findings of the South Carolina Department of Health and Environmental Control, and financial statements of Georgetown Steel Corporation for several years, including the current year.

We would appreciate your placing the petition on the agenda for the next ensuing meeting of the Budget and Control Board for consideration.

Thanks for your consideration in bringing this matter before the Budget and Control Board.

Respectfully,

ROSEN AND ROSEN

*Sylvan L. Rosen*  
By: Sylvan L. Rosen

SLR:rm  
enc.

TOUCHE ROSS & CO.

301 AMERICAN BUILDING  
CHARLOTTE, NORTH CAROLINA 28202

March 9, 1973

Board of Directors and Stockholders  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the consolidated balance sheet of Georgetown Steel Corporation and subsidiaries as of December 31, 1972, and the related statements of earnings, stockholders' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company has experienced operating losses in years prior to 1972, and at December 31, 1972, current liabilities exceeded current assets. The Company is engaged in a program to provide additional debt financing and to defer payment dates of certain liabilities. The Company's major stockholder has indicated its intention to provide working capital as may be necessary from time to time in order to assure the continuation of the business until the necessary additional financing and deferring of payments are arranged (see Note 11).

In our opinion, subject to the Company's obtaining additional debt financing and deferring of payment dates of certain liabilities, the aforementioned consolidated financial statements present fairly the financial position of Georgetown Steel Corporation and subsidiaries at December 31, 1972, and the results of their operations and changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Touche Ross & Co.*

Certified Public Accountants



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESCONSOLIDATED BALANCE SHEETDECEMBER 31, 1972ASSETS

## CURRENT ASSETS:

Cash		\$ 641,587
Receivables (Note 4):		
Trade accounts receivable	\$6,532,360	
Other	<u>556,438</u>	
	7,088,798	
Less allowance for doubtful accounts	<u>132,380</u>	6,956,418
Inventories (Note 5)		9,147,985
Prepaid expenses		<u>164,396</u>
TOTAL CURRENT ASSETS		16,910,386

PROPERTY, PLANT AND EQUIPMENT (Note 6)		38,021,134
--	--	------------

## OTHER ASSETS:

Excess of cost over fair value of underlying net assets of subsidiaries (Note 2)	1,359,738	
Deferred development costs (Note 1)	753,717	
Other (Note 4)	<u>391,347</u>	<u>2,504,802</u>
		<u>\$57,436,322</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

## CURRENT LIABILITIES:

Notes payable (Note 7)		\$11,608,297
Accounts payable and accrued expenses:		
Trade accounts	\$6,789,250	
Stockholder	3,136,662	
Salaries and wages	248,550	
Interest	500,358	
Other	<u>423,508</u>	11,098,328
Current portion of long-term debt		<u>12,005,614</u>
TOTAL CURRENT LIABILITIES		34,712,239

LONG-TERM DEBT (Note 8)		12,855,307
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ADVANCES FROM STOCKHOLDERS		3,000,000
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## CONTINGENT LIABILITIES AND COMMITMENTS (Note 9)

## STOCKHOLDERS' EQUITY:

Common stock, par value \$100 a share; authorized issued and outstanding 240,000 shares	24,000,000	
Deficit (Note 3)	<u>(17,131,224)</u>	<u>6,868,776</u>
		<u>\$57,436,322</u>

See notes to consolidated financial statements.

**2031**

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENT OF EARNINGSYEAR ENDED DECEMBER 31, 1972

NET SALES		\$45,196,905
COSTS AND EXPENSES:		
Cost of products sold	\$39,080,148	
Selling, general and administrative	2,325,398	
Foreign exchange loss	92,337	
Interest	<u>3,152,449</u>	<u>44,650,332</u>
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM		546,573
INCOME TAXES (Note 10)		<u>330,000</u>
EARNINGS BEFORE EXTRAORDINARY ITEM		216,573
EXTRAORDINARY ITEM - reduction of income tax arising from carryforward of prior years' operating losses		<u>325,000</u>
NET EARNINGS		<u>\$ 541,573</u>
EARNINGS PER COMMON SHARE (based on the weighted average number of shares of common stock outstanding during the year):		
Earnings before extraordinary item		\$1.12
Extraordinary item		<u>1.68</u>
Net earnings		<u>\$2.80</u>

See notes to consolidated financial statements.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
YEAR ENDED DECEMBER 31, 1972

	<u>Common Stock</u>		<u>Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
BALANCE AT BEGINNING OF YEAR, as previously reported	170,000	\$17,000,000	\$(15,471,359)	\$1,528,641
Adjustments (Note 3)	_____	_____	(2,201,438)	(2,201,438)
BALANCE AT BEGINNING OF YEAR, restated	170,000	17,000,000	(17,672,797)	(672,797)
Acquisition of companies (Note 2)	46,400	4,640,000		4,640,000
Sale of stock	23,600	2,360,000		2,360,000
Net earnings	_____	_____	541,573	541,573
BALANCE AT END OF YEAR	<u>240,000</u>	<u>\$24,000,000</u>	<u>\$(17,131,224)</u>	<u>\$6,868,776</u>

See notes to consolidated financial statements.



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITIONYEAR ENDED DECEMBER 31, 1972

## SOURCE OF FUNDS:

## Operations:

Earnings before extraordinary item		\$ 216,573
Non-cash expenses:		
Depreciation	\$1,740,278	
Amortization of intangibles	<u>131,543</u>	<u>1,871,821</u>
Funds provided from operations of the period, exclusive of extraordinary item		2,088,394
Extraordinary item, reduction of income taxes arising from carryforward of prior years' operating losses		325,000
Common stock issued for acquisition of business		4,640,000
Common stock sold		2,360,000
Reduction of working capital		<u>8,106,657</u>
		<u>\$17,520,051</u>

## APPLICATION OF FUNDS:

Property, plant and equipment	\$ 3,420,180
Reduction of debt due beyond one year	8,676,503
Increase in other assets	<u>783,368</u>
Total, exclusive of acquired business	<u>12,880,051</u>

## Acquired business:

Working capital deficit at date of acquisition	\$(1,489,454)
Property, plant and equipment	8,826,890
Other assets	55,563
Excess of cost over fair value of net assets acquired	1,412,138
Debt of subsidiaries due beyond one year	<u>(4,165,137)</u>
	<u>\$17,520,051</u>

## DETAILS OF REDUCTION OF WORKING CAPITAL:

Decrease in cash	\$ (439,591)
Increase in accounts receivable	1,140,521
Increase in inventories	123,952
Increase in short-term loans	(7,685,068)
Increase in current portion of long-term debt	(6,947,203)
Decrease in accounts payable	4,449,193
Decrease in accrued expenses	1,232,087
Other	<u>19,452</u>

## DECREASE IN WORKING CAPITAL

\$8,106,657

See notes to consolidated financial statements.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972

1. Accounting Principles:

The following is a summary of the significant accounting principles followed by the Company:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all wholly-owned. Inter-company profits, transactions and balances have been eliminated. The excess of cost over fair value of the underlying net assets of the subsidiaries acquired in purchase transactions is being amortized over a twelve-year period.

Foreign Exchange

All liabilities payable in foreign currencies are translated to United States dollars at the exchange rate in effect at the balance sheet date.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation over the estimated useful lives of the property is determined principally by the straight-line basis.

Deferred Development Costs

The Company has deferred development costs incurred in connection with the development of major innovative processes which are expected to benefit future operations. Such deferred development costs are amortized over a period of five years from the dates of completion of the projects.

2. Purchased Companies:

On July 28, 1972, the Company acquired in exchange for 46,400 shares of its \$100 par value common stock, all of the outstanding shares of National Springs Corporation, National Springs Corporation of Mississippi, Andrews Wire Corporation and Trans-American Steel Corporation. The transaction has been accounted for as a purchase because the acquired companies were previously majority-owned subsidiaries of others not under common control with Georgetown Steel Corporation. The results of operations of these corporations for the five months ended December 31, 1972 are included in the consolidated statement of earnings of the Company for the year ended December 31, 1972. Details are as follows:

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSYEAR ENDED DECEMBER 31, 1972

(continued)

2. Purchased Companies (continued):

	<u>Cost</u>	<u>Common Shares Issued</u>
Trans-American Steel Corporation	\$ 240,000	2,400
Andrews Wire Group	2,000,000	20,000
National Springs Group	2,400,000	24,000

The pro forma results of operations of Georgetown Steel Corporation and subsidiaries for the year ended December 31, 1972, as though these companies had been acquired as of the beginning of the year, are as follows:

Net sales - \$49,900,000, net loss \$330,000 (\$1.50 per share of common stock). In determining the pro forma operating results, adjustments have been made to conform accounting methods previously employed by the subsidiaries to those methods employed by Georgetown Steel Corporation. The principal variations in accounting methods between the subsidiaries and the Company were (1) one subsidiary followed the practice of translating debt payable in foreign currencies to U. S. Dollars at the exchange rate in effect at the time of advances, whereas Georgetown follows the policy of translating at the rate in effect at the balance sheet date, and (2) two subsidiaries followed the practice of deferring and amortizing start-up costs on new plant facilities, whereas Georgetown follows the practice of expensing plant pre-operating costs when incurred. Three subsidiaries incurred substantial pre-operating costs in early 1972 relating to major new plant facilities; consequently, pro forma results are not necessarily indicative of future operating results.

3. Restatement of Retained Earnings:

Retained earnings as of December 31, 1971 have been restated to reflect the following prior period adjustments:

To restate the amount of deferred development costs capitalized in the prior year	\$(1,750,000)
To restate the allowance for doubtful accounts as of December 31, 1971	(125,000)
To write off amounts due from affiliated companies which are deemed to be uncollectible	(309,179)
To record the equity in capitalized lease obligations as of December 31, 1971	67,568
Assessment for underpayment of sales and use taxes in prior years	<u>(84,827)</u>
	<u>\$(2,201,438)</u>



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSYEAR ENDED DECEMBER 31, 1972

(continued)

3. Restatement of Retained Earnings (continued):

These restatements had the effect of increasing the previously reported net losses of prior periods by \$2,201,438, substantially all of which relate to the year ended December 31, 1971.

4. Accounts Receivable:

Substantially all trade accounts receivable are pledged as collateral under short-term notes payable (see Note 7).

Included in accounts receivable and other non-current assets are amounts due from officers of \$25,500 and \$50,400, respectively.

5. Inventories:

Details of inventories are as follows:

Raw materials	\$2,929,197
Work in process	1,036,251
Finished goods	2,391,775
Spare parts and supplies	<u>2,790,762</u>
	<u>\$9,147,985</u>

Substantially all inventories are pledged as collateral under various debt agreements.

6. Property, Plant and Equipment:

Details of property, plant and equipment are as follows:

	<u>Amount</u>
Land	\$ 1,505,706
Land improvements	409,229
Buildings	12,454,433
Machinery and equipment	28,202,590
Office furniture and fixtures	<u>255,632</u>
	42,827,590
Less accumulated depreciation	<u>6,403,802</u>
	36,423,788
Construction in progress	<u>1,597,346</u>
	<u>\$38,021,134</u>

Substantially all property, plant and equipment is pledged as collateral under various debt agreements.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972  
(continued)

7. Notes Payable:

Notes payable at December 31, 1972 consisted of the following:

10.1% notes payable to banks, collateralized by trade accounts receivable and inventories	\$ 7,454,036
7 1/2% - 9% notes payable to stockholders and affiliated companies	1,908,704
6 1/2% - 10% notes payable - other, unsecured	<u>2,245,557</u>
	<u>\$11,608,297</u>

8. Long-Term Debt:

Long-term debt at December 31, 1972 consisted of the following:

	<u>Current Portion</u>	<u>Due Beyond One Year</u>
First Mortgage Note, guaranteed by a bank, best interest rates available, (5 1/2% - 7 1/2% during 1972) plus a 2% annual guaranty fee, due 1974	\$11,254,000	\$ 9,696,000
Other mortgage notes, (5 3/4% - 9 1/2%), due 1974-95	146,483	1,139,166
Equipment notes payable (5 1/2% - 7 3/4%), due 1974-77	349,881	829,207
Notes payable to banks and others (6% - 7%), due 1974-79	135,646	262,826
Capitalized lease obligation	<u>119,604</u>	<u>928,108</u>
	<u>\$12,005,614</u>	<u>\$12,855,307</u>

The First Mortgage Note originated from long-term loans from Investitions-und Handels-Bank of 65 million Deutsche Marks, repayable over a term of years with interest at 5% above the Bundesbank discount rate with a maximum rate of 11%. To reduce the Company's exposure to losses in currency fluctuations and to reduce the effective interest rate, agreement was reached with the Bank whereby the Company would borrow short-term funds repayable in U. S. Dollars, under the guaranty of Investitions-und Handels-Bank and apply the proceeds to reduce amounts originally borrowed under the First Mortgage Note. A fee of 2% per annum is payable for the Bank's guaranty. Because the Bank guaranty includes the assurance that the short-term notes will be refinanced as they mature, the short-term borrowings are classified as non-current to the extent permitted in the note.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSYEAR ENDED DECEMBER 31, 1972

(continued)

8. Long-Term Debt (continued):

The Company has obtained extensions until April 30, 1973 of principal and interest payments due as of December 31, 1972, in anticipation of arranging new debt financing to liquidate this note (see Note 11).

Substantially all of the Company's property, plant and equipment is pledged as collateral under various loan agreements. In addition, stockholders have pledged 51% of the Company's common stock as collateral.

Maturities of long-term debt are as follows:

1973	\$12,005,614
1974	7,025,030
1975	4,062,162
1976	509,325
1977	241,710
Beyond	<u>1,017,080</u>
	<u>\$24,860,921</u>

9. Contingent Liabilities and Commitments:

The Company is contingently liable as guarantor of \$50,000 debt of officers and employees.

Under the terms of a fifteen-year raw material supply agreement, the Company is committed to purchase minimum annual tonnages of pre-reduced iron ore. Base unit prices fixed by the agreement are subject to change in future years generally determined by reference to changes in cost of the supplier. The Company estimates the contract commitment at approximately \$8,000,000 for 1973, and at higher or lower annual amounts for subsequent years depending upon cost increases and decreases experienced by the supplier.

Aggregate rental commitments at December 31, 1972, under material non-cancellable leases for equipment and other facilities, were approximately \$4,253,000, payable as follows:

<u>Year</u>	<u>Approximate Annual Amount</u>
1973	\$246,000
1974	246,000
1975	231,000
1976-1980	192,000
1981-1990	161,000
1991-2002	80,000



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972

(continued)

9. Contingent Liabilities and Commitments (continued):

Certain leases, considered to be essentially equivalent to installment purchases for accounting purposes, are excluded from the preceding tabulations. The costs of such properties of \$1,377,000, less accumulated depreciation of \$180,000 at December 31, 1972 are included in property, plant and equipment. The related discounted lease obligations, less current installments, are included in long-term debt.

Major programs for acquisition of property, plant and equipment involve commitments for expenditure of approximately \$7,000,000 in 1973 and 1974.

The Company is committed to purchase DM 12,229.635 (Deutsche Marks) for \$3,976,965 in hedging operations commenced after year-end (see Note 13).

Under the terms of a consulting agreement with an affiliate, the Company is obligated through December 31, 1977 to payments of fees based on production levels and "pre-tax profits". See Note 12 for details of the agreement.

10. Income Taxes:

The Company intends to follow the flow-through method of recognizing the benefit of investment tax credits. Additional investment tax credit carryovers aggregating \$1,350,000 and net operating loss carryovers aggregating \$17,025,000 are available to offset federal income tax expense of future periods. The relationship between earnings before taxes and income tax expense varies from the customary relationship because of permanent differences between accounting and tax bases of certain assets of acquired companies.

Certain of the subsidiaries acquired July 28, 1972 have operating losses and investment credit carryovers. The future tax benefits of such carryovers, when realized, will be used to reduce the excess of cost over underlying net assets of the acquired companies.

The Company and its subsidiaries intend to file a consolidated federal income tax return. Investment tax credit, net operating losses and various expenses may be recognized for tax purposes in periods different from their financial statement recognition. Carryovers will expire as follows:

2040

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSYEAR ENDED DECEMBER 31, 1972

(continued)

10. Income Taxes (continued):

	<u>Net Operating Losses</u>	<u>Investment Tax Credits</u>
1974	\$ 2,670,000	\$
1975	9,688,000	
1976	5,268,000	1,136,000
1977		45,000
1978		105,000
1979		191,000
	<u>\$17,626,000</u>	<u>\$1,477,000</u>

None of the Company's federal income tax returns have been examined by the Internal Revenue Service.

11. Financing:

At December 31, 1972, the Company had a working capital deficit of \$17,801,853. Further, the Company has secured extensions of scheduled principal and interest payments on its First Mortgage Note payable, in anticipation of arranging new debt financing to liquidate its First Mortgage Note and to provide additional working capital.

Korf Industrie und Handel, a major stockholder of Georgetown Steel Corporation has indicated that, should the Company be unable to arrange such financing as may be required, Korf will advance or otherwise make available to the Company, funds necessary to continue operating and satisfy debt obligations as they mature.

12. Transactions with Affiliates:

During the year, the Company purchased \$3,980,900 of steel through Korf Industrie und Handel. Of this amount, \$3,278,400 was resold at approximate breakeven, and the remainder is carried in inventory at year-end.

Under the terms of a Consulting Agreement between the Company and its affiliate, Badische Stahlwerke, the Company is obligated to make payments of \$.50 per ton finished steel produced. The payment rate increases by \$.10 per ton for each \$1.00 increment by which "pre-tax profits" exceed \$10.00 per ton of steel produced. The contract was to have expired July 1, 1974; however, the agreement was amended to provide for an extension until December 31, 1977. Badische Stahlwerke waived the fees otherwise payable for the year ended December 31, 1972 of \$140,000. Consequently, there were no charges to expense in 1972, whereas a total of \$112,000 was expensed in 1971.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1972  
(continued)

12. Transactions with Affiliates (continued):

Sales to acquired subsidiaries from January 1, 1972 to the date of acquisition were approximately \$6,000,000.

Costs and expenses include a management fee charged by Korf Industrie und Handel of \$34,000.

13. Subsequent Events:

The effect of the devaluation of the U. S. Dollar which occurred on February 12, 1973, has not been reflected in the accompanying statement of earnings. The Company estimates its total loss as a result of the currency exchange rate fluctuation between January 1, 1973 and the date of the devaluation, together with the loss from the devaluation itself, at approximately \$200,000 after giving effect to hedging operations. The value of the U. S. Dollar relative to certain other currencies remains unsettled, and further losses may be incurred (see Note 9 regarding hedging operations).



GEORGETOWN STEEL CORPORATION  
Georgetown, South Carolina

Report of Certified Public Accountants

Financial Statements

Year ended December 31, 1971

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

	<u>Exhibit</u>
BALANCE SHEET, December 31, 1971	A
STATEMENT OF LOSS AND DEFICIT, Year ended December 31, 1971	B
STATEMENT OF CHANGES IN FINANCIAL POSITION, Year ended December 31, 1971	C
NOTES TO FINANCIAL STATEMENTS	

CHERRY, BEKAERT & HOLLAND  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the balance sheet of Georgetown Steel Corporation as of December 31, 1971, and the related statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned statements present fairly the financial position of Georgetown Steel Corporation at December 31, 1971, the results of its operations and its changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Cherry, Bekaert & Holland*

Myrtle Beach, South Carolina  
January 26, 1972



Exhibit A

## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1971

ASSETS		
Current assets:		
Cash		\$ 932,329
Receivables:		
Trade accounts (Note E)	\$ 2,003,007	
Affiliated companies	1,668,877	
Suppliers, employees and other	654,735	
	<u>4,326,619</u>	
Less allowance for doubtful receivables	18,822	4,307,797
Inventories, at lower of cost (first-in, first-out) or market (Note E):		
Finished goods	2,115,860	
Goods in process	668,874	
Raw materials	593,364	
Spare parts and supplies	<u>2,141,412</u>	5,519,510
Prepaid expenses:		
Insurance	87,126	
Interest	<u>44,899</u>	<u>132,025</u>
Total current assets		10,891,661
Property and equipment, at cost (Note A):		
Land and land improvements	1,381,118	
Buildings	8,193,977	
Machinery and equipment	18,839,322	
Office furniture, fixtures and equipment	144,534	
Construction in progress	<u>1,158,226</u>	
	<u>29,717,177</u>	
Less accumulated depreciation	<u>3,055,960</u>	26,661,217
Other assets:		
Deferred development costs (Note B)	2,000,000	
Deferred equipment rental	45,683	
Unamortized loan costs	95,796	
Sundry	<u>27,384</u>	<u>2,168,863</u>
		<u>\$39,721,741</u>

The accompanying notes are an integral part of this exhibit.

## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1971

## LIABILITIES AND STOCKHOLDERS' EQUITY

## Current liabilities:

## Notes payable (Note A):

Short-term loans (Note E)	\$ 5,735,369	
Current portion of long-term debt	<u>4,026,589</u>	\$ 9,761,958

## Accounts payable and accrued expenses:

Trade accounts	6,849,399	
Affiliated companies	17,278	
Salaries and wages	158,467	
Interest	1,386,343	
Taxes (other than income)	<u>598,673</u>	<u>9,010,160</u>

Total current liabilities 18,772,118

Long-term debt (Note A) 16,377,017

Stockholders' loans (Note E) 3,043,965

## Stockholders' equity (Notes A, C and D):

Common stock (par value of \$100). Authorized  
and issued 170,000 shares 17,000,000

Deficit (15,471,359) 1,528,641

Contingent liabilities and commitments (Notes E and F)

\$39,721,741

Georgetown Steel Corporation  
STATEMENT OF LOSS AND DEFICIT  
Year ended December 31, 1971

Net sales		\$25,232,253
Cost of sales		<u>22,051,039</u>
Gross earnings		3,181,214
Selling, general and administrative expenses:		
Selling expense	\$ 444,161	
General and administrative	1,440,047	
Interest	<u>2,771,836</u>	<u>4,656,044</u>
Loss from operations		1,474,830
Other income (net)		<u>31,584</u>
Net loss before extraordinary item (\$12.03 per share)		1,443,246
Extraordinary item (Note A):		
Foreign exchange loss		<u>1,218,671</u>
Net loss (\$22.18 per share)		2,661,917
Deficit at beginning of year		<u>12,809,442</u>
Deficit at end of year		<u>\$15,471,359</u>
Depreciation included in above costs and expenses at straight-line rates		<u>\$ 1,366,757</u>

The accompanying notes are an integral part of this exhibit.



## Georgetown Steel Corporation

## STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31, 1971

## Funds provided:

Additions to long-term debt	\$10,387,793
Additional common stock issued (Note D)	5,000,000
Decrease in working capital	<u>215,437</u>

Total funds provided

\$15,603,230

## Funds used for:

Net loss before extraordinary item	\$ 1,443,246	
Extraordinary item (Note A)	<u>1,218,671</u>	
Net loss	2,661,917	
Less items which did not require the use of current funds:		
Depreciation	1,366,747	
Amortization	<u>70,919</u>	\$ 1,224,251
Additions to property and equipment		3,842,950
Deferred development costs (Note B)		2,000,000
Reduction in long-term debt		3,505,366
Debt converted to common stock (Note D)		5,000,000
Additions to other assets		<u>30,663</u>

\$15,603,230

## DECREASE IN WORKING CAPITAL

	1971	1970	Increase (Decrease)
Current assets:			
Cash	\$ 932,329	\$ 68,073	\$ 864,256
Receivables	4,307,797	2,123,413	2,184,384
Inventories	5,519,510	3,499,007	2,020,503
Prepaid expenses	<u>132,025</u>	<u>89,009</u>	<u>43,016</u>
	<u>10,891,661</u>	<u>5,779,502</u>	<u>5,112,159</u>
Current liabilities:			
Bank overdraft	-	212,028	( 212,028)
Short-term loans	5,735,369	6,808,020	(1,072,651)
Current portion of long-term debt	4,026,589	885,289	3,141,300
Accounts payable and accrued expenses	<u>9,010,160</u>	<u>5,539,185</u>	<u>3,470,975</u>
	<u>18,772,118</u>	<u>13,444,522</u>	<u>5,327,596</u>
Working capital deficit	<u>\$ 7,880,457</u>	<u>\$ 7,665,020</u>	<u>\$ 215,437</u>

The accompanying notes are an integral part of this exhibit.

Georgetown Steel Corporation  
NOTES TO FINANCIAL STATEMENTS

December 31, 1971

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Note A - Notes payable and long-term debt:

(1) Short-term loans:

Short-term loans consist of the following:

Notes payable to banks	\$ 4,000,000
Trade acceptances issued for the purchase of manufacturing equipment and materials	<u>1,735,369</u>
	<u>\$ 5,735,369</u>

These notes bear interest from 6% to 10 1/2% with the major portion being at 7%.

(2) Long-term debt:

Long-term debt of the Corporation as of December 31, 1971 is as follows:

Mortgage notes payable to a West German Bank converted to United States currency at the current exchange rate.	\$19,389,165
Trade acceptances issued for the purchase of manufacturing equipment and materials	975,990
Real estate mortgage notes	<u>38,451</u>
	<u>\$20,403,606</u>

The following is a summary of the maturity dates of the long-term debt:

<u>Year of maturity</u>	<u>Amount</u>
1972	\$ 4,026,589
1973	7,133,041
1974	5,592,925
1975	3,622,268
1976	<u>28,783</u>
	<u>\$20,403,606</u>

The long-term debt bears interest at various rates from 5 1/2% to 11% with the major portion (the West German bank mortgage loan) being at 5% above the Bundesbank discount rate with a maximum rate of 11%.

Substantially all of the Corporation's property and equipment is pledged as collateral under the various mortgages and notes.

(continued)

Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1971

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Note A - Notes payable and long-term debt (continued):

Because of the abandonment during the year of fixed exchange rates between the dollar and certain foreign currencies, the Corporation has made a provision as an extraordinary charge of \$983,817 for the exchange differential at December 31, 1971 of certain notes and accounts payable in foreign currencies. Also, losses incurred during the year amounting to \$234,854 as a result of this dollar devaluation are treated as an extraordinary charge. As of December 31, 1971, all liabilities payable in foreign currencies are converted to dollars at current exchange rates.

Note B - Deferred development costs:

During the year, the Corporation incurred costs in developing a new process for producing steel. Such costs (\$2,000,000) are to be amortized over a five year period, beginning in 1972.

Note C - Income taxes:

At December 31, 1971, the Corporation had Federal net operating loss carryover of approximately \$15,466,000. The carryover period expires as follows: 1972, \$31,000; 1973, \$215,000; 1974, \$2,871,000; 1975, \$9,687,000; and 1976, \$2,662,000. The Corporation has also accumulated investment tax credit of approximately \$1,157,000 which may be used to reduce Federal income taxes in future years. The principal portion of this carryover expires in 1980.

Note D - Capital stock:

During the year, authorized Common Stock was increased from 120,000 shares to 170,000 shares. On December 31, 1971, the Corporation issued 50,000 shares of its Common Stock as payment for \$5,000,000 in stockholders' loans.

The loss per share is computed on the weighted average number of shares outstanding during the year.

Note E - Subsequent events:

Subsequent to December 31, 1971, the Corporation entered into a revolving credit agreement with NCNB Financial Services, Inc. Under the agreement, the maximum amount of \$5,000,000 was advanced to the Corporation in January of 1972. Such advance is secured by the accounts receivable and inventories. The present interest rate is 10.1%. Should the prime interest rate increase this rate will increase accordingly. Of this advance, \$4,000,000 was applied to pay previously existing short-term notes payable and \$1,000,000 was applied to other debts.

(continued)



Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1971

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Note E - Subsequent events (continued):

Stockholders' loans are subordinated to this debt.

Note F - Contingent liabilities and commitments:

The Corporation has guaranteed the indebtedness of the City of Georgetown for the cost of relocating a drainage canal in an amount of \$232,000. Also, liabilities of Andrews Wire Corporation in the amount of \$496,509 have been guaranteed.

At December 31, 1971, capital commitments of the Corporation amounted to approximately \$1,000,000, against which \$495,950 had been advanced by the Corporation at December 31, 1971. The advance is included in property and equipment.

The Corporation leases certain equipment at annual rentals which will be approximately \$306,000 in 1972, \$272,000 in 1973, \$202,000 in 1974, and in diminishing amounts thereafter to 1989.

GEORGETOWN STEEL CORPORATION  
Georgetown, South Carolina

Report of Certified Public Accountants

Financial Statements

Year ended December 31, 1970

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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CHERRY, BEKAERT & HOLLAND  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the balance sheet of Georgetown Steel Corporation as of December 31, 1970, and the related statements of loss and deficit and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned statements present fairly the financial position of Georgetown Steel Corporation at December 31, 1970, the results of its operations and its source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the changes (which we approve) described in Note A to the financial statements.

*Cherry, Bekaert & Holland*

Myrtle Beach, South Carolina  
February 23, 1971

CHERRY, BEKAERT & HOLLAND  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the balance sheet of Georgetown Steel Corporation as of December 31, 1970, and the related statements of loss and deficit and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above-mentioned statements present fairly the financial position of Georgetown Steel Corporation at December 31, 1970, the results of its operations and its source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the changes (which we approve) described in Note A to the financial statements.

*Cherry, Bekaert & Holland*

Myrtle Beach, South Carolina  
February 23, 1971

## Exhibit A

## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1970

## ASSETS

## Current assets:

Cash		\$ 68,073
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## Receivables:

Trade accounts (Note B (1) )	\$ 1,678,495	
Affiliated companies	342,174	
Suppliers, employees and other	107,744	
	<u>2,128,413</u>	
Less allowance for doubtful receivables	5,000	2,123,413

Inventories, at lower of cost (first-in, first-out)  
or market (Note B (1) ):

Finished goods	1,096,203	
Goods in process	357,084	
Raw materials	665,465	
Spare parts and supplies	<u>1,380,255</u>	3,499,007

## Prepaid expenses:

Insurance	78,698	
Interest	<u>10,311</u>	<u>89,009</u>

Total current assets		5,779,502
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## Property and equipment, at cost (Notes A and B (2) ):

Land and land improvements	1,313,175	
Buildings	7,665,766	
Machinery and equipment	16,026,811	
Office furniture, fixtures and equipment	109,495	
Construction in progress	<u>763,892</u>	
	25,879,139	
Less accumulated depreciation	<u>1,694,125</u>	24,185,014

## Other assets:

Deferred equipment rental	36,733	
Unamortized loan costs	156,168	
Sundry	<u>16,218</u>	<u>209,119</u>

	<u>\$30,173,635</u>
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The accompanying notes are an integral part of this exhibit.

2057



## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1970

## LIABILITIES AND CAPITAL DEFICIT

Current liabilities:		
Bank overdraft		\$ 212,028
Notes payable (Note B):		
Short-term loans	\$ 6,808,020	
Current portion of long-term debt	<u>885,289</u>	7,693,309
Accounts payable and accrued expenses:		
Trade accounts	3,999,481	
Equipment accounts	756,935	
Affiliated companies	42,170	
Salaries and wages	89,855	
Interest	594,437	
Taxes (other than income)	<u>56,307</u>	<u>5,539,185</u>
Total current liabilities		13,444,522
Long-term debt (Note B)		17,538,555
Capital deficit (Notes A, C and D):		
Common stock (par value of \$100). Authorized and issued 120,000 shares	12,000,000	
Deficit	<u>(12,809,442)</u>	( 809,442)
Contingent liabilities and commitments (Note E)		

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\$30,173,635

Georgetown Steel Corporation  
STATEMENT OF LOSS AND DEFICIT  
Year ended December 31, 1970

Net sales		\$19,511,087
Cost of sales		<u>24,206,999</u>
Gross loss		4,695,912
Selling, general and administrative expenses:		
Selling expense	\$ 252,944	
General and administrative	1,647,999	
Interest	<u>2,908,467</u>	<u>4,809,410</u>
Loss from operations		9,505,322
Other deductions (income):		
Loss on disposal of equipment	116,045	
Miscellaneous (net)	<u>( 46,634)</u>	<u>69,411</u>
Net loss before extraordinary items ( \$239.37 per share)		9,574,733
Extraordinary items (Note A):		
Write-off of deferred consulting and deferred preoperating expenses	596,240	
Effect of change in depreciation rates - prior year	<u>( 250,075)</u>	<u>346,165</u>
Net loss ( \$248.02 per share)		9,920,898
Deficit at beginning of year		<u>2,888,544</u>
Deficit at end of year (Note A)		<u>\$12,809,442</u>

The accompanying notes are an integral part of this exhibit.

## Georgetown Steel Corporation

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1970

Funds provided:		
Additions to long-term debt		\$12,406,111
Additional common stock issued		8,000,000
Book value of equipment disposals		186,919
Increase in working capital deficit		<u>2,815,775</u>
Total funds provided		<u>\$23,408,805</u>
Funds used for:		
Net loss for the year	\$ 9,920,898	
Less items which did not require the use of current funds:		
Depreciation	1,177,143	
Less reduction in prior year depreciation due to rate change	( 250,075)	
Amortization	245,359	
Write off of items previously deferred	<u>596,240</u>	\$ 8,152,231
Additions to property and equipment		5,022,985
Paid on long-term debt		2,185,233
Debt converted to common stock		8,000,000
Additions to other assets		<u>48,356</u>
		<u>\$23,408,805</u>

## DECREASE IN WORKING CAPITAL

	1969	1970	Increase (Decrease)
Current assets:			
Cash	\$ 55,735	\$ 68,073	\$ 12,338
Receivables	1,672,536	2,123,413	450,877
Inventories	3,656,778	3,499,007	( 157,771)
Prepaid expenses	124,345	89,009	( 35,336)
	<u>5,509,394</u>	<u>5,779,502</u>	<u>270,108</u>
Current liabilities:			
Bank overdraft	-	212,028	212,028
Short-term loans	5,672,019	6,808,020	1,136,001
Current portion of long-term debt	574,924	885,289	310,365
Accounts payable and accrued expenses	4,111,696	5,539,185	1,427,489
	<u>10,358,639</u>	<u>13,444,522</u>	<u>3,085,883</u>
Working capital deficit	<u>\$ 4,849,245</u>	<u>\$ 7,665,020</u>	<u>\$ 2,815,775</u>



Georgetown Steel Corporation  
NOTES TO FINANCIAL STATEMENTS

December 31, 1970

Note A- Changes in accounting principles:

During the year, the Corporation changed its methods of accounting for property and equipment and for certain consulting and pre-operating expenses.

As a result of a study by American Appraisal Company, the lives of most items of property and equipment were changed, the net effect of which was a reduction of depreciation expenses in the current year, had such change not been made, of \$580,000. The Corporation uses the straight line method of computing depreciation for both financial reporting and income tax reporting.

During the year, management decided to record the effect upon property and equipment and notes payable of the revaluation in late 1969 of the West German deutschmarks from 4 deutschmarks to the dollar to 3.66 deutschmarks to the dollar. As a result, property and equipment and notes payable acquired in 1969 were increased approximately \$708,000 and \$622,000, respectively. The difference is included in operations.

Prior to 1970, the Corporation had deferred certain consulting and pre-operating expenses and was amortizing them over five and ten year periods. In 1970, all such expenses were charged off to operations. Had the previous practice been followed, the loss for the year would have been decreased by \$596,240.

Note B- Notes payable and long-term debt:

(1) Short-term loans:

Short-term loans consist of the following:

Notes payable to banks	\$ 4,500,000
Trade acceptances issued for the purchase of manufacturing equipment and materials	1,887,651
Loans from affiliated companies	397,869
Other short-term notes	<u>22,500</u>
	<u>\$ 6,808,020</u>

These notes bear interest at from 6% to 10 1/2% with the major portion being at New York prime plus 1%. Notes payable to one bank aggregating \$3,000,000 are secured, under a collateral agreement, by the accounts receivable and inventories of the Corporation. The remaining short-term loans are unsecured.

(continued)

Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1970

Note B- Notes payable and long-term debt (continued):

(2) Long-term debt:

Long-term debt of the Corporation as of December 31, 1970 is as follows:

Mortgage notes payable to a West German bank (DM 65,000,000) converted to United States currency at the exchange rate existing at the dates of the various advances; except that DM 23,935,000 advanced prior to revaluation of the deutschmark is converted at the official rate after revaluation (See Note A).

\$17,742,889

Trade acceptances issued for the purchase of manufacturing equipment and materials

598,533

Real estate mortgage notes

64,875

Installment purchase contract

17,547

\$18,423,844

The following is a summary of the maturity dates of the long-term debt:

<u>Year of maturity</u>	<u>Amount</u>
1971	\$ 885,289
1972	3,171,407
1973	6,337,436
1974	4,921,411
1975	3,106,139
1976	2,162
	<u>\$18,423,844</u>

The long-term debt bears interest at various rates from 6% to 11% with the major portion (the West German bank mortgage loan) being at 5% above the Bundesbank discount rate with a maximum rate of 11%.

Substantially all of the Corporation's property and equipment is pledged as collateral under the various mortgages and notes.

(continued)

Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1970

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Note C- Income taxes:

At December 31, 1970, the Corporation had a Federal net operating loss carryover of approximately \$3,117,000 which may be applied against taxable income through 1974, and an additional \$9,690,000 available through 1975. Also, the Corporation has an accumulated investment tax credit of approximately \$1,135,000 which may be used to reduce Federal income taxes in future years. This credit may be carried forward up to ten years with a limitation of 20% usable in any one year.

Note D- Capital stock:

During the year, the former Class A and Class B Common Stock was reclassified into one class of Common Stock with a total authorization of 120,000 shares of \$100 par value per share. Prior to the year end the Corporation issued 80,000 shares of its Common Stock as payment for \$8,000,000 in notes payable.

The loss per share is computed on the weighted average number of shares outstanding during the year.

Note E- Contingent liabilities and commitments:

The Corporation has guaranteed the indebtedness of the City of Georgetown for the cost of relocating a drainage canal in an amount of \$232,000. Also, liabilities of Andrews Wire Corporation in the amount of \$124,976 have been guaranteed.

At December 31, 1970, capital commitments of the Corporation amounted to \$856,000.



GEORGETOWN STEEL CORPORATION  
Georgetown, South Carolina

Report of Certified Public Accountants

Financial Statements

Year ended December 31, 1969

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Exhibit

BALANCE SHEET, December 31, 1969

A

STATEMENT OF EARNINGS AND RETAINED EARNINGS,  
Year ended December 31, 1969

B

NOTES TO FINANCIAL STATEMENTS

Schedule

STATEMENT OF SOURCE AND APPLICATION OF FUNDS,  
Year ended December 31, 1969

1

CHERRY, BEKAERT & HOLLAND  
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the balance sheet of Georgetown Steel Corporation as of December 31, 1969 and the related statement of earnings (loss) and retained earnings (deficit) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of earnings (loss) and retained earnings (deficit) present fairly the financial position of Georgetown Steel Corporation at December 31, 1969 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

While our examination was made primarily for the purpose of formulating our opinion on the current year's basic financial statements, the statement of source and application of funds has been subjected to the same audit procedures and, in our opinion, is stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

*Cherry, Bekaert & Holland*

Myrtle Beach, South Carolina  
February 6, 1970



## Exhibit A

## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1969

ASSETS			
Current assets:			
Cash			\$ 55,735
Receivables:			
Trade accounts (Note B (1))	\$1,671,228		
Other	6,308		
	<u>1,677,536</u>		
Less allowance for doubtful receivables	5,000		
		<u>1,672,536</u>	
Inventories, at lower of cost (first-in, first-out) or market (Note B (1)) :			
Finished goods	841,488		
Goods in process	924,348		
Raw materials	612,298		
Spare parts and supplies	<u>1,278,644</u>		
		<u>3,656,778</u>	
Prepaid expenses:			
Insurance	72,963		
Interest	<u>51,382</u>		
		<u>124,345</u>	
Total current assets			5,509,394
Property and equipment, at cost (Note B (2)):			
Land and land improvements	625,419		
Buildings	7,831,181		
Machinery and equipment	12,189,295		
Office furniture, fixtures and equipment	81,077		
Construction in progress	<u>325,777</u>		
	<u>21,052,749</u>		
Less accumulated depreciation (Note C)	<u>776,733</u>		
		<u>20,276,016</u>	
Other assets:			
Deferred pre-operating expenses (Note A)	483,371		
Deferred consulting cost	243,694		
Unamortized loan costs	216,539		
Sundry	<u>58,758</u>		
		<u>1,002,362</u>	
			<u>\$26,787,772</u>

## Georgetown Steel Corporation

## BALANCE SHEET

December 31, 1969

## LIABILITIES AND STOCKHOLDERS' EQUITY

## Current liabilities:

## Notes payable (Note B):

Short-term loans	\$5,672,019	
Current portion of long-term debt	<u>574,924</u>	\$ 6,246,943

## Accounts payable and accrued expenses:

Trade accounts	2,191,380	
Equipment accounts	1,006,131	
Affiliated companies	386,950	
Salaries and wages	83,621	
Interest	339,220	
Taxes (other than income)	<u>104,394</u>	<u>4,111,696</u>

Total current liabilities 10,358,639

Long-term debt (Note B) 15,317,677

## Stockholders' equity:

Class A voting common stock (par value of \$100). Authorized  
and issued 35,000 shares 3,500,000

Class B non-voting common stock (par value of \$100).  
Authorized 10,000 shares; issued 5,000 shares 500,000

Retained earnings (deficit) (2,888,544) 1,111,456

Contingent liabilities and commitments (Note D)

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\$26,787,772

## Georgetown Steel Corporation

## STATEMENT OF EARNINGS (LOSS) AND RETAINED EARNINGS (DEFICIT)

Year ended December 31, 1969

Net sales (Note A)		\$ 4,939,538
Cost of sales (Note A)		<u>6,297,524</u>
Gross earnings (loss)		(1,357,986)
Selling, general and administrative expenses:		
Selling expense	\$ 67,991	
General and administrative	535,170	
Interest	<u>871,617</u>	<u>1,474,778</u>
Earnings (loss) from operations		(2,832,764)
Other income		<u>5,977</u>
Net earnings (loss) (per share \$70.67)		(2,826,787)
Retained earnings (deficit), January 1, 1969		<u>( 61,757)</u>
Retained earnings (deficit), December 31, 1969		<u><u>\$(2,888,544)</u></u>
Depreciation included in above cost and expenses (Note C)		<u><u>\$ 773,068</u></u>

The accompanying notes are an integral part of this exhibit.



Georgetown Steel Corporation  
NOTES TO FINANCIAL STATEMENTS

December 31, 1969

Note A - Basis of presentation:

Construction of the Corporation's manufacturing facilities became sufficiently complete to allow manufacturing operations to commence during the month of July, 1969. Therefore, the accompanying statement of earnings (loss) and retained earnings (deficit) includes only five and a fraction months of initial manufacturing and sales operations.

Costs and expenses incurred prior to commencing manufacturing operations were capitalized as plant and equipment cost, where appropriate, or were charged to deferred pre-operating expenses. Deferred pre-operating expenses are being amortized by charges to operations over a 60 month period starting with July, 1969. Amortization for the five months ended December 31, 1969 amounted to \$43,000.

Note B - Notes payable and long-term debt:

(1) Short-term loans:

Short-term loans consist of the following:

Notes payable to banks	\$3,451,000
Trade acceptances issued for the purchase of manufacturing equipment and materials	2,179,019
Other short-term note payable	<u>42,000</u>
	<u>\$5,672,019</u>

These notes bear interest at from 8-1/2% to 10%. Notes payable to one bank aggregating \$3,201,000 are secured under a collateral agreement by the accounts receivable and inventories of the Corporation. The remaining short-term loans are unsecured.

(2) Long-term debt:

Long-term debt of the Corporation as of December 31, 1969, is as follows:

Mortgage notes payable to a West German bank (DM 44,000,000 converted to United States currency at the exchange rate existing at the dates of the various advances)	\$11,414,166
Trade acceptances issued for the purchase of manufacturing equipment	1,282,686
Notes and loans from affiliated companies	3,120,449
Real estate mortgage notes payable	<u>75,300</u>
	<u>\$15,892,601</u>

(continued)

Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1969

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Note B - Notes payable and long-term debt (continued):

The following is a summary of the maturity dates of the long-term debt:

<u>Year of maturity</u>	<u>Amount</u>
1970	\$ 574,924
1971	5,254,262
1972	1,934,661
1973	2,357,360
1974	2,834,298
1975	2,937,096
	<u>\$15,892,601</u>

The long-term debt bears interest at various rates from 7% to 10% with the major portion (the West German bank mortgage loan) being at a minimum rate of 8% and a maximum of 9%.

Substantially all of the Corporation's property and equipment is pledged as collateral under the various mortgages and notes.

Note C - Income taxes:

The Corporation uses the straight line method of computing depreciation for financial statements using estimated useful lives of 25 years for the plant building and 10 years for the production equipment. For income tax reporting it has elected to use the declining balance method.

Also, the Corporation is deducting the pre-operating expenses, discussed in Note A, currently for income tax reporting purposes. Due to the net operating losses, these timing differences require no provisions for deferred income taxes.

The Corporation has accumulated \$822,189 in investment tax credit which may be applied to reduce Federal income taxes in future years. Pursuant to the Tax Reform Act of 1969, this investment credit may be carried forward up to ten years with a limitation of 20% usable in any one year.

(continued)

Georgetown Steel Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1969

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Note D - Contingent liabilities and commitments:

(1) Foreign exchange:

The mortgage loan from the West German bank and other liabilities arising from purchases from West German companies have been converted to United States currency at the exchange rate existing at the time of the advance or purchase. Should all liabilities payable in West German currency eventually be repaid at the official exchange rate as of December 31, 1969, approximately \$750,000 more would be required than is reflected in the balance sheet.

(2) Commitments:

The Corporation is presently having installed additional production equipment and is obtaining property for further expansion. In this regard contractual commitments at December 31, 1969, amounted to approximately \$3,000,000.



## Georgetown Steel Corporation

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969

Funds provided:		
Increase in long-term debt		\$ 7,731,635
Additional capital stock issued		<u>1,000,000</u>
Total funds provided		<u>\$ 8,731,635</u>
Funds used for:		
Net loss for the year	\$2,826,787	
Less depreciation which did not require the use of current funds	<u>773,068</u>	\$ 2,053,719
Additions to property and equipment		12,941,539
Net increase in other assets		743,200
Decrease in working capital		<u>(7,006,823)</u>
Total funds applied		<u>\$ 8,731,635</u>

## DECREASE IN WORKING CAPITAL

	December 31, 1968	December 31, 1969	Increase (Decrease)
Current assets:			
Cash	\$ 595	\$ 55,735	\$ 55,140
Receivables	2,519,243	1,672,536	(846,707)
Inventories	-	3,656,778	3,656,778
Prepaid expenses	-	<u>124,345</u>	<u>124,345</u>
Total current assets	<u>2,519,838</u>	<u>5,509,394</u>	<u>2,989,556</u>
Current liabilities:			
Short-term loans	125,000	5,672,019	(5,547,019)
Current portion of long-term debt	-	574,924	( 574,924)
Accounts payable and accrued expenses	<u>237,260</u>	<u>4,111,696</u>	<u>(3,874,436)</u>
Total current liabilities	<u>362,260</u>	<u>10,358,639</u>	<u>(9,996,379)</u>
Working capital	<u>\$2,157,578</u>	<u>\$ (4,849,245)</u>	<u>\$ (7,006,823)</u>

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.

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GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

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REPORT ON EXAMINATION OF  
CONSOLIDATED FINANCIAL STATEMENTS

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TWO YEARS ENDED DECEMBER 31, 1973

TOUCHE ROSS & CO.





TOUCHE ROSS & CO.

1301 AMERICAN BUILDING  
CHARLOTTE, NORTH CAROLINA 28286

March 1, 1974

Board of Directors and Stockholders  
Georgetown Steel Corporation  
Georgetown, South Carolina

We have examined the consolidated balance sheet of Georgetown Steel Corporation and subsidiaries as of December 31, 1973 and 1972, and the related statements of earnings, stockholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Georgetown Steel Corporation and subsidiaries at December 31, 1973 and 1972, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Touche Ross & Co.*

Certified Public Accountants

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESCONSOLIDATED BALANCE SHEET

<u>ASSETS</u>	<u>December 31,</u>	
	<u>1973</u>	<u>1972</u>
CURRENT ASSETS:		
Cash	\$ 4,101,638	\$ 641,587
Trade accounts receivable, less allowance for doubtful accounts of \$89,000 and \$132,000 (Notes 2 and 5)	7,811,393	6,956,418
Inventories (Notes 1, 3 and 5)	6,650,679	9,147,985
Prepaid expenses	121,997	164,396
TOTAL CURRENT ASSETS	18,685,707	16,910,386
PROPERTY, PLANT AND EQUIPMENT (Notes 1 and 4)	40,991,216	38,021,134
OTHER ASSETS:		
Excess of cost over fair value of underlying net assets of acquired businesses (Notes 1 and 2)	991,820	1,359,738
Deferred development costs (Note 1)	587,144	753,717
Unamortized loan costs	375,629	
Deposits	422,378	
Other	516,542	391,347
	<u>2,893,513</u>	<u>2,504,802</u>
	<u>\$62,570,436</u>	<u>\$57,436,322</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Notes payable	\$ 4,141,638	\$11,608,297
Trade accounts	5,395,111	6,789,250
Due to stockholders	3,249	3,136,662
Salaries and wages	406,569	248,550
Interest	983,971	500,358
Taxes withheld and accrued	236,772	423,508
Current portion of long-term debt (Note 5)	2,790,676	12,005,614
TOTAL CURRENT LIABILITIES	13,957,986	34,712,239
LONG-TERM DEBT (Note 5)	30,773,170	15,855,307
CONTINGENT LIABILITIES AND COMMITMENTS (Notes 6, 9 and 10)		
STOCKHOLDERS' EQUITY:		
Common stock, par value \$100 a share; authorized 300,000 and 240,000 shares, issued and out- standing 280,000 and 240,000 shares	28,000,000	24,000,000
Deficit (Note 7)	(10,160,720)	(17,131,224)
	<u>17,839,280</u>	<u>6,868,776</u>
	<u>\$62,570,436</u>	<u>\$57,436,322</u>

See notes to consolidated financial statements.

## GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS

	Year Ended December 31,	
	1973	1972
REVENUES:		
Net sales	\$68,502,442	\$44,511,144
Other (Note 9)	513,267	160,591
	<u>69,015,709</u>	<u>44,671,735</u>
COSTS AND EXPENSES:		
Cost of products sold	52,695,235	38,478,966
Selling, general and administrative	4,076,672	2,262,105
Foreign exchange loss	264,933	92,337
Interest	4,996,099	3,142,520
	<u>62,032,939</u>	<u>43,975,928</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	6,982,770	695,807
FEDERAL AND STATE INCOME TAXES (Notes 1 and 8)	<u>3,671,300</u>	<u>395,000</u>
EARNINGS FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM	<u>3,311,470</u>	<u>300,807</u>
DISCONTINUED OPERATIONS (Note 2):		
Loss from operations (net of applicable income tax benefit of \$115,000 and \$65,000, respectively)	(124,893)	(84,234)
Gain on disposition	239,127	
	<u>114,234</u>	<u>(84,234)</u>
EARNINGS BEFORE EXTRAORDINARY ITEM	3,425,704	216,573
EXTRAORDINARY ITEM - reduction of income taxes arising from carryforward of prior years' operating losses	<u>3,544,800</u>	<u>325,000</u>
NET EARNINGS	<u>\$ 6,970,504</u>	<u>\$ 541,573</u>
EARNINGS PER COMMON SHARE (based on the weighted average number of shares of common stock outstanding during the year):		
Earnings from continuing operations before extraordinary item	\$13.34	\$1.56
Discontinued operations	.46	(.44)
Earnings before extraordinary item	13.80	1.12
Extraordinary item	<u>14.28</u>	<u>1.68</u>
Net earnings	<u>\$28.08</u>	<u>\$2.80</u>

See notes to consolidated financial statements.



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		<u>Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
BALANCE AT DECEMBER 31, 1971, as previously reported	170,000	\$17,000,000	\$(15,471,359)	\$ 1,528,641
Adjustments (Note 7)			(2,201,438)	(2,201,438)
AS RESTATED	170,000	17,000,000	(17,672,797)	(672,797)
Acquisition of businesses	46,400	4,640,000		4,640,000
Sale of stock	23,600	2,360,000		2,360,000
Net earnings			541,573	541,573
BALANCE AT DECEMBER 31, 1972	240,000	24,000,000	(17,131,224)	6,868,776
Sale of stock	40,000	4,000,000		4,000,000
Net earnings			6,970,504	6,970,504
BALANCE AT DECEMBER 31, 1973	<u>280,000</u>	<u>\$28,000,000</u>	<u>\$(10,160,720)</u>	<u>\$17,839,280</u>

See notes to consolidated financial statements.

## GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended December 31,	
	1973	1972
SOURCE OF FUNDS:		
Operations:		
Earnings before extraordinary item	\$ 3,425,704	\$ 216,573
Non-cash expenses:		
Depreciation	2,551,360	1,740,278
Amortization of intangibles	284,253	131,543
Funds provided from operations, exclusive of extraordinary item	6,261,317	2,088,394
Extraordinary item	3,544,800	325,000
Additional long-term borrowings	28,057,305	
Common stock issued for acquisition of businesses		4,640,000
Common stock sold	4,000,000	2,360,000
Reduction of working capital		8,106,657
	<u>\$41,863,422</u>	<u>\$17,520,051</u>
APPLICATION OF FUNDS:		
Property, plant and equipment	\$ 5,521,442	\$ 3,420,180
Reduction of debt due beyond one year	13,139,442	8,676,503
Increase in other assets	672,964	783,368
Increase in working capital	22,529,574	
Total, exclusive of acquired businesses	<u>41,863,422</u>	<u>12,880,051</u>
Acquired businesses:		
Working capital deficit at date of acquisition		(1,489,454)
Property, plant and equipment		8,826,890
Other assets		55,563
Excess cost over fair value of net assets acquired		1,412,138
Debt of subsidiaries due beyond one year		(4,165,137)
		<u>4,640,000</u>
	<u>\$41,863,422</u>	<u>\$17,520,051</u>
INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS:		
Cash	\$ 3,460,051	\$ (439,591)
Accounts receivable	854,975	1,140,521
Inventories	(2,497,306)	123,952
Prepaid expenses	(42,399)	19,452
Notes payable	7,466,659	(7,685,068)
Accounts payable	1,394,139	4,449,193
Accrued expenses - other	2,678,517	1,232,087
Current portion of long-term debt	9,214,938	(6,947,203)
	<u>\$22,529,574</u>	<u>\$(8,106,657)</u>

See notes to consolidated financial statements.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 1973

1. Accounting Principles:

The following is a summary of the significant accounting principles followed by the Company:

- a) Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries, all wholly-owned. Intercompany profits, transactions and balances have been eliminated. The excess of cost over fair value of the underlying net assets of the businesses acquired in purchase transactions is being amortized over a twelve-year period.
- b) Foreign Exchange - All liabilities payable in foreign currencies are translated to United States dollars at the exchange rates in effect at the balance sheet date.
- c) Inventories - Inventories are valued at the lower of cost (first-in, first-out method) or market.
- d) Property, Plant and Equipment - Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation over the estimated useful lives of the property is determined principally by the straight-line method.
- e) Deferred Development Costs - The Company has deferred development costs incurred in connection with the development of major innovative processes which are expected to benefit future operations. Such deferred development costs are amortized over a period of five years from the dates of completion of the projects. There were no costs incurred in 1973.
- f) Income Taxes - The Company's accounting for income taxes gives effect to differences in reporting income for financial statement and income tax purposes, arising principally from the timing of deductions such as foreign currency exchange losses and deferred development costs. Certain other recorded expenses related principally to amortization of costs associated with businesses acquired in 1972 are not deductible for income tax purposes, and therefore the relationship between earnings before income taxes and income tax expense varies from the customary relationship.

The Company intends to follow the flow-through method of recognizing the benefit of investment tax credits.



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSTWO YEARS ENDED DECEMBER 31, 1973

(continued)

2. Acquired Businesses and Discontinued Operations:

On July 28, 1972, the Company acquired in exchange for 46,400 shares of its \$100 par value common stock, all of the outstanding shares of National Springs Corporation, National Springs Corporation of Mississippi, Andrews Wire Corporation and Trans-American Steel Corporation. The transaction was accounted for as a purchase because the acquired businesses were previously majority-owned subsidiaries of others not under common control with Georgetown Steel Corporation. The results of operations of these corporations for the five months ended December 31, 1972 are included in the consolidated statement of earnings of the Company for the year ended December 31, 1972. Details are as follows:

	<u>Cost</u>	<u>Common Shares Issued</u>
Trans-American Steel Corporation	\$ 240,000	2,400
Andrews Wire Group	\$2,000,000	20,000
National Springs Group	\$2,400,000	24,000

The accumulated amortization of the excess of cost over fair value of underlying net assets of acquired businesses at December 31, 1973 and 1972 was \$170,000 and \$50,000, respectively.

Certain of the subsidiaries acquired in 1972 had, at acquisition date, operating loss and investment tax credit carryovers of \$867,000 and \$129,000, respectively. The future tax benefits of such carryovers, when realized, will be used to reduce the excess of cost over underlying net assets of the acquired businesses.

On December 31, 1973, the Company sold its investment in Trans-American Steel Corporation, a steel fabricator, to Interferrum GmbH, an affiliated company. Because the cost to the Company of the stock of Trans-American Steel Corporation is different from that applicable for tax purposes, there is no tax effect on the gain on disposal.

The results of operations for the year relating to the discontinued segment of the business have been shown separately, net of tax effect, in the accompanying consolidated statement of earnings. Amounts for 1972 have been reclassified for comparative purposes. The operating results of the discontinued segment of the business are as follows:

	<u>1973</u>	<u>1972</u>
Revenues	\$2,433,316	\$525,170
Cost and expenses	<u>2,673,209</u>	<u>674,404</u>
Loss before income tax benefit	239,893	149,234
Income tax benefit	<u>115,000</u>	<u>65,000</u>
Net loss	<u>\$ 124,893</u>	<u>\$ 84,234</u>

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSTWO YEARS ENDED DECEMBER 31, 1973

(continued)

2. Acquired Businesses and Discontinued Operations (continued):

Included in trade accounts receivable at December 31, 1973 is \$821,000 due from Trans-American Steel Corporation. A right of offset has been granted against \$2,000,000 of the senior subordinated indebtedness which is owed by the Company to Interferrum GmbH.

If the subsidiaries acquired in 1972, other than Trans-American Steel Corporation, had been owned during the entire year 1972, unaudited pro forma results of continuing operations of Georgetown Steel Corporation and subsidiaries would have been as follows:

Net Sales - \$49,000,000, net earnings \$67,000 (\$.30 per share of common stock). In determining the pro forma operating results, adjustments have been made to conform accounting methods previously employed by the subsidiaries to those methods employed by Georgetown Steel Corporation. The principal variations in accounting methods between the subsidiaries and the Company were (1) one subsidiary followed the practice of translating debt payable in foreign currencies to U. S. dollars at the exchange rate in effect at the time of advances, whereas Georgetown follows the policy of translating at the rate in effect at the balance sheet date, and (2) two subsidiaries followed the practice of deferring and amortizing start-up costs on new plant facilities, whereas Georgetown follows the practice of expensing plant pre-operating costs when incurred.

3. Inventories:

Details of inventories are as follows:

	<u>1973</u>	<u>1972</u>
Raw materials	\$2,971,119	\$2,929,197
Work in process	86,755	1,036,251
Finished goods	297,195	2,391,775
Spare parts and supplies	<u>3,295,610</u>	<u>2,790,762</u>
	<u>\$6,650,679</u>	<u>\$9,147,985</u>

Substantially all inventories are pledged as collateral under various debt agreements.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSTWO YEARS ENDED DECEMBER 31, 1973

(continued)

4. Property, Plant and Equipment:

Details of property, plant and equipment are as follows:

	<u>December 31,</u>	
	<u>1973</u>	<u>1972</u>
Land	\$ 1,489,131	\$ 1,505,706
Land improvements	758,728	409,229
Buildings	12,161,293	12,454,433
Machinery and equipment	30,790,136	28,202,590
Office furniture and fixtures	304,786	255,632
	<u>45,504,074</u>	<u>42,827,590</u>
Less accumulated depreciation	<u>9,034,394</u>	<u>6,403,802</u>
	<u>36,469,680</u>	<u>36,423,788</u>
Construction in progress	<u>4,521,536</u>	<u>1,597,346</u>
	<u>\$40,991,216</u>	<u>\$38,021,134</u>

Substantially all property, plant and equipment is pledged as collateral under various debt agreements.

Certain leases, considered to be essentially equivalent to installment purchases for accounting purposes, have been included in the preceding tabulations. At December 31, 1973, the cost of such properties was \$1,300,000 and accumulated depreciation \$239,000.

5. Long-Term Debt:

The long-term debt at December 31, 1973 consisted of the following:

First mortgage notes	\$25,000,000
12% senior subordinated indebtedness, due 1978	4,000,000
Mortgage loans payable, due in varying installments with interest ranging from 5 1/2% to 12 3/8%	1,581,215
Collateral equipment notes payable, due in varying installments with interest ranging from 6% to prime plus 4%	1,656,887
Capitalized lease obligations, due in monthly installments including interest of \$6,450 to 1979, \$5,693 to 1977, \$3,000 to 1982 and \$1,280 to 1982	898,727
Other, 6% to prime plus 1%, due 1974 to 1977	<u>427,017</u>
	<u>33,563,846</u>
Due within one year	<u>(2,790,676)</u>
	<u>\$30,773,170</u>

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GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 1973

(continued)

5. Long-Term Debt (continued):

The first mortgage notes are due in fifteen quarterly installments of \$1,250,000, commencing October 1, 1974 and a final installment of \$6,250,000 due on July 1, 1978, plus interest payable quarterly. The notes bear interest at 2 3/4% above the North Carolina National Bank prime rate with respect to \$11,500,000 principal and 2 3/4% above the London interbank offered rate with respect to the balance of the principal. At December 31, 1973, the North Carolina National Bank prime rate was 10%, and the London interbank offered rate was 10 1/4%.

Under the terms of the first mortgage loan agreement, the Company agreed to maintain certain minimum levels of working capital, working capital ratio, and tangible net worth. The agreement also prohibits payment of dividends or other distributions to shareholders as such, or incurring debt for borrowed money, limits dealings with affiliates and restricts capital expenditures.

The 12% senior subordinated indebtedness is subordinate to the first mortgage notes.

Substantially all property, plant and equipment, receivables and inventories are pledged as collateral under various loan agreements. In addition, the first mortgage notes are collateralized by the common stock of the subsidiaries and is guaranteed by Korf Industrie und Handel GmbH & Co. KG, a stockholder.

Annual maturities of long-term debt for the five years after December 31, 1973 are as follows: 1974 - \$2,790,676; 1975 - \$5,745,477; 1976 - \$5,207,722; 1977 - \$5,642,081, and 1978 - \$9,099,243.

6. Contingent Liabilities and Commitments:

Under the terms of a fifteen-year raw material supply agreement, the Company is committed to purchase minimum annual tonnages of pre-reduced iron ore. The Company estimates the contract commitment at approximately \$11,000,000 for 1974, and at higher or lower annual amounts for subsequent years, depending upon cost increases and decreases experienced by the supplier. The supplier was acquired subsequent to the balance sheet date as described in Note 10.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSTWO YEARS ENDED DECEMBER 31, 1973

(continued)

6. Contingent Liabilities and Commitments (continued):

Aggregate rental commitments at December 31, 1973, under material non-cancellable leases for machinery and equipment, were approximately \$4,009,000, payable as follows:

<u>Year Ended</u> <u>December 31,</u>	
1974	\$ 246,000
1975	231,000
1976	225,000
1977	213,000
1978	183,000
1979-1983	818,000
1984-1988	803,000
1989-1993	570,000
Remainder	<u>720,000</u>
	<u>\$4,009,000</u>

Total rent was \$819,000 in 1973 and \$403,000 in 1972.

Capitalized leases have been excluded from the preceding tabulations (see Note 4).

Major programs for acquisition of property, plant and equipment involve commitments for expenditures of approximately \$6,250,000 in 1974, exclusive of the item discussed in the following paragraph. The Company expects that substantially all of these commitments will be financed through lease arrangements.

The Company has entered into a lease with Walzstahl, AG, an affiliated company, for the lease of an electric arc furnace which was under construction at December 31, 1973. The lease payments commence in 1975 and require annual payments as follows:

1975 through 1976	\$1,400,000
1977 through 1981	600,000
1982 through 1983	300,000
Total rents for the term	6,400,000

The lease provides that at the end of the term of the lease, the Company may acquire title to the furnace at a fair value to be agreed upon at that time. The present value of payments under the lease discounted at 13% per annum, is approximately \$3,900,000. Estimated total cost of the furnace is \$3,200,000, of which \$3,000,000 is to be borne by Walzstahl, AG and \$200,000 by the Company.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTSTWO YEARS ENDED DECEMBER 31, 1973

(continued)

6. Contingent Liabilities and Commitments (continued):

Under the terms of a consulting agreement with an affiliate, the Company is obligated through December 31, 1977, to payments of fees based on production levels and "pre-tax profits". See Note 9 for details of the agreement.

7. Restatement of Deficit:

The deficit as of December 31, 1971 has been restated to reflect the following prior period adjustments:

To restate the amount of deferred development costs capitalized in 1971	\$(1,750,000)
To restate the allowance for doubtful accounts as of December 31, 1971	(125,000)
To write off amounts due from affiliated companies which are deemed to be uncollectible	(309,179)
To record the equity in capitalized lease obligations as of December 31, 1971	67,568
Assessment for underpayment of sales and use taxes in prior years	<u>(84,827)</u>
	<u>\$(2,201,438)</u>

These restatements had the effect of increasing the previously reported net losses of prior periods by \$2,201,438 (no tax effect), substantially all of which relate to the year ended December 31, 1971.

8. Income Taxes:

Net operating loss and investment tax credit carryovers are available to offset future income tax expense. The amounts and expiration dates are as follows:

	<u>Net Operating Losses</u>	<u>Investment Tax Credits</u>
1975	\$ 6,830,000	\$
1976	4,070,000	1,136,000
1978		67,000
1979		<u>258,000</u>
	<u>\$10,900,000</u>	<u>\$1,461,000</u>



GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 1973

(continued)

8. Income Taxes (continued):

The Company and its subsidiaries file a consolidated federal income tax return. As a result of federal and state tax loss carryforwards, there is no liability for current or deferred federal income taxes, and the liability for state income taxes is a nominal amount.

None of the Company's federal income tax returns have been examined by the Internal Revenue Service.

9. Transactions With Affiliates:

Under the terms of a consulting agreement between the Company and its affiliate, Badische Stahlwerke, the Company is obligated to make payments of \$.50 per ton finished steel produced. The payment rate increases by \$.10 per ton for each \$1.00 increment by which "pre-tax profits" exceed \$10.00 per ton of steel produced. The contract was to have expired July 1, 1974; however, the agreement was amended in 1972 to provide for an extension until December 31, 1977. Badische Stahlwerke waived the fees otherwise payable for the year ended December 31, 1972 of \$140,000. Fees in the amount of \$339,000 were charged to expense during 1973.

The Company utilizes the services of Korf Engineering, an affiliate, in purchasing certain equipment, spare parts and supplies. During the year 1973, \$412,000 of such items were purchased by the Company at prices ranging from 5% to 8% above the cost to Korf Engineering.

During the year 1973, the Company sold billets with a cost of \$559,000 to Korf Industrie und Handel GmbH & Co. KG, a major stockholder of Georgetown Steel. The total sales price for these transactions was \$742,000. In addition, included in other income is \$222,000 received from Korf Industrie und Handel GmbH & Co. KG as consideration for the Company's cancellation of a steel order. In 1972, the Company purchased \$3,980,900 of steel through this stockholder, of which \$3,278,400 was resold at approximately breakeven, the remainder being carried in inventory at December 31, 1972.

10. Subsequent Event:

Subsequent to December 31, 1973, Midrex Corporation, an affiliate of the Company, acquired certain of the assets and business of the Midrex Division of the Midland Ross Corporation. The assets acquired by Midrex include (1) production, equipment, inventories, supply contracts, the pellet sales agreement described in Note 6, and other assets related thereto (the "Georgetown Properties"), and (2) all rights relating to "Midrex" direct reduction process including trademarks, patents, technical data and certain license agreements, together with a leasehold interest in certain office facilities in Toledo, Ohio.

GEORGETOWN STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 1973

(continued)

10. Subsequent Event (continued):

Concurrent with the acquisition described above, Midrex Corporation reconveyed the "Georgetown Properties" to a newly formed subsidiary of Georgetown Steel Corporation in exchange for its assumption of certain installments, aggregating \$11,998,632 principal amount, on a 6% secured note payable commencing January 19, 1975 and assumption of a \$3,291,436 short-term non-interest bearing secured note. Both of these notes, as well as others, had been issued by Midrex to Midland Ross Corporation in connection with the acquisition of the assets. Midland Ross retained a security interest in the assets acquired.

In addition, Midland Ross Corporation agreed to finance improvements to the "Georgetown Properties" up to \$5,000,000, repayable with interest at 6%.

Georgetown Steel Corporation and Korf Industrie und Handel GmbH & Co. KG have guaranteed to Midland Ross Corporation the obligations of Midrex Corporation, generally limited to the obligations related to the "Georgetown Properties" previously described.

The Company has not yet allocated the purchase price to specific assets acquired, but expects that the fair value of the "Georgetown Properties" will exceed the fair value of the indebtedness assumed by the newly formed subsidiary of Georgetown Steel Corporation.



7/26/74

XVI

PROCEEDING OF THE STATE BUDGET AND  
CONTROL BOARD OF SOUTH CAROLINA  
\$3,700,000 PRINCIPAL AMOUNT POLLU-  
TION CONTROL REVENUE BONDS, SERIES  
A (GEORGETOWN STEEL CORPORATION -  
LESSEE) OF GEORGETOWN COUNTY, SOUTH  
CAROLINA



8/26/74

XVI

PROCEEDING OF THE STATE BUDGET AND  
CONTROL BOARD OF SOUTH CAROLINA  
\$3,700,000 PRINCIPAL AMOUNT POLLU-  
TION CONTROL REVENUE BONDS, SERIES  
A (GEORGETOWN STEEL CORPORATION -  
LESSEE) OF GEORGETOWN COUNTY, SOUTH  
CAROLINA

FOR DENSITY TESTING PURPOSES ONLY

DECLARATION OF FINDING OF SOUTH CAROLINA DEPARTMENT  
OF HEALTH AND ENVIRONMENTAL CONTROL

(a) Georgetown County, South Carolina (the "County") acting by and through its County Council of Georgetown County is authorized and empowered under and pursuant to the provisions of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, (1962), (hereinafter referred to as the "Act"), to assist industries to eliminate, mitigate or prevent air and water pollution by providing a means with which to raise moneys to pay the cost of pollution control facilities (as defined in the Act) through the issuance of revenue bonds payable solely out of the moneys derived by the County under a loan agreement by which the industry agrees to operate and maintain the pollution control facilities for the purposes intended and to pay the sums required to meet the payment of the principal, interest and premium, if any, on any such bonds.

(b) Subject to obtaining approvals from the State Budget and Control Board of South Carolina (the "State Board") and the Pollution Control Authority of South Carolina as established by Act 1157 of 1970 Section 63-195 to 63-195.36, as the same may be amended from time to time (the South Carolina Department of Health and Environmental Control having succeeded to all of the functions, powers and duties provided by law to the Pollution Control Authority pursuant to the Reorganization Plan Number 10, Title 32, Chapter 0.1 Code of Laws of South Carolina, 1962, as amended,) required by Section 63-195.63 and 63-195.56 of the Act, the County functioning through the Georgetown County Council is empowered: (1) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities; (2) to enter into 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 the bonds; (3) 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 as hereafter provided; and (4) to accept any State or Federal grant that might become applicable to defray any portion of the cost of any pollution control facility.

(c) The County has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), pursuant to which the County has agreed, subject to the requirements of the Act and obtaining the approvals as aforesaid, to issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the County has further agreed to enter into a Lease Agreement (the "loan agreement" as defined in the Act) with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described.

(d) Georgetown County in accordance with the requirements of Section 7 of the Act has requested from the Department of Health and Environmental Control a finding that the pollution



or its assignee, to meet the payments that shall become due on the bonds; (3) 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 as hereafter provided; and (4) to accept any State or Federal grant that might become applicable to defray any portion of the cost of any pollution control facility.

(c) The County has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), pursuant to which the County has agreed, subject to the requirements of the Act and obtaining the approvals as aforesaid, to issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the County has further agreed to enter into a Lease Agreement (the "loan agreement" as defined in the Act) with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described.

(d) Georgetown County in accordance with the requirements of Section 7 of the Act has requested from the Department of Health and Environmental Control a finding that the pollution

control facilities comprising the Project are necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution.

(e) The pollution control facilities proposed to be financed by the County are described generally as follows:

The air pollution control system is based on an indirect ventilation of the three electric arc furnaces of Georgetown Steel Corporation by means of remote canopy hoods which are located in the roof trusses of the Melt Shop above the furnaces. The actual dust collection is being performed in the Baghouse, which so far is the most proven equipment for pollution abatement in electric arc furnace shops.

During the melting process in the arc furnaces fumes will be emitted through electrode openings, door openings and gaps between the furnace roof and furnace shells. These dust loaded fumes are carried upwards by thermal rise into the canopy hoods with a space of 33 x 36 ft. each. Each individual furnace has two of these hoods, one above the furnace vessel and one above the tapping spout. Independently controlled dampers in each of these hoods enable the furnace operator to direct a maximum portion of the exhaust fumes to the area where it is most needed according to the stage of the furnace operation. This feature provides maximum efficiency and flexibility of the system.

Independent collection ducts leading out of the six canopy hoods are joined on top of the building roof into a common round main duct of 15.5 ft. diameter which leads the gases approximately 250 ft. across the North Yard of the plant into the three suction fans. Each fan is driven by a 1,000 h.p. motor and capable of handling 260,000 ACFM. Attached safety equipment, like temperature indicators for motor winding and bearings and vibration detectors for the

fans connected with alarm signals to ensure early warning to prevent any breakdown.

The fan outlets lead to the Baghouse inlet manifolds which are connected to each of the twelve Baghouse compartments. Each compartment houses nineteen rows of twelve bags with an effective length of 34 ft. and a diameter of 11 3/4". This results in 228 bags per compartment and a total of 2,736 for the entire system. The bag material is a filament dacron representing a total cloth area of 306,164 sq. ft.

The air coming from the inlet manifold rises via cell plates into and through the bags and leaves the Baghouse through the roof monitor. The particulate material in the air is collected on the inside of the bags. Every 15 to 20 minutes one compartment will be automatically disconnected from the air stream and the bags in the section will be exposed to a reverse air stream to shake the dust off the cloth into a hopper underneath the cell plates. The reverse air stream is generated by a separate fan. A certain settling time for the dust after the bag shaking is allowed from the compartment is reconnected to the manifold.

Each trough hopper is equipped with a screw conveyor which delivers the settled material into a common collecting screw conveyor from which the collected dust will be deposited into covered containers.

All ducts are accessible and a number of test holes have been provided to facilitate a performance check.

The manufacturer's warranty is for a maximum discharge of 0.004 grains per ACFM which results in a maximum emission of 26.77 pounds per hour for the systems total capacity of 781,000 ACFM.

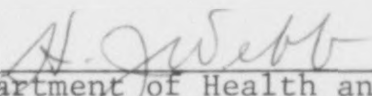


Reference is made to the plans and specifications of the pollution control facilities to be financed, all proceedings heretofore taken before the Pollution Control Authority and the Department of Health and Environmental Control in connection with the requirements of Georgetown Steel Corporation to eliminate air pollution, and such other matters on file with the Pollution Control Authority pertinent to the finding hereafter made.

NOW THEREFORE, Be It And It Is Hereby, found, declared and determined by the Department of Health and Environmental Control, as follows:

- (1) The pollution control facilities comprising the Project are necessary and the design thereof will result in the elimination, mitigation and prevention of air pollution; and
- (2) The pollution control facilities comprising the Project as designed, are in furtherance of the purpose of abating or controlling atmospheric pollutants or contaminants, and the pollution control facilities comprising the Project are designed to meet or exceed applicable Federal and State of South Carolina requirements for the control of atmospheric pollutants or contaminants.

Passed and approved March 8, 1974.

  
Department of Health and Environmental Control

STATE OF SOUTH CAROLINA     )  
                                      )  
COUNTY OF RICHLAND         )

I, H. J. Webb, do hereby certify that I am the duly  
                                  Assistant to the Commissioner  
qualified and acting for Env. Affairs of South Carolina Depart-  
ment of Health and Environmental Control. I further certify, ac-  
cording to the records of the Department of Health and Environ-  
mental Control in my official possession that the above and fore-  
going constitutes a true and correct copy of a declaration and  
finding of the Department of Health and Environmental Control  
duly made and adopted on March 8, 1974.

IN WITNESS WHEREOF, I have hereunto subscribed by offi-  
cial signature this 8th day of March, 1974.

DEPARTMENT OF HEALTH AND ENVIRON-  
MENTAL CONTROL

By H. J. Webb

STATE OF SOUTH CAROLINA   )  
                                  )  
COUNTY OF GEORGETOWN       )

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

I

Statement of facts

1. Jurisdiction of State Budget and Control Board.

Georgetown County, South Carolina (the "County"), acting by and through its Georgetown County Council of Georgetown County, (the "Georgetown County Council") respectfully submits this petition to the State Budget and Control Board of South Carolina (the "State Board") under and pursuant to the provisions and requirements of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq., Code of Laws of South Carolina, 1962, as amended) (the "Act") and in particular Section 14 thereof, and respectfully requests the approval by the State Board of the proposed issuance by the County of its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 (the "Series A Bonds").

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

- EXHIBIT 1 - Inducement Contract dated April 16, 1973 by and between the County and Georgetown Steel Corporation.
- EXHIBIT 2 - Official Statement.
- EXHIBIT 3 - Resolution of the Georgetown County Council adopted March 12th., 1974.
- EXHIBIT 4 - Form of Lease Agreement dated as of March 1, 1974 proposed to be entered into by and between the County and Georgetown Steel Corporation.
- EXHIBIT 5 - Form of Indenture of Trust and Security Agreement dated as of March 1, 1974 proposed to be entered into by and between the County and a banking corporation or association, as Trustee.



EXHIBIT 6 - Form of Guaranty Agreement proposed to be entered into by and between Korf Industrie Und Handel GMBH and a banking corporation or association, as Trustee.

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

2. The County and its Governing Body. The County, one of the forty-six counties of the State of South Carolina, is a body politic and corporate and a political subdivision of the State of South Carolina. Pursuant to Act No. 935 of the General Assembly of the State of South Carolina for 1966, the Georgetown County Council of Georgetown County (the "County Council") is the governing body of the County and, as such, is the "governing board" referred to and defined in the Act.

3. Statutory Authority. Subject to obtaining approvals from the State Board and the Pollution Control Authority of South Carolina as established by Act 1157 of 1970 Section 63-195 to 63-195.36, as the same may be amended from time to time (the "Pollution Authority") required by Section 63-195.63 and 63-195.56, of the Act, the County functioning through its Georgetown County Council is authorized and empowered pursuant to the provisions of the Act: (1) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities; (2) 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 the bonds; (3) 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 as hereafter provided; and (4) to accept any State or Federal grant that might become applicable to defray any portion of the cost of any pollution control facility.

4. The Inducement Contract. The County has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), pursuant to which the County has agreed, subject to the requirements of the Act, to issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the County has further agreed to enter into a Lease Agreement (the "loan agreement" as defined in the Act) with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described; and

5. Finding of the Pollution Authority. The Georgetown County Council in accordance with the requirements of Section 7 of the Act has obtained from the Pollution Control



Authority of South Carolina finding that the pollution control facilities comprising the Project are necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution.

6. Estimated Cost of Project. It has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as Georgetown County, South Carolina, Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 (hereinafter sometimes referred to as the "Series A Bonds"); and

7. Proposal to Issue Bonds. In order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Contract, heretofore entered into by and between the County and the Lessee, the County proposes to issue \$3,700,000 aggregate principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) under and pursuant to the Act to finance the costs incurred and to be incurred in acquiring, constructing and equipping the pollution control facilities comprising the Project and to lease the Project under and pursuant to the terms of the Lease Agreement to be entered into between the County, as Lessor and Georgetown Steel Corporation, as Lessee.

## II

### Additional Information Furnished Pursuant to Section 14 of the Act

1. Brief Description of the Pollution Control Facilities proposed to be undertaken. The air pollution control system is based on an indirect ventilation of the three electric



arc furnaces of Georgetown Steel Corporation by means of remote canopy hoods which are located in the roof trusses of the Melt Shop above the furnaces. The actual dust collection is being performed in the Baghouse, which so far is the most proven equipment for pollution abatement in electric arc furnace shops.

During the melting process in the arc furnaces fumes will be emitted through electrode openings, door openings and gaps between the furnace roof and furnace shells. These dust loaded fumes are carried upwards by thermal rise into the canopy hoods with a space of 33 x 36 ft. each. Each individual furnace has two of these hoods, one above the furnace vessel and one above the tapping spout. Independently controlled dampers in each of these hoods enable the furnace operator to direct a maximum portion of the exhaust fumes to the area where it is most needed according to the stage of the furnace operation. This feature provides maximum efficiency and flexibility of the system.

Independent collection ducts leading out of the six canopy hoods are joined on top of the building roof into a common round main duct of 15.5 ft. diameter which leads the gases approximately 250 ft. across the North Yard of the plant into the three suction fans. Each fan is driven by a 1,000 h.p. motor and capable of handling 260,000 ACFM. Attached safety equipment, like temperature indicators for motor winding and bearings and vibration detectors for the fans connected with alarm signals to ensure early warning to prevent any breakdown.

The fan outlets lead to the Baghouse inlet manifolds which are connected to each of the twelve Baghouse compart-

ments. Each compartment houses nineteen rows of twelve bags with an effective length of 34 ft. and a diameter of 11 3/4". This results in 228 bags per compartment and a total of 2,736 for the entire system. The bag material is a filament dacron representing a total cloth area of 306,164 sq. ft.

The air coming from the inlet manifold rises via cell plates into and through the bags and leaves the Baghouse through the roof monitor. The particulate material in the air is collected on the inside of the bags. Every 15 to 20 minutes one compartment will be automatically disconnected from the air stream and the bags in the section will be exposed to a reverse air stream to shake the dust off the cloth into a hopper underneath the cell plates. The reverse air stream is generated by a separate fan. A certain settling time for the dust after the bag shaking is allowed from the compartment is reconnected to the manifold.

Each trough hopper is equipped with a screw conveyor which delivers the settled material into a common collecting screw conveyor from which the collected dust will be deposited into covered containers.

All ducts are accessible and a number of test holes have been provided to facilitate a performance check.

The manufacturer's warranty is for a maximum discharge of 0.004 grains per ACFM which results in a maximum emission of 26.77 pounds per hour for the systems total capacity of 781,000 ACFM. This emission rate brings Georgetown Steel Corporation in compliance with the South Carolina air pollution standards and regulations which allow for 48.77 pounds per hour of emission.

2. Statement setting forth the action taken by the Pollution Control Authority in connection with the pollution control facilities. On December 18, 1970, the Pollution Authority issued to Georgetown Steel Corporation, Order No. 70-15-A, which resulted in the finding of fact that air pollution in Georgetown County had reached an undesirable level and that Georgetown Steel Corporation cease and desist from all acts which result in contaminating the air.

On January 28, 1971, the Pollution Authority issued its permit No. P-22007 to Georgetown Steel Corporation to construct and operate spray chamber and modifications to "Dingler" wet collection system as described in letter dated December 15, 1970 pursuant to the provisions of Section 15, of the South Carolina Pollution Control Act.

A notice of public hearing was received by Georgetown Steel Corporation by letter of the Pollution Authority dated April 7, 1972. The nature of the hearing was to discuss the possibility that Georgetown Steel Corporation was violating the 1970 Pollution Control Act by unlawfully discharging air contaminants into the air and causing an undesirable level.

By Order #72-3A issued by the Pollution Authority dated June 27, 1972, Georgetown Steel Corporation was found in violation of the Pollution Control Act and ordered to cease and desist all activity in violation of the Pollution Control Act on or before December 14, 1973 and to take the action requested in the Order to bring the activities of Georgetown Steel Corporation into compliance with the Pollution Control Act on or before December 14, 1973.

Permit No. P-22-0008 was issued by the Pollution Authority to Georgetown Steel Corporation on January 16,



1973 to construct roof canopy fume collection and bag-house filter system (as defined in permit application dated January 4, 1973 and November 27, 1973).

By Modification to Order dated December 19, 1973 from the Pollution Authority to Georgetown Steel Corporation, the Pollution Authority ordered that the final date for compliance provided for in the previous Order as being December 14, 1973, be extended to provide for a final date of compliance of February 14, 1974.

On March \_\_, 1974 the County Council obtained from the Pollution Authority a finding that the pollution control facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution.

3. Reasonable Estimate of Cost of the pollution control facilities.

(1) Pollution control equipment purchased from American Air Filter . . . . .	\$2,275,000
(2) Site preparation expenditures . . . . .	500,000
(3) Construction support expenditures . . . . .	300,000
(4) Debt Service Reserve Fund . . . . .	400,000
(5) Financing fee, financial advisory fee bond attorney, local counsel, printing, title, recording, trustee, bond printing and other miscellaneous project expenditures . . . . .	<u>225,000</u>
TOTAL BOND ISSUE . . . . .	\$3,700,000

4. General Summary of the Terms and Conditions of the Proposed Lease (the "loan agreement" as defined in the Act) and Indenture. A general summary of the terms and conditions of the proposed Lease and Indenture are contained in the Official Statement which is attached hereto as Exhibit 2 and incorporated herein by reference as if set forth herein in its entirety.

III

Request for Approval

WHEREFORE, the Georgetown County Council respectfully prays:

1. That the State Board accept the filing of this petition;
2. That thereafter, as soon as may be practicable, the State Board make such independent investigation as it deems advisable;
3. That, on the basis of such investigation and the information submitted herewith, the State Board make a finding that the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such result, and that the State Board, on the basis of such finding, issue its order approving the Project and the proposed issuance of the Series A Bonds;
4. That the State Board cause notice of its approval to be published in the manner specified in Section 14 of the Act.

Respectfully submitted,

GEORGETOWN COUNTY, SOUTH CAROLINA

By

Alfred B. Scholer  
Chairman, Georgetown County  
Council

Attest:

Emily S. Sawyer  
Clerk, Georgetown County  
Council

INDUCEMENT CONTRACT

THIS CONTRACT made and entered into by and between  
GEORGETOWN COUNTY, a body politic and corporate and a political  
subdivision of the State of South Carolina (the County), and  
GEORGETOWN STEEL CORPORATION, a Delaware corporation (the  
Industry),

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

SECTION 1.01.

As a means of setting forth the matters of mutual induce-  
ment 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 of South Carolina, and is autho-  
rized and empowered by the provisions of Act No. 156 enacted at the  
1971 Session of the General Assembly of South Carolina (the Act);  
(i) to enter into agreements with any industry to construct and  
thereafter operate, maintain and improve pollution control facili-  
ties; (ii) to enter into Loan Agreements (as defined in the Act)  
with such industry prescribing the terms and conditions of the pay-  
ments 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; and  
(iii) to issue bonds for the purpose of defraying the cost of pro-  
viding pollution control facilities or for any enlargement, improve-  
ment or expansion of any then existing pollution control facilities  
and to secure the payment of such bonds as provided in the Act; all  
in order to provide assistance to industries to mitigate or prevent  
air and water pollution by providing a means with which to raise  
moneys to pay the cost of such facilities.
2. The Industry proposes to install air pollution control  
facilities at its steel plant located in Georgetown County. The cost



of the air pollution control facilities (the Facilities), including costs incident to the issuance of the bonds hereafter described, is now estimated to be \$3,000,000, but may be as much as \$3,500,000.

3. The Industry has advised the County that it proposes to avail itself of the assistance which the County might render through the sale of Georgetown County Pollution Control Facilities Revenue Bonds pursuant to the Act.

4. The County has given due consideration to the Industry's proposal and has agreed to endeavor to effect the issuance of bonds pursuant to the Act in order to assist the Industry as aforesaid at the time and on the terms and conditions hereinafter set forth.

## ARTICLE II

### UNDERTAKINGS ON THE PART OF THE COUNTY

#### SECTION 2.01.

The County agrees as follows:

1. That it will enter into a Loan Agreement (as defined in the Act) with the Industry upon such terms and conditions as shall be mutually agreed upon between the County and the Industry.

2. That it will authorize the issuance of \$3,000,000 (or if the cost aforesaid exceeds \$3,000,000, the amount of such cost not to exceed \$3,500,000) Georgetown County, South Carolina, Pollution Control Facilities Revenue Bonds, Series 1973 (Georgetown Steel Corporation) pursuant to the Act and in accordance with the terms of the above mentioned Loan Agreement.

3. That it will permit the Industry to arrange for the sale of the bonds and, if successful marketing arrangements can be made, the County will adopt such proceedings as are necessary for the making of the Loan Agreement spoken of hereinabove and the issuance and securing of the bonds.

4. That if the bonds shall be sold, the County will provide that the proceeds thereof shall be applied to the payment of the cost

theretofore and thereafter to be incurred in the acquisition and construction of the Facilities, including costs incident to the issuance of the bonds.

5. That prior to the issuance of the bonds the County will enter into an Indenture with a bank to be selected by the Industry with the approval of the County as trustee to secure the bonds to be issued to finance the Facilities, upon such terms and conditions as the Industry shall propose and shall be agreeable to the County. In this connection the parties recognize that such terms and conditions will be initially agreed upon between the Industry and the purchasers of the bonds, and the County will not unreasonably disagree with any terms and conditions so agreed upon.

6. That the Industry may proceed with the acquisition and installation of the Facilities prior to the issuance of the bonds, in which event advances made or loans incurred by the Industry for that purpose will be reimbursed out of the proceeds of the bonds.

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

### ARTICLE III

#### UNDERTAKINGS ON THE PART OF THE INDUSTRY

##### SECTION 3.01.

The Industry will market the bonds on behalf of the County to the extent required to finance the acquisition and installation of the Facilities, and, in this connection, the Industry expressly acknowledges that the County has no obligation with regard to the marketing of the bonds.'

##### SECTION 3.02.

The Industry further agrees as follows:

1. To enter into a Loan Agreement with the County pursuant to the Act, under the terms of which the Industry 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; such Loan Agreement to be in such form and content satisfactory to the County and to the Industry.

2. That the Industry will obligate itself to perform all obligations required of it pursuant to the Act.

3. That the Industry will hold the County harmless from all pecuniary liability and will reimburse it for all expenses to which the County might be put in the fulfillment of its obligations under this Contract and the Loan Agreement and in the implementation of the respective terms and provisions thereof.

4. That the Industry will perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings.

#### ARTICLE IV

##### GENERAL PROVISIONS

###### SECTION 4.01.

Neither the performance of this Contract by the County, nor any obligation of the County resulting from the performance of this Contract, nor any failure by the County to perform under this Contract, shall constitute or give rise to a pecuniary liability of the County or charge against its general credit or taxing powers; but all undertakings by the County hereunder are otherwise fully binding and enforceable by a suit for specific performance or by mandamus.

###### SECTION 4.02.

The parties understand that the implementation of this Contract through the issuance of the bonds is subject to obtaining the approvals required by the Act of the Pollution Control Authority of South Carolina and of the State Budget and Control Board of South Carolina.



IN WITNESS WHEREOF, the parties hereto, each after due authorization, have caused this Contract to be executed in their respective names and under their respective seals, on the dates indicated below.

(SEAL)

GEORGETOWN COUNTY, SOUTH CAROLINA

By Alfred B. Schooler  
Chairman of the Georgetown County Council

Attest:

Ernest S. L...  
Secretary of the Georgetown County Council

Dated: April 16, 1973

(SEAL)

GEORGETOWN STEEL CORPORATION

By (Signature)  
Its President

Attest:

(Signature)  
Its Secretary

Dated: April 16, 1973

# OFFICIAL STATEMENT

## NEW ISSUE

Interest exempt, in the opinion of Bond Counsel, from present federal income taxes under existing statutes, regulations, rulings and court decisions except with respect to any Bonds for any period during which they are held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(c)(7) of the Internal Revenue Code of 1954, as amended, as to which no opinion as to tax exemption is expressed.

\$3,700,000

GEORGETOWN COUNTY, SOUTH CAROLINA

POLLUTION CONTROL REVENUE BONDS  
(GEORGETOWN STEEL CORPORATION - LESSEE)

### SERIES A

Dated: March 1, 1974

Due: March 1, 1976 to 1983,  
inclusive and March 1,  
1990.

The Bonds, issued to provide funds for air pollution facilities, are issued by, and represent limited obligations of, Georgetown County, South Carolina. The Bonds are secured by a mortgage on the Project and are payable as to principal, redemption premium, if any, and interest solely from revenues and other amounts derived from the leasing or sale of the Project to Georgetown Steel Corporation, except to the extent paid out of monies attributable to Bond proceeds, income from temporary investments or, under certain circumstances, proceeds of insurance or condemnation awards. Principal, interest and redemption premium, if any, on the Bonds is unconditionally guaranteed to the Trustee by

KORF INDUSTRIE UND HANDEL GMBH & CO. + K.G.

until such time as the Consolidated Tangible Net Worth of Georgetown Steel Corporation shall equal or exceed \$40,000,000. Principal and semi-annual interest (September 1, 1974 and each March 1 and September 1, thereafter) payable at the principal office of \_\_\_\_\_, Trustee, in \_\_\_\_\_.

The Bonds are issuable as coupon bonds in the denomination of \$5,000, registrable as to principal only, and as fully registered bonds registrable as to both principal and interest in the denomination of \$5,000 and any multiple thereof. The Bonds are subject to redemption prior to maturity as described herein.

### MATURITY SCHEDULE \$1,450,000 SERIAL BONDS

<u>Maturity</u> <u>March 1,</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u> <u>March 1,</u>	<u>Amount</u>	<u>Rate</u>
1976	\$135,000	7 3/4%	1980	\$190,000	7 3/4%
1977	145,000	7 3/4%	1981	200,000	7 7/8%
1978	160,000	7 3/4%	1982	215,000	7 7/8%
1979	170,000	7 3/4%	1983	235,000	7 7/8%

500,000 8% Term Bonds Due March 1, 1990 price  
(Plus Accrued Interest from March 1, 1974).

Bonds are offered when, as and if issued and received  
by the Underwriters, subject to the unqualified approval of legality  
Leiter, Esq., Bond Counsel, Chicago, Illinois.

No person has been authorized to give any information or  
representations other than those contained in this  
Statement in connection with the offers made hereby and,  
if made, such information or representations must not  
be given as having been authorized by Georgetown County,  
South Carolina, Georgetown Steel Corporation, Korf Industrie  
AG or the Underwriters. Neither the delivery of this  
Statement nor any sale hereunder shall under any cir-  
cumstances create any implication that there has been no change  
in the affairs of Georgetown Steel Corporation or Korf Industrie  
AG since the date hereof. This Official Statement does  
not constitute an offer or solicitation in any jurisdiction in  
which such offer or solicitation is not authorized, or in which  
any person making such offer or solicitation is not qualified to  
make such offer or solicitation to any person to whom it is unlawful to make such offer  
or solicitation. The information set forth herein has been ob-  
tained from Georgetown County, South Carolina, Georgetown Steel  
Corporation, Korf Industrie Und Handel and other sources which  
are believed to be reliable but it is not guaranteed as to ac-  
curacy or completeness by, and is not to be construed as a rep-  
resentation by, the Underwriters.

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OFFICIAL STATEMENT

\$3,700,000

GEORGETOWN COUNTY, SOUTH CAROLINA

POLLUTION CONTROL REVENUE BONDS  
(GEORGETOWN STEEL CORPORATION - LESSEE)

SERIES A

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the sale by Georgetown County, South Carolina (the "County") of its Pollution Control Revenue Bonds (Georgetown Steel Corporation - Lessee), Series A, in the aggregate principal amount of \$3,700,000 (the "Bonds"), to be issued pursuant to an Indenture of Trust and Security Agreement dated as of March 1, 1974 (the "Indenture") between the County and (the "Trustee"). The Bonds are being issued for the purpose of providing funds for the cost of the acquisition, construction and installation of certain air pollution control facilities to be leased to Georgetown Steel Corporation, a Delaware corporation (the "Corporation") to serve the industrial plant of the Corporation located in Georgetown County, South Carolina. The structures, facilities and equipment (the "Project") are described in further detail under that caption.

Pursuant to a Lease Agreement dated as of March 1, 1974 (the "Lease Agreement") between the County and the Corporation the Project will be constructed on behalf of the County and leased to the Corporation. The Bonds will be secured by the Indenture, under the terms of which the Project will be mortgaged to the Trustee, the County's interest in the Lease Agreement will be assigned to the Trustee and the rents and other revenues received by the County from the lease, sale or other disposition of the Project will be pledged to the Trustee, all for the benefit of the bondholders. The rent payable by the Corporation under the Lease Agreement will be sufficient, together with other funds available for the purpose, to pay the principal of, premium (if any) and interest on the Bonds. In addition, the payment of the principal of, premium (if any) and interest on the Bonds has been unconditionally guaranteed by the Guarantor pursuant to a Guaranty Agreement dated as of March 1, 1974 (the "Guaranty") between the Guarantor and the Trustee, until such time as the Consolidated Tangible Net Worth of Georgetown Steel Corporation shall equal or exceed \$40,000,000.

Brief descriptions of the County, the Project, the Bonds, the Lease Agreement, the Indenture, the Guaranty and the Corporation, including its consolidated financial statements, are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease Agreement, the Indenture and the Guaranty are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form included in the Indenture and the information with respect thereto included in the aforesaid documents, all of which are available from the Underwriter.

THE COUNTY

Georgetown County, South Carolina, is a political subdivision of the State of South Carolina, and is authorized un-

der the provisions of Chapter 2.3 Section 63-195.51 et seq. Code of Laws of South Carolina, as amended (the "Act") to issue revenue bonds to finance pollution control facilities for the elimination, mitigation or prevention of air or water pollution.

No holder of the Bonds issued under the Act shall have the right to compel any exercise of the taxing power of the County to pay the Bonds or the interest thereon, and the Bonds do not constitute an indebtedness of the County as a loan of credit thereof within the meaning of any constitutional or statutory provision. The principal, interest and redemption premium, if any, on the Bonds shall be payable solely out of the moneys to be derived by the County pursuant to the Lease Agreement. The Bonds and interest coupons shall never constitute an indebtedness of Georgetown County, South Carolina, within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County, or a charge against its general credit or taxing powers.

#### THE PROJECT

The Project will consist of air pollution control facilities and necessary easements and interests in real estate at the Corporation's manufacturing facility located in Georgetown County, South Carolina. The total cost of the Project, including expenses of the Bond issue, is estimated by the Corporation at \$3,700,000 broken down as follows:

Machinery and Equipment . . . . .	
Installation, site preparation and engineering fees . . . . .	
Underwriting, legal, printing and accounting . . . . .	

TOTAL ESTIMATED COST	\$3,700,000
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#### THE BONDS

The Bonds, together with the interest thereon, are limited obligations of the County, payable solely out of the rents and other revenues derived from the lease, sale or other disposition of the Project (except to the extent paid out of moneys attributable to the Bond proceeds or insurance or condemnation proceeds). The Bonds and the interest thereon shall not constitute a debt, liability or pledge of the faith and credit of Georgetown County, South Carolina or the State of South Carolina or any political subdivision thereof and neither the faith and credit nor the taxing power of Georgetown County, South Carolina or the State of South Carolina or any political subdivision thereof is pledged to the payment of the principal of, or premium, if any, or interest on the Bonds.

The Bonds will be dated March 1, 1974, and will bear interest from that date at the rate and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Principal, interest and premium, if any, are payable at the principal office of the Trustee, presently . . . . . Interest on the Bonds will be payable on September 1, 1974 and semi-annually thereafter on March 1 and September 1 of each year.



The Bonds will not be subject to redemption prior to March 1, 1983, except in the event of:

(a) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement (see the caption "The Lease Agreement--Condemnation"); or

(b) exercise by the Corporation of its option to purchase the Project as provided in Section 11.2 (a), (b) or (c) of the Lease Agreement (see the caption "The Lease Agreement--Option to Purchase"); or

(c) mandatory purchase of the Project by the Corporation upon the occurrence of the circumstances as provided in Section 11.2(d) of the Lease Agreement (see the caption "The Lease Agreement--Obligation to Purchase").

If called for redemption as provided in (a) or (b) above, the Bonds will be redeemable at any time in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part, in inverse numerical order, at a redemption price of the principal amount of the Bonds plus accrued interest to the redemption date.

If called for redemption as provided in (c) above, the Bonds will be redeemable at any time in whole and not in part, at a redemption price of:

108% of the principal amount of the outstanding Bonds, at the time of mandatory purchase plus accrued interest to the redemption date.

The Bonds maturing on March 1, 1990 are also subject to optional redemption prior to maturity on any interest payment date on or after March 1, 1983, in whole or in part, in inverse numerical order at redemption prices (expressed as percentages of the principal amount) set forth in the table below, plus accrued interest to the redemption date.

<u>Redemption Date</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Price</u>
March 1, 1983 or September 1, 1983	105 %
March 1, 1984 or September 1, 1984	104 1/2%
March 1, 1985 or September 1, 1985	104 %
March 1, 1986 or September 1, 1986	103 1/2%
March 1, 1987 or September 1, 1987	103 %
March 1, 1988 or September 1, 1988	102 1/2%
March 1, 1989 or September 1, 1989	102 %

The Bonds maturing on March 1, 1990 are also subject to redemption in part, in numerical order, pursuant to the terms of a mandatory sinking fund provided in the Indenture, on March 1, 1984 and on each March 1 thereafter to and including March 1, 1990, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. Funds will be provided in each year commencing March 1, 1984 and continuing through March 1, 1990, sufficient to redeem, or in the case of the March 1, 1990 amount, to pay, the following numbered Bonds on the dates set forth in the table below:



March 1  
of the Year

Bonds  
Numbered

1984  
1985  
1986  
1987  
1988  
1989  
1990

Notice of the call for any redemption (except for mandatory redemption of Bonds in numerical order pursuant to the provisions of the sinking fund) identifying the Bonds to be redeemed shall be given by publication at least once in a newspaper or financial journal of general circulation in the City of New York, New York, which notice shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, upon mailing a copy of the redemption notice by registered or certified mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of said Bonds to be redeemed are at that time registered as to principal (except to bearer), notice by mailing given by registered or certified mail to the owner or owners thereof not less than thirty days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given.

At the request of the Corporation, the County may issue at one time or from time to time one or more subsequent series of additional parity Bonds (the "Additional Bonds") for the purpose of paying the cost of making improvements, replacements, alterations, additions, enlargements, or expansions in, on or to the Project including any and all machinery and equipment therefor. Before any Additional Bonds are issued, the Corporation must enter into a supplemental lease, whereby it agrees to pay additional rentals sufficient to pay the principal of and interest on the Additional Bonds.

**THE LEASE AGREEMENT**

The following is a summary of certain provisions of the Lease Agreement and does not purport to be complete. Reference is made to the Lease Agreement for complete provisions.

Construction of the Project. The Corporation has agreed to construct the Project in accordance with plans and specifications prepared by the Corporation and approved by the County and to acquire and install in the Project such machinery, equipment and related property as may be in the Corporation's judgment necessary for the operation of the Project.

The Corporation has agreed to complete construction of the Project as promptly as practicable and to use its best efforts to that end, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Corporation only excepted, but if such construction is not com-

pleted there shall be no resulting liability on the part of the Corporation and no diminution in the rental payments required in Section 5.3 of the Lease Agreement to be paid by the Corporation.

In order to provide funds to acquire, construct and equip the Project, the County will issue the Bonds and deposit the proceeds thereof with the Trustee. The accrued interest to date of the delivery of the Bonds received upon the sale of the Bonds will be deposited in the Bond Fund, the sum of \$\_\_\_\_\_ will be deposited in the Reserve Fund and the balance of the proceeds will be deposited in the Construction Fund. The County has authorized the Trustee to use the money in the Construction Fund to pay the costs incurred in connection with the issuance of the Bonds and with the acquisition, construction and equipping of the Project. All moneys remaining in the Construction Fund after the completion of the Project will be used to purchase Bonds in the open market and/or paid into the Bond Fund.

In the event the moneys in the Construction Fund shall not be sufficient to pay all costs of the Project, the Corporation has agreed to complete the Project and to pay all of the costs of the Project in excess of the moneys available from the Construction Fund. The Corporation will not be entitled to any reimbursement for the excess costs of completion from the County, the Trustee, or the holders of any of the Bonds, nor will it be entitled to any diminution of the rents payable under the Lease Agreement.

Investment of Construction Fund or Bond Fund Moneys Permitted. Subject to Article VII of the Indenture and Section 8.9 of the Lease, any moneys held as a part of the Construction Fund or the Bond Fund or as special trust funds derived from insurance or condemnation awards, shall at the request of the Authorized Lessee Representative and the Authorized Lessor Representative be invested or reinvested by the Trustee to the extent permitted by the Act or other South Carolina law in (i) obligations issued or guaranteed by the United States; (ii) obligations issued or guaranteed by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; (iii) obligations issued or guaranteed by any state of the United States, or the District of Columbia, or any political subdivision of any such state or District; (iv) prime commercial paper; (v) prime finance company paper; (vi) bankers acceptances drawn on and accepted by commercial banks; (vii) repurchase agreements fully secured by obligations issued or guaranteed by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; and (viii) certificates of deposit issued by commercial banks which are members of the federal reserve system and which have combined capital, surplus and undivided profits of at least \$10,000,000.

The Corporation and the County each covenant that neither the proceeds of the Bonds nor moneys in the Bond Fund shall be invested or used in such a manner which, if such use had been reasonably expected on the date of the issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder.

Terms and Rentals. The Lease Agreement will become effective at the time of its delivery and, subject to certain



conditions therein, will expire at midnight, March 1, 1990, or at such later date as payment or provision for payment of the Bonds shall have been made, at which time the Corporation may purchase the Project for a nominal price. The obligation of the Corporation to pay the rent provided for in the Lease Agreement is absolute and unconditional until such time as the principal of, premium (if any) and interest on the Bonds have been fully paid or provision for payment thereof has been made in accordance with the Indenture. The Corporation agrees to pay rent, directly to the Trustee for the account of the County, at least ten business days prior to each semi-annual payment date on the Bonds (subject to certain adjustments if sufficient amounts are then held in the Bond Fund). The rental payments will be in amounts sufficient to pay the principal (whether at maturity or by mandatory sinking fund redemption), premium (if any) and interest payable on the next succeeding semi-annual interest payment date. The Corporation's obligation to pay rentals will accrue from March 1, 1974 regardless of whether the Project has been completed. In addition the Corporation has agreed to pay the reasonable fees and charges of the Trustee for ordinary and extraordinary services rendered and for ordinary and extraordinary expenses incurred together with the reasonable fees and charges of the Trustee and any paying agents for acting as paying agents.

Maintenance and Modification. During the term of the Lease Agreement, the Corporation will keep the Project in good repair and in good operating condition. The Corporation may, at its own expense and as part of the Project, make additions, modifications or improvements that do not adversely affect the structural integrity of the Project or the operations being conducted in the Project. Any machinery, equipment, structures or fixtures installed by the Corporation and not constituting part of the equipment specified in the Lease Agreement shall remain the sole property of the Corporation in which neither the County nor the Trustee shall have any interest and may be removed while the Corporation is not in default under the Lease Agreement.

Removal. If the Corporation determines that any items of leased machinery and equipment specified in the Lease Agreement have become inadequate, obsolete, worn out, unsuitable or unnecessary, the Corporation may dispose of such items, provided that the Corporation either (a) substitutes and installs other machinery and equipment of equal Amortized Value or (b) in lieu of such substitution pays into the Bond Fund an amount equal to any proceeds realized from the sale or scrapping of any such equipment, or an amount equal to any credit received from trade-in for items not to be installed on the Project or an amount equal to the original cost of the disposed items less depreciation. Such disposal of equipment shall not entitle the Corporation to any abatement or diminution of the rents payable under the Lease Agreement.

Taxes and Utility Charges. So long as any part of the principal of or interest on the Bonds remains outstanding and unpaid, the Corporation agrees to pay, all taxes, special assessments and governmental charges lawfully assessed or levied against or with respect to the Corporation's interest in the Lease Agreement or the Project or any machinery, equipment or other property installed therein by the Corporation (including taxes levied upon the income or profits of the County from the Project the nonpayment of which will result in a lien on the Project or a charge against the revenues therefrom prior to



or on a party with the lien of the Indenture) and all utility and other charges incurred in connection with the Project. The Corporation may, at its own expense, in good faith, contest any such taxes, assessments and other charges (unless by the nonpayment of any such items any part of the Project will be materially endangered or subject to loss or forfeiture).

Insurance. During the period of construction of the Project and throughout the term of the Lease Agreement, the Corporation will keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type, including property and personal liability insurance, and pay all premiums in respect thereto. Such policies may provide that the policy does not cover the first \$50,000 of loss, with the result that the Corporation is its own insurer to that extent.

Damage and Destruction. If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed (in whole or in part) or damaged to such extent that the claim for loss is not greater than \$100,000 and the Corporation does not elect to exercise its option to purchase the Project pursuant to provisions of Section 11.2(a) of the Lease Agreement, the Corporation, or the County at the Corporation's direction (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior thereto with such changes, alterations and modifications (including substitutions and additions) as may be desired by the Corporation and as will not impair the value or the character of the Project and (ii) will apply for such purpose so much as may be necessary of any net insurance proceeds resulting from claims for such losses and any additional moneys of the Corporation necessary therefor. All net insurance proceeds resulting from claims for such losses not in excess of \$100,00 will be paid to the Corporation.

If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed (in whole or in part) or is damaged by fire or other casualty to such extent that the claim for loss exceeds \$100,000 and if the Corporation does not elect to exercise its option to purchase the Project pursuant to the provisions of Section 11.2(a) of the Lease Agreement, all net insurance proceeds resulting from claims for losses with respect to the Project in excess of \$100,000 will be paid to and held by the Trustee, whereupon (i) the Corporation, or the County at the Corporation's direction, will proceed promptly to repair, rebuild or restore the Project property damaged or destroyed to substantially the same condition as it existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Corporation and will not impair the value or the character of the Project, and (ii) the Trustee will apply so much as may be necessary of the net insurance proceeds to the cost of repair, rebuilding or restoration. If net insurance proceeds are not sufficient to pay for repair, rebuilding or restoration of the Project, the Corporation will nonetheless complete the work thereof and will pay any amounts required or advanced to the County and the Trustee the moneys necessary to complete the work. The Corporation will not, by reason of the payment of excess costs, be entitled to reimbursement therefor or to any abatement or diminution of the rents payable pursuant to the Lease Agreement.

Any balance of the net insurance proceeds remaining after payment of all of the costs of such repair, rebuilding or restoration will be paid into the Bond Fund. If the Bonds have been fully paid (or provision for payment has been made in accordance with the provisions of the Indenture), all net insurance proceeds will be paid to the Corporation.

Condemnation. In the event that title to or the temporary use of the Project or any part thereof is taken under the exercise of the power of eminent domain and the Corporation does not exercise its option to purchase the Project pursuant to Section 11.2(b) of the Lease Agreement, the Corporation nevertheless will be obligated to continue to make the rental payments. The net proceeds received from any award made in such eminent domain proceedings with respect to the Project will be applied in one or more of the following ways as directed by the Corporation: (1) restoration of the Project; or (2) acquisition of other improvements suitable for the Corporation's operations at the Project; (3) under certain circumstances, the partial redemption of the Bonds; or (4) payment into the Bond Fund or if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture) to the Corporation.

Financial Restrictions. The Corporation shall maintain throughout the Lease Term, a consolidated tangible net worth not less than \$13,000,000. "Consolidated tangible net worth" shall be defined to mean:

(a) the aggregate amount of all assets of the Corporation and the subsidiaries excluding intangible assets, including, without limitation, good will, patents, trademarks, tradenames, franchises, research and development expenses and any good will arising from the purchase of assets for amounts in excess of their fair market value; less

(b) the aggregate amount of all liabilities of the Corporation and the subsidiaries (excluding the aggregate amount of all liabilities of the Corporation and the subsidiaries subordinated to the Banks in a manner satisfactory to the Banks. (The aforesaid term "Banks" is defined to mean the banks participating in the Georgetown Steel Corporation Loan Agreement dated June 22, 1973, whereby the North Carolina National Bank acted as the "Agent" for the participating banks)).

The Corporation shall maintain at all times, as long as any Bonds remain outstanding, a consolidated net working capital of not less than \$6,000,000. ("A consolidated net working capital" shall be defined to mean the amount by which consolidated current assets of the Corporation and the subsidiaries exceeds their consolidated current liabilities. "Consolidated current liabilities" shall be defined to mean the aggregate amount of all current liabilities of the Corporation and its subsidiaries, except for current maturities of long term debt and capitalized leases. "Consolidated current assets" shall be defined to mean the aggregate amount of all current assets of the Corporation and the subsidiaries; provided, however, that in no event shall current assets include any deferred assets other than prepaid items such as insurance, taxes, interest, commissions, rents, royalties and similar items).



Assignment and Subleasing. The Lease Agreement may be assigned, and the Project may be subleased by the Corporation, in whole or in part without consent of the County or Trustee, provided that any assignee or sublessee assumes the obligations of the Corporation to the extent of the interest assigned or subleased and that the Trustee and the County are duly notified of such assignments and subleasings. However, no assignment (other than as provided in connection with mergers and consolidations pursuant to Section 8.3 of the Lease Agreement) will relieve the Corporation from primary liability for any of its obligations under the Lease Agreement.

Default. The Lease Agreement provides that the happening of one or more of the following events will constitute an "event of default":

- (a) Failure by the Corporation to pay the rents required to be paid under the terms of the Lease Agreement and continuation of such failure for a period of ten days;
- (b) Failure by the Corporation to observe and perform any covenant, condition or agreement other than as referred to in (a) above, continuing for a period of thirty days after written notice from the County or the Trustee, unless the County and the Trustee agree in writing to an extension of such time prior to its expiration, provided that if a failure be such that it can be corrected but not within the thirty day period, it shall not be an event of default if the Corporation is taking appropriate corrective measures;
- (c) Certain events of bankruptcy, dissolution, liquidation, insolvency or reorganization of the Corporation.

Under the Lease Agreement, certain of the Corporation's obligations, other than the obligations to make rental payments pay taxes and similar charges, maintain insurance and apply bond proceeds as specified may be suspended if the Corporation is unable to carry out such obligations by reason of force majeure, as defined in the Lease Agreement.

Remedies. In the event of default the County or the Trustee may take one or more of the following steps:

- (a) Declare all rent payable for the remainder of the term of the Lease Agreement to be immediately due and payable;
- (b) Re-enter and take possession of the Project without terminating the Lease Agreement and sublease the Project for the account of the Corporation, holding the Corporation liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Corporation under the Lease Agreement;
- (c) Terminate the Lease Agreement, exclude the Corporation from possession of the Project and use its best efforts to lease the Project to another for the account of the Corporation, holding the Corporation liable for all rent and other payments due up to the effective date of such leasing;



(d) In the event any of the Bonds are at the time outstanding and unpaid, have access to, examine, inspect and made copies of the Corporation's books and records pertaining to the Project;

(e) Take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under the Lease Agreement.

Option to Terminate Lease Agreement. The Corporation shall have the option to cancel or terminate the term of the Lease Agreement:

(1) At any time prior to full payment of the Bonds and coupons appertaining thereto (or provisions for payment thereof having been made in accordance with provisions of the Indenture) upon giving notice to the County in writing of such termination and by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including principal, interest to maturity or earliest applicable redemption date, premium, expenses of redemption and Trustee's and paying agents' fees and expenses), and, in case of redemption, making arrangements satisfactory to the Trustee for the giving of the required notice of redemption; and

(2) At any time after full payment of the Bonds and coupons appertaining thereto (or provision for payment thereof having been made in accordance with the provisions of the Indenture).

Option and Obligation to Purchase. The Corporation has the option and shall also have the obligation in the case of (4) below to purchase the Project prior to the full payment of the Bonds or coupons appertaining thereto (or provision for payment thereof having been made in accordance with the provisions of the Indenture) as provided under Section 11.2 of the Lease Agreement if any of the following events shall have occurred:

(1) The Project is damaged or destroyed as set forth in Section 7.1 of the Lease Agreement to such extent that in the judgment of the Corporation (i) the Project cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) the normal operation of the Project by the Corporation is thereby prevented for a period of four months, or (iii) the cost of restoration of the Project would exceed by \$100,000 the net insurance proceeds received thereon plus the amounts for which the Corporation is self-insured; or

(2) Title to, or the temporary use of, all or substantially all of the Project is taken under the exercise of the power of eminent domain by any government authority (including such a taking as results in the normal operations of the Project by the Corporation being thereby prevented for a period of four months); or

(3) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree judgment or order of any court or administrative body (whether state or federal), the Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed therein, or unreasonable burdens or excessive liabilities are imposed on the County or the Corporation with respect to the Project.

(4) A Determination of Taxability is made as set forth in Section 12.2 of the Lease Agreement.

The purchase price payable by the Corporation in the event of its exercise of the option pursuant to (1), (2) and (3) above will be the sum of the following:

(a) An amount of money which together with the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the earliest applicable redemption date, including without limitation, principal and all interest to accrue to said redemption date, plus

(b) An amount of money equal to the Trustee's and paying agents' fees and expenses (including the reasonable fees of Trustee's counsel under the Indenture) accrued and to accrue until such final payment and redemption of the Bonds, plus

(c) the sum of one dollar.

In the event of the exercise of this option, any net proceeds of insurance or condemnation shall be paid to the Corporation.

Should there occur a "Determination of Taxability" as hereinafter defined, the Lessee shall be required to purchase the Project as provided in Section 11.2 of the Lease Agreement and agrees to pay to the Trustee as the purchase price for the Project as provided in Section 11.2 of the Lease Agreement the sum of the following:

108% of the principal amount of the outstanding Bonds, at the time of a Determination of Taxability (the "Determination") as hereinafter defined, plus accrued interest to the redemption date.

An "Event of Taxability" shall mean the violation of the provisions contained in Sections 103(c)(4)(F) of the Code or Section 103(d) with respect to "arbitrage bonds", which circumstances the Determination of Taxability shall have found to have occurred, with the result that the interest payable on the Bonds becomes includable in the gross income of the holders of the Bonds (other than a holder who is a substantial user or related person as such are defined in the Internal Revenue Code).

A "Determination of Taxability" shall mean the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest payable on any of the Bonds is includable in the gross income of a holder there-



of (other than a holder who is a "substantial user" of the Project or "related person" as such terms are defined in the Code) as a result of the limitations prescribed in Section 103(c)(4) (F) of the Code, having been violated or the Bonds being "arbitrage bonds" under Section 103(d) of the Internal Revenue Code of 1954, as amended. Such a Determination of Taxability shall be deemed for all purposes of the Lease Agreement to have occurred on the date borne by such statutory notice of deficiency.

Purchase of Project. The Corporation has the option to purchase the Project for the sum of one hundred dollars at the expiration or sooner termination of the term of the Lease Agreement following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture.

Modification and Amendment. Pursuant to the Indenture, modifications and amendments of the Lease Agreement require the prior written consent of the Trustee and the holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding, except for modifications or amendments required (i) by the terms of the Lease Agreement and the Indenture, (ii) to cure any ambiguity or formal defect or omission, (iii) to more precisely identify or substitute or add equipment and machinery to Exhibit A of the Lease Agreement, or (v) to make any other changes which in the opinion of the Trustee do not prejudice the rights of the Trustee or the Bondholders; provided, however that the Lease Agreement cannot be modified or amended to impair the obligation of the Corporation as to rental payments, arbitrage covenants or covenants with respect to use of Bond proceeds.

#### THE INDENTURE

The following is a summary of certain provisions of the Indenture and does not purport to be complete. Reference is made to the Indenture for complete provisions.

Application of Bond Proceeds. All accrued interest derived from the sale of the bonds shall be deposited in the Bond Fund. In addition, there shall be deposited in the Bond Fund, (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement; (b) all rent payments made by the Corporation under the Lease Agreement; and (c) all other moneys received by the Trustee pursuant to any of the provisions of the Lease Agreement when accompanied by the directions that such moneys are to be paid into the Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the principal of, premium (if any) and interest on the Bonds and for the redemption of the Bonds at or prior to maturity.

Investment of Funds. Any moneys held as part of the Construction Fund, the Reserve Fund or the Bond Fund will be invested and reinvested in accordance with Section 4.9 of the Lease Agreement (see the caption "The Lease Agreement--Investment" herein). Any profit or loss will be credited to or charged against, as the case may be, the appropriate fund.

Covenants of the County. So long as any of the Bonds are outstanding, the County will promptly pay principal, interest and premium, if any, on each Bond as it becomes due and the County will perform all covenants as specified in the Indenture.



Mortgage, Assignment and Pledge. Pursuant to the Indenture, the Project has been mortgaged to the Trustee, the County's interest in the Lease Agreement has been assigned to the Trustee and all rentals and other revenues derived from the lease, sale or other disposition of the Project have been assigned to the Trustee, all as security for the payment of the principal of, premium, if any, and interest on the Bonds.

Recordation of Lease, Indenture and Security Instruments. The County shall cause the Indenture, the Lease Agreement and all supplements to either and other instruments as may be required from time to time to be kept, recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto and the rights of the Trustee under the Indenture and to perfect the lien of, and the security interest created by, the Indenture.

Default and Remedies. The Indenture provides that the happening of one or more of the following events will constitute an "event of default":

(a) Default in the due and punctual payment of any interest on any Bond; or

(b) Default in the due and punctual payment of the principal on any Bond, whether at the stated maturity thereof, or upon proceeding for redemption (including mandatory sinking fund redemption) thereof, or upon maturity thereof by declaration; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in the Indenture or in the Bonds contained, subject to notice of default and a thirty day grace period; or

(d) The occurrence of an "event of default" under the Lease Agreement as provided in Section 10.1 thereof which shall not be cured by the Corporation pursuant to the terms of the Lease Agreement.

Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of Bonds then outstanding will, by notice in writing delivered to the County, declare the principal of all Bonds then outstanding and the accrued interest thereon immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable.

The Trustee will also have the power to proceed with any right or remedy granted by the Constitution and the laws of Illinois, as the Trustee may deem best.

Modification, Amendment and Supplemental Indenture. Except to cure certain technical defects or omissions, to grant to the Trustee additional rights for the benefit of the Bondholders or to subject additional revenues, properties or collateral to the lien of the Indenture, no supplemental indentures may be made without the approval of Bondholders holding 66 2/3% or more of the aggregate principal amount of the Bonds then outstanding. In any event, no such supplemental indenture may modify, alter or amend any of the provisions contained in the

Indenture or any supplemental indenture to permit (a) an extension of the maturity date (or mandatory sinking fund redemption date) of the principal of or interest on any Bond, (b) a reduction of the principal amount of any Bond, the rate of interest thereon or the redemption premium, (c) a privilege or priority of any Bond over any other Bond or (d) a reduction in the aggregate principal amount of Bonds required for consent of any supplemental indenture.

#### THE GUARANTY

Korf Industrie Und Handel GMBH & Co. + K.G., a limited partnership organized and existing under the laws of the Federal Republic of Germany has agreed to execute and deliver to the Trustee the Guaranty by which it will unconditionally guarantee to the Trustee for the benefit of the holders of the Bonds and the interest coupons appertaining thereto (a) the full and prompt payment of the principal of and premium, if any, on any Bond when and as the same shall become due, whether at the stated maturity thereof or by mandatory redemption or by acceleration or call for optional redemption or otherwise, and (b) the full and prompt payment of any interest on any Bond, when and as the same shall have become due in accordance with the provisions of the Indenture. Subject to the provisions hereinafter contained, the Guaranty will remain in effect until the entire principal of and premium, if any, and interest on the Bonds shall have been paid in full (or provision for payment shall have been made in accordance with the provisions in the Indenture). In the opinion of counsel to the Guarantor, a claim against the Corporation arising under the Guaranty for any amount needed to pay the principal of the Bonds and the interest accrued thereon to the date of the filing of a bankruptcy or reorganization petition will rank as that of a general unsecured creditor and, if timely filed, will be provable as such in any bankruptcy or reorganization proceeding with respect to the Guarantor.

The obligations, covenants and agreements of the Guarantor under the Guaranty shall be absolute, unconditional and irrevocable and shall remain in full force and effect until such time as the Consolidated Tangible Net Worth of Georgetown Steel Corporation, and its successors and assigns under the Lease, shall equal or exceed at the end of any fiscal year, the sum of Forty Million Dollars (\$40,000,000) evidenced to the Trustee.

As used herein, the words "Consolidated Tangible Net Worth" means, on the date as of which any determination with respect thereto is made, the excess of consolidated total assets over consolidated total liabilities of the Lessee and its Subsidiaries determined in accordance with generally accepted accounting principles and practices consistently applied excluding, however, from the determination of consolidated total assets (i) patents, patent applications, trade marks, copyrights and trade names, (ii) goodwill, organizational, experimental, research and development expense and other like intangibles and deferred charges, (iii) treasury stock, (iv) moneys set apart and held in a sinking or other analogous fund established for the purchase, redemption or other retirement of capital stock, (v) unamortized debt discount and expense, (vi) the excess of cost to the Lessee over the net asset value of purchased (as used in the context of generally accepted accounting principles) Subsidiaries.



#### TAX EXEMPTION

Generally, interest on obligations of a state or a political subdivision of a state is exempt from Federal income taxation. Section 103(c) of the Internal Revenue Code of 1954, as amended, however, provides that interest on any such obligation which is an "industrial development bond" shall not be exempt. An exception to this provision is created by Section 103(c)(4)(F) for issues of industrial development bonds where substantially all of the proceeds are used to provide air or water pollution control facilities, unless the holder of the bond is a "substantial user" of the facility or a "related person", as such terms are defined in the regulations proposed by the Internal Revenue Service with respect to such Section.

In the opinion of Marvin W. Leiter, Esq., Bond Counsel, interest on the Bonds is exempt from all present Federal income taxes under existing statutes, regulations, rulings and court decisions (except that no opinion is expressed with respect to interest on any Bond for any period during which said Bond is held by a person who is a substantial user of the Project or a related person) and in the opinion of Marvin W. Leiter, Esq., the interest on the Bonds is exempt from all present income taxation in the State of South Carolina.

#### APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issue of the Bonds are subject to the unqualified approving opinion of Marvin W. Leiter, Esq., as Bond Counsel. Copies of such opinion will be available at the time of delivery of the Bonds. Legal matters pertaining to the Corporation and the Guarantor will be passed upon by Messrs. Walter, Conston, Schurtman & Gumpel, P.C., counsel to the Corporation and the Guarantor. Legal matters pertaining to the County will be passed upon by its counsel, Sylvan Rosen, Esq.



Georgetown County, South Carolina

March 12, 1974

The Georgetown County Council of Georgetown County, South Carolina, convened in regular public session at the regular meeting place of the Georgetown County Council in the County Courthouse in the City of Georgetown, South Carolina, at 9:00 o'clock A.M. on March 12, 1974, with the Chairman and the following Councilmen present: **Alfred B. Schooler, Chairman**, **H. E. Hemingway**, **L. S. Bellamy**, **J. D. Munnerlyn**, and **Dr. C. J. Beck**.

There were also present Emily S. Sawyer, Clerk of the Georgetown County Council and Sylvan L. Rosen, County Attorney.

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution making application to the State Budget and Control Board of South Carolina (the "State Board") for the approval by the State Board of the issuance by Georgetown County of its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000.

Thereupon, the following resolution was introduced in written form by Councilman Alfred B. Schooler, was read in full, and after due discussion, pursuant to motion made by Councilman H. E. Hemingway and seconded by Councilman Dr. C. J. Beck, was adopted by the following vote:

Aye: 5

Nay: 0

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

A RESOLUTION authorizing the filing of a Petition to the State Budget and Control Board of South Carolina for the approval by the State Budget and Control Board of the proposal by Georgetown County, South Carolina, to issue its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 pursuant to the provisions of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, 1962).

WHEREAS, Georgetown County, South Carolina (the "County") acting by and through its County Council of Georgetown County is authorized and empowered under and pursuant to the provisions of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, (1962), (hereinafter referred to as the "Act"), to assist industries to eliminate, mitigate or prevent air and water pollution by providing a means with which to raise moneys to pay the cost of pollution control facilities (as defined in the Act) through the issuance of revenue bonds payable solely out of the moneys derived by the County under a loan agreement by which the industry agrees to operate and maintain the pollution control facilities for the purposes intended and to pay the sums required to meet the payment of the principal, interest and premium, if any, on any such bonds; and

WHEREAS, subject to obtaining approvals from the State Budget and Control Board of South Carolina (the "State Board")



and the Pollution Control Authority of South Carolina as established by Act 1157 of 1970 Section 63-195 to 63-195.36, as the same may be amended from time to time (the "Pollution Authority") required by Section 63-195.63 and 63-195.56 of the Act, the County functioning through this Georgetown County Council is empowered: (1) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities; (2) to enter into 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 the bonds; (3) 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 as hereafter provided; and (4) to accept any State or Federal grant that might become applicable to defray any portion of the cost of any pollution control facility; and

WHEREAS, all Bonds issued by the County under authority of the Act shall be limited obligations of the County, the principal, interest and redemption premium, if any, shall be payable solely out of the moneys to be derived by the County pursuant to the loan agreement. The Bonds and interest coupons issued under authority of the Act shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County, or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each bond; and

WHEREAS, the principal, interest and premium, if any, on the Bonds shall be secured by a pledge of the revenues payable to



the County, pursuant to the loan agreement and may also be secured by a lien on any property given as security by the industry pursuant to the loan agreement and the bonds may be issued pursuant to and secured by a trust indenture; and

WHEREAS, the County has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), pursuant to which the County has agreed, subject to the requirements of the Act, to issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the County has further agreed to enter into a Lease Agreement (the "loan agreement" as defined in the Act) with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described; and

WHEREAS, this Georgetown County Council in accordance with the requirements of Section 7 of the Act has obtained from the Pollution Control Authority of South Carolina finding that the pollution control facilities comprising the Project are necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution; and the County Board in accordance with the requirements of Section 14 of the

Act, proposes to submit its Petition to the State Budget and Control Board of South Carolina, including a brief description of the Project, a statement of the action taken by the Pollution Control Authority as aforesaid, a reasonable estimate of the cost of the Project, and a general summary of the terms and conditions of the Lease Agreement; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as Georgetown County, South Carolina, Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 (hereinafter sometimes referred to as the "Series A Bonds"); and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Contract, heretofore entered into by and between the County and the Lessee, the County proposes to issue \$3,700,000 aggregate principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) under and pursuant to the Act to finance the costs incurred and to be incurred in acquiring, constructing and equipping the pollution control facilities comprising the Project and to lease the Project under and pursuant to the terms of the Lease Agreement to be entered into between the County, as Lessor and Georgetown Steel Corporation, as Lessee; and

WHEREAS, it is now deemed advisable by this Georgetown County Council to file with the State Budget and Control Board of South Carolina, in compliance with Section 14 of the Act, the petition of the County requesting approval of the proposal of the County to issue the Series A Bonds by the State Budget and Control Board;

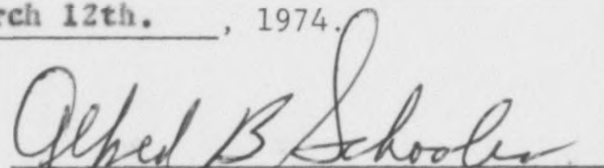
NOW THEREFORE, BE IT RESOLVED by the Georgetown County Council of Georgetown County, South Carolina, as follows:

Section 1. That there be and there is hereby authorized and directed the submission on behalf of Georgetown County, of a petition by this Georgetown County Council requesting the approval of the proposal of the County to issue the Series A Bonds by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 14 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto as Exhibit A.

Section 2. That the Chairman of the Georgetown County Council of Georgetown County be and is hereby authorized and directed to execute said Petition in the name and on behalf of Georgetown County; and that the Clerk be and is hereby authorized and directed to affix the seal of Georgetown County to said petition and to attest the same and thereafter to submit an executed copy of said Petition, together with a properly certified copy of this resolution, to the State Budget and Control Board of South Carolina, in Columbia, South Carolina.

Section 3. That all orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved March 12th., 1974.

  
Chairman, Georgetown County  
Council

Attest:

  
Clerk



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

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

Alfred B. Schooker  
Chairman

Attest:

Ernest S. Sawyer  
Clerk

STATE OF SOUTH CAROLINA    )  
                                  )  
COUNTY OF GEORGETOWN        )

I, Emily S. Sawyer, do hereby certify that  
I am the duly qualified and acting Clerk of the Georgetown  
County Council of Georgetown County, South Carolina.

I further certify that the above and foregoing consti-  
tutes a true and correct copy of excerpts from the minutes of  
a regular meeting of the Georgetown County Council of George-  
town County held on March 12th., 1974, and of a resolution,  
together with Exhibit A attached thereto, adopted at said meet-  
ing, as said minutes, resolution and exhibit are officially of  
record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my offi-  
cial signature and impressed hereon the official seal of the  
Georgetown County Council of Georgetown County this 12 day  
of March, 1974.

Emily S. Sawyer  
Clerk

(AFFIX)  
(SEAL )  
(HERE )

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GEORGETOWN COUNTY, SOUTH CAROLINA

TO

GEORGETOWN STEEL CORPORATION

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LEASE

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DATED AS OF MARCH 1, 1974

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# LEASE AGREEMENT

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(This Table of Contents is not a part of this Lease Agreement and is only for convenience of reference)

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THIS LEASE AGREEMENT, dated as of March 1, 1974, between Georgetown County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, as Lessor, and Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, duly qualified to conduct business in the State of South Carolina, as Lessee,

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that any obligation of the Lessor created by or arising out of this Lease shall not constitute an indebtedness, debt or pecuniary liability or loan of credit of the Lessor, the State of South Carolina or any political subdivision thereof, or a charge against their general taxing powers within the meaning of any constitutional or statutory provision, but shall be payable solely out of the revenues and receipts derived from the leasing or disposition of the Project, the sale of the Bonds referred to in Section 2.1 hereof and any insurance and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

Section 1.1. Certain terms used in this Lease Agreement are defined herein. When used herein such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise.

Section 1.2. The following terms are defined terms under this Lease Agreement.

"ACT" means Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971.

"ADDITIONAL BONDS" means the additional parity Bonds authorized to be issued by the Lessor pursuant to the terms and conditions of Section 207 of the Indenture.

"ADDITIONS OR ALTERATIONS" means improvements, replacements, alterations, additions, enlargements or expansions in, on or to the Project including any and all machinery and equipment therefor.

"AGREEMENT" OR "LEASE AGREEMENT" means the within Lease Agreement between the Lessor and the Lessee as the same may be amended from time to time in accordance with the provisions hereof.

"AUTHORIZED LESSOR REPRESENTATIVE" means the person at the time designated to act in behalf of the Lessor by written certificate furnished to the Lessee and the Trustee, containing the specimen signature of such person and signed on behalf of the Lessor by its Chairman. Such certificate may designate an alternate or alternates.

"AUTHORIZED LESSEE REPRESENTATIVE" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the Lessor and the Trustee, containing the specimen signature of such person and signed on behalf of

the Lessee by its President, any Vice President or by the Chairman of its Board of Directors. Such certificate may designate an alternate or alternates.

"BONDS" means the Pollution Control Revenue Bonds of the Lessor from time to time issued and outstanding under the Indenture, including Additional Bonds.

"BOND FUND" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"BOND PAYMENT DATE" shall mean September 1, 1974 and each March 1 and September 1 thereafter as long as any Bonds remain outstanding under the Indenture.

"CODE" means the Internal Revenue Code of 1954, as amended.

"COMPLETION DATE" means the date of completion of the acquisition and construction of the Project and the installation therein of the Leased Equipment and all other facilities in connection with the Project as that date shall be certified as provided in Section 4.5 hereof.

"CONSTRUCTION FUND" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

"CONSTRUCTION PERIOD" means the period between the beginning of construction or the date on which Bonds are first delivered to the original purchaser thereof (whichever is earlier) and the Completion Date.

"INDENTURE" means the Indenture of Trust and Security Agreement between the Lessor and as Trustee, of even date herewith, providing for the terms, conditions and provisions under which the Bonds will be issued, pursuant to which the Lessor's interest in this Agreement and the lease rentals, revenues and receipts received by the Lessor from the Project (except payments pursuant to Section 8.7 of this Agreement) are pledged and the Project is mortgaged as security for the Bonds, including any indenture supplemental thereto.

"INDEPENDENT COUNSEL" means as attorney duly admitted to practice law before the highest court of any state and not a full time employee of either the Lessor or the Lessee.

"INDEPENDENT ENGINEER" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full time employee of either the Lessor or the Lessee.

"LEASE TERM" means the duration of the leasehold estate created in this Agreement as specified in Section 5.1 hereof.

"LEASED EQUIPMENT" means those items of machinery, equipment and related structures and property required herein to be acquired and installed in the Project or elsewhere on the real property described in Exhibit B hereto with proceeds from the sale of the Bonds, or the proceeds of any payment by Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Plant or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2(a), 7.1 and 7.2 hereof, less such machinery, equipment and related property as may be released from this



Lease pursuant to Section 6.2(b) hereof or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof and is further defined as all property owned by the Lessor and leased to the Lessee under the terms of the Lease which is not included in the definition of Project Site, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof. Leased Equipment is more particularly described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"LESSEE" means (i) Georgetown Steel Corporation, a Delaware corporation and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

"LESSOR" means Georgetown County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"NET PROCEEDS", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

"PERMITTED ENCUMBRANCES" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.3 hereof, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way, restrictions, reservations and exceptions that an Independent Engineer and the Authorized Lessee Representative certify will not interfere with or impair the Project, (iv) mechanic's materialmen's or other similar liens permitted to exist as provided in Section 6.1 hereof and, (v) such minor defects, irregularities, encumbrances, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not in the opinion of an Independent Counsel, materially impair the title to the Project for the purposes for which it was acquired or is held by the Lessor.

"PLANS AND SPECIFICATIONS" means the plans and specifications prepared by \_\_\_\_\_ and certified by the Pollution Control Authority of South Carolina to be in furtherance of the purpose of abating or controlling air pollution in a certificate dated \_\_\_\_\_. The Plans and Specifications may be modified, amended or changed by the Lessee from time to time, as it in its discretion may determine. The Plans and Specifications are on file with the Pollution Control Authority of South Carolina and any substantial amendment thereto will also be filed and certified by said Pollution Control Authority of South Carolina.

"PLANT" means the industrial and manufacturing facilities of the Lessee located on the Project Site which the Project is designed to serve.

"PROJECT" means the Project Site, Leased Equipment, and all real and personal property deemed necessary in connection therewith forming the air pollution control facilities described in the Plans and Specifications, as they may at any time exist.

"PROJECT SITE" means any leasehold interests, easements, licenses, rights and interests in real property of Lessee which are described in Exhibit B hereto and any other



leasehold interests, easements, licenses, rights and interests in real property hereafter acquired by Lessor for use in connection with the Project, together with all additions thereto and substitutions therefore, less any easements, licenses, rights of way or similar rights or privileges as may be granted by Lessee or released from this Lease pursuant to Section 8.6 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.1 hereof.

"SERIES A BONDS" means the \$3,700,000 principal amount Georgetown County, South Carolina Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) of the Lessor to be issued pursuant to the Indenture.

"TRUSTEE" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

Section 1.3. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease Agreement as a whole.

Section 1.4. References to Articles, Sections, and other subdivisions of this Lease Agreement are to the designated Articles, Sections, and other subdivisions of this Lease Agreement as originally executed.

Section 1.5. The headings of this Lease Agreement are for convenience only and shall not define or limit the provisions hereof.

## ARTICLE II

### REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. Representations by the Lessor. The Lessor makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessor 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 the Act to enter into the transactions contemplated by this Agreement. The Project will constitute "Pollution Control Facilities" within the meaning of the Act. By proper action by the County Council, the State Budget and Control Board of South Carolina, and the Pollution Control Authority of South Carolina, the Lessor has been duly authorized to execute and deliver this Agreement.

(b) The Lessor has acquired from Lessee the rights and interests in the Project Site set forth in Exhibit B hereto and does hereby authorize Lessee to construct, equip and install the Project as an air pollution control facility at the Plant of the Lessee, and in accordance with the Plans and Specifications hereinbefore referred to and proposes to lease the Project to the Lessee and to sell the Project to the Lessee upon the Lessee's exercise of its option to purchase the Project or at the expiration of the Lease Term, all for the purpose of promoting the health, welfare and safety of the citizens of the State of South Carolina not only physically by reducing, controlling and preventing environmental pollution but also economically by the securing and retaining of private enterprises and the resulting maintenance of a higher level of employment and economic activity and stability.

The Pollution Control Authority of South Carolina, the state agency having jurisdiction in the premises, on \_\_\_\_\_, certified that the Project, as designed, is in furtherance of the purpose of abating or controlling air pollutants or contaminants.

(c) To finance the cost of the Project the Lessor proposes to issue \$3,700,000 aggregate principal amount of its Series A Bonds and such Series A Bonds (i) will bear interest at the rate or rates and be scheduled to mature as set forth in Section 202 of the Indenture, (ii) will bear interest payable September 1, 1974 and semi-annually thereafter on the first day of each March and September, (iii) will be subject to redemption in accordance with the Indenture at any time in the event of damage to or destruction of the Project or any part thereof or condemnation of the Project or any part thereof to the extent provided in Article VII hereof, or in connection with the exercise of the options referred to in Section 11.2 hereof at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date, (iv) will be subject to redemption in accordance with the Indenture at any time in the event of taxability as provided in Section 11.2 hereof at the principal amount thereof plus accrued interest thereon to the date of redemption plus a premium as set forth in Section 301 of the Indenture, (v) will also be subject to redemption in accordance with the Indenture on any interest payment date on or after March 1, 1984, other than in connection with clause (iii) of this subsection (c), at the principal amount thereof plus accrued interest thereon to the date of redemption plus a premium as set forth in Section 301 of the Indenture, and (vi) will be subject to mandatory redemption prior to maturity in accordance with Section 305 of the Indenture.

(d) The Bonds are to be issued under and secured by the Indenture, pursuant to which the Lessor's interest in this Lease and the revenues and receipts derived by the Lessor from the leasing or sale of the Project will be pledged, and the Project will be mortgaged to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

Section 2.2. Representations by the Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly incorporated and in good standing under the laws of the State of Delaware and qualified to do business under the laws of South Carolina, is in good standing under its certificate of incorporation and the laws of South Carolina, and has power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction



or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The issuance of the Bonds, the acquisition, construction and equipping of the Project and the leasing of the Project by the Lessor to the Lessee is necessary for preventing, avoiding, reducing, controlling, evading or eliminating air pollutants or contaminants produced in connection with the operation of the Plant, is necessary for the continued operation of the Plant, will promote the health, welfare and safety of the citizens of the State of South Carolina, and is designed for no significant purpose other than the control of pollution.

(d) The Lessee intends to operate the Project as a pollution control facility from the Completion Date to the expiration or sooner termination of the Lease Term as provided herein.

(e) The Lessee agrees to make payments sufficient to provide for the payment of principal, premium, if any, and interest on the Bonds.

(f) All proceeds derived from the sale of the Bonds will be used to acquire, construct and equip the Project, which consists entirely of land and property of a character subject to the allowance for depreciation as prescribed in Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended.

### ARTICLE III

#### DEMISING CLAUSE

Section 3.1. Demise of the Project. The Lessor demises and leases to the Lessee, and the Lessee leases from the Lessor, the Project Site and the Leased Equipment at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement, subject to Permitted Encumbrances.

### ARTICLE IV

#### CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE SERIES A BONDS; CONSTRUCTION FUND

Section 4.1. Agreement to Construct and Equip the Project. Subject to the provisions of Section 4.6 hereof, the Lessee agrees that it will exercise the authorizations given to it by the Lessor in Section 2.1(b) and:

(a) It will cause the Project to be constructed as herein provided in accordance with the Plans and Specifications, and it will construct, acquire and install other facilities and personal property and easements being necessary for the operation of the Project as a pollution control facility in accordance with said



Plans and Specifications, including any and all supplements, amendments and modifications thereto, now or hereafter filed in the office of the Lessor and in accordance with any change order, all to be approved as furnished to the Lessor by the Lessee from time to time prior to the Completion Date. The Project shall be the property of the Lessor subject to the terms of this Lease.

(b) It will cause to be acquired and installed in the Plant or on the Project Site, the Leased Equipment, to consist of the machinery, equipment and related property described in the list attached hereto as Exhibit "A" and such other items of machinery and equipment as in the Lessee's judgment may be necessary for the operation of the Project and as shall from time to time prior to the Completion Date be specified in written orders from the Lessee to the Lessor, all of which acquisitions and installations shall be made substantially in accordance with directions given by the Lessee.

The Lessee agrees to complete the acquisition, construction and equipping of the Project as promptly as practicable after receipt of the proceeds from the sale of the Series A Bonds, to continue said construction with all reasonable dispatch and to use its best efforts to cause said construction to be completed as soon as practicable, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Lessee only excepted, but if such construction is not completed there shall be no resulting liability on the part of the Lessor and no diminution in the rental payments required in Section 5.3 hereof to be paid by the Lessee.

Section 4.2. Agreement to Issue Series A Bonds; Application of Bond Proceeds. In order to provide funds for payment of the costs of the Project, the Lessor agrees that it will, upon the delivery of this Agreement by the Lessor and the Lessee, sell and cause to be delivered to the original purchaser the Series A Bonds in the aggregate principal amount of \$3,700,000 and will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Series A Bonds, and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

The Lessor may authorize the issuance of Additional Bonds upon the terms and conditions provided in Section 207 of the Indenture. Additional Bonds shall be issued to provide funds to pay any one or more of the following: (i) the costs of completing the Project; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes in, on, or to the Project as the Lessee may deem necessary or desirable and as will not impair operating utility or capacity or the value of the Project as a pollution control facility; and (iii) the costs of the issuance and sale of the Additional Bonds, capitalized interest for such period and other costs reasonably related to the financing as shall be agreed upon by the Lessee and the Lessor. If the Lessee is not in default hereunder, the Lessor will, on request of the Lessee, from time to time, use its best efforts to issue the amount of Additional Bonds specified by the Lessee provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Lessee; and provided further that the Lessee and the Lessor shall have entered into an amendment to this Lease to provide

for additional rent in an amount at least sufficient to pay principal and interest on the Additional Bonds when due and the Lessor shall have otherwise complied with the provisions of Section 207 of the Indenture with respect to the issuance of such Additional Bonds. The completed Project shall be included under this Lease whether or not any Additional Bonds are issued and sold.

Section 4.3. Disbursements from the Construction Fund.  
The Lessor shall in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the initial or acceptance fee of the Trustee and fees and expenses of its counsel; the fees and expenses for recording or filing the deeds whereby the Project Site has been or is to be granted to the Lessor; the fees and expenses for recording or filing this Lease, the Indenture and any other documents by which the Project Site and Leased Equipment are conveyed and mortgaged and the Lease is assigned as security for the Bonds; payments for title examination; fees and expenses for recording or filing any financing statements and any title curative documents that either the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the Lessor to, and the lien of the Indenture on, the Project, or any part thereof; and the fees and expenses in connection with any actions or proceedings that either the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the Lessor to, and the lien of the Indenture on the Project.

(b) Payment to the Lessee and the Lessor, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the Lessor in full for all advances and payments made by them or any of them prior to or after the delivery of the Series A Bonds for expenditures in connection with (i) the preparation of Plans and Specifications for the Project (including any preliminary study or planning of the project or any aspect thereof), (ii) the construction of the Building, the acquisition and installation of, the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing), and (ii) any other costs and expenses relating to the Project.

(c) Payment of the cost of legal and accounting fees and expenses, financing costs, title insurance premium, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Series A Bonds, the preparation of this Agreement, the Indenture, and all other documents in connection therewith and in connection with the acquisition of the Project Site and Leased Equipment.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and



in the construction of the Project, payment for all costs incident to the acquisition and installation of the Leased Equipment, payment for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses of the Lessee, if any, for architectural, engineering and supervisory services with respect to the Project.

(f) Payment to the Trustee as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee.

(g) To such extent as they shall not have been paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Agreement, or reimbursement thereof if paid by the Lessee.

(h) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.4 hereof that may become payable during the Construction Period, or reimbursement thereof if paid by the Lessee.

(i) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of, or reimbursement to the Lessee of any other costs and expenses relating to the Project, including without limitation payment into the Bond Fund of any amount that may be necessary to pay interest on the Bonds during the Construction Period.

(k) All moneys remaining in the Construction Fund (including moneys earned pursuant to the provisions of Section 4.9 hereof) after the Completion Date and payment in full of the costs of the acquisition, construction and equipping of the Project, and after payment of all other items provided for in the preceding subsections of this Section then due and payable shall at the written direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, or (ii) paid into the Bond Fund, or (iii) a combination of (i) and (ii) as is provided in such direction, provided that amounts approved by the Authorized Lessee Representative and Authorized Lessor Representative shall be retained by the Trustee in the Construction Fund for payment of costs not then due and payable. Any balance remaining of such retained funds after full payment of all such Project costs shall be used by the Trustee as directed by the Lessee in the manner specified in clauses (i), (ii) and (iii) of this subsection. Should Series A Bond proceeds remain in the



Construction Fund after the Completion Date in an amount in excess of \$175,000, no such excess shall be transferred to the Bond Fund except as otherwise provided in the Indenture.

The payments specified in subsections (a) through (j) of this Section shall be made by the Trustee only upon receipt of the following:

(A) A written requisition for such payment signed by (i) the Authorized Lessor Representative and (ii) the Authorized Lessee Representative and the Project Supervisor.

(B) A certificate by the persons signing such requisition certifying:

(1) That an obligation in the stated amount has been incurred by or on behalf of the Lessor;

(2) That the payment is a proper charge against the Construction Fund and has not been paid, and specifying the purpose and circumstances of such obligation in reasonable detail and to whom such obligation is owed, accompanied by a bill or statement of account for such obligation;

(3) That they have no notice of any vendor's, mechanic's, or other liens or right to liens, chattel mortgages or conditional sales contracts, or other contracts or obligations which should be satisfied or discharged before such payment is made; and

(4) That such requisition contains no item representing payment on account of any retained percentages which the Lessor is, as of the date of such requisition, entitled to retain; and

(C) With respect to any such requisition or payment for work, material, supplies or equipment, a certificate, signed by the Project Supervisor, certifying that insofar as such obligation was incurred for work, material, supplies or equipment in connection with the construction of the Project, such work was actually performed in a satisfactory manner, such materials, supplies or equipment were actually used in or about the construction or delivered at the site of the Project for that purpose.

Section 4.4. Trustee May Rely on Orders and Certifications. In making any such payment from the Construction Fund, the Trustee may rely on any such orders and certifications delivered to it pursuant to Section 4.3, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

The Lessor and the Lessee agree to cooperate with each other in furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Construction Fund, and to cause such orders to be directed by the Authorized Lessor Representative and the Authorized Lessee Representative to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof. Such obligation of the Lessor and the Lessee is subject to any provisions of this Lease or the Indenture requiring additional documentation with respect to payments and shall not extend

beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

Section 4.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Project Supervisor and the Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3(k), (i) construction of the Project has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to their satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

Section 4.6. Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the costs of the Project (including the proceeds of any Additional Bonds sold pursuant to the second paragraph of Section 4.2) shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete, or cause to be completed, the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The Lessor does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee shall pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Lessor or from the Trustee or from the holders of any of the Series A Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement.

Section 4.7. Authorized Lessee and Lessor Representatives and Successors. The Lessee and the Lessor, respectively, shall designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative and the Authorized Lessor Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

Section 4.8. Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties. The Lessor agrees that it will, at the direction of the Lessee, take such action



and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessor in connection with the performance of its agreement under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3(j); and the Lessor agrees that the Lessee may, from time to time, in its own name, or in the name of the Lessor, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such contracts, to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the Lessor of all covenants and obligations of the Lessor under this Agreement, with all costs and expenses incurred by the Lessor or the Lessee in connection therewith to be considered as part of the Project costs referred to in Section 4.3(j). Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

Section 4.9. Investment of Construction Fund and Bond Fund Moneys Permitted. Any moneys held as a part of the Construction Fund and the Bond Fund, and not required for immediate disbursement and withdrawal, may be invested or reinvested by the Trustee as provided in the Indenture, if then permitted by law, in direct obligations of, or obligations guaranteed by, the United States of America or obligations of the Federal National Mortgage Association, the Federal Intermediate Credit Bank, Federal Bank for Cooperatives, Federal Land Bank, Federal Home Loan Bank, Government National Mortgage Association, Export-Import Bank of the United States, United States Postal Service, Tennessee Valley Authority or any other agency or corporation which is or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof; or direct obligations of, or obligations guaranteed by, any state of the United States and are rated in the two highest ratings by a recognized national rating service in Municipal Bonds; or Public Housing Bonds, or Project Notes, fully secured by contracts with the United States; or negotiable or non-negotiable certificates of deposit issued by the Trustee or any bank, trust company or national banking association which is located in the United States of America and which has a capital stock and surplus aggregating at least \$5,000,000 if located in the State of South Carolina and \$20,000,000 if located in any other state; provided, however, that the negotiable or non-negotiable certificate of deposit of any bank, trust company or national association may not exceed \$100,000 if the aggregate capital stock and surplus is less than \$25,000,000; or commercial paper rated by Moody's National Credit Office P-1 and Standard & Poor A-1. Such certificates of deposit may be purchased directly or indirectly from such a bank, trust company or national banking association including the Trustee; including in each case any hereafter issued obligations or certificates. Each investment shall have a maturity of not exceeding the time within which the funds invested therein are required to be available. The Trustee may, and to the extent required for payments from the Construction Fund or Bond Fund, shall sell any such obligation at any time, and the proceeds of such sale, and of all payments



at maturity and upon redemption of such investments, shall be held in the Fund in which such obligations were held. Interest and other income received on moneys or securities in either such Fund shall be credited to such Fund and applied as provided in the Indenture. Such investments shall be made in the discretion of the Trustee; provided, however, the Lessee may be written direction from its Authorized Lessee Representative to the Trustee direct the investment of such Funds.

#### ARTICLE V

##### EFFECTIVE DATE OF THIS LEASE: DURATION OF LEASE TERM; RENTAL PROVISIONS

Section 5.1. Effective Date of this Lease; Duration of Lease Term. This Lease shall become effective upon its delivery and the leasehold estate created in this Lease shall then begin, and, subject to the provisions of this Lease (including, particularly Articles X, XI and XII hereof), shall expire at midnight, March 1, 19\_\_ or the latest expiration date after March 1, 19\_\_, provided for in any amendment hereto pursuant to Section 8.10, or if all of the Bonds have not been paid in full and retired (or provisions therefor made as provided in the Indenture), then on such date as such payment or provision therefor shall have been made (hereinafter referred to as the "Lease Term"), provided that this Lease shall expire in any case on March 1, 2014.

Section 5.2. Delivery and Acceptance of Possession. The Lessor agrees to deliver to the Lessee sole and exclusive possession of the Project upon the execution and delivery of this Agreement, and Lessee thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the Lessor and Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

Section 5.3. Rents and Other Amounts Payable. (a) At least ten days before each Bond Payment Date until the principal of, premium, if any, and interest on the Bonds shall have been paid in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project a sum equal to the amount payable on the next succeeding Bond Payment Date as principal (including mandatory sinking fund payments) and interest and premium, if any, upon the Series A Bonds as provided in the Indenture; provided that the amount of money at any time held by the Trustee in the Bond Fund on any rental payment date shall be credited against the rental payment due on such date to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, payable on the next succeeding interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient

to make the required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, and interest on such date, the Lessee shall forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

(b) The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee as Bond Registrar and paying agent, and any other paying agents on the Bonds, for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and reasonableness of any such fees, charges or expenses.

In the event the Lessee shall fail to make any of the payments required in this Section 5.3, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 7% per annum until paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

Section 5.4. Place of Rental Payments. The rent provided for in subsection (a) of Section 5.3 hereof shall be paid directly to the Trustee for the account of the Lessor and shall be deposited in the Bond Fund. The additional payments provided for in subsection (b) of Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

Section 5.5. Obligations of Lessee Hereunder Unconditional. The obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise and until such time as the principal of and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not, subject to the provisions of Section 9.6 hereof, suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agree-



ments contained in this Lease and (iii) except as provided in Section 11.1 and 11.2 will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of South Carolina or any political subdivision of either, or any failure of the Lessor to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease. Nothing contained in this Section shall be construed to release the Lessor from the performance of any of the agreements on its part herein contained; and in the event the Lessor shall fail to perform any such agreement on its part, the Lessee may institute such action against the Lessor as the Lessee may deem necessary to compel performance provided that no such action shall (i) violate the agreements on the part of the Lessee contained in the first sentence of this Section 5.5 or (ii) diminish the amounts required to be paid by the Lessee pursuant to Section 5.3 hereof. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Lessor hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding if the Lessee shall so request.

#### ARTICLE VI

##### MAINTENANCE, TAXES AND INSURANCE

Section 6.1. Maintenance and Modifications of Project by Lessee. The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the structural integrity of the Project or the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified); provided, that no such Alterations or Additions may be made that will so change the nature of the Project as will cause a violation of the Act or as will cause an Event of Taxability to occur pursuant to the provisions of Section 12.2 hereof. Subject to the provisions of Section 9.7 hereof, such Additions and Alterations so made by the Lessee shall be on the Project Site and become a part of the Project. The Lessee shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it, provided, the Lessee may in good faith contest any mechanics' or other liens filed or established



against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien of the Indenture as to any material part of the Project will be materially and imminently endangered or the Project or any material part thereof will be subject to imminent loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Lessor will cooperate fully with the Lessee in any such contest.

Section 6.2. Removal of Leased Equipment. The Lessor shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, subject, to the provisions of Section 8.9 hereof the Lessee may remove such items of Leased Equipment from the Plant and the Project Site and (on behalf of the Lessor) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Lessor or the Trustee therefor, provided that the Lessee shall either: (a) Substitute (either by direct payment of the cost thereof or by advancing to the Lessor the funds necessary therefor) and install anywhere in the Plant or on the Project Site other machinery, equipment or related property which has an acquisition cost or an Amortized Value equal to or greater than, the Amortized Value of the Leased Equipment for which substitution is being made, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Equipment; or (b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such machinery or equipment to anyone other than itself or in the case of the scrapping thereof, or (ii) in the case of the trade-in of such machinery or equipment for other machinery or equipment not to be installed as part of the Project, or (iii) that in the case of the sale of any such machinery or equipment to the Lessee or in the case of any other disposition thereof, the Lessee shall pay into the Bond Fund the proceeds of sale, scrap value or the amount of the trade-in allowance, or if greater, the Amortized Value of the Leased Equipment being scrapped, sold or traded in. The term "Amortized Value" with respect to Leased Equipment means acquisition cost, less depreciation, on a straight line basis over a term consistent with Internal Revenue Service guide lines.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$50,000. The Les-

ment being scrapped, sold or traded in. The term "Amortized Value" with respect to Leased Equipment means acquisition cost, less depreciation, on a straight line basis over a term consistent with Internal Revenue Service guide lines.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee shall promptly report to the Trustee each such removal, substitution, sale and other disposition and shall pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$50,000. The Lessee will pay any costs (including counsel fees) incurred in subjecting to the lien of the Indenture any items of machinery or equipment that under the provisions of this Section are to become part of the Leased Equipment. The Lessee shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provision of this Section.

Section 6.3. Taxes, Other Governmental Charges and Utility Charges. The Lessor and the Lessee acknowledge (i) that as of this date, no part of the Project owned by the Lessor will be subject to taxation in South Carolina, that under present law the income of the Lessor from this Lease is not subject to either Federal or South Carolina taxation, and (ii) that these factors, among others, have induced the Lessee to enter into this Lease.

The Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the Lessor from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the Lessor, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assess-



ments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture will be materially endangered or the Project or any material part thereof will be subject to imminent loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The Lessor will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the Lessor or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay.

The Lessor agrees that any investment tax credit with respect to the Project shall be made available to the Lessee and the Lessor will fully cooperate with the Lessee in any effort by the Lessee to avail itself of any such investment tax credit.

Section 6.4. Insurance Required. (a) During the Construction Period and throughout the Lease Term, the Lessee shall keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type paying (except as provided in Section 4.3(g) as the same become due all premiums in respect thereto, including but not necessarily limited to:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of Bonds outstanding from time to time.

(ii) Against war risks when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

The term "full insurable value" means such value as shall be determined from time to time at the request of the Lessor, Lessee or Trustee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee. Any such insurance referred to in this Section 6.4(a) may provide that the insurance does not cover the first \$50,000 of loss at the Project, with the result that the Lessee is its own insurer to that extent.

(b) At all times during the Lease Term, Lessee shall, at no cost or expense to the Lessor, maintain or cause to be maintained:

(i) General public liability insurance (including workmen's compensation insurance in amount usually



carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than workmen's compensation insurance) to afford protection to the limits of not less than \$1,000,000 in respect of any one accident; and

(ii) Property damage liability insurance against claims for damage to property (including loss of use) occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$250,000 in respect of damage to the property of any one owner.

(c) The insurance required by this Section 6.4 shall be maintained in full force and effect at all times during the Lease Term, except that such insurance required by Section 6.4(a) need not be placed in force and effect until the completion of the construction of the Project, provided that builder's risk insurance is in effect at least to the extent contemplated by Section 6.4(a) and provided further that in no event shall the insurance required by Section 6.4(a) be placed into force and effect later than the expiration of the builder's risk insurance carried pursuant to the provisions of any contracts entered into with contractors, with the end in view of having full insurance coverage at all times:

(d) Copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee. And, in the case of expiring policies throughout the Lease Term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Trustee, shall be delivered by Lessee to the Trustee.

(e) Policies of insurance provided for in Section 6.4 (a) and any builder's risk insurance referred to in Section 6.4(c) shall name the Lessor and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all casualty insurance shall be payable as provided in Section 7.1 hereof.

(f) All insurance required by this Section 6.4 shall be effected with responsible insurance companies selected by the Lessee and may be by blanket insurance policy or policies. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least thirty (30) days prior written notice to the Lessor, Lessee and Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the Lessor or by anyone claiming by, through or under the Lessor, against Lessee for any damage to the Project covered by the insurance provided for by this Section 6.4, however caused, but nothing in this sub-section (f) shall diminish Lessee's obligation to repair or rebuild as provided in Section 7.1. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith, provided that so long as any Bonds remain outstanding and unpaid no settlement of any claim shall be effected without the written consent of the Trustee.

Section 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Sections 6.4(a) and 6.4(c) hereof shall be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4(b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.6. Advances by Lessor or Trustee. In the event the Lessee shall fail (i) to keep the Project in as reasonably safe condition as its operating conditions will permit or to keep the Leased Equipment in good repair and good operating condition, as required by Section 6.1 hereof, (ii) to pay or cause to be satisfied and discharged any mechanics' or other liens filed or established against the Project as required by Section 6.1 hereof, (iii) to pay the taxes, assessments or other governmental or utility charges as required by Section 6.3 hereof or (iv) to maintain the insurance required by Section 6.4 hereof, the Lessor or the Trustee may (but shall be under no obligation to) take such action as may be necessary to cure such failure after first giving five (5) days notice in writing to the Lessee, including the advancement of amounts of money, and all amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 7% per annum from the date thereof, the Lessee agrees to pay on demand.

## ARTICLE VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. (a) Unless the Project shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(c) hereof resulting from such destruction or damage is not greater than \$100,000, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$100,000 shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Project shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and



Section 6.4(c) hereof resulting from such destruction or damage is in excess of \$100,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$100,000 shall be paid to and held by the Trustee in a separate trust account, whereupon the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the value or the character of the Project, whereupon the Trustee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses, as directed by the Lessee. Each such direction of the Lessee shall be accompanied by a certificate of an architect or engineer (who shall be selected by the Lessee and satisfactory to the Trustee) in charge of the rebuilding, repairing or restoring, dated not more than 30 days prior to such direction, setting forth in substance that (a) the sum then directed to be applied either has been paid by the Lessee, or is justly due, to contractors, subcontractors, materialmen, engineers, architects or other persons who shall have rendered services or furnished materials or improvements for the rebuilding, repairing or restoring therein specified; the names of such persons; a brief description of such services or materials or improvements and the several amounts so paid or due to each of such persons; and a statement that none of the costs of the services or materials or improvements described in such certificate has been or is being made the basis, in any previous or then pending direction for payment under this Section and that the sum then directed to be applied does not exceed the value of the services or materials or improvements described in the certificate, and (b) that, except for the amount, if any, stated (pursuant to (a) preceding) in such certificate to be due for services or materials or improvements, there is not outstanding any indebtedness known to the persons signing such certificate which is then due for labor, wages, materials, supplies or services in connection with the repairing, rebuilding or restoring which, if unpaid, might become the basis of a vendor's mechanic's, laborer's or materialmen's lien upon the Project or any part thereof. The Trustee may conclusively rely upon such direction and shall have no liability or responsibility for payments made pursuant to this Section 7.1 in reliance thereon.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs be entitled to any reimbursement from the Lessor, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture), all Net Proceeds shall



be paid to the Lessee.

(f) Notwithstanding any other provision of this Section, in the event of damage or destruction when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project, and any such insurance proceeds shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the Lessor and the Trustee all other sums due and owing hereunder.

Any moneys held by the Trustee under the provisions of the preceding paragraph shall, at the written request of the Lessee, be invested or reinvested by the Trustee as specified by the Authorized Lessee Representative and the Authorized Lessor Representative in such request in investments enumerated in Section 4.9 hereof. Any earnings or profits on such investments shall be considered as part of the Net Proceeds and the Lessee shall forthwith pay to the Trustee the amount of any losses on such investments.

Section 7.2. Condemnation. Unless title to, or temporary use of, all or substantially all, or any material portion, of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The Lessor, the Lessee and the Trustee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the Lessor of improvements consisting of facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the Lessor subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) Redemption of the principal of any of the Bonds together with accrued interest thereon to the date of redemption and any applicable premium; provided, that no part of any such condemnation award may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with the Indenture or (2)

in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the Lessor and the Trustee a certificate of an authorized officer of the Lessee stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

(d) If the foregoing subsection (c) of this Section is not applicable, payment into the Bond Fund, or, if no Bonds then remain outstanding under the terms of the Indenture, to the Lessee.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the Lessor and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), all Net Proceeds shall be paid to the Lessee.

The Lessor shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the Lessor. In no event shall the Lessor voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Notwithstanding any other provision of this Section, in any event of condemnation when no Bonds are then outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project, and any such award shall, after payment of collection expenses, be paid over to Lessee if Lessee is then in good standing with respect to the payment of rent hereunder and shall have paid the Lessor and the Trustee all other sums due and owing hereunder.

Section 7.3. Condemnation of Lessee Owned Property. The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

#### ARTICLE VIII

##### ADDITIONAL COVENANTS, ADDITIONAL BONDS

Section 8.1. No Warranty of Condition or Suitability by the Lessor. The Lessor makes no warranty, either express or



implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

Section 8.2. Lessor's Right of Access to the Project and Lessee's Records. The Lessee agrees that the Lessor, the Trustee and their or either of their duly authorized agents shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the Lessor and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction provided for in Section 4.1 hereof, and thereafter for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The Lessor and the Trustee shall also be permitted, at all reasonable times, to examine the books and records of the Lessee with respect to the Project.

Section 8.3. Lessee to Maintain its Corporate Existence. Conditions Under Which Exceptions Permitted. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another domestic corporation (that is, a corporation organized and existing under the laws of one of the States of the United States of America), or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, (i) is authorized to do business in South Carolina, (ii) is a domestic corporation as aforesaid, (iii) assumes in writing all of the obligations of the Lessee under this Agreement, and (iv) immediately following such merger, consolidation, sale or other transfer has a tangible net worth determined in accordance with generally accepted accounting principles at least equal to the tangible net worth of the Lessee as of the date of the Lessee's most recent certified financial statements.

Section 8.4. Qualification in South Carolina. The Lessee warrants that it is and throughout the Lease Term it (or the surviving, resulting or transferee corporation permitted by Section 8.3 hereof) will continue to be duly qualified to do business in South Carolina.

Section 8.5. Disclaimer of Warranties. Lessee acknowledges and agrees (i) that the Leased Equipment is of a size, design, capacity and manufacture selected by Lessee, (ii) that Lessee is satisfied that the same is suitable for its purposes, (iii) that the Lessor is not a manufacturer thereof nor a dealer in property of such kind, and (iv) that Lessor has not made, and does not hereby make, any representation or warranty or covenant with respect to the merchantability, condition, quality, durability or suitability of the Leased Equipment in any respect or in connection with, or for the purposes and uses of Lessee, or any other representation or warranty or covenant of any kind or character, express or implied, with respect thereto.

Lessee acknowledges and agrees that it has not, and by the execution hereof it does not have or obtain, any title to



the Leased Equipment subject to this Lease, nor any property right or interest, legal or equitable, therein, except solely as Lessee hereunder and subject to all the terms hereof. The Lessee hereby represents that the Leased Equipment will be plainly, permanently and conspicuously marked with a manufacturer's serial or identification number, which number will be identified in Exhibit A describing such Leased Equipment, and the Lessee covenants and agrees to replace any such marking which may be removed or destroyed or become illegible. The Lessee shall keep the Leased Equipment free from any markings or labelling which might be interpreted as a claim of ownership thereof by the Lessee or any party other than the Lessor or its assigns.

Section 8.6. Granting of Easements. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements (including party wall agreements), licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the Lessor agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or a vice president or the chairman of the board of directors of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president or the chairman of the board of directors of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture. Any money consideration received in connection with the granting of an easement pursuant to this Section shall be deposited in the Bond Fund, and any other consideration received shall be the property of the Lessee, provided no grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Section 8.7. Indemnification Covenants. (a) Lessee shall and agrees to indemnify and save the Lessor and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (iv) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the Lessor and the Trustee harmless from and against all costs and expenses incurred in or in connection

with any such claim arising as aforesaid from (i), (ii), (iii) or (iv) supra, or in connection with any action or proceeding brought thereon, and upon notice from the Lessor, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the Lessor shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the Lessor hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Agreement, or by reason of the performance of any act requested of it by the Lessee, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Lessor should incur any such pecuniary liability then in such event the Lessee shall indemnify and hold harmless the Lessor against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Lessor, the Lessee shall defend the Lessor in any such action or proceeding.

Section 8.8. Financial Statements of Lessee. Lessee shall furnish to the Trustee, the initial purchaser of the Series A Bonds, and upon written request the holder of any Bond, all financial statements which it sends to its shareholders.

Section 8.9. Tax Exempt Status of Bonds and Arbitrage. The Lessee covenants that it does not presently intend to take any action which will cause the interest on the Series A Bonds to become subject to federal income taxes as a result of any violation of provisions of Section 103(c)(4)(F) of the Code so long as any of the Bonds are outstanding under the Indenture. The Lessee further covenants that it shall furnish to the Lessor and the Trustee at the time of the issuance of the Series A Bonds, a statement evidencing compliance with the provisions of Section 103(c)(4)(F) of the Code and the applicable Regulations of the Internal Revenue Service thereunder.

The Lessor and the Lessee covenant that the principal proceeds of the sale of the Series A Bonds shall be devoted to and used with due diligence for the completion of the Project. The Lessor and the Lessee hereby further certify, covenant and represent that:

1. The Project to be financed by the Series A Bonds consists of structures, facilities, machinery, equipment and improvements constituting air pollution control facilities as defined in the Code.

2. On the basis of the knowledge of the Board of Directors of the Lessee and the governing body of the Lessor and upon an examination of reports and cost projections prepared by or on behalf of the Lessee in connection with the acquisition and construction of the Project:

(a) All of the principal proceeds of the Series A Bonds are needed for the purpose of paying the cost of the Project, including expenses incidental to the Project and to the issuance of the Series A Bonds.



(b) At least 85% of the spendable proceeds of the Series A Bonds, including investment proceeds, will be expended for the Project costs within 3 years following the date of issue of the Series A Bonds.

(c) The Lessor has heretofore incurred, or the Lessee has incurred on behalf of the Lessor, substantial binding obligations equal to at least 2 1/2% of the total Project cost.

(d) Work on the Project has proceeded and is expected to proceed with due diligence to completion.

(e) The Project has not been and is not expected to be sold or otherwise disposed of in whole or in part prior to the last maturity of the Series A Bonds (other than as provided in this Lease or in the Indenture).

(f) Accrued interest received upon the sale of the Series A Bonds is applied to the first interest due thereon.

3. On the basis of the foregoing, it is not expected that the proceeds of the Series A Bonds will be used in a manner that would cause the Series A Bonds to be arbitrage bonds under Section 103(d) of the Code and regulations promulgated under that Section. To the best knowledge and belief of the Lessee and the Lessor, there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

The Lessor hereby further certifies that it has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

The Lessor and the Lessee jointly and severally covenant with all purchasers and holders of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(d) of the Code, and any lawful regulations promulgated or proposed thereunder, including Sections 1.103-13 and 1.103-14 of the Income Tax Regulations (26 CFR Part 1), as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised. The Lessor and the Lessee reserve the right, however, to make any investment of such moneys permitted by South Carolina law, if, when and to the extent that said Section 103(d) or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final judgment of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Bonds subject to federal income taxation.

Section 8.10. Additional Bonds. Subject to the obligations of the Lessor under the Indenture, the Lessor and the Lessee may hereafter negotiate one or more amendments to this Agreement pertaining to an increase in the obligations of the Lessor and the Lessee upon an undertaking of the Lessor to provide Additions or Alterations for the Project through the issu-



ance of Additional Bonds pursuant to Section 213 of the Indenture; provided that no obligation is imposed on Lessor by this Section 8.10 to enter into any such amendment and no such amendment is permitted hereunder which would result either in the breach of the Lessor's agreements pursuant to the Indenture or in the reduction of Lessee's obligations pursuant to this Agreement.

#### ARTICLE IX

#### ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT; INSTALLATION OF LESSEE'S OWN MACHINERY AND EQUIPMENT

Section 9.1. Assignment and Subleasing. This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the Lessor or the Trustee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume in writing the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the Lessor and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be, accompanied by a certificate of an independent certified public accountant and an opinion of Independent Counsel that nothing in the transaction so done has resulted, or will result in an "Event of Taxability" (as defined in Section 12.2 hereof).

Section 9.2. Mortgage of Project by Lessor. The Lessor will mortgage the Project and assign its interest in and pledge any moneys receivable under this Agreement (except payments made pursuant to Section 8.7) pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium if any, and interest on the Bonds, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

Section 9.3. Restrictions on Sale of Project by Lessor. The Lessor agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

Section 9.4. Redemption of Bonds. The Lessor, at the request at any time of the Lessee and if the same are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds,

as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions.

Section 9.5. Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Lessor agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their due dates, or at the election of the Lessee applied to the retirement of Bonds prior to maturity (either by redemption or purchase) in accordance with the Indenture.

Section 9.6. Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents of the Bonds due or to become due through the date on which the last of the Bonds is retired at maturity or upon a prior date upon which Bonds may be redeemed, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including March 1, 1994, with no obligation to make rental payments specified in the first paragraph of Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

Section 9.7. Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install additional machinery and equipment in the Project. All machinery and equipment so installed by the Lessee shall remain the sole property of the Lessee in which neither the Lessor nor the Trustee shall have any interest, may be modified or removed at any time which the Lessee is not in default hereunder and shall not be subject to the lien of the Indenture.

Section 9.8. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with provisions of the Indenture) and all fees and charges of the Trustee, all references in this Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. For purposes of this Agreement the Bonds shall be deemed fully paid:

(a) If there is no default under Section 8.9 and there is on deposit in the Bond Fund a total amount of money sufficient to pay the principal of all the then outstanding Bonds plus the interest due thereon until and at their respective maturities and provision for payment of all Trustee's and paying agents' fees, accrued and to accrue, has been made in a manner satisfactory to the Trustee and such paying agents, or

(b) If there have been irrevocably deposited with the Trustee (i) moneys or direct obligations of the United States of America which when due will pro-



vide sufficient to pay, redeem and retire all the then outstanding Bonds (including, without limitation principal, premium, interest to maturity or earlier applicable redemption date, as the case may be, expenses of redemption and Trustee's and paying agents' fees), and (ii) evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been duly given by the Lessor or the Trustee has been irrevocably authorized to give such redemption notices.

## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3(a) of this Agreement at the times specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to Lessee by either the Trustee or the Lessor that the payment referred to in such notice has not been received; or, without regard to notice, failure by the Lessee to pay the rents required to be paid under Section 5.3(a) of this Agreement at the times specified therein and continuing for a period of ten days after any rental becomes due under Section 5.3(a) of this Agreement.

(b) Failure of the Lessee to fulfill its obligation to purchase the Project and make the payments required as provided in Section 12.2 hereof.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Lessor or the Trustee, unless the Lessor and the Trustee shall agree in writing to an extension of such time prior to its expiration, provided, however, if said failure be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the failure is corrected.

(d) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntarily petition in bankruptcy, or failure promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or if a petition or answer proposing the adjudication of the



Lessee as a bankrupt or its reorganization under any present or future bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within 90 days after the filing thereof, or if the Lessee shall admit in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of the Lessee or of all or any substantial portion of the Project shall be appointed in any proceeding brought against the Lessee and shall not be discharged within 90 days after such appointment or if the Lessee shall consent to or acquiesce in such appointment, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee" as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4, 8.7, 8.9 and 12.2 hereof to which the force majeure provisions of this paragraph shall have no application) the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire, hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

Section 10.2. Remedies on Default. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the Lessor may, to the extent permitted by law, take any one or more of the following remedial steps:

(a) The Lessor, with the prior written consent of the Trustee, or the Trustee as provided in the Indenture may at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable.

(b) The Lessor, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The Lessor, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder.

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the Lessor may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

(e) The Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Agreement.

(f) At any time after the expiration of the Lease Term pursuant to paragraph (c) hereof, whether or not the Lessor shall have collected any current damages, the Lessor shall, at its option, be entitled to recover from the Lessee, and the Lessee will pay to the Lessor on demand, as and for liquidated and agreed final damages for Lessee's default and in lieu of all current damages beyond the date of such demand, an amount equal to the greater of:

(i) The basic rent, additional rent and other payments which would be payable under this agreement from the date of such demand for what would be the then unexpired Lease Term if the same had not so expired, less the then fair net rental value of the Project for the same period, or

(ii) All unpaid installments of rent as hereinafter defined if any Bonds are then outstanding and unpaid. If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount agreed upon, the Lessor shall be entitled to the maximum amount allowable under such statute or rule of law. The term "all unpaid installments of rent" shall mean an amount equal to the entire principal amount of the then outstand-



ing Bonds, together with any applicable redemption premiums and all interest accrued or to accrue on and prior to the next succeeding redemption date or dates on which the Bonds can be redeemed after giving notice to the holders thereof as required by the Indenture (less moneys available for such purpose then held by the Trustee) and plus any other payments due or to become due hereunder, including, without limitation, any unpaid fees and expenses of the Trustee and any paying agents of the Bonds which are then due or will become due prior to the time that the Bonds are paid in full and the trust established by the Indenture is terminated.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the principal of and interest and premium, if any, on all of the Bonds have been fully paid (or provisions for payment thereof has been made in accordance with the provisions of the Indenture), to the Lessee.

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3, Section 10.2(a) and Section 12.2 hereof, all of which shall survive any such action, and the Lessor may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of the Lessee hereunder, including the Lessee's obligation to make the payments required by Section 12.2 hereof.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Lessor hereunder shall also extend to the Trustee and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Agreement and the Lessor or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the Lessor or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the Lessor or the Trustee.



Section 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE XI

### OPTIONS IN FAVOR OF LESSEE

Section 11.1. Options to Terminate. The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, if any, expenses of redemption and Trustee's and paying agent's fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and by paying to the Lessor any and all sums then due to the Lessor under this Agreement.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and of any and all sums then due to the Lessor under this Agreement, the Lessee may terminate the Lease Term by giving the Lessor notice in writing of such termination and such termination shall forthwith become effective.

Section 11.2. Option and Obligation to Purchase Project in Certain Events. The Lessee shall have, and is hereby granted, the option and shall also have the obligation in the case of (d) below, to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the events set forth in the following clauses shall have occurred:

(a) The Project shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(c) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Project.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Lessor or the Lessee in respect to the Project.

(d) A Determination of Taxability is made as set forth in Section 12.2 hereof.

In case of any of the above events stated in Subsection (a), (b) or (c) of this Section, the Lessee, if it exercises its option to purchase the Project, must purchase the Project within 180 days after such event. In the case of the event stated in subparagraph (d) of this Section the Lessee covenants and agrees that it will exercise such option and purchase the Project within 90 days after such event.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the Lessor, and to the Trustee if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture, shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date, premium, if any and redemption expense, plus

(2) An amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) The sum of \$100, and any and all other sums then due to the Lessor under this Agreement, for the Project.



In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4 hereof.

Section 11.3. General Option to Purchase Project. The Lessee shall have, and is hereby granted, the option to purchase the Project at any time prior to full payment of the Bonds as hereinafter provided or at any time after full payment of the Bonds as hereinafter provided, but within 180 days of the termination of the Lease Term. To exercise such option the Lessee shall give written notice to the Lessor and to the Trustee, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed. Such notice shall also request redemption of all outstanding Bonds at the next earliest redemption date in accordance with the provisions of the Indenture, and the Lessor shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the fair value of the Project which is defined for the purpose of this Section to be the sum of the following:

- (1) an amount of money which, when added to any amount then on deposit in the Bond Fund, will be sufficient to redeem (or provide for the redemption of, in accordance with the provisions of the Indenture) all outstanding Bonds on the redemption date coinciding with or next succeeding such closing date at a redemption price equal to the principal amount thereof, the premium, if any, and accrued interest thereon to such redemption date, plus
- (2) an amount of money equal to the Trustee's and paying agents' fees, charges and expenses under the Indenture and the Lessor's expenses in complying with this Lease and the Indenture, accrued and to accrue until such redemption of the Bonds, plus
- (3) the sum of \$100.

Section 11.4. Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to any option to purchase granted herein or the purchase pursuant to Section 12.2 hereof, the Lessor shall upon receipt of the purchase price deliver to the Lessee the following:

- (a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from the lien of the Indenture.
- (b) Documents conveying to the Lessee good and marketable title to the property being purchased, as such property then exists, subject to the following:
  - (i) those liens and encumbrances (if any) to which title to said property was subject immediately following the delivery of the Series A Bonds but excluding this Lease Agreement and the Indenture;
  - (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented;
  - (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement;
  - (iv) Permitted Encumbrances other than the Indenture



and this Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

Section 11.5. Relative Position of Options and Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in nonfulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

## ARTICLE XII

### SPECIAL COVENANTS OF THE LESSEE

Section 12.1. Obligation to Purchase Project. The Lessee hereby agrees to purchase, and the Lessor hereby agrees to sell, the Project for \$100.00 dollars at the expiration of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the Lessor will deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that such default will not result in nonfulfillment of any condition to this right.

Section 12.2. Determination and Event of Taxability. Should there occur a "Determination of Taxability" as hereinafter defined, the Lessee shall be required to purchase the Project and hereby covenants and agrees to purchase the Project as provided in Section 11.2 hereof and agrees to pay to the Trustee as the purchase price for the Project as provided in Section 11.2 hereof the sum of the following:

(1) 108% of the principal amount of the outstanding Bonds, at the time of a Determination of Taxability (the "Determination") as hereinafter defined, plus accrued interest to the redemption date; plus

(2) 8% of the principal amount of Bonds, not then outstanding but which were outstanding at the time of the "Event of Taxability" as hereinafter defined, with such amount to be held and disbursed by the Trustee as provided in the Indenture, as described elsewhere herein.

An "Event of Taxability" shall mean the violation of the circumstances described in Sections 103(c)(4)(F) of the Code or Section 103(d) with respect to "arbitrage bonds", which circumstances the Determination of Taxability shall have found to have occurred, with the result that the interest payable on the Bonds becomes includable in the gross income of the holders of the Bonds (other than a holder who is a substantial user or related person as such are defined in the Internal Revenue Code).

A "Determination of Taxability" shall mean the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest payable on any of the Bonds is includable in the gross income of a holder thereof as a result of the limitations prescribed in Section 103(c)(4)(F) of the Code, having been violated or the Bonds being "arbitrage bonds" under Section 103(d) of the Internal Revenue Code of 1954, as amended. Such a Determination of Taxability

shall be deemed for all purposes of this Agreement to have occurred on the date borne by said statutory notice of deficiency.

#### ARTICLE XIII

##### MISCELLANEOUS

Section 13.1. Quiet Enjoyment. The Lessor agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

Section 13.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the Lessor, at the County Courthouse, Georgetown, South Carolina 29440; if to the Lessee, at P. O. Box 619, Georgetown, South Carolina 29440, Attention: Treasurer; and if to the Trustee at \_\_\_\_\_, Attention: Corporate Trust Department. The Lessor, the Lessee and the Trustee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.3. Recording and Filing. This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It, or any appropriate notice, shall be recorded in the office of the Clerk of Court of Georgetown County, South Carolina or in such other office as may be provided by law as the proper place for recordation thereof. The security interest of the Lessor created herein as to any personal property, equipment and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code-Secured Transactions, in the office of the Clerk of Court of Georgetown County, South Carolina, and in the Office of the Secretary of State of South Carolina. The Lessee further agrees that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code-Secured Transactions, in order to continue the security interests created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the Lessor or the Lessee.

Section 13.4. Notice and Performance Under Guaranty Agreement. All notices, certificates, demands, reports, consents, approvals, and other documents required to be furnished to the Lessee under and pursuant to any provision of this Lease including any notice of an Event of Default shall be furnished in like manner to the Guarantor under the Guaranty Agreement; provided, however, that this Lease and the duties, obligations and liabilities of Lessee hereunder shall in no wise be affected or impaired by the failure of the Lessor or the Trustee to furnish such notice and other document or documents to Guarantor. The performance by the Guarantor under the Guaranty Agreement of any covenant, agreement, condition or provision contained in this Lease shall be deemed to be the performance by the Lessee of such covenant, agreement, condition or provision.



Section 13.5. Maintenance of Security Interests. On or before July 1 in each calendar year commencing after the Completion Date, and so long as any Bonds are outstanding under the Indenture, the Lessee will file with the Trustee a certificate describing, as of January 31 immediately preceding, each item of tangible personal property, not described in a previous similar certificate, which has been added to the Project, whether as a substitution, replacement or addition, and whether or not, when added, it became part of the real estate, if the aggregate cost of such items in the preceding calendar year exceeds \$50,000. In addition, the Lessee shall furnish, if so requested by the Trustee within fifteen (15) days after filing such certificate, an opinion of Counsel, to the effect that all steps requisite to perfection of the security interests of the Lessor and Trustee in and to such property have been duly taken. All such opinions shall specify the further refilings and renewals required in order to continue perfection of such security interests for so long as any Bonds remain outstanding. The Lessee will execute all instruments, including financing statements, deemed necessary or advisable in the opinion of Independent Counsel (who may be counsel for the Trustee) for perfection of and continuance of the perfection of the security interests as aforesaid. However, all obligations of the Lessee under this Section are subject to the conditions that the Lessor shall execute all instruments, including financing statements, required by it in the opinion of such Counsel, and will file and record all such instruments executed by the Lessee and the Lessor, or cause them to be filed and recorded, and shall continue the liens of all such instruments by appropriate refiling and re-recording as specified in the opinions of such Counsel, or cause them to be so continued, until all Bonds have been discharged under the Indenture.

Section 13.6. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

Section 13.7. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.8. Amounts Remaining in Bond Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture, shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 13.9. Certain Definitions. In this Section 13.9 and in Section 13.10 the following terms shall have the following meanings:

(a) "Banks" mean the banks and trust companies which have entered into that certain Loan Agreement dated as of June 22, 1973 with the Lessee;

(b) "consolidated current assets" means the aggregate amount of all current assets of the Lessee and the



subsidiaries; provided, however, that in no event shall current assets include any deferred assets other than prepaid items such as insurance, taxes, interest, commissions, rents, royalties and similar items;

(c) "consolidated current liabilities" means the aggregate amount of all current liabilities of the Lessee and the subsidiaries, except for current maturities of long term debt and capitalized leases;

(d) "consolidated tangible net worth" means (i) the aggregate amount of all assets of the Lessee and subsidiaries excluding intangible assets, including, without limitation, good will, patents, trademarks, tradenames, franchises, research and development expenses and any good will arising from the purchase of assets for amounts in excess of their fair market value; less (ii) the aggregate amount of all liabilities of the Lessee and the subsidiaries (excluding the aggregate amount of all liabilities of the Lessee and the subsidiaries subordinated to the Banks in a manner satisfactory to the Banks);

(e) "consolidated net working capital" means the amount by which consolidated current assets of the Lessee and the subsidiaries exceeds their consolidated current liabilities;

(f) "subsidiary" and "subsidiaries" mean any corporation of which more than fifty percent (50%) of the voting stock (other than directors qualifying shares) entitling the holders thereof to elect a majority of the board of directors, managers or trustee thereof, at the time is owned or controlled directly by the Lessee or one or more of the subsidiaries (although Steelcom, Inc. is consolidated with the Lessee for accounting purposes, such company is not a "subsidiary" within the meaning of this paragraph);

(g) "person" means any natural person, corporation, business trust, association, company, partnership or joint venture.

For purposes of determining, under this Section 13.9 and Section 13.10;

(a) the value of assets, investments in persons other than subsidiaries shall be taken at cost or fair market value, whichever is less; and

(b) assets and liabilities, all intercompany items shall be eliminated.

Section 13.10. Particular Covenants. The Lessee covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Bonds, unless the Bondholders shall otherwise consent in writing (within the meaning of Section \_\_\_\_ of the Indenture), the Lessee will;

(a) maintain at all times, consolidated net working capital of not less than Six Million Dollars (\$6,000,000.00);

(b) maintain its consolidated tangible net worth at all times in an amount not less than Thirteen Million Dollars (\$13,000,000.00).

Section 13.11. Amendments, Changes and Modifications. Except in the instance of an amendment pursuant to Section 8.10 hereof, this Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee.

Section 13.12. Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution, counterclaim or set-off other than those herein expressly provided.

Section 13.13. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.14. Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, Georgetown County, South Carolina has executed this Lease by causing its name to be hereunto subscribed by the Chairman of its Georgetown County Council and the official seal of said Georgetown County Council to be impressed hereon and attested by the Clerk; and Georgetown Steel Corporation has executed this Lease by causing its corporate name to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested by its Secretary, all being done as of the 1st day and year first above written.

GEORGETOWN COUNTY, SOUTH CAROLINA

By \_\_\_\_\_  
Chairman, Georgetown County  
Council

(SEAL)

Attest:

\_\_\_\_\_  
Clerk

Signed, sealed and delivered  
in the presence of:

\_\_\_\_\_  
\_\_\_\_\_

GEORGETOWN STEEL CORPORATION

By \_\_\_\_\_  
President

(SEAL)

Attest:

\_\_\_\_\_  
Secretary

Signed, sealed and delivered  
in the presence of:

\_\_\_\_\_  
\_\_\_\_\_



STATE OF SOUTH CAROLINA    )  
                                  )   SS  
COUNTY OF GEORGETOWN        )

Personally appeared before me \_\_\_\_\_,  
who being duly sworn says that he saw the corporate seal of George-  
town County, South Carolina, affixed to the foregoing Lease, and  
that he also saw \_\_\_\_\_, as Chairman and \_\_\_\_\_  
\_\_\_\_\_, as Clerk of the Georgetown County Coun-  
cil, sign and attest the same and that he with \_\_\_\_\_,  
witnessed the execution and delivery thereof as the act and deed  
of the said Georgetown County, South Carolina.

\_\_\_\_\_  
Witness

Sworn to before me this:

\_\_\_\_\_  
Notary Public for the State  
of South Carolina

My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA    )  
                                  )  
COUNTY OF                    )

Personally appeared before me \_\_\_\_\_,  
who being duly sworn says that he saw the corporate seal of George-  
town Steel Corporation affixed to the foregoing Lease, and that he  
also saw \_\_\_\_\_, as President and \_\_\_\_\_  
\_\_\_\_\_, as Secretary of said Corporation, sign and attest  
the same, and that he with \_\_\_\_\_, witnessed  
the execution and delivery thereof as the act and deed of the said  
Georgetown Steel Corporation.

\_\_\_\_\_  
Witness

Sworn to before me this:

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

---

GEORGETOWN COUNTY, SOUTH CAROLINA

TO

TRUSTEE

---

INDENTURE OF TRUST AND SECURITY AGREEMENT

DATED AS OF MARCH 1, 1974

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RELATING TO GEORGETOWN COUNTY, SOUTH CAROLINA  
POLLUTION CONTROL REVENUE BONDS, SERIES A  
(GEORGETOWN STEEL CORPORATION - LESSEE)

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# INDENTURE OF TRUST AND SECURITY AGREEMENT

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## INDENTURE OF TRUST AND SECURITY AGREEMENT

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT made and entered into as of the first day of March, 1974, by and between GEORGETOWN COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "Issuer"), as party of the first part, and \_\_\_\_\_, a banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, as Trustee (hereinafter sometimes referred to as "Trustee"), as party of the second part,

### W I T N E S S E T H:

WHEREAS, the Issuer is authorized and empowered by the provisions of Act No. 156 of the Acts of the General Assembly of the State of South Carolina, for the year 1971 (the "Act"), to assist industries to eliminate, mitigate or prevent air and water pollution by providing a means with which to raise moneys to pay the cost of pollution control facilities through the issuance of revenue bonds payable solely out of the moneys derived by the Issuer under a Lease Agreement by which the industry agrees to operate and maintain the pollution control facilities for the purposes intended and to pay the sums required to meet the payment of the principal, interest and premium, if any, on any such bonds; and

WHEREAS, the Issuer has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), so that the Issuer will issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the Issuer has further entered into a Lease Agreement with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described; and

WHEREAS, the execution and delivery of the Lease Agreement and this Indenture of Trust and Security Agreement (hereinafter sometimes referred to as the "Indenture") have been authorized by resolutions duly adopted by the Georgetown County Council of Georgetown County (hereinafter sometimes referred to as the "County Council"), as constituted by Article \_\_\_\_\_, Chapter \_\_\_\_\_, Title \_\_\_\_\_, Code of Laws of South Carolina, 1962, as amended, and the County Council in accordance with the requirements of Section 7 of the Act has obtained from the Pollution Control Authority of South Carolina finding that the Pollution Control Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution; and the County Council in accordance with the requirements of Section

14 of the Act, has submitted its Petition to the State Budget and Control Board of South Carolina, including a brief description of the Project, a statement of the action taken by the Pollution Control Authority as aforesaid, a reasonable estimate of the cost of the Project, and a general summary of the terms and conditions of the Lease Agreement, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Council to proceed with the financing of the Project. Notice of such approval was duly published in a newspaper having general circulation in Georgetown County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as GEORGETOWN COUNTY, SOUTH CAROLINA, POLLUTION CONTROL REVENUE BONDS, SERIES A (GEORGETOWN STEEL CORPORATION - LESSEE) in the aggregate principal amount of \$3,700,000 (hereinafter sometimes referred to as the "Series A Bonds") as hereinafter provided; and

WHEREAS, it is anticipated that additional amounts may be necessary to complete or improve the Project and as a result provision should be made for the issuance of additional parity bonds from time to time as specified in Section 210 hereof (the "Additional Bonds"); and

WHEREAS, the \$3,700,000 aggregate principal amount of Series A Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following form, and any Additional bonds, coupons and Trustee's Certificate of Authentication are also to be in substantially the following forms (except as to redemption, sinking fund and other provisions peculiar to such Additional Bonds) with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

(Form of Series A Coupon Bond)  
UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
GEORGETOWN COUNTY  
Pollution Control Revenue Bond, Series A  
(Georgetown Steel Corporation - Lessee)

No. \_\_\_\_\_ \$5,000

KNOW ALL MEN BY THESE PRESENTS that Georgetown County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), for value received, promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered to the registered owner hereof, on \_\_\_\_\_, 19\_\_\_\_, the principal sum of Five Thousand Dollars (\$5,000) and in like manner to pay interest on said sum from the date hereof at the rate of \_\_\_\_\_ per cent ( %) per annum upon presentation and surrender of the attached coupons on September 1, 1974 and semi-annually thereafter on March 1, and September 1 of each year un-



til said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, both principal of and interest on this Bond being payable in lawful money of the United States of America at the principal office of \_\_\_\_\_ in the City of \_\_\_\_\_, \_\_\_\_\_, as Trustee, or its successor in trust.

This Bond is one of a series of Bonds issued under the hereinafter described Indenture in the aggregate principal amount of \$3,700,000 (hereinafter referred to as the "Series A Bonds") authorized to be issued for the purpose of defraying the cost of acquiring, installing and constructing facilities designed for the elimination, mitigation and prevention of air pollution (hereinafter called the "Project") installed at the Lessee's plant located in Georgetown County, South Carolina. The Project has been leased by the Issuer to Georgetown Steel Corporation, a Delaware corporation (herein referred to as the "Lessee") under the terms of a lease agreement dated as of March 1, 1974 (which agreement, as from time to time supplemented and amended, is hereinafter referred to as the "Lease Agreement"). Under the Lease Agreement the Lessee must pay to the Issuer such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of operating and maintaining the Project in good repair, to keep it properly insured and to pay all taxes, assessments and other charges levied or assessed against or with respect to the Project.

The Series A Bonds are all issued under and equally and ratably secured and entitled to the security of an Indenture of Trust and Security Agreement dated as of March 1, 1974 (hereinafter referred to as the "Indenture") duly executed and delivered by the Issuer to

\_\_\_\_\_, in the City of \_\_\_\_\_, \_\_\_\_\_, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust). It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank pari passu with the Series A Bonds. Reference is made to the Indenture and to all indentures supplemental thereto for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the rights of the holders of the Bonds, the issuance of Additional Bonds and the terms on which the Bonds are or may be issued and secured, and to all the provisions of which the holder hereof by the acceptance of this Bond assents.

This Bond may be registered as to principal only on the registration books of the Issuer in the principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered owner or by duly authorized attorney, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall



be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Notwithstanding the registration of this Bond, the coupons appertaining hereto shall remain payable to bearer and shall continue to be transferable by delivery. Subject to the provisions for registration included herein and contained in the Indenture, this Bond and the coupons appertaining hereto shall be negotiable and pass by delivery.

The Series A Bonds are issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000 and as registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and the same maturity, bearing all unmatured coupons (and any matured coupons in default) or for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of other authorized denominations, and coupon Bonds bearing all unmatured coupons (and any matured coupons in default) may be exchanged for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of authorized denominations.

The Series A Bonds are non-callable for redemption prior to March 1, 1984, except in the event of: (i) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement or the exercise by the Lessee of its option to purchase the Project in accordance with the provisions and limitations of subsections (a), (b) and (c) of Section 11.2 of the Lease Agreement; (ii) the Lessee is required to purchase the Project in accordance with the provisions of Section 12.2 of the Lease Agreement.

If the Bonds are called for redemption in the event described in (i), the Bonds shall be subject to redemption by the Issuer at any time in whole or (in the case of redemption pursuant to condemnation awards) in part in inverse numerical order at a redemption price of 100 percent of the principal amount thereof plus accrued interest to the redemption date. If called for redemption due to the event described in (ii), the Bonds shall be subject to redemption by the Issuer at any time in whole and not in part at a redemption price of 108% of the principal amount thereof plus accrued interest to the redemption date.

Series A Bonds are also subject to redemption by the Issuer prior to maturity on any interest payment date on or after March 1, 1984, in whole or in part in inverse numerical order at the redemption price (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 1984 or September 1, 1984	105 %
March 1, 1985 or September 1, 1985	104 1/2%
March 1, 1986 or September 1, 1986	104% %

March 1, 1987 or September 1, 1987	103 1/2%
March 1, 1988 or September 1, 1988	103 %
March 1, 1989 or September 1, 1989	102 1/2%

The Series A Bonds maturing on March 1, 1990 are subject to mandatory redemption pursuant to the provisions of the Indenture in accordance with the terms of the sinking fund therein provided, on March 1, 1984 and on March 1 of each year thereafter to and including March 1, 1989, at the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption and without premium. The Trustee shall apply moneys in the sinking fund to redeem the following numbered Series A Bonds maturing on March 1, 1990 on the dates and in the principal amounts below described and without further notice of redemption:

<u>Date</u>	<u>Principal Amount</u>	<u>Bonds Numbered</u>
1984	\$250,000	291-340
1985	270,000	341-394
1986	295,000	395-453
1987	320,000	454-517
1988	345,000	518-586
1989	370,000	587-660

In the event any of the Bonds are called for redemption as aforesaid, (except for the Bonds to be redeemed by number pursuant to the provisions of the mandatory sinking fund above described) notice thereof identifying the Bonds to be redeemed shall be given by publication, at least once, not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds (including Bonds registered as to principal only and fully registered Bonds), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the holder of any registered Bond designated for redemption shall not affect the validity of the proceedings for redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided,



then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

The Bonds are issued pursuant to the authorization of and for the purposes prescribed by Act No. 156 (the "Act") of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina, and pursuant to resolutions adopted by the Georgetown County Council of Georgetown County. In fulfillment of the requirements of the Act, the Pollution Control Authority of South Carolina has found that the Project is necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution, and the issuance of the Bonds and the Project have been approved by the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part and the interest coupons appertaining hereto are limited obligations of the Issuer and are payable solely out of the revenues and receipts derived from the leasing or sale by the Issuer of the Project and otherwise as provided in the Indenture and Lease Agreement. The Bonds and the interest coupons appertaining thereto are not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The issuance of the Bonds shall not, directly or indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment. Nothing in the Bonds or the coupons appertaining to the coupon Bonds or in the Indenture or the proceedings of the Issuer authorizing the Bonds shall be construed to authorize the Issuer to create an indebtedness or a loan of credit thereof of the Issuer, within the meaning of the Constitution or statutes of the State of South Carolina. The principal, premium, if any, and interest on the Bonds are payable solely from the funds pledged for their payment in accordance with the resolutions authorizing their issuance and the Indenture. No breach of any such pledge, obligation or agreement may impose any pecuniary liability upon the Issuer or any charge upon its general credit or against its taxing power. Pursuant to the provisions of the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid by the Lessee to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated Georgetown County, South Carolina Pollution Control Revenue Bond Fund - Georgetown Steel Corporation Project, and all rents, revenues and receipts under the Lease have been duly pledged and assigned to the Trustee for that purpose, under the Indenture to secure payment of such principal, premium, if any, and interest. In addition, the Bonds are secured by the Indenture which constitutes a security interest in the Project acquired or constructed with the proceeds of the Bonds subject to the Lease Agreement.

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer or employee of the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.



The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This Bond and the coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Georgetown County, South Carolina has caused this Bond to be executed by the Chairman of the Georgetown County Council, by his official manual or facsimile signature and attested by the signature of the Clerk of its said County Council, and its corporate seal to be hereunto affixed or printed hereon, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said officers, all as of the first day of March, 1974.

GEORGETOWN COUNTY, SOUTH CAROLINA

By (facsimile)  
Chairman, Georgetown County  
Council

Attest:

Clerk, Georgetown County  
Council

(SEAL)

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Indenture of Trust and Security Agreement.

as Trustee

By \_\_\_\_\_  
Authorized Officer

(FORM OF INTEREST COUPON)

No. \_\_\_\_\_ \$5,000

On the first day of \_\_\_\_\_, 19\_\_\_\_, Georgetown County, South Carolina (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price shall have been made or provided for) will pay to bearer, but solely from the source and subject to the provisions of the Indenture and upon presentation and surrender of this coupon at the principal office of \_\_\_\_\_, in the City of \_\_\_\_\_, as Trustee, or its successor in trust, the amount shown hereon, as provided in and being semi-annual interest then due on its Pollution Control Revenue Bond (Georgetown Steel Corporation - Lessee), Series A, numbered \_\_\_\_\_

\_\_\_\_\_  
(facsimile)  
Chairman, Georgetown County  
Council

\_\_\_\_\_  
(facsimile)  
Clerk, Georgetown County  
Council

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Manner of Registration</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Form of Series A Fully Registered Bond)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
GEORGETOWN COUNTY  
Pollution Control Revenue Bond, Series A  
(Georgetown Steel Corporation - Lessee)

No. R \_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS that Georgetown County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), for value received, promises to pay, but solely from the source and as hereinafter provided, to \_\_\_\_\_, or registered assigns, on \_\_\_\_\_, the principal sum of \_\_\_\_\_ Dollars and in like manner to pay interest on said sum from the date hereof at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum on September 1, 1974 and semi-annually thereafter on March 1 and September 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, both principal of and interest on this Bond being payable in lawful money of the United States of America at the principal office of \_\_\_\_\_ in the City of \_\_\_\_\_, \_\_\_\_\_, as Trustee, or its successor in trust.

This Bond is one of a series of Bonds issued under the hereinafter described Indenture in the aggregate principal amount of \$3,700,000 (hereinafter referred to as the "Series A Bonds") authorized to be issued for the purpose of defraying the cost of acquiring, installing and constructing facilities designed for the elimination, mitigation and prevention of air pollution (hereinafter called the "Project") installed at the Lessee's plant located in Georgetown County, South Carolina. The Project has been leased by the Issuer to Georgetown Steel Corporation, a Delaware corporation (hereinafter referred to as the "Lessee") under the terms of a lease agreement dated as of March 1, 1974 (which agreement, as from time to time supplemented and amended, is hereinafter referred to as the "Lease Agreement"). Under the Lease Agreement the Lessee must pay to the Issuer such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due, and under the Lease Agreement it is the obligation of the Lessee to pay the cost of operating and maintaining the Project in good repair, to keep it properly insured and to pay all taxes, assessments and other charges levied or assessed against or with respect to the Project.

The Series A Bonds are all issued under and equally and ratably secured and entitled to the security of an Indenture of Trust and Security Agreement dated as of March 1, 1974 (hereinafter referred to as the "Indenture") duly executed and delivered by the Issuer to \_\_\_\_\_, in the City of \_\_\_\_\_, \_\_\_\_\_, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors in said trust). It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds



will rank pari passu with the Series A Bonds. Reference is made to the Indenture and to all indentures supplemental thereto for a description of the property mortgaged, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the rights of the holders of the Bonds, the issuance of Additional Bonds and the terms on which the Bonds are or may be issued and secured, and to all the provisions of which the holder hereof by the acceptance of this Bond assents.

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee in \_\_\_\_\_, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Series A Bond. Upon such transfer a new registered Bond or Bonds without coupons of the same series and the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and neither the Issuer nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Series A Bonds are issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000 and as registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and the same maturity, bearing all unmatured coupons (and any matured coupons in default) or for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of other authorized denominations, and coupon Bonds bearing all unmatured coupons (and any matured coupons in default) may be exchanged for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of authorized denominations.

The Series A Bonds are non-callable for redemption prior to March 1, 1984, except in the event of: (i) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement or the exercise by the Lessee of its option to purchase the Project in accordance with the provisions and limitations of subsections (a), (b) and (c) of Section 11.2 of the Lease Agreement; (ii) the Lessee is required to purchase the Project in accordance with the provisions of Section 12.2 of the Lease Agreement.

If the Bonds are called for redemption in the event described in (i), the Bonds shall be subject to redemption by the Issuer at any time in whole or (in the case of redemption pursuant to condemnation awards) in inverse numerical order at a redemption price of 100 percent of the principal amount thereof

plus accrued interest to the redemption date. If called for redemption due to the event described in (ii), the Bonds shall be subject to redemption by the Issuer at any time in whole and not in part at a redemption price of 108% of the principal amount thereof plus accrued interest to the redemption date.

Series A Bonds are also subject to redemption by the Issuer prior to maturity on any interest payment date on or after March 1, 1984, in whole or in part in inverse numerical order at the redemption price (expressed as percentages or principal amount) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 1984 or September 1, 1984	105 %
March 1, 1985 or September 1, 1985	104 1/2%
March 1, 1986 or September 1, 1986	104 %
March 1, 1987 or September 1, 1987	103 1/2%
March 1, 1988 or September 1, 1988	103 %
March 1, 1989 or September 1, 1989	102 1/2%

The Series A Bonds maturing on March 1, 1990 are subject to mandatory redemption pursuant to the provisions of the Indenture in accordance with the terms of the sinking fund therein provided, on March 1, 1984 and on March 1 of each year thereafter to and including March 1, 1989, at the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption and without premium. The Trustee shall apply moneys in the sinking fund to redeem the following numbered Series A Bonds maturing on March 1, 1990 on the dates and in the principal amounts below described and without further notice of redemption:

<u>Date</u>	<u>Principal Amount</u>	<u>Bonds Numbered</u>
1984	\$250,000	291-340
1985	270,000	341-394
1986	295,000	395-453
1987	320,000	454-517
1988	345,000	518-586
1989	370,000	587-660

In the event any of the Bonds are called for redemption as aforesaid (except for the Bonds to be redeemed by number pursuant to the provisions of the mandatory sinking fund above described) notice thereof identifying the Bonds to be redeemed shall be given by publication, at least once, not less than thirty days and not more than sixty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York, and in the case of the redemption of registered Bonds (including Bonds registered as to principal only and fully registered Bonds), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the holder of each registered Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity



of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are registered Bonds, notice by mailing given by first class mail to the holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the holder of any registered Bond designated for redemption shall not affect the validity of the proceedings for redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

The Bonds are issued pursuant to the authorization of and for the purposes prescribed by Act No. 156 (the "Act") of the Acts and Joint Resolutions enacted at the 1971 Session of the General Assembly of the State of South Carolina, and pursuant to resolutions adopted by the Georgetown County Council of Georgetown County. In fulfillment of the requirements of the Act, the Pollution Control Authority of South Carolina has found that the Project is necessary and that the design thereof will result in the elimination, mitigation and prevention of air pollution, and the issuance of the Bonds and the Project have been approved by the State Budget and Control Board of South Carolina. This Bond and the series of which it forms a part and the interest coupons appertaining hereto are limited obligations of the Issuer and are payable solely out of the revenues and receipts derived from the leasing or sale by the Issuer of the Project and otherwise as provided in the Indenture and Lease Agreement. The Bonds and the interest coupons appertaining thereto are not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The issuance of the Bonds shall not, directly or indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment. Nothing in the Bonds or the coupons appertaining to the coupon Bonds or in the Indenture or the proceedings of the Issuer authorizing the Bonds shall be construed to authorize the Issuer to create an indebtedness or a loan of credit thereof of the Issuer, within the meaning of the Constitution or statutes of the State of South Carolina. The principal, premium, if any, and interest on the Bonds are payable solely from the funds pledged for their payment in accordance with the resolutions authorizing their issuance and the Indenture. No breach of any such pledge, obligation or agreement may impose any pecuniary liability upon the Issuer or any charge upon its general credit or against its taxing power. Pursuant to the provisions



of the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid by the Lessee to the Trustee for the account of the Issuer and deposited in a special account created by the Issuer and designated Georgetown County, South Carolina Pollution Control Project Revenue Bond Fund - Georgetown Steel Corporation Project, and all rents, revenues and receipts under the Lease have been duly pledged and assigned to the Trustee for that purpose, under the Indenture to secure payment of such principal, premium, if any, and interest. In addition, the Bonds are secured by the Indenture which constitutes a security interest in the Project acquired or constructed with the proceeds of the Bonds subject to the Lease Agreement.

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer or employee of the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Georgetown County, South Carolina has caused this Bond to be executed by the Chairman of the Georgetown County Council, by his official manual or facsimile signature and attested by the official manual signature of the Clerk of its said County Council and its corporate seal to be hereunto affixed or printed hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

GEORGETOWN COUNTY, SOUTH CAROLINA

By (facsimile)  
Chairman, Georgetown County  
Council

Attest:

Clerk, Georgetown County  
Council

(SEAL)

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds described in the within mentioned Indenture of Trust and Security Agreement.

as Trustee

By Authorized Officer

(Form of Assignment)

FOR VALUE RECEIVED  
hereby sell\_, assign\_, and transfer\_, unto \_\_\_\_\_  
the within Bond, together with accrued interest thereon, and all right, title and interest there-  
to, and hereby irrevocably authorize and appoint \_\_\_\_\_  
attorney, to transfer said Bond on the books  
of the within named Issuer with full power of substitution in the  
premises.

Dated: \_\_\_\_\_, 19\_\_.

\_\_\_\_\_(L.S.)

In the presence of:

\_\_\_\_\_  
WHEREAS all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid assignment and pledge of the rentals and revenues derived from the Lease herein made to the payment of the principal of, premium, if any, and interest on the Bonds and a valid assignment of the rights of the Issuer under the Lease have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.



#### GRANTING CLAUSES

NOW, THEREFOR, THIS INDENTURE OF TRUST AND SECURITY AGREEMENT WITNESSETH:

That the Issuer in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, one dollar, lawful money of the United States of America, duly paid to the Issuer by the Trustee at or before the execution and delivery of these presents and of other good and valuable considerations, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, interest and any other sums payable on the Bonds outstanding hereunder from time to time, according to their tenor and effect, and to secure the observance and performance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the rights of the Lessee under the Lease Agreement, grant, bargain, sell, convey, mortgage, assign, pledge and grant a security interest unto the Trustee (to the extent of its legal capacity to hold the same for the purposes hereof), and unto its successors in trust, and to its assigns forever, all of the Issuer's estate, right, title and interest in, to and under any and all of the following described property rights and interest (herein called the "Mortgaged Property" or "Trust Estate" or "property herein conveyed"):

#### GRANTING CLAUSE FIRST

The structures, machinery, equipment or other property described in Exhibit A attached hereto, and substitutions or replacements therefor; all structures, machinery, equipment or other property acquired by the Issuer with the proceeds from the Bonds issued and secured by this Indenture, and substitutions or replacements therefor; all structures, machinery, equipment or other property which under the terms of the Lease is to become the property of the Issuer or subjected to the lien of this Indenture; and, without limiting the foregoing, all of the property of the Issuer at any time installed or located on the land described in Exhibit B attached hereto.

#### GRANTING CLAUSE SECOND

Any leasehold interests, easements, licenses, rights and interests in real property of Lessee which are described in Exhibit B hereto and any other leasehold interests, easements, licenses, rights and interests in real property hereafter acquired by Issuer for use in connection with the Project, together with all additions thereto and substitutions therefor, subject to Permitted Encumbrances.

#### GRANTING CLAUSE THIRD

The Lease including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Issuer, as lessor therein, thereto and thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any of the rents, income, revenues, issues and profits and other sums of money payable or receivable there-



under, whether payable as rents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any lessor is or may become entitled to do under the Lease, provided, that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the provisions of the Lease.

#### GRANTING CLAUSE FOURTH

All moneys and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said Trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future holders and owners of the Bonds, and the bearers of all coupons appertaining thereto, from time to time, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or coupons appertaining thereto over any of the others of the Bonds or coupons, except as expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article V or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interest, including, without limitation, the lease rentals, revenues and receipts, hereby mortgaged or pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as

hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the said Bonds or coupons, or any part thereof, as follows (subject, however, to the provisions of Section 202 hereof):

## ARTICLE I

### Definitions

In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means Chapter 2.3 Section 63-195.51 et seq. Code of Laws of South Carolina, as amended.

"Additional Bonds" means additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 211 hereof.

"Authorized Issuer Representative" means the person at the time designated to act in behalf of the Issuer by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by such person or persons as may be authorized to sign such certificate by resolution of the governing body of the Issuer. Such certificate may designate an alternate or alternates.

"Authorized Lessee Representative" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by the chairman of the board, president or any vice president of the Lessee. Such certificate may designate an alternate or alternates.

"Bond" or "Bonds" means one or more of the Pollution Control Revenue Bonds (Georgetown Steel Corporation - Lessee) of all series of the Issuer to be issued hereunder.

"Bond Fund" or "Georgetown County, South Carolina, Pollution Control Revenue Bond Fund - Georgetown Steel Corporation Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner of the Bonds" means the bearer of any coupon Bond not registered as to principal or registered to bearer and the registered owner of any fully registered Bond or of any coupon Bond registered as to principal (except to bearer).

"Construction Fund" means the fund created by Section 602 hereof.

The term "coupon" means any of the coupons issued hereunder evidencing the semiannual installments of interest on the applicable Bond or Bonds.



The term "default" or "event of default" means those defaults specified in and defined by Section 1001 hereof.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all expenses incurred under the Indenture other than Ordinary Services and Ordinary Expenses.

The words "hereof", "herein", "hereunder" and other words of similar import refer to this Indenture as a whole.

"Indenture" means these presents as supplemented by any supplemental agreements executed by the Issuer and the Trustee in pursuance hereof.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not an employee of either the Issuer or the Lessee.

"Issuer" means Georgetown County, South Carolina, the party of the first part hereto, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"Lease" or "Lease Agreement" means the Lease Agreement executed by and between the Issuer and the Lessee of even date herewith and any amendments and supplements thereto.

"Leased Equipment" means those items of machinery, equipment and related structures and property required in the Lease to be acquired and installed in the Plant or elsewhere on the real property described in Exhibit B hereto with proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 of the Lease and any item of machinery, equipment and related structures and property acquired and installed in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2 (a), 7.1 and 7.2 of the Lease, less such machinery, equipment and related structures and property as may be released from the Lease pursuant to Section 6.2(b) of the Lease or taken by exercise of the power of eminent domain as provided in Section 7.2 of the Lease, and is further defined as all property owned by the Issuer and leased to the Lessee under the terms of the Lease which is not included in the definition of Project Site, but not including the Lessee's own machinery, equipment and related property installed under the provisions of Section 9.7 of the Lease. Said Leased Equipment is more fully described in Exhibit "A" attached hereto and by this reference made a part of this Indenture.

"Lessee" means Georgetown Steel Corporation and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease.

"Mortgaged Property" means the properties comprising the Project more particularly described in the granting clauses hereof, including the properties leased to the Lessee under the Lease, as well as all properties which, under the terms hereof, are or subsequently become subject to the lien of this Indenture, but excluding all property owned by the Lessee and title to which remains in the Lessee under the terms of the Lease.



The term "Net Proceeds" when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any Extraordinary Expenses of the Trustee) incurred in the collection of such gross proceeds.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to this Indenture.

The term "outstanding" or "Bonds outstanding" means all Bonds which have been duly authenticated, and delivered by the Trustee under this Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 205.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not delinquent or permitted to exist as provided in Section 6.3 of the Lease, (ii) the Lease and this Indenture, (iii) utility, access and other easements, licenses, rights-of-way, restrictions, reservations and exceptions that the Lessee certifies will not interfere with or impair the operations being conducted in the Project, (iv) mechanic's, materialmen's or other similar liens permitted to exist as provided in Section 6.1 of the Lease, and (v) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to properties similar in character to the Project and as do not, in the opinion of any Independent Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer.

"Plant" means the industrial and manufacturing facilities of the Lessee located on the Project Site which the Project is designed to serve.

"Project" means the Project Site, the Leased Equipment and other facilities acquired or constructed out of the proceeds of the Bonds and leased under the Lease forming the air pollution control facilities described in the Plans and Specifications (as defined in the Lease Agreement) as they may at any time exist.

"Project Site" means any leasehold interests, easements, licenses, rights and interests in real property of Lessee which

which are described in Exhibit B hereto and any other leasehold interests, easements, licenses, rights and interests in real property hereafter acquired by Lessor for use in connection with the Project, together with all additions thereto and substitutions therefore, less any easements, licenses, rights of way or similar rights or privileges as may be granted by Lessee or released from this Lease pursuant to Section 8.6 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.1 hereof.

"Series A Bonds" means the \$3,700,000 aggregate principal amount of Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 208 hereof. The Series A Bonds are referred to in the Lease as the Series A Bonds.

"Registered owner" shall mean the person or persons in whose name or names a Bond shall be registered on books of the Issuer kept for that purpose in accordance with the terms of this Indenture.

The terms "Trust Estate" or "property herein conveyed" means the Mortgaged Property.

"Trustee" means the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 at the time serving as successor trustee hereunder.

## ARTICLE II

### The Bonds

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Series A Bonds that may be issued is hereby expressly limited to \$3,700,000, provided, however, that Additional Bonds may be issued as provided in Section 211 hereof.

Section 202. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer with the official manual or facsimile signature of its Chairman of the County Board and attested with the official manual or facsimile signature of its Clerk of the County Council, provided, however, that the Bonds shall bear at least one manual signature, and shall have impressed or printed thereon the corporate seal of the Issuer or a facsimile of the corporate seal of the Issuer. Any such facsimile signature shall have the same force and effect as if said Chairman of the County Council or the Clerk of the County Council as the case may be, had manually signed each of said Bonds. The coupons attached to the coupon Bonds shall be executed by the facsimile of the signatures of said officers and such facsimile signatures shall have had the same force and effect as if said officers had manually signed each of said coupons.

In case any officer whose signature or facsimile of whose signature shall appear on the Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.



The Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the revenues and other amounts derived from the leasing or sale of the Project (except to the extent paid out of moneys attributable to the Bond proceeds or the income from the temporary investment thereof and under certain circumstances, proceeds from insurance and condemnation awards) and shall be a valid claim of the respective holders hereof only against the Bond Fund and other moneys held by the Trustee and the revenues and other amounts derived from the leasing or sale of the Project (but in addition shall be secured by a mortgage lien on the Project), which revenues and other amounts are hereby pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Section 203. Authentication. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it may not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any coupon Bonds, the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, and such canceled coupons shall be cremated or otherwise destroyed by the Trustee. The Trustee shall provide the Issuer and the Lessee a certificate certifying such cremation or other destruction.

Section 204. Form of Bonds. The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 205. Mutilated, Lost, Stolen, or Destroyed Bonds or Coupons. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed (which new Bond shall have attached thereto coupons corresponding in all respects to those, if any, on the Bond mutilated, lost, stolen or destroyed), and in the event any coupon is mutilated, lost, stolen or destroyed, the Issuer may execute a new coupon corresponding in all respects to that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated coupon or Bond, such mutilated coupon or Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the



Issuer, and in the case of any lost, stolen or destroyed coupon or Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or coupon shall have matured, instead of issuing a duplicate Bond or coupon the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the holder or owner of such Bond or coupon with their reasonable fees and expenses in this connection.

Section 206. Registration of Bonds; Persons Treated as Owners. Title to any coupon Bond, unless such Bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer. At the option of the bearer, any coupon Bond may be registered as to principal alone on such books upon presentation thereof to the Trustee which shall make notation of such registration thereon. Any coupon Bond registered as to principal alone may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney in such form as shall be satisfactory to the Trustee, such transfer to be made on such books and endorsed on the Bond by the Trustee. Such transfer may be to bearer and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any Bond registered as to principal alone, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any coupon Bond registered as to principal alone shall remain payable to bearer notwithstanding such registration. Upon surrender for transfer of any fully registered Bond at the principal office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the registered owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and the same maturity for a like aggregate principal amount.

Fully registered Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of coupon Bonds (or for a like aggregate amount of fully registered Bonds of other authorized denominations) of the same series and the same maturity, and coupon Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same series and the same maturity. All coupons Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default appertaining thereto). The Issuer shall execute and the Trustee shall authenticate and deliver coupon Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The execution by the Issuer of any fully registered Bond without coupons of any denomination shall constitute full

and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and delivery such registered Bond.

The Trustee shall not be required to transfer or exchange any fully registered Bond or coupon Bond registered as to principal alone during the period of fifteen days next preceding any interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor during a period of fifteen days next preceding publication of a notice of redemption of any Bonds.

As to any Bond registered as to principal alone (other than to bearer) or as to any fully registered Bond without coupons the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such coupon Bond registered as to principal alone, or payment of either principal or interest on any fully registered Bond without coupons, shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Issuer and the Trustee or any other paying agent may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal (or which shall be registered to bearer), and the bearer of any coupon appertaining to any Bond whether such Bond shall be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Issuer nor the Trustee nor any other paying agent shall be affected by any notice to the contrary.

The Issuer or the Trustee may charge a reasonable sum plus the actual cost of printing such Bond, if any, for each new Bond issued upon any exchange or transfer; provided, that the first exchange after the original issuance of any fully registered Bond for coupon Bonds shall be at the expense of the Issuer. In the case of Bonds issued upon exchange or transfer, the Trustee shall require the payment by the Bondholder requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 207. Place of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable 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, and such principal, premium, if any, and interest shall be payable at the principal office of the Trustee, in the City of \_\_\_\_\_, Payment of the interest on the coupon Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due. Payment of the interest on any fully registered Bond on any interest payment date shall be made to the person appearing on the Bond registration books of the Issuer as the registered owner thereof and shall



be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such holder.

Section 208. Issuance of Series A Bonds. The Series A Bonds shall be designated "Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee)". The Series A Bonds shall bear interest from their respective dates and shall be issuable as coupon Bonds, registrable as to principal only, in the denomination of \$5,000 and as fully registered Bonds without coupons in the denominations of \$5,000 and any authorized multiple thereof. Unless the Issuer shall otherwise direct the Series A Bonds shall be lettered and numbered as follows: The coupon Bonds shall be numbered from 1 upward and the fully registered Bonds shall be lettered and numbered R1 and upward, provided, however, fully registered Bonds shall also be assigned numbers corresponding to the coupon Bond numbers repeated such fully registered Bonds.

The Series A coupon Bonds shall be dated as of March 1, 1974. Each Series A fully registered Bond shall be dated as of the interest payment date to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to a date on which interest is paid, it shall be dated March 1, 1974. Interest on the Series A Bonds shall be payable on September 1 and March 1 of each year commencing September 1, 1974.

The Series A Bonds shall bear interest at the respective rates set forth in and shall mature on March 1 of each of the years set forth in and in the principal amount set opposite each year in the following schedule:

<u>Date</u>	<u>Principal Amount</u>	<u>Bonds Numbered</u>	<u>Rate</u>
1976	\$ 135,000	1-27	7 3/4%
1977	145,000	28-56	7 3/4%
1978	160,000	57-88	7 3/4%
1979	170,000	89-122	7 3/4%
1980	190,000	123-160	7 3/4%
1981	200,000	161-200	7 7/8%
1982	215,000	201-243	7 7/8%
1983	235,000	244-290	7 7/8%
1990	2,250,000	291-740	8 %

Section 209. Priority Over Other Liens. This Indenture is given in order to secure funds to pay for new construction or reconstruction and by reason thereof it is intended that this Indenture shall be superior to any laborers', mechanics', or materialmen's liens which may be placed upon the Project.



Section 210. Delivery of Series A Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate the Series A Bonds to be issued in the aggregate principal amount of \$3,700,000 and deliver them to the purchasers as may be directed by the Issuer as hereinafter in this Section 210 provided.

Prior to the delivery by the Trustee of any of the Series A Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Clerk the Issuer, of the resolution adopted and approved by the governing body of the Issuer authorizing the execution and delivery of the Lease, this Indenture and the issuance of the Series A Bonds.
2. An original executed counterpart of the Lease and this Indenture.
3. A request and authorization to the Trustee on behalf of the Issuer and signed by the Chairman and Clerk of the County Council of the Issuer to authenticate and deliver the Series A Bonds in the aggregate principal amount of \$3,700,000 to the purchasers therein identified upon payment to the Trustee but for account of the Issuer, of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

Section 211. Issuance of Additional Bonds. So long as no event of default hereunder is occurring the Issuer, at the request of the Lessee and to the extent permitted by law in effect at the time thereof, shall use its best efforts to issue Additional Bonds on a parity with the Series A Bonds and any Additional Bonds theretofore or thereafter issued and payable from the Bond Fund from time to time for the purpose of completing the Project or providing substitutions, additions, modifications or improvements to the Project or providing additional pollution control facilities at the Lessee's Plant, the purpose of which shall be to eliminate, mitigate and prevent air pollution within the meaning of the Act and the Internal Revenue Code of 1954, as amended.

Before any Additional Bonds are authenticated there shall be delivered to the Trustee the items required therefor by Section 212 hereof.

Such Additional Bonds shall be issued in such series and principal amounts, shall be dated, shall bear interest at such rate or rates, shall be subject to redemption at such times and prices, and shall mature in such years as the indenture supplemental hereto authorizing the issuance thereof shall fix and determine, and shall be deposited with the Trustee for authentication and delivery.

Section 212. Delivery of Additional Bonds. Upon the execution and delivery in each instance of an appropriate in-

indenture supplemental hereto the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer, as hereinafter in this Section 212 provided. Prior to the delivery by the Trustee of any such Bonds there shall be filed with the Trustee:

(1) A valid and effective amendment to the Lease Agreement, pursuant to Section 8.10 thereof, providing for the inclusion within the "Project", as defined in the Lease Agreement, of any real estate and interests therein and any structures, facilities, machinery, equipment and related property to be acquired by purchase or construction from the proceeds of the Additional Bonds, and providing for an increase in the obligations of the Issuer and the Lessee in accordance with Section 5.3 of the Lease Agreement.

(2) A valid and effective supplemental indenture providing for the issuance of such new series of Additional Bonds and subjecting to the lien of this indenture any and all real estate and interests therein, and any structures, facilities, machinery, equipment and related property acquired by purchase or construction from the proceeds of such Additional Bonds, and pledging and assigning the additional rentals to the payment of the Bonds, subject to the rights of the Lessee under the Lease Agreement.

(3) A copy, duly certified by the Clerk of the County Council, of the resolutions theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture and such amendments to the Lease Agreement and the issuance of such Bonds.

(4) A request and authorization to the Trustee on behalf of the Issuer and signed by the Chairman and the Clerk of the County Council to deliver such Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Issuer, of a specified sum plus any accrued interest. The proceeds of such Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof (or to such other funds as are provided and created by the supplemental indenture).

(5) A certificate signed by an authorized officer of the Lessee to the effect that no event of default under this Indenture or the Lease Agreement is occurring or will result from the issuance of such Additional Bonds.

(6) An opinion of recognized bond counsel to the effect that the issuance of such Additional Bonds will not affect the tax exempt status of the Bonds then outstanding.



### ARTICLE III

#### Redemption of Bonds Before Maturity

Section 301. Privilege of Redemption and Redemption Price. The Bonds shall be subject to redemption prior to maturity to the extent and in the manner provided in this Indenture in the case of the Series A Bonds and in any indenture supplemental hereto pursuant to which Additional Bonds shall be issued.

Section 302. Issuer's Election to Redeem. The Issuer shall give written notice to the Trustee of its election so to redeem, of the redemption date and of the principal amount of each maturity of each series of redeemable Bonds to be redeemed, which notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 303 provided, the Issuer shall, and hereby covenants that it will prior to the redemption date, pay to the Trustee an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds which the Issuer has so elected to redeem.

Section 303. Notice of Redemption. In the event any of the Bonds are called for redemption as aforesaid, (except for the Bonds to be redeemed by number pursuant to the provisions of the mandatory sinking fund above described,) notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee on behalf of the Issuer by publication at least once in a newspaper or financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date and in case of the redemption of fully registered Bonds or Bonds at the time registered as to principal only, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are at that time fully registered or registered as to principal only, notice by mailing given by first class mail to the registered owner or owners thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any such newspaper or financial journal or for any other reason, it is impossible



or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice. Each notice shall specify the numbers of the Bonds being called, if less than all of the Bonds are being called, the redemption date, and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of the Bonds.

Section 304. Cancellation. All Bonds which have been redeemed shall be canceled and destroyed by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and the Lessee.

In case a fully registered Series A Bond is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiple thereof.

Section 305. Unpaid Coupons. All unpaid coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons.

Section 306. Redemption Dates and Prices for Series A Bonds. The Series A Bonds are non-callable for redemption prior to March 1, 1984, except in the event of: (i) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement or the exercise by the Lessee of its option to purchase the Project in accordance with the provisions and limitations of subsections (a), (b) and (c) of Section 11.2 of the Lease Agreement; (ii) the Lessee is required to purchase the Project in accordance with the provisions set forth in Section 12.2 of the Lease Agreement.

If the Bonds are called for redemption in the event described in clause (i), the Bonds shall be subject to redemption by the Issuer at any time in whole or (in the case of redemption pursuant to condemnation awards) in part in inverse numerical order on any interest payment date at a redemption price of 100 percent of the principal amount thereof plus accrued interest to the redemption date.

If called for redemption due to the event described in clause (ii), the Bonds shall be subject to redemption by the Issuer at any time in whole and not in part at a redemption price of 108% of the principal amount thereof plus accrued interest to the redemption date.

Series A Bonds are also subject to redemption by the Issuer prior to maturity on any interest payment date on or after March 1, 1984 in whole or in part in inverse numerical order

at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 1, 1984 and September 1, 1984	5 %
March 1, 1985 and September 1, 1985	4 1/2%
March 1, 1986 and September 1, 1986	4 %
March 1, 1987 and September 1, 1987	3 1/2%
March 1, 1988 and September 1, 1988	3 %
March 1, 1989 and September 1, 1989	2 1/2%

So long as any Series A Bonds shall remain outstanding, the Issuer shall, on each of the dates specified in the Sinking Fund Schedule set forth below, redeem Series A Bonds bearing the numbers and maturing on March 1, 1989 in an aggregate principal amount equal to the respective dollar amount set forth opposite such date in said Schedule at the principal amount of the Series A Bonds to be redeemed plus accrued interest thereon to the date of redemption. No premium shall be payable in connection with any redemption required by this section.

#### SINKING FUND SCHEDULE

<u>Date</u>	<u>Principal Amount</u>	<u>Bonds Numbered</u>
1984	\$250,000	291-340
1985	270,000	341-394
1986	295,000	395-453
1987	320,000	454-517
1988	345,000	518-586
1989	370,000	587-660

Section 307. Purchase of Bonds. The Trustee shall, if and to the extent practicable, purchase Bonds for cancellation at the written direction of the Issuer upon request of the Lessee at such time, in such manner and at such price as may be specified by the Lessee. The Trustee may so purchase Bonds with any moneys then held by the Trustee and available for the redemption or purchase of Bonds in excess of any amount set aside for payment of Bonds called for redemption; provided, that any limitations or restrictions on such redemption or purchase contained in the Lease Agreement or this Indenture shall be complied with. The expenses of such purchase shall be deemed an expense of the Trustee under Section 1102.

#### ARTICLE IV

##### General Covenants

Section 401. Payment of Principal and Interest. Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create a pecuniary liability of the Issuer or a charge upon its general credit or against its taxing powers, but shall be payable solely from the moneys, revenues



and receipts received under the Lease Agreement which are required to be set apart and transferred to the Bond Fund. The Issuer covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons appertaining thereto according to the true intent and meaning thereof. The principal, interest and premium, if any, are payable solely from revenues and other amounts derived from the leasing or sale of the Project and otherwise as provided herein and in the Lease, which revenues and other amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or coupons or in the Indenture should be considered as pledging any other funds or assets of the Issuer other than those mortgaged, assigned or pledged hereby.

Section 402. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, including particularly and without limitations the Act, to issue the Bonds authorized hereby and to execute this Indenture, to mortgage the property described in and mortgaged hereby and to assign the Lease and pledge the lease rentals and other amounts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken (or if Additional Bonds are issued pursuant to Section 211 hereof will be duly taken as provided therein), and that the Bonds in the hands of the holders and owners thereof and the coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 403. Ownership; Instruments of Further Assurance. The Issuer covenants that it lawfully owns and is lawfully possessed of the interests described in Exhibit B attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances), and that it lawfully owns and is lawfully possessed of the structures, machinery, equipment and personal property described in Exhibit A attached hereto (or, in the case of any such structures, machinery, equipment and personal property not yet acquired, that the same will be acquired by the Issuer from the moneys in the Construction Fund or furnished by the Lessee pursuant to Section 4.6 of the Lease Agreement), and that it will defend the title to the Project and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the



lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section 403. The Issuer covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

Promptly after any re-filing, re-registering or re-recording of this Indenture or the Lease or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement to any of said instruments, any financing statement or instrument of similar character relating to any of said instruments or any instrument of further assurance which is required pursuant to the preceding paragraph, the Issuer will deliver to the Trustee an opinion of counsel, who may be counsel for the Issuer, to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof. On or before March 1, 1975 and on or before each March 1 thereafter, so long as any of the Bonds shall be outstanding, the Issuer will deliver or cause to be delivered to the Trustee an opinion of counsel, who may be counsel for the Issuer, addressed to the Trustee stating that no filing, registration or recording and no re-filing, reregistration or rerecording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section 403, or if such filing, registration or recording or re-filing or re-registration or re-recording is necessary, setting forth the requirements with respect thereto and the Issuer shall cause such requirements to be met and promptly thereafter shall deliver to the Trustee an opinion of counsel, who may be counsel for the Issuer, showing that they have been met.

Section 404. Payment of Taxes, Charges, Etc. Pursuant to the provisions of Section 6.3 of the Lease Agreement the Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

Section 405. Maintenance and Repair. Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to operate the Project, to cause the Project to be kept in as reasonably safe condition as its operations shall permit and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good repair and in good operating condition,

and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

Section 406. Inspection of Project Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 407. Rights Under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer, and the Lessee including a provision that subsequent to the initial issuance of the Bonds and prior to their payment in full, or provision for payment thereof in accordance with the provisions hereof, the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the Issuer agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Lessee under and pursuant to the Lease Agreement for and on behalf of the Bondholders whether or not the Issuer is in default hereunder.

Section 408. List of Bondholders. To the extent that such information shall be made known to the Issuer under the terms of this Section 408, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. To said list the Trustee shall add the names and addresses of the holders of all Bonds which may from time to time be registered as to principal or fully registered on the registration books of the Issuer maintained by the Trustee as Bond Registrar. Whenever any Bond registered as to principal shall become registered payable to bearer, the Trustee may but need not remove the name of the previous registered owner from said list. Any Bondholder may request that his name and address be placed on said list by filing a written request with the Issuer or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of a majority in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 409. Recording and Filing. Issuer covenants that it will cause the Lease, this Indenture and all supplements thereto and hereto, as well as such other security agreements, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept, to be recorded and filed in such manner and in such places as may be



required by law in order to fully preserve and protect the security of the holders and owners of the Bonds, the bearers of the coupons appertaining thereto and the rights of Trustee hereunder, and to perfect the security interest created by this Indenture. The security interest of the Trustee created by this Indenture in any personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the Register of Mesne Conveyances, and in the office of the Secretary of State of South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code-Secured Transactions. Such financing or continuation statements shall be filed from time to time in such office as in the opinion of counsel, as provided in Section 13.5 of the Lease Agreement or otherwise, are necessary to preserve the lien of this Indenture.

Section 410. Designation of Additional Paying Agents.

The Issuer will, upon written request from the Lessee, cause the necessary arrangements to be made through the Trustee for the designation of additional paying agents as specified by the Lessee and for the making available of funds for the payment of such of the Bonds and coupons as shall be presented when due at the principal office of said additional paying agents.

ARTICLE V

Revenues and Funds

Section 501. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3(a) of the Lease Agreement are to be remitted directly to the Trustee for the account of the Issuer and deposited in the Bond Fund. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid pursuant to Section 8.7 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

Section 502. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "Georgetown County, South Carolina Pollution Control Revenue Bond Fund (Georgetown Steel Corporation - Lessee)" (which is sometimes referred to herein as the "Bond Fund", which shall be used to pay the principal of, premium, if any, and interest on the Bonds.

Section 503. Payments into the Bond Fund. There shall be deposited into the Bond Fund the amounts required by Section 601 hereof. In addition, there shall be deposited into the Bond



Fund, as and when received, (a) any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease except for such amounts as shall, at the direction of the Lessee, be used by the Trustee for the purchase of Bonds in the open market or directly from any holder thereof, for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase; (b) all rent payments specified in Section 5.3(a) of the Lease; (c) any balance of the Net Proceeds as specified in Sections 7.1 and 7.2 of the Lease; (d) all prepayments of rent specified in Section 9.5 of the Lease; and (e) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease when accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from lease rentals, revenues and other amounts derived from the Project (whether or not under and pursuant to the Lease) promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and to this end the Issuer covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease with the result that the right of possession of the Project under the Lease is returned to the Issuer, the Issuer shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and the bearers of the coupons appertaining to the Bonds and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the Issuer to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

Section 504. Use of Moneys in the Bond Fund. Except as provided in Section 510 hereof moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds and for the redemption of the Bonds at or prior to maturity. Except as provided in Section 307 hereof, no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon to such redemption, the Issuer covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments be used at the request of the Issuer to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to

any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment.

Section 505. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal and interest and premium, if any, on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent or agents for the purpose of paying said principal and interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

Section 506. Non-presentment of Bonds or Coupons. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the Issuer to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or coupon.

Section 507. Trustee's and Paying Agents' Fees, Charges and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid; (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same become due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any paying agents for acting as paying agent as and when the same become due, and (iii) the reasonable fees and charges for the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges and expenses of the Trustee and paying agent referred to in the preceding sentence which become due prior to the completion date (as defined in the Lease Agreement) will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees, charges or expenses referred to herein.



Section 508. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 509. Insurance and Condemnation Proceeds. Reference is hereby made to Article VII of the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

Section 510. Repayment to the Lessee from the Bond Fund. Any amounts remaining in the Bond Fund after payment in full of the principal of, interest and premium, if any, on the Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder, shall be promptly paid to the Lessee as a refund of excess rental payments.

#### ARTICLE VI

##### Custody and Application of Proceeds of Series A Bonds

Section 601. Deposits in the Bond Fund. Upon the issuance and delivery of the Series A Bonds there shall be deposited in the Bond Fund all accrued interest received on the sale of the Series A Bonds and the same shall constitute a credit on the next payment or payments of basic rent payable under Section 5.3 of the Lease Agreement.

Section 602. Construction Fund; Disbursements. There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated "Georgetown County, South Carolina Pollution Control Construction Fund". The balance of the proceeds received on the delivery of the Series A Bonds remaining after the deduction provided by Section 601 and 604 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Issuer covenants and agrees to take all necessary and appropriate action promptly in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the Issuer and with the Lessee.



Section 603. Completion of the Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Authorized Lessee Representative required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Authorized Issuer Representative (or the Chairman of the Issuer) and by the Authorized Lessee Representative (or one of the authorized officers of the Lessee) which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Authorized Lessee Representative for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event not more than sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence any balance attributable to the proceeds of the Series A Bonds remaining in the Construction Fund other than the amounts retained by the Trustee and referred to in the preceding sentence shall to the extent that said surplus construction fund money is less than the aggregate amount of \$150,000 without further authorization be deposited in the Bond Fund by the Trustee with advice to the Issuer and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement. In the event that the amount of surplus construction fund money exceeds the sum of \$150,000 all of said surplus construction fund money in excess of \$150,000 to the extent possible, shall be used to purchase bonds in the open market and any remainder shall be paid into the Bond Fund.

Section 604. Deposit in the Reserve Fund. Upon the issuance and delivery of the Series A Bonds there shall be deposited in the Reserve Fund the sum of \$400,000. There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated "Georgetown County, South Carolina - Georgetown Steel Corporation Project Reserve Fund."

Moneys in the Reserve Fund shall be withdrawn by the Trustee and credited to the Bond Fund and used solely for the purpose of paying the principal of and interest on the Series A Bonds as they shall become due, in the event that other moneys are not available for these purposes. In the event the Trustee shall withdraw moneys from the Reserve Fund as provided herein, the Corporation, pursuant to the Lease, has agreed to pay to the Trustee, to be credited by the Trustee to the Reserve Fund on the last day of each month during the six month period following such withdrawal, an amount equal to one-sixth (1/6) of the amount so withdrawn until there shall have been credited to the Reserve Fund at the end of said six month period, the total amount previously withdrawn.

Notwithstanding the foregoing so long as the Cor-

poration is not in default under the terms of the Lease then;

- (i) at such time as the moneys in the hands of the Trustee including the moneys in the Reserve Fund which are available for such purposes are sufficient to pay all principal and interest and premium, if any, on the Series A Bonds as they become due or redeemable, the Trustee shall transfer all of the moneys in the Reserve Fund to the Bond Fund; and
- (ii) at any time that the moneys in the Reserve Fund are in excess of the sum of \$400,000, the Trustee shall transfer such excess to the Bond Fund.

Moneys transferred pursuant to (i) and (ii) above shall be applied by the Trustee in the same manner that moneys received as rentals under the Lease are applied except that moneys received under (i) and (ii) of this subsection (c) shall not be applied so as to establish any reserve under this subsection (c). It is understood that moneys transferred to the Bond Fund from the Reserve Fund pursuant to (i) or (ii) above are to constitute a credit to the Corporation on the next succeeding payment or payments of rentals.

## ARTICLE VII

### Investments

Section 7.01. Investment of Construction Fund, Bond Fund and Reserve Fund Moneys. Any moneys held as part of the Construction Fund, the Bond Fund and the Reserve Fund shall, to the extent permitted by law, at the written request of and as specified by the Authorized Lessee Representative and the Authorized Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund, Bond Fund or Reserve Fund, as the case may be, and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction



Fund, Bond Fund or Reserve Fund is insufficient to pay a requisition when presented. The Trustee covenants that at any time that it has discretion as to investment it will not use or invest the proceeds of the bonds in any manner which will cause the Bonds to become arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code.

Section 702. Trustee's Own Bond Department. The Trustee may make any and all investments permitted under Section 701 through its own Bond Department.

## ARTICLE VIII

### Possession, Use and Partial Release of Mortgaged Property

Section 801. Subordination to Rights of the Lessee. This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and bearers of coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. So long as not otherwise provided in this Indenture the Issuer shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

Section 802. Release of Leased Equipment. Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may withdraw certain items of equipment constituting Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such item of equipment upon compliance with the provisions of the Lease Agreement.

Section 803. Granting of Easements. Reference is made to the provisions of the Lease Agreement, including without limitation Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance with the provisions of the Lease Agreement.

## ARTICLE IX

### Discharge of Lien

Section 901. Discharge of Lien of the Indenture. If the Issuer shall pay or cause to be paid to the holders and own-



ers of the Bonds and bearers of coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and shall have paid all fees and expenses of the Trustee and each paying agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Series A Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except funds held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds.

All outstanding Bonds of any series and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Section 303 hereof notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice in a newspaper or financial journal of general circulation published in the City of New York, New York a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds. Neither direct obligations of the United States of America nor moneys deposited with the Trustee pursuant to this Section nor principal nor interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Bonds; provided that any cash received from such principal or inter-

est payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be re-invested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Bonds and coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Article; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

#### ARTICLE X

##### Default Provisions and Remedies of Trustee and Bondholders

Section 1001. Defaults; Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "event of default":

(a) Default in the due and punctual payment of any interest on any Bond; or

(b) Default in the due and punctual payment of the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof (including sinking fund redemption), or upon the maturity thereof by declaration;

(c) The occurrence of an "event of default" under Section 10.1(a) or (b) of the Lease Agreement:

(d) Subject to the provisions of Section 1012 and 1013 hereof, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained; or

(e) The occurrence of an "event of default" under Section 10.1(c) or (d) of the Lease Agreement; provided that the thirty day notice period of Section 10.1(c) shall not be required in order to constitute such occurrence an event of default hereunder.

The term "default" shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement.

Section 1002. Acceleration. If an event of default shall occur and be continuing the Trustee may, and upon the writ-



ten request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Section 1003. Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies. Upon the occurrence of an event of default the Issuer, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the Issuer pertaining thereto, and including the rights and the position of the Issuer under the Lease Agreement, and to hold, operate and manage the same, and from time to time make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for the account of the Issuer and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the Issuer; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render annually to the Issuer and the Lessee and also to the Bondholders, at their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered as to principal (except to bearer) at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed either by sale at public outcry or by proceedings in equity and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become the purchaser at any foreclosure sale if the highest bidder.

Upon the occurrence of an event of default, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, in-



sofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof. The rights herein specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

Section 1004. Rights of Bondholders. If an event of default shall have occurred, and if requested so to do by the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101(1) hereof the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Sections 1002 and 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the Bondholders shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 1005. Rights of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding (determined subject to the provision of Section 1401(e) hereof) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1006. Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 1007. Foreclosure of Indenture. Upon the occurrence of an event of default, to the extent that such right may then lawfully be waived, neither the Issuer, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of the Indenture, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of South Carolina.

Section 1008. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other



Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid coupon or the holder of any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in and subject to the limits of Section 510 hereof.

Section 1009. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of coupons, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding coupons.

Section 1010. Rights and Remedies of Bondholders. No holder or bearer of any Bond or coupon, as the case may be, shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such de-



fault shall have become an event of default and the holders of at least twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101(1) nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest of any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the coupons at the time, place, from the source and in the manner in said Bonds and the coupons expressed.

Section 1011. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1012. Waivers of Events of Default. The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then outstanding; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or upon proceedings for redemption pursuant to any mandatory sinking fund payments required by any supplemental indenture with respect to any Additional Bonds, or (b) any default in the payment when due of the interest or premium on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate

borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest, or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for redemption as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, Trustee and Bondholders and bearers of coupons shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 1013. Notice of Defaults; Opportunity of the Issuer and Lessee to Cure Defaults. Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001(a), Section 1001(b) or Section 1001(c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and the Issuer, and the Lessee and the Issuer shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the Issuer as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the Issuer hereby grants the Lessee full authority for account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

Section 1014. Powers of Trustee upon Event of Default under Lease Agreement or in Payment of Bonds. Should there occur a default (as defined in Section 10.1 of the Lease Agreement) under Section 10.1(a) of the Lease Agreement, or should there occur an event of default, as defined in Section 1001 hereof, in the payment of principal of or premium, if any, or interest on any Bonds shall occur and be continuing, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of all sums due and unpaid under the Lease Agreement or the Bonds, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against any obligor thereon, and collect in the manner provided by law out of the property of any obligor thereon wherever situated the moneys adjudged or decreed to be payable.



In case there shall be pending proceedings for the bankruptcy or for the reorganization of any obligor under the Lease Agreement under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of any such obligor, or in case any other judicial proceedings relative to any obligor under the Lease Agreement or to the creditors or property of any such obligor, the Trustee, irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the power vested in it by the Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Bondholders allowed in any such judicial proceedings relative to the Lessee or any other obligor under the Lease Agreement or to the creditors or property of the Lessee, or any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Bondholders and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Bondholders to make payments to the Trustee and, in the event that the Trustee shall consent to the making of payments directly to the Bondholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

In case of a default hereunder the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture and the Lease Agreement by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or the Lease Agreement or in aid of the exercise of any power granted in this Indenture or the Lease Agreement or to enforce any other legal or equitable right vested in the Trustee by this Indenture or the Lease Agreement or by law.

#### ARTICLE XI

##### The Trustee

Section 1101. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:



(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the Issuer or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the Issuer, as lessor, under the Lease Agreement.

(c) The Trustee shall not be accountable for the use of the proceeds from the sale of the Bonds disbursed in accordance with the provisions of Sections 4.2 and 4.3 of the Lease Agreement. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any

action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by the Chairman and attested by the Clerk of the Issuer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Clerk of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the governing body of the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (i) failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V and (ii) failure by the Lessee to make any of the payments to the Trustee required to be made by Section 5.3 of the Lease Agreement, unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Mortgaged Property as in this Indenture provided.



(i) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

(j) The Trustee shall not be required to give any bond or surety in respect to the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law or by this Indenture. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 1102. Fees, Charges and Expenses of Trustee.  
The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordin-



ary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs, and expenses incurred.

Section 1103. Notice to Bondholders If Default Occurs. If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the Issuer as is specified in Section 1013 hereof in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the last known holders or owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 206 hereof.

Section 1104. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1105. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1106. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days written notice to the Issuer, to the Lessee and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the

Bondholders or by the Issuer. Such notice to the Issuer and to the Lessee may be served personally or sent by registered mail.

Section 1107. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

Section 1108. Appointment of Successor Trustee by the Bondholders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of vacancy the Issuer by an instrument executed and signed by the Chairman and attested by the Clerk of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$10,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 1109. Concerning Any Successor Trustee: Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing, shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor



hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

Section 1110. Right of Trustee to Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge or insurance premium upon any part of the property herein conveyed is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of seven per cent per annum, shall become so much additional obligation secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in the aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 1111. Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 1112. Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such Trustee, paying agent and Bond Registrar.

Section 1113. Trust Estate May be Vested in Separate or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.



In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

## ARTICLE XII

### Supplemental Indentures

Section 1201. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

The Issuer and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) in connection with the issuance of any Additional Bonds in accordance with Section 210 here-

of and the inclusion of additional Mortgaged Property in connection therewith, (ii) to the extent necessary with respect to the interests in land, structures, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional structures, machinery and equipment, (iii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

Section 1202. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate, or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bonds or (b) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the Issuer and in any event one time in a newspaper or financial journal of general circulation published in the City of New York, New York, and shall also cause a similar notice to be mailed, postage prepaid, to all registered Bondholders; provided, however, that no publication of such notice shall be required and notice by mail as aforesaid shall be deemed sufficient notice where all Bonds outstanding are registered. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Issuer following the final publication of such notice, the holders of not less than two-thirds in aggregate principal



amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon on opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article XII.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., C.S.T., time of the fifteenth day after mailing of said notice and a copy of the proposed supplemental indenture.

#### ARTICLE XIII

##### Amendment of Lease Agreement

Section 1301. Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders. The Issuer and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) in connection with the issuance of Additional Bonds as provided in Section 210 hereof, (iii) for the purpose of curing any ambiguity or formal defect or omission, (iv) in connection with the structures, machinery and equipment and interests described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional structures, machinery and equipment, or (v) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee, or materially adverse to the holders of the Bonds.

Section 1302. Amendments, etc., to Lease Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without notice to and the written approval or consent of the holders of not less than two-thirds in aggregate principal amount



of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the Issuer and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided, by Section 1202 hereof with respect to supplemental indenture. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of such proposed amendment shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any coupons shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from consenting to the execution thereof or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment as in this Section permitted and provided, the Lease Agreement shall be and be deemed to be modified and amended in accordance therewith.

#### ARTICLE XIV

##### Miscellaneous

Section 1401. Consents, etc., of Bondholders. Any consent, request, direction, approval, waiver, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such affidavit or certificate shall also constitute sufficient proof of his authority.

(b) The amount of Bonds, transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, and the distinguishing numbers of the Bonds held by such person, and the date of his holding the same may be proved by a certificate executed by any trust company, bank, banker, or other depository (wherever situated), showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described, or such facts may be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the Issuer may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) The ownership of registered Bonds (as to principal or fully registered) shall be proved by the register of such Bonds.

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer, by the Lessee or by any other obligor under the Lease Agreement or on the Bonds, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer, the Lessee or any other obligor under the Lease Agreement or on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of any determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 1401 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Issuer or any other obligor under the



Lease Agreement or on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 1402. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, the Lessee and the holders of the Bonds and the bearers of coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Lessee and the holders of the Bonds and coupons as herein provided.

Section 1403. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any Constitution or statute or rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1404. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this Indenture, addressed as follows: if to the Issuer, at the County Courthouse, Georgetown, South Carolina 29440; if to the Lessee, at P. O. Box 619, Georgetown, South Carolina 29440, Attention: Treasurer and if to the Trustee, at \_\_\_\_\_, Attention:

Corporate Trust Department. The Issuer, the Lessee, and the Trustee may, by notice given to all parties to this Indenture and the Lease Agreement designate any further or different addresses to which subsequent notices, certificate or other communications shall be sent.

Section 1405. Amounts Remaining in Bond Fund. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any other paying agent in trust for the payment of the principal of, or interest or premium, in any Bonds and remaining unclaimed for seven years after the principal of all the Bonds outstanding hereunder has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be



repaid to the Issuer upon its written request, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Issuer for repayment thereof, and all liability of the Trustee or any other paying agent with respect to such moneys shall thereupon cease, provided, however, that before the repayment of such moneys to the Issuer as aforesaid, the Trustee or other paying agent, as the case may be, may (at the cost of the Issuer) first publish a notice, in such form as may be deemed appropriate by the Trustee or such paying agent, in respect of the Bonds or coupons so payable and not presented and in respect of the provisions relating to the repayment to the Issuer of the moneys held for the payment thereof. Such notice shall be published at least once in a newspaper or financial journal of general circulation published in the City of New York, New York. In the event of the repayment of any such moneys to the Issuer as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Issuer for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Issuer (without interest thereon). Notwithstanding the foregoing, the Trustee shall, upon the written request of the Issuer, repay such moneys to the Issuer at any time earlier than seven years if failure to repay such moneys to the Issuer within such earlier period shall give rise to the operation of any escheat statute under applicable state law.

Section 1406. Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

Section 1407. Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or shall be in South Carolina a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date in such city but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 1408. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1409. Laws Governing Indenture and Situs and Administration of Trust. The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the Issuer that the situs of the trust created by this Indenture be in the state in which is located the corporate trust office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual

or institution appointed as a separate or cotrustee pursuant to Section 1113 of this Indenture. It is the further intention of the Issuer that the Trustee administer said trust in the state in which it is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Georgetown County, South Carolina has caused these presents to be signed in its name and behalf by the Chairman of its Georgetown County Council and its corporate seal to be hereunto affixed and attested by the Clerk of the Georgetown County Council of Georgetown County and to evidence its acceptance of the trusts hereby created, \_\_\_\_\_, as Trustee, has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its Trust Officers, all as of the day and year first hereinabove written.

GEORGETOWN COUNTY, SOUTH CAROLINA

By \_\_\_\_\_  
Chairman of the Georgetown  
County Council

(SEAL)

ATTEST:

\_\_\_\_\_  
Clerk of the Georgetown  
County Council

In the presence of:

\_\_\_\_\_  
\_\_\_\_\_

as Trustee

By \_\_\_\_\_  
Trust Officer

(SEAL)

ATTEST:

\_\_\_\_\_  
Assistant Trust Officer

In the presence of:

\_\_\_\_\_  
\_\_\_\_\_



STATE OF SOUTH CAROLINA    )  
                                  )  
COUNTY OF GEORGETOWN        )

Personally appeared before me \_\_\_\_\_ who being  
duly sworn says that he saw the corporate seal of Georgetown Coun-  
ty, South Carolina, affixed to the foregoing Indenture of Trust  
and Security Agreement, and that he also saw \_\_\_\_\_,  
as Chairman of the Georgetown County Council of Georgetown  
County, South Carolina, and \_\_\_\_\_ as Clerk of the  
Georgetown County Council of Georgetown County, South Carolina  
sign and attest the same and that he with \_\_\_\_\_ witnessed  
the execution and delivery thereof as the act and deed of the said  
Georgetown County, South Carolina.

\_\_\_\_\_  
Witness

Sworn to before me this \_\_\_\_\_

\_\_\_\_\_  
(L.S.)  
Notary Public for the State  
of South Carolina

My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA    )  
                                  )  
COUNTY OF                    )

Personally appeared before me \_\_\_\_\_ who  
being duly sworn says that he saw the corporate seal of \_\_\_\_\_  
\_\_\_\_\_, as Trustee, affixed to the foregoing Inden-  
ture of Trust and Security Agreement, and that he also saw \_\_\_\_\_  
\_\_\_\_\_, as Trust Officer and \_\_\_\_\_ as an  
Assistant Trust Officer of \_\_\_\_\_, as  
Trustee, sign and attest the same, and that he with \_\_\_\_\_  
\_\_\_\_\_ witnessed the execution and delivery thereof as the  
act and deed of the said \_\_\_\_\_, as Trus-  
tee.

\_\_\_\_\_  
Witness

Sworn to before me this \_\_\_\_\_

\_\_\_\_\_  
(L.S.)  
Notary Public

My Commission Expires: \_\_\_\_\_

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Agreement") made and entered into as of the first day of March 1974, by and between Korf Industrie Und Handel GMBH & Co. + K.G., a limited partnership formed and existing under and by virtue of the laws of Germany (hereinafter referred to as the "Guarantor"), and

, a national banking association duly organized and existing under the laws of the United States of America, together with any successor trustee at the time serving as such under the Indenture described below, (hereinafter referred to as the "Trustee");

W I T N E S S E T H:

WHEREAS, Georgetown County, South Carolina, a County and political subdivision duly created and existing under the laws of the State of South Carolina (the "Issuer") intends to issue its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) under and pursuant to the provisions of Act No. 156 enacted at the 1971 Session of the General Assembly of South Carolina (the "Act") in the aggregate principal amount of \$3,700,000 (the "Bonds"); and

WHEREAS, the Bonds are to be issued under and pursuant to the Act and additionally secured pursuant to the provisions of an Indenture of Trust and Security Agreement dated as of March 1, 1974 (the "Indenture") by and between the Issuer and \_\_\_\_\_, as Trustee; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied to the acquisition, construction and installation of certain air pollution control facilities (the "Project") to be leased to Georgetown Steel Corporation, a subsidiary of the Guarantor under a Lease Agreement dated as of March 1, 1974 (hereinafter referred to as the "Lease") by and between the Issuer, as Lessor and Georgetown Steel Corporation, as Lessee (herein referred to as the "Lessee"); and

WHEREAS, the purchasers are desirous of purchasing the Bonds from the Issuer, subject, among other things, to the execution and delivery by the Guarantor of this Agreement and the Guarantor is desirous that the Issuer issue the Bonds and apply the proceeds as aforesaid and is willing to enter into this Agreement in order to enhance the marketability of the Bonds and induce the purchasers to purchase the Bonds and thereby provide the Issuer with funds to acquire, construct and install the Project and in connection therewith achieve interest cost and other savings to the Lessee.

NOW, THEREFOR, in consideration of the premises and in order to enhance the marketability of the Bonds and thereby achieve interest cost and other savings to the Lessee and as an inducement to the purchase of the Bonds by all who shall at any time become holders of the Bonds, the Guarantor does hereby, covenant and agree with the Trustee as follows:

#### ARTICLE I.

##### REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1. The Guarantor does hereby represent and warrant that:

(a) it is a limited partnership duly organized, existing and in good standing under the laws of Germany; it is not in default under its Limited Partnership Agreement; it has the power under its Limited Partnership Agreement and under the laws of Germany to enter into and perform all agreements on its part herein contained; its corporate general partner has been authorized to enter into this Agreement by all necessary and proper corporate action; and the execution and delivery by it of this Agreement and the agreements herein contained do not contravene or constitute a default under any agreement, indenture, commitment, provision of the Limited Partnership Agreement, or other requirement of law to which it is a party or by which it is or may be bound; and



(b) this Agreement is made in furtherance of the purposes for which the Guarantor was organized and is necessary to promote and further the business of the Guarantor, and the assumption by the Guarantor of its obligations hereunder will result in direct financial benefits to the Guarantor.

ARTICLE II.

COVENANTS AND AGREEMENTS

Section 2.1. The Guarantor hereby unconditionally and irrevocably guarantees to the Trustee for the benefit of the holders at any time and from time to time of the Bonds and the interest coupons appertaining thereto (a) the full and prompt payment of the principal of and any premium on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for redemption or otherwise in accordance with the provisions of the Indenture, and (b) the full and prompt payment of any interest on any Bond when and as the same shall have become due in accordance with the provisions of the Indenture, and in each and every case irrespective of the validity, regularity or enforceability of any of said Bonds or of the Indenture or any of the terms thereof or of any other like circumstance or circumstances, and agrees to pay all expenses and charges (including court costs and attorneys' fees) paid or incurred by the Trustee in realizing upon any of the payments hereby guaranteed or in enforcing this Agreement, and (c) all fees of the Trustee acting as trustee, Bond Registrar and paying agent under the Indenture and of any other paying agent under the Indenture. All payments by the Guarantor to the Trustee shall be paid in lawful money of the United States of America upon ten (10) days written notice. Unless all of the Bonds shall have become due by acceleration or call for redemption, each and every default in payment of the principal of or premium, if any, or interest on any Bonds shall give rise

to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 2.2. The obligations of the Guarantor under this Agreement shall be binding upon the Guarantor and its successors and assigns, and shall remain in full force and effect irrespective of any obligations of the Issuer on the Bonds or under the Indenture, or of the power or authority or the lack of power or authority of the Issuer to issue said Bonds or to execute and deliver the Indenture, and irrespective of the validity of said Bonds or the Indenture, or of any defense whatsoever that the Issuer may or might have to the payment of said Bonds (principal, interest and premium, if any) or to the performance or observance of any of the provisions or conditions of the Indenture, or the existence or continuance of the Issuer as a legal entity; nor shall said obligations be discharged or impaired by any act, failure or omission whatsoever on the part of any holder or holders of said Bonds or the interest coupons appertaining thereto, including but not limited to the following acts, failures or omissions:

(i) any failure to present Bonds for payment or to demand payment thereof, or to give the Guarantor notice of dishonor for non-payment of said Bonds or the interest coupons appertaining thereto when and as the same may become due and payable, or notice of any failure on the part of the Issuer to do any act or thing or to perform or keep any covenant or agreement by it to be done, kept or performed under the terms of said Bonds or of the Indenture;

(ii) the acceptance of any security or other guaranty, the advance of additional money to the Issuer, any extension of the obligation of said Bonds or the interest coupons appertaining thereto, either indefinitely or for any period of time, or any other modifica-



tion in the obligation of the said Bonds or of the Indenture or of the Issuer thereon, or in connection therewith, or the sale, release, substitution or exchange of any security;

(iii) any act or failure to act with regard to the said Bonds or the Indenture or anything which might vary the risk of the Guarantor;

(iv) any action taken under the Indenture in the exercise of any right or power thereby conferred or any failure or omission on the part of any holder of any Bond to enforce any right or security given under the Lease or any waiver of any right or any failure or omission on the part of any holder of any of the Bonds or the interest coupons appertaining thereto to enforce any right against the Issuer;

provided that the specific enumeration of the above-mentioned acts, failures, waivers or omissions shall not be deemed to exclude any other acts, failures, waivers or omissions, though not specifically mentioned above, it being the purpose and intent of this paragraph that the obligation of the Guarantor shall be absolute and unconditional to the extent herein specified and shall not be discharged, impaired or varied except by the payment of the principal of and interest on said Bonds and any premium thereon in case of prepayment, and then only to the extent of such payments. Without limiting any of the other terms or provisions hereof, it is understood and agreed that in order to hold the Guarantor liable hereunder, there shall be no obligation on the part of the Trustee or any holder of any Bond to resort in any manner or form for payment to the Issuer or to any other person, firm or corporation, their properties or estates. All rights of the holders of the Bonds and the interest coupons appertaining thereto may be transferred and assigned at any time or from time to time and shall be considered to be transferred or assigned at any time or from



time to time upon the transfer of any Bond or interest coupon whether with or without the consent of or notice to the Guarantor or to the Issuer.

Section 2.3. The obligations, covenants and agreements of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable and, subject to the provisions of Section 2.4 hereof, shall remain in full force and effect until the entire principal of and interest and any premium on the Bonds shall have been paid or provided for in accordance with the Indenture and the Bonds and, until such payment or provision for payment, shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or the consent of the Guarantor:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer under the Indenture, or the Bonds or of the Lessee under the Lease.

(b) the failure to give notice to the Guarantor of the occurrence of a default under the terms and provisions of this Agreement, the Indenture or the Lease, except as specifically provided in this Agreement;

(c) the assignment, mortgaging, transferring, pledging or conveying or the purported assignment, mortgaging, transferring, pledging or conveying of all or any part of the interest of the Issuer in the Project;

(d) the waiver of the payment, performance or observance by the Issuer, the Guarantor or the Trustee of any of the obligations, covenants or agreements of the Issuer, the Guarantor or the Lessee contained in the Indenture, this Agreement or the Lease;

(e) the extension of the time for payment of any principal of or interest or premium on any Bond or any part thereof owing or payable on such Bond or under this Agreement or the Inden-

ture of the time for performance of any other obligations, covenants or agreements under or arising out of the Indenture or this Agreement or the extension or the renewal of either thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture or the Lease;

(g) the taking or the omission of any of the actions referred to in the Indenture or the Lease or any actions under this Agreement;

(h) any failure, omission, delay or lack on the part of the Issuer or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in this Agreement, the Indenture or the Lease, or any other act or acts on the part of the Issuer, the Trustee or any of the holders at any time or from time to time of the Bonds or the interest coupons appertaining thereto;

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or, or other similar proceedings affecting the Guarantor, the Issuer or the Lessee under the Lease or any of their assets or any allegation or contest of the validity of this Agreement in any proceeding;

(j) to the extent permitted by law, the release or discharge of the Guarantor or the Lessee under the Lease from the performance or observance of any obligation, covenant or agreement contained in this Agreement or the Lease, respectively by operation of law;

(k) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Agreement; or

(l) any other condition or contingency.

Section 2.4. Anything herein to the contrary notwithstanding, the obligations, covenants and agreements of the Guarantor under this Agreement shall be absolute, unconditional and irrevocable and shall remain in full force and effect until such time as the Consolidated Tangible Net Worth of Georgetown Steel Corporation, and its successors and assigns under the Lease, shall equal or exceed at the end of any fiscal year, the sum of Forty Million Dollars (\$40,000,000) evidenced to the Trustee as hereinafter provided.

As used herein, the words "Consolidated Tangible Net Worth" means, on the date as of which any determination with respect thereto is made, the excess of consolidated total assets over consolidated total liabilities of the Lessee and its Subsidiaries determined in accordance with generally accepted accounting principles and practices consistently applied excluding, however, from the determination of consolidated total assets (i) patents, patent applications, trade marks, copyrights and trade names, (ii) goodwill, organizational, experimental, research and development expense and other like intangibles and deferred charges, (iii) treasury stock, (iv) moneys set apart and held in a sinking or other analogous fund established for the purchase, redemption or other retirement of capital stock, (v) unamortized debt discount and expense, (vi) the excess of cost to the Lessee over the net asset value of purchased (as used in the context of generally accepted accounting principles) Subsidiaries.

As used herein the term "subsidiary" shall mean a corporation of which the Lessee owns, directly or indirectly, more than 50% of the outstanding shares of capital stock or other securities, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or persons performing similar functions) and



which is consolidated with the Lessee for financial reporting purposes in accordance with generally accepted accounting principles at the time in effect. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, this shall be done in accordance with generally accepted accounting principles at the time in effect to the extent applicable.

Upon receipt by the Trustee of the Lessee's Annual Report to Shareholders, which shall at a minimum contain:

- (1) a consolidated balance sheet of the Lessee and its Subsidiaries at the end of such year, and
- (2) consolidated statements of income and of retained earnings of the Lessee and its Subsidiaries for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing selected by the Lessee, which opinion shall state, in substance, (i) that such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances, and (ii) that the Consolidated Tangible Net Worth of the Lessee and its Subsidiaries as above provided, equaled or exceeded the sum of \$40,000,000, the Trustee shall without any further action hereunder be authorized to

release the Guarantor from all further liability under this Agreement.

Section 2.5. The Guarantor hereby consents to all of the terms and conditions of said Bonds, the Lease and the Indenture and hereby waives any and all rights or any fact or facts or circumstance or circumstances whatsoever, and consents to any extension or extensions of time of any payment or payments or of any other act or thing which the Trustee or any holder or holders of said Bonds or the Issuer may agree or consent to, either expressly, by acquiescence, or otherwise, and hereby agrees not to claim or enforce any rights of subrogation or set off or any other right or privilege which might otherwise arise on account of any payment made by the Guarantor, or act or thing done by it on account of or in accordance with the provisions of this Agreement unless and until all of the Bonds and interest coupons appertaining thereto and other sums due or payable under the Indenture have been fully paid and discharged.

Section 2.6. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantor or the Lessee has or may have against the Issuer or the Trustee shall affect, modify or impair the Guarantor's obligations hereunder. The Guarantor further agrees that, in the event the Guarantor fails to pay its obligations hereunder when due and payable under this Agreement:

- (a) all indebtedness, liability or liabilities now and at any time or times hereafter owing by the Lessee to the Guarantor shall be automatically subordinated to the Bonds, and
- (b) all security interests, liens and encumbrances which the Guarantor now has or from time to time hereafter may have upon any of the Lessee's assets shall be automatically subordinated to all rights of payment which the Trustee now has or from time to time may acquire under the Indenture.

Section 2.7. In the event of a default in the payment of principal of or premium, if any, on any Bond when and as the same

shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or in the event of a default in the payment of any interest on any Bond when and as the same shall become due, the Trustee may, and if requested so to do by the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, and upon indemnification as hereinafter provided, shall be obligated to proceed to enforce the obligations of the Guarantor hereunder and the Trustee, in its sole discretion, shall have the right to proceed first and directly against Guarantor without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Trustee. Before taking any action hereunder, the Trustee may require that satisfactory indemnity be furnished by the holders requesting such action for the reimbursement of all expenses and to protect against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

Section 2.8. The Guarantor hereby expressly waives notice in writing, or otherwise, from the Trustee or the holders at any time or from time to time of any of the Bonds or the interest coupons appertaining thereto of their acceptance and reliance on this Agreement. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the Guarantor hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.9. The Guarantor agrees that it will maintain its legal existence as a limited partnership, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation



or permit one or more other corporations to consolidate with or merge into it; provided, the Guarantor may, without violating the agreement contained in this Section, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided that the surviving, resulting or transferee corporation, as the case may be, expressly assumes in writing all of the obligations of the Guarantor herein and provided further that the surviving, resulting or transferee corporation, as the case may be, has a Consolidated Tangible Net Worth immediately following the consummation of such merger, consolidation or transfer equal to or greater than the Consolidated Tangible Net Worth of the Guarantor immediately prior to such merger, consolidation or transfer.

Section 2.10 The Guarantor will keep proper books of record and account in accordance with generally accepted accounting principles and will furnish to the Trustee such information respecting the business, affairs, operations and financial condition on a consolidated basis of the Guarantor and its consolidated subsidiaries as may be reasonably requested, and without any request will furnish to the Trustee:

(a) As soon as available and in any event at the time the same are made available to partners of the Guarantor, copies of all quarterly and other interim financial statements as the Guarantor shall furnish to its partners; and

(b) As soon as available and in any event within 120 days after the close of each fiscal year of the Guarantor, a copy of the annual consolidated audit report (including balance sheet, profit and loss and surplus statement) of the Guarantor

and its subsidiaries for such fiscal year, all as prepared and certified by independent public accountants; provided, however, that if the annual report of the Guarantor to its partners shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the audit report referred to herein.

Section 2.11. This Agreement is entered into by the Guarantor for the benefit of the Trustee and the holders of the Bonds and any successor trustee or successor trustees and their respective successors and assigns under the Indenture, all of whom shall be entitled, to enforce performance and observance of this Agreement and of the guarantees and other provisions herein contained to the same extent as if they were parties signatory hereto.

Section 2.12. The terms of this Agreement may be enforced as to any one or more breaches either separately or cumulatively.

#### ARTICLE III.

##### NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 3.1. The Guarantor hereby appoints Henry S. Conston, Esquire, or in his absence, any officer of Walter, Conston, Schurtman & Gumpel, P.C., attorneys at law, as its agent for receipt of service of process with respect to any litigation arising hereunder and agrees that any such service shall submit the Guarantor to the jurisdiction of the court or courts issuing such service. The present address of such agent is 535 Fifth Avenue, New York, New York 10017.

#### ARTICLE IV.

##### MISCELLANEOUS

Section 4.1. No amendment, change, modification, altera-



tion or termination of the Indenture shall be made which would in any way increase the Guarantor's obligations under this Agreement without obtaining the prior written consent of the Guarantor.

Section 4.2. The obligations of the Guarantor hereunder shall arise absolutely, unconditionally and irrevocably when the Bonds shall have been issued, sold and delivered by the Issuer.

Section 4.3. No remedy herein conferred upon or reserved to the Trustee hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. The Guarantor hereby waives the benefit and advantage of any stay, extension or moratorium, or any rights of redemption or possession pursuant to any law, court decree or otherwise which might hinder, delay or impede the exercise of the rights of the Trustee. In order to entitle the Trustee to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Agreement. Nothing herein contained shall be deemed to exclude any action or proceedings taken by any holder of any



Bonds against the Guarantor, in the event of nonpayment of principal, interest or premium as aforesaid, but any judgment or recovery so had by any holder of any Bonds shall be deemed to thereby reduce the amount of any recovery hereunder to which the Trustee may be entitled, and such holder shall thereupon, to the extent of such recovery, be excluded from participating in any amount so recovered by the Trustee.

Section 4.4. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 4.5. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

Section 4.6. Trustee shall not consent to any amendment or modification of this Agreement or waive any of the provisions hereof without the prior written approval or consent of the holders of not less than sixty-six and two-thirds (66 2/3%) in aggregate principal amount of the Bonds at the time outstanding. Nothing contained herein shall permit, or be construed as permitting any amendment, change or modification of this Agreement which would (a) reduce the obligations of the Guarantor hereunder, (b) change the time for payment of the amounts payable by the Guarantor hereunder, or (c) change the unconditional nature of the guarantee herein contained.

Section 4.7. This Agreement shall be binding upon the undersigned Guarantor and its successors and assigns and shall inure to the benefit of the Trustee and the holders of the Bonds so long as any of the Bonds remain outstanding and unpaid.

IN WITNESS WHEREOF, the Guarantor, pursuant to proper resolution duly passed, has caused this Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

KORF INDUSTRIE UND HANDEL  
GMBH & CO. + K.G.

By \_\_\_\_\_  
President of Corporate  
General Partner

(CORPORATE SEAL)

ATTEST:

\_\_\_\_\_  
Secretary of Corporate General  
Partner

Accepted this \_\_\_\_ day of \_\_\_\_\_  
1974 by \_\_\_\_\_  
\_\_\_\_\_, as Trustee

(CORPORATE SEAL)

By \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Columbia, South Carolina

\_\_\_\_\_, 1974.

The State Budget and Control Board of South Carolina (the "State Board") convened in called session at the regular meeting place of the State Board at the office of the Governor, in the Capital Building, in the City of Columbia, South Carolina at 11 o'clock A.M., on MARCH 26, 1974 with the following members present:

John C. West,	Governor of the State of South Carolina and Chairman of the Board
Grady L. Patterson, Jr.,	State Treasurer
John Henry Mills,	Comptroller General
Rembert C. Dennis,	Chairman, Senate Finance Committee
Robert J. Aycock,	Chairman, House Ways and Means Committee

Absent: NONE  
\_\_\_\_\_

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

After the meeting had been duly called to order by the Chairman and the roll called with the above result, and after the minutes of the preceding meeting had been read and approved, the Chairman announced that one purpose of the meeting was to consider the adoption of a resolution approving the proposed issuance by Georgetown County, South Carolina, of \$3,700,000 principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee).

Thereupon, the following resolution was introduced in written form by MR. PATTERSON, was read in full, and after due discussion, pursuant to motion made by MR. PATTERSON \_\_\_\_\_ and seconded by MR. MILLS, was adopted by the following vote.



Aye: 5

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Nay: 0

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

A RESOLUTION approving the issuance by Georgetown County, South Carolina, of its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 pursuant to the provisions of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, 1962) and the pollution control facilities comprising the Project.

WHEREAS, the Georgetown County Council of Georgetown County, South Carolina (the "County Council") has heretofore by submitting a petition under and pursuant to the provisions of Section 14 of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, 1962), (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Georgetown County, South Carolina (the "County") pursuant to the Act of its Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 (the "Bonds"); and

WHEREAS, the County acting by and through its Georgetown County Council is authorized and empowered under and pursuant to the provisions of the Act, to assist industries to eliminate, mitigate or prevent air and water pollution by providing a means with which to raise moneys to pay the cost of pollution control facilities (as defined in the Act) through the issuance of revenue bonds payable solely out of the moneys de-

rived by the County under a loan agreement by which the industry agrees to operate and maintain the pollution control facilities for the purposes intended and to pay the sums required to meet the payment of the principal, interest and premium, if any, on any such bonds; and

WHEREAS, subject to obtaining approvals from the State Board and the Pollution Control Authority of South Carolina, as established by Act 1157 of 1970 Section 63-195 to 63-195.36, as the same may be amended from time to time (the "Pollution Authority") required by Section 63-195.63 to 63-195.56 of the Act, the County functioning through the County Council is authorized and empowered pursuant to the provisions of the Act:

(1) to enter into agreements with any industry to construct and thereafter operate, maintain and improve pollution control facilities; (2) 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 the bonds: (3) 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 as hereafter provided; and (4) to accept any State or Federal grant that might become applicable to defray any portion of the cost of any pollution control facility; and

WHEREAS, all Bonds issued by the County under authority of the Act shall be limited obligations of the County, the principal interest and redemption premium, if any, shall be payable solely out of the moneys to be derived by the County pursuant to the loan agreement. The Bonds and interest coupons issued under authority of the Act shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never con-

stitute nor give rise to a pecuniary liability of the County, or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each bond; and

WHEREAS, the principal, interest and premium, if any, on the Bonds shall be secured by a pledge of the revenues payable to the County, pursuant to the loan agreement and may also be secured by a lien on any property given as security by the industry pursuant to the loan agreement and the bonds may be issued pursuant to and secured by a trust indenture; and

WHEREAS, the County has made the necessary arrangements with Georgetown Steel Corporation, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), pursuant to which the County has agreed, subject to the requirements of the Act, to issue revenue bonds pursuant to the Act to finance the acquisition and construction of structures, machinery, equipment and facilities designed to eliminate, mitigate and prevent air pollution at the Lessee's plant located in Georgetown County, South Carolina (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purposes intended by the Act, and the County has further agreed to enter into a Lease Agreement (the "loan agreement" as defined in the Act) with the Lessee, dated as of March 1, 1974 (hereinafter sometimes referred to as the "Lease Agreement"), specifying the terms and conditions of the acquisition, construction and use of the Project by the Lessee, and obligating the Lessee to make payments in the amounts required to pay the principal, interest and premium, if any, on the bonds hereinafter described; and

WHEREAS, the County Council in accordance with the requirements of Section 7 of the Act has obtained from the Pollution Control Authority of South Carolina finding that the pollution control facilities comprising the Project are necessary and that



the design thereof will result in the elimination, mitigation and prevention of air pollution; and the County Council in accordance with the requirements of Section 14 of the Act, has submitted its Petition to this State Budget and Control Board, including a brief description of the Project, a statement of the action taken by the Pollution Control Authority as aforesaid, a reasonable estimate of the cost of the Project, and a general summary of the terms and conditions of the Lease Agreement; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as Georgetown County, South Carolina, Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) in the aggregate principal amount of \$3,700,000 (hereinafter sometimes referred to as the "Series A Bonds"); and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Contract, heretofore entered into by and between the County and the Lessee, the County proposes to issue \$3,700,000 aggregate principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) under and pursuant to the Act to finance the costs incurred and to be incurred in acquiring, constructing and equipping the pollution control facilities comprising the Project and to lease the Project under and pursuant to the terms of the Lease Agreement to be entered into between the County, as Lessor and Georgetown Steel Corporation, as Lessee; and

WHEREAS, the County has submitted with said petition, for review by the State Budget and Control Board, drafts of (i) Inducement Contract dated April 16, 1973 by and between the County and Georgetown Steel Corporation; (ii) Official Statement; (iii) Resolution of the Georgetown County Council adopted \_\_\_\_\_,

1974; (iv) Form of Lease Agreement dated as of March 1, 1974 proposed to be entered into by and between the County and Georgetown Steel Corporation; (v) Form of Indenture of Trust and Security Agreement dated as of March 1, 1974, proposed to be entered into by and between the County and a banking corporation or association, as Trustee; and (vi) Form of Guaranty Agreement proposed to be entered into by and between Korf Industrie Und Handel GMBH & CO. + K.G. and a banking corporation or association, as Trustee, and this Board has reviewed and considered each of said documents in its consideration of said petition by the County;

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

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

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

(b) That the petition filed by the Georgetown County Council contains all matters required by law and the rules of this State Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 14 of the Act; and

(c) That the pollution control facilities comprising the Project referred to in the petition of the Georgetown County Council and in the preamble hereto are intended to promote the purposes of the Act and are reasonably anticipated to effect such result.

Section 2. The proposed issue by the County of \$3,700,000 principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) under and pursuant to the provisions of the Act, the interest rates on the Bonds as set forth in



the Indenture and the Official Statement and the pollution control facilities comprising the Project to be acquired by the County with the Bond proceeds be and the same are hereby in all respects approved.

Section 3. The proposal of the County to acquire the Project, to lease the Project to Georgetown Steel Corporation and to finance a portion of the cost thereof and expenses incidental thereto by the issuance of Bonds secured by a pledge of the revenues to be derived from the leasing of the Project, and in addition by a pledge of the Lease of the Project, and a first security interest in the pollution control facilities constituting the Project, be and the same is hereby in all respects approved.

Section 4. That the Secretary of the State Budget and Control Board is hereby directed to publish one time in \_\_\_\_\_, a newspaper having general circulation in Georgetown County, the following notice of approval by this Board:

NOTICE PURSUANT TO ACT NO. 156 OF THE ACTS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA FOR 1971 (CHAPTER 2.3, SECTION 63-195.51 ET SEQ. CODE OF LAWS OF SOUTH CAROLINA, 1962).

Notice is hereby given pursuant to the provisions and requirements of Act No. 156 of the Acts of the General Assembly of the State of South Carolina for 1971 (Chapter 2.3, Section 63-195.51 et seq. Code of Laws of South Carolina, 1962, as amended), that the State Budget and Control Board of South Carolina, pursuant to petition duly filed by the Georgetown County Council of Georgetown County, has given its approval to the following:

(a) the issuance by Georgetown County, South Carolina of \$3,700,000 principal amount Pollution Control Revenue Bonds, Series A (Georgetown Steel Corporation - Lessee) to defray the cost of acquiring by construction and purchase machinery, equipment, facilities and structures, constituting air pollution control facilities (the "Project") to be located within Georgetown County, South Carolina; (b) the air pollution control facilities to be acquired by the County; and (c) the leasing of the Project to Georgetown Steel Corporation, a Delaware corporation, pursuant to which Georgetown Steel Corporation is obligated to make



payments which shall be sufficient (a) to pay the principal of and interest on the Bonds issued for the Project; and (b) to pay the costs of maintaining the Project in good repair and the cost of keeping it property insured.

The principal, interest and premium, if any on the Bonds shall be secured by a pledge of the revenues payable to the County pursuant to the lease agreement and are also secured by a lien on the Project. The Bonds to be issued by the County shall be limited obligations of the County, the principal, interest and redemption premium, if any, shall be payable solely out of the moneys to be derived by the County pursuant to the lease agreement. The Bonds and interest coupons shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County, or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of each Bond.

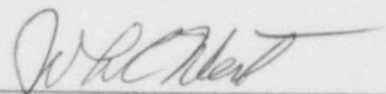
Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Georgetown County to finance the Project,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

STATE BUDGET AND CONTROL BOARD  
OF SOUTH CAROLINA

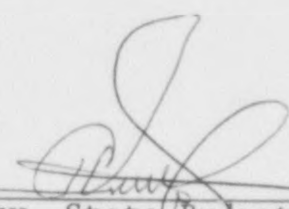
By P. C. Smith, Secretary

Section 5. That all orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved MARCH 26, 1974.


  
Chairman, State Budget and Control  
Board of South Carolina

Attest:


  
Secretary, State Budget and  
Control Board of South Carolina

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

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

  
Chairman

Attest:

  
Secretary

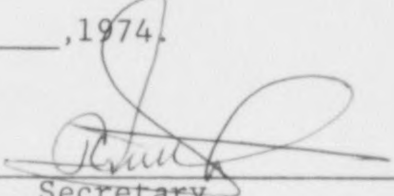
STATE OF SOUTH CAROLINA     )  
                                      )  
COUNTY OF GEORGETOWN        )

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

1. That the above and foregoing constitutes a true and correct copy of excerpts from the minutes of a meeting of the State Board held on MARCH 26, 1974 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

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

IN WITNESS WHEREOF, I have hereunto subscribed by official signature this 1 day of APRIL, 1974.

  
Secretary



STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

POLLUTION CONTROL AUTHORITY  
OF SOUTH CAROLINA

IN RE: Existence of Undesirables  
in Ambient Air in George-  
town Community

ORDER 70-15-A

TO: Georgetown Steel Company

WHEREAS, the question of undesirable levels in the ambient air in the Georgetown area has been brought to the attention of the Pollution Control Authority of South Carolina, and pursuant to the provisions of Act No. 1157 of the Acts of the South Carolina General Assembly, cited as the Pollution Control Act, signed by the Governor the 29th day of April, 1970, the technical staff of the Division of Air Pollution Control of the Pollution Control Authority has undertaken a detailed survey and analysis of the existing conditions within the community with the resulting findings of fact:

1. That the ambient air in the Georgetown community has reached that level defined by Section one (1), paragraph eighteen (18), as an undesirable level.
2. That methods for the control of emissions of air contaminants of the Respondent are known.
3. That over a period of approximately one (1) year preceding the date hereof, representatives of the Authority and of the Respondent have been meeting and consulting in an effort to resolve the technical practicability and economic reasonableness of reducing or eliminating emissions from Respondent's plant in Georgetown County.

NOW, THEREFORE, on motion of the Attorney General of the State of South Carolina, representing the Authority, and with the consent of Georgetown Steel, it is ordered that the Respondent:

1. Cease and desist, or refrain from all acts which may result in the presence in the ambient air one or more air contaminants or any combination thereof in sufficient quantity and of such characteristic as to create an undesirable level as defined in Section one (1), paragraph eighteen (18) of the above-referenced Act; said actions to take effect on or before March 1, 1971.

2. That Respondent firm submit to the Authority for approval any modification in existing permits to discharge air contaminants that might be necessary to comply with the provisions of paragraphs one (1), said plans to be submitted on or before January 1, 1971.

3. Whenever the Authority determines, upon adequate data, that the meteorological conditions in Georgetown County create an emergency requiring immediate action to protect the public health or property, Respondent shall, upon notification thereof by the Authority, cease operating its processes for a period not to exceed twenty-four (24) hours. The procedure set forth in this paragraph shall not be utilized for more than two successive twenty-four (24) hour periods, in which event the Authority shall follow the procedure set forth in Section 32 of the Act.

IT IS FURTHER ORDERED that the requirement enumerated in paragraph three (3) is to be considered only as a remedial measure to remain in effect only until the requirements in paragraphs one (1) and two (2) are complied with.

---

H. J. WEBB, Ph. D.  
Executive Director

Columbia, South Carolina

December 18, 1970.

I SO MOVE:

James H. Quackenbush, Jr.  
JAMES H. QUACKENBUSH, JR.  
Assistant Attorney General

Attorney for Pollution Control Authority

I CONSENT:

Moore, Adams & Adams

by J. B. Moore  
Attorney for Georgetown Steel Company



P E R M I T

South Carolina Pollution Control Authority

Air Pollution Division

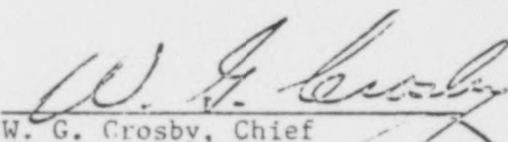
Permit Number P-22007 is hereby issued to Georgetown Steel  
Company, Georgetown, South Carolina

to construct and operate spray chamber and modifications to "Dingler"  
wet collection system as described in letter dated December 15, 1970.

subject to the following restrictions:

1. None
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

This is pursuant to the provisions of Section 15, South Carolina  
Pollution Control Act.

  
W. G. Crosby, Chief  
Division of Air Pollution  
Pollution Control Authority

January 28, 1971,  
Columbia, South Carolina.

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 LEGIBILITY 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. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
6. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.

South Carolina  
Pollution Control Authority



AUTHORITY MEMBERS

TURNER . . . . . CHARLESTON  
JILLER, M.D. . . . . COLUMBIA  
K. MIXSON . . . . . GEORGETOWN  
FOWERS . . . . . SIMPSONVILLE  
AM. M. BRICE JR. . . . . YORK  
F. ANDREWS, PH.D. . . . . CLEMSON  
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Columbia, South Carolina 29211

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JOHN W. FARRIS . . . . . COLUMBIA  
J. BONNER MANLY . . . . . COLUMBIA

AREA CODE 803  
TELEPHONE: 758-2915

April 7, 1972

Mr. Wolfgang Jansen, President  
Georgetown Steel Company  
South Fraser Street  
Georgetown, S. C. 29440

Dear Mr. Jansen:

Enclosed for your consideration is an invitation to a public hearing relative to air pollution problems with which your plant is involved. We are also enclosing a copy of a report which our staff has prepared for my consideration. If you have any questions, please do not hesitate to call us.

Very truly yours,

H. J. Webb  
Executive Director

HJW:jpg

Enclosure



NOTICE OF PUBLIC HEARING

The Georgetown Steel Corporation, located at Georgetown, South Carolina, is hereby invited to attend a public hearing to be held at the Georgetown County Courthouse, Georgetown, South Carolina, at 7:00 P.M. on the 27th day of April, 1972.

This hearing is called by the Pollution Control Authority pursuant to the power vested in it by Section Nine (9), Paragraph Two (2), and Section Eighteen (18) of the 1970 Pollution Control Act. Said sections state that:

Section Eighteen (18) - The Authority may conduct public hearings prior to action in the following cases either of its own volition or upon the request of affected persons:

(a) an order of determination of the Authority requiring the discontinuance of discharge of . . . air contaminant into ambient air, and

(d) any other proceeding resulting in a finding of fact or determination that a discharge of air contaminants into ambient air . . . contravenes the standards established for such air . . . .

The nature of the hearing will be such as to discuss the possibility that the Georgetown Steel Corporation is violating the 1970 Pollution Control Act of the State of South Carolina in that the Georgetown Steel Corporation is unlawfully discharging air contaminants and other substances into the ambient air from its steel mill facility in Georgetown and thereby causing an undesirable level.

Section Fifteen (15) - It shall be unlawful for any person, directly or indirectly negligently or willfully, to discharge any air contaminant or other substance in the ambient air that shall cause an undesirable level.

Section One (1), Paragraph Eighteen (18) -  
"Undesirable level" means the presence in the outdoor atmosphere of one or more air contaminants or any combination thereof in sufficient quantity and of such characteristics and duration as to be injurious to human health or welfare, or to damage plant, animal or marine life, to property or which unreasonably interfere with enjoyment of life or use of property.

The possibility of an undesirable level existing has been brought to the attention of the Pollution Control Authority by complaints and petitions from the numerous citizens in the Georgetown area. Numerous complaints have been received from individuals in the immediate vicinity of the facility of sneezing, nose running, waking at night with an acrid taste from smoke and burning sensation in one's nostrils and throat. There have also been complaints as to the smoke or other particulate emissions from the facility resulting in property damage, notably affecting the paint on certain adjacent buildings, and damage to plant life.

You are reminded that this Notice constitutes legal notification and the Hearing will be held pursuant to rules embodied in Section No. 16, 19, 20 and 21 of the 1970 Pollution Control Act. You are further encouraged to bring whatever witnesses you wish to appear in your behalf and employ legal representation if you so desire.

The effective date of this Notice will be the same as that which is affixed by the signing of the Executive Director of the South Carolina Pollution Control Authority.

THE POLLUTION CONTROL AUTHORITY  
OF SOUTH CAROLINA

By: H. J. Webb

H. J. Webb, Ph. D., Executive Director

April 7, 1972

Columbia, South Carolina

IN RE: Violation of 1970  
Pollution Control  
Act

ORDER 72-3A

TO: Georgetown Steel Corporation,  
Georgetown, South Carolina

By certified mail, Georgetown Steel Corporation was notified that it was possibly violating the 1970 Pollution Control Act of the State of South Carolina and that a public hearing to consider its violations would be held on April 27, 1972, in Georgetown, South Carolina.

The hearing was postponed until May 11, 1972, and held on that date. In attendance for Georgetown Steel Corporation were Wolfgang Jansen, President of the Corporation, and Olin Gochenour, Executive Vice-President of Manufacturing, Engineering and Research for the Corporation. Representing the Corporation were James B. Moore, Esquire, of the Georgetown County Bar, and John A. Martin, Esquire, of the Fairfield County Bar. Representing the State were J. H. Quackenbush, Jr., Esquire, of the Richland County Bar, and Edwin B. Brading, Assistant Attorney General for the State of South Carolina.

Pursuant to the provisions of the 1970 Pollution Control Act, the technical and engineering staffs of the Pollution Control Authority made a detailed inspection and analysis of these plants and reported their findings at the hearing. In view of these findings and the other evidence presented at the hearing, the Authority hereby makes the following findings of fact:



1. That the Georgetown Steel Corporation was properly informed of the time, place and nature of the hearing held on May 11, 1972; properly instructed as to the nature of the charges made against it; and given ample opportunity to answer the charges made against it at the hearing;

2. That Georgetown Steel Corporation is operating a steel mill in a residential and light commercial area of Georgetown, South Carolina;

3. That Georgetown Steel Corporation's steel mill is a process industry that emits particulates into the outdoor atmosphere of Georgetown, South Carolina;

4. That the steel mill's process has a process weight rate of less than 60 tons per hour;

5. That the particulates emitted from the steel mill are emitted at a rate substantially in excess of 46.3 pounds per hour;

6. That the particulates emitted from the steel mill are present in the outdoor atmosphere of Georgetown, South Carolina, in sufficient quantity and are of such characteristics and duration as to damage property;

7. That the particulates emitted from the steel mill are present in the outdoor atmosphere of Georgetown, South Carolina, in sufficient quantity and are of such characteristics and duration as to unreasonably interfere with the use of property; and

8. That the particulates emitted from the steel mill are present in the outdoor atmosphere of Georgetown, South Carolina, in sufficient quantity and are of such characteristics and duration as to unreasonably interfere with enjoyment of

Additionally, the Authority makes the following conclusions of law:

1. That Georgetown Steel Corporation's steel mill is a process industry subject to the provisions of Section VII of the Air Pollution Control Regulations and Standards adopted by the Pollution Control Authority of South Carolina and filed with the Secretary of State on January 18, 1972;
2. That, under the provisions of Section VII, the steel mill has an allowable rate of emission based on its process weight rate of no more than 46.3 pounds per hour;
3. That the steel mill emits particulates at a rate substantially in excess of 46.3 pounds per hour in violation of Section VII of the Air Pollution Control Standards;
4. That the steel mill discharges particulates in the ambient air that cause an undesirable level as that termed is defined in Section 1(1)(18) of the 1970 Pollution Control Act in violation of Section 15 of the 1970 Pollution Control Act.

THEREFORE, IT IS ORDERED, under the authority of Section 9(3) of the 1970 Pollution Control Act, that Georgetown Steel Corporation shall:

1. Cease and desist discharging particulates and all other activity in violation of the pollution control laws of South Carolina on or before December 14, 1973;
2. Modify and improve the operation of existing equipment and processes on or before August 14, 1972, and thereafter maintain such modifications and improvements in a manner

acceptable to the technical and engineering staff of the Pollution Control Authority, such modifications and improvements to include the following:

- a. Level all existing furnace shells;
- b. Install new pellet pipe control valves;
- c. Continue to close the space between the furnace door frame and shell with refractory gunning material;
- d. Modify furnace doors to enable lancing through furnace door peepholes;
- e. Use larger grain size lime;
- f. Modify furnace roof extractor elbows to allow collection of dust while furnace is tilted for slag-off;
- g. Provide a water flow meter for each scrubber;
- h. Monitor water volume in scrubbers;
- i. Improve No. 2 disintegrator spray manifolds; and
- j. Wet all slag during handling thereof.

3. Submit through August 16, 1972, to the Executive Director of the Authority biweekly reports stating the progress toward and/or accomplishments resulting in compliance with the requirements of Paragraph 2(a)-(i) of this Order acceptable to the technical and engineering staff of the Authority, the first such report being due on July 5, 1972;



4. Submit on or before October 14, 1972, to the Executive Director of the Authority conceptual plans of an air pollution control system that will bring the Corporation's steel mill into compliance with the pollution control laws of South Carolina;

5. Submit on or before November 14, 1972, an application for a permit to construct an air pollution control system designed to bring the Corporation's steel mill into compliance with the pollution control laws of South Carolina;

6. Begin construction of an air pollution control system approved by the technical and engineering staff of the Authority as being sufficient to bring the Corporation's steel mill into compliance with the pollution control laws of South Carolina and submit proof thereof to the Executive Director of the Authority on or before December 14, 1972;

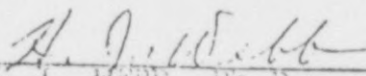
7. Submit to the Executive Director of the Authority quarterly reports on the progress of construction of the air pollution control system acceptable to the technical and engineering staff of the Authority, the first such report being due on March 14, 1972;

8. Complete construction and have operational an air pollution control system that will bring the Corporation's steel mill into compliance with the pollution control laws of South Carolina and submit proof thereof to the Executive Director of the Authority on or before December 14, 1973; and

9. Complete all activities and file all reports by the dates specified by Paragraphs 1-8 of this Order, the failure of which shall be deemed a violation of the entire

- 6 -

Order with the result that this Order will be turned over to the Attorney General for immediate enforcement.

  
H. J. WEBB, Ph.D.  
Executive Director  
Pollution Control Authority

Columbia, South Carolina.

June 27, 1972.

South Carolina  
Pollution Control Authority



AUTHORITY MEMBERS

ROBERT W. TURNER . . . . . CHARLESTON  
CHAIRMAN  
BEN N. MILLER, M.D. . . . . COLUMBIA  
JOHN MCCRADY, JR. . . . . CHARLESTON  
JACK E. POWERS . . . . . SIMPSONVILLE  
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AREA CODE 803  
TELEPHONE: 758-2915

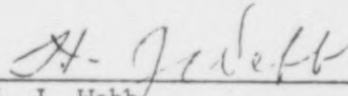
PERMIT

Permit Number P-22-008 is hereby issued to Georgetown Steel Corporation,  
P. O. Box 619, Georgetown, South Carolina 29440  
to construct Roof Canopy fume collection and baghouse filter system (as  
described in permit application dated January 4, 1973, and November 27,  
1972).

subject to the following conditions and/or restrictions:

1. No applicable regulation or standard will be contravened.
2. All correspondence and permit application forms are an integral part of this permit.
3. The PCA shall be notified 2 weeks prior to the time the unit is placed into conditional operation.
4. Suitable access for sampling emissions to atmosphere shall be provided.
5. A complete and detailed description of the high volume sampling method referred to in letter of January 4, 1973, along with data supporting its validity shall be submitted for the approval of this agency not later than June 30, 1973.

This is pursuant to the provisions of Section 15, South Carolina Pollution Control Act and the South Carolina Air Pollution Control Regulation No. 2-A.

  
H. J. Webb  
Executive Director

January 16, 1973,  
Columbia, South Carolina



IN RE: Violation of 1970 )  
Pollution Control )  
Act, as amended )

MODIFICATION  
TO  
ORDER 72-3A

TO: Georgetown Steel Corporation,  
Georgetown, South Carolina

In recognition of the fact that prior documentation of the factual background to the issuance of Order 72-3A exists both within the Order itself and within the files of the South Carolina Department of Health and Environmental Control, it suffices at this point merely to repeat that environmental evidence was obtained. This resulted in an administrative hearing, and this in turn led to the issuance of Order 72-3A on June 27, 1972, directing Georgetown Steel Corporation to take certain steps to alleviate a pollution problem caused by their operation in Georgetown, South Carolina.

Georgetown Steel has by letter dated December 5, 1973, formally requested a variance from certain provisions of the aforementioned Order. This variance would amount to an extension of the final date for compliance therewith. With regard to those matters alleged to support the request for an extension of the final compliance date, it has been made to appear as follows:

The above-referenced Order contains many features, but may conveniently be divided into two parts. One part deals with interim measures to ensure the best possible dust control with existing equipment until a more comprehensive system could be installed. The second part required complete compliance with air pollution laws and regulations by December 14, 1973.

The physical changes required by the interim features of the Order were met, although the results were not in every case all that was hoped for. In some instances, the maintenance of equipment was not as swiftly done as the staff of the Department of Health and Environmental Control felt it should be; however, this aspect has somewhat improved. The overall emissions in this interim period have increased somewhat, due primarily to increasing product output, which approaches the nominal capacity of the furnaces.

The plan to comply with the ultimate requirement of the Order embodies the installation of a gigantic exhaust system, filtering one million cubic feet per minute of dust and fume-laden air through hundreds of tube bag filters. Earlier plans, since revised, called for operating the older scrubbers in conjunction with the building exhaust system, but the troublesome nature of these scrubbers has led to plans to abandon them.

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665000

The staff of the Bureau of Air Quality Control of the Department of Health and Environmental Control is of the opinion that the system as finally proposed, if operated carefully and well maintained, will bring the emissions from this source within allowable standards. It has further been made to appear that the company has in recent times exerted every effort to meet the time deadline for completion.

Georgetown Steel Corporation has, nevertheless, requested an extension of the final date for compliance until February 28, 1974, to complete the project and to comply with the Order.

THEREFORE, it appearing that good cause exists, IT IS ORDERED that the final date for compliance, provided for in said Order as being December 14, 1973, is hereby extended to provide for a final date of compliance of February 14, 1974.

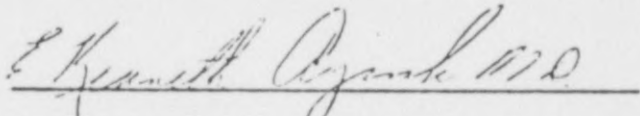


IT IS FURTHER ORDERED that this extension is granted only with the provision that, in the event of failure of any part of the control system during testing and adjustments, the furnaces will be shut down as rapidly as possible until repairs shall be made.

ADDITIONALLY, the company shall be hereafter required to report any significant breakdowns of any of the systems *how* affecting air discharge, as soon as they shall occur, and be *with* prepared to curtail or cease operations in order to minimize *or phone* possible adverse affects of any such breakdowns, until corrections shall be made.

It is reemphasized that failure to complete all activities and file all reports called for by the provisions of Order 72-3A as modified, shall be deemed a violation of the entire Order with the result that this Order will be turned over to the Attorney General for immediate enforcement.

SOUTH CAROLINA DEPARTMENT OF  
HEALTH AND ENVIRONMENTAL CONTROL



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

Columbia, South Carolina

December 19, 1973



*Exhibit XVII*  
*March 26, 1974*

DUAL EMPLOYMENT  
POLICIES & PROCEDURES  
March 18, 1974

Section 89, Appropriations Act for 1973-1974  
State of South Carolina

"Provided, Further, That no Full-time employee of any State Department or institution shall be paid any compensation or travel from any other department of the State Government except with the approval of the State Budget and Control Board."

## DEFINITIONS

For the purpose of these Articles, the following words shall have the meanings indicated:

- (1) Full-Time Employee - Any employee occupying a permanent, classified or unclassified position within a State Agency who is employed for not less than 37½ hours per week for a period of not less than five months per year, or a faculty member who carries a full work load as prescribed by the institution during the period for which the individual is to be engaged in dual employment.
- (2) State Agency - Any department, institution, board, commission, council, division, bureau, center, school, hospital, service or home that is engaged in the business or affairs of State government. Multi-facility agencies operating under central administrative control shall be considered to be one State agency.
- (3) Employing (Primary) Agency - The State agency, or unit thereof, having primary control over the services of the employee, and/or for which the employee works the greatest number of hours in any workweek.
- (4) Requesting (Secondary) Agency - The State agency, or unit thereof, seeking to engage the services of and compensate any employee for whom it is not the employing (primary) agency.
- (5) Dual Employment - Employment and compensation in excess of an employee's regular salary for temporary, part-time, contractual, honorarial or consultative services by either the employing (primary) agency or a requesting (secondary) agency. Payment of travel and subsistence expenditures to such employees by a requesting (secondary) agency shall also be included in this definition.
- (6) Dual Employment Agreement - An arrangement within the employing (primary) agency or between the employing (primary) agency and the requesting (secondary) agency which sets forth all terms and conditions for the dual employment of an employee.

## DUAL EMPLOYMENT POLICIES AND PROCEDURES

### STATE OF SOUTH CAROLINA

#### ARTICLE I

This Article sets forth the general policies and procedures for the acceptance, approval and administration of dual employment within State government.

##### Section I - Scope and Purpose

- A. The State Budget and Control Board shall establish and administer, through the State Personnel Division, uniform procedures for the receipt, recording, reporting and monitoring of all requests for dual employment agreements for State agencies. Such requests will then be presented to the State Budget and Control Board for final or continuing approval.
- B. The practice of dual employment shall not be used as a device to provide higher continuing salaries than provided for in the State Classification and Compensation Plan. Also, any employee engaged in dual employment shall satisfy the requirements of the established hours of work for the employing (primary) agency.
- C. The Personnel Division shall, at the request of the Budget and Control Board, assume responsibility for the hearing, consideration and approval of any or all specific conditions or cases of dual employment as so designated.

##### Section II - Administration

- A. The State Budget and Control Board, through the State Personnel Division, shall determine and issue all guidelines, forms and reports as are necessary for the day to day administration and processing of dual employment agreements for State agencies.
- B. State agencies shall have the responsibility of reporting and requesting approval for such agreements in accordance with these policies and procedures.

#### ARTICLE II

This Article sets forth the conditions and criteria which are to be satisfied prior to request and approval of dual employment agreements.

##### Section I - Eligibility

- A. No employee can receive additional compensation for services performed during normally scheduled hours of work unless the employee takes annual leave or leave without pay. An employee may use annual leave while providing services during normal working hours for a requesting (secondary) agency and may receive compensation from that agency for services performed during the period of leave. However, no employee granted leave with pay by the employing (primary) agency may receive additional



compensation from that same agency for services performed during this period.

- B. If the services are performed for a requesting (secondary) agency at times other than the employee's normally scheduled hours of work, the employee may be granted compensation for these services.
- C. Employees who perform services during other than normally scheduled hours of work for their employing (primary) agency may be paid additional compensation, if such services constitute independent, additional duties over and above those of the employee's primary position within the agency. However, such additional services shall be restricted insofar as possible and shall be justified fully to the State Budget and Control Board.

## Section II - Approval of Employment

- A. It is the responsibility of the agency heads of employing (primary) and requesting (secondary) agencies to determine the appropriateness of the dual employment request. Final approval must be granted by the State Budget and Control Board.
- B. In emergency situations, agencies may engage in tentative dual employment agreements, with prior approval of the State Personnel Division, subject to final approval of the State Budget and Control Board. The Board may, at its discretion, approve justifiable exceptions to these policies and procedures.

## ARTICLE III

This Article sets forth the requirements and method of compensating the employee performing services within the conditions of a dual employment agreement.

### Section I - Amount of Compensation

All compensation paid to the employee by the requesting (secondary) agency for services performed shall be in accordance with the State Classification and Compensation Plan, if applicable.

- A. If the duties to be performed are of a non-temporary nature, or more than 180 calendar days during any twelve-month period, these duties shall be documented by the requesting (secondary) agency and submitted to the State Personnel Division for classification. Compensation to the employee for performing the duties of the assigned position shall be paid in accordance with the allocated grade for that classification and under the guidelines of the Plan of Administration.
- B. If the duties to be performed are of a temporary nature, or less than 180 calendar days during any twelve-month period, these duties shall not be classified under the State Classification and Compensation Plan. However, compensation to the employee for performing these duties shall be paid only after submission of the intended rate of pay to the State Personnel Division and approval by the State Budget and Control Board.
- C. Any compensation paid to the employee for providing additional services for the employing (primary) agency shall not exceed the normal compensation paid to the employee for performing the duties of the primary position within that agency.

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## Section II - Service on boards, commissions or committees

If the duties to be performed constitute service by the employee on a board, commission or committee for which a per diem allowance is to be awarded, no employee is eligible to receive such per diem allowance, in accordance with the provisions of Section 94, State of South Carolina Appropriations Act for 1973-1974.

## Section III - Compliance with the requirements of the Fair Labor Standards Act

- A. If services are performed by the employee for any State agency covered by the Fair Labor Standards Act, the requirements of the Act must be complied with for that period of employment performed in the covered agency or agencies.
- B. If the employing (primary) agency and the requesting (secondary) agency are both covered under the Fair Labor Standards Act and acting entirely independently of each other, and are completely disassociated with respect to the employment of a particular employee, then all time worked in either agency can be considered by itself for the purpose of computing minimum wage and overtime, and for compliance with other provisions of the Act.
- C. If the employing (primary) agency and requesting (secondary) agency are both covered under the Fair Labor Standards Act and the employment of a particular employee is not completely disassociated from employment by another agency, then all time worked in the requesting (secondary) agency must be considered in conjunction with that worked in the employing (primary) agency for the purpose of computing minimum wage and overtime, and for compliance with other provisions of the Act.

## Section IV - Approval of compensation

No compensation shall be paid to an employee of the employing (primary) agency by that agency or by the requesting (secondary) agency for services rendered prior to the specific approval of the conditions and amount of compensation under the provisions of these Articles.

## ARTICLE IV

This Article sets forth the requirements and procedures for requesting, reporting of approvals or disapprovals and the maintenance of records pertaining to dual employment agreements within State government.

### Section I - Requests for dual employment

- A. The requesting (secondary) agency shall, in conjunction with the employing (primary) agency, present requests for dual employment to the State Budget and Control Board, through the State Personnel Division, in a format to contain the following information:

1. Name of requesting (secondary) agency,
  2. Name of employee, classification title of position occupied, present salary of employee at the employing (primary) agency, including normally scheduled hours of work,
  3. Name of employing (primary) agency,
  4. Complete description of services to be performed, with inclusive dates describing duration of services and hours of work,
  5. Amount and terms of intended compensation, including travel and subsistence, if applicable, and
  6. Signatures of the agency heads or their designees of both the requesting (secondary) agency and the employing (primary) agency authorizing the dual employment request.
- B. It shall be the responsibility of the requesting (secondary) agency to secure all pertinent information describing the conditions and terms of the dual employment agreement and present this information in a clear and complete format as a request for approval.
- C. The State Personnel Division shall develop and issue appropriate forms to allow collection and documentation of full information relative to dual employment requests.

#### Section II - Review of requests

- A. The State Personnel Division shall review all requests for completeness of information and compliance with the provisions of these Articles.
- B. After appropriate review and consideration of the requests by the State Budget and Control Board, both the requesting (secondary) agency and the employing (primary) agency shall be notified of the approval or disapproval of the request, as appropriate.
- C. Decisions of the State Budget and Control Board will be final.

#### Section III - Maintenance of records

- A. All agencies shall maintain current records pertaining to their participation in dual employment agreements, as either requesting (secondary) or employing (primary) agencies.
- B. Modifications to, or extensions of, approved dual employment agreements in effect must be re-submitted for further consideration by the State Budget and Control Board.



REQUEST FOR APPROVAL OF DUAL EMPLOYMENT

REQUESTING (SECONDARY) AGENCY

AGENCY NAME: \_\_\_\_\_

NAME OF APPLICANT SEEKING DUAL EMPLOYMENT: \_\_\_\_\_

DESCRIPTION OF SERVICES TO BE PERFORMED:

INCLUSIVE DATES AND DURATION OF SERVICES,  
INCLUDING HOURS OF WORK:

AMOUNT OF COMPENSATION:  
(TRAVEL & SUBSISTENCE, IF APPLICABLE)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF AGENCY DIRECTOR

EMPLOYING (PRIMARY) AGENCY

AGENCY NAME: \_\_\_\_\_

JOB TITLE OF APPLICANT'S POSITION: \_\_\_\_\_

APPLICANT'S PRESENT ANNUAL SALARY: \_\_\_\_\_

NORMALLY SCHEDULED HOURS OF WORK: \_\_\_\_\_

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE OF AGENCY DIRECTOR

STATE BUDGET AND CONTROL BOARD APPROVAL

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

DISAPPROVED: \_\_\_\_\_

COMMENTS:

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE FOR THE BOARD

REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	REQUESTING (SECONDARY) AGENCY	NAME OF APPLICANT & PRESENT CLASSIFICATION	EMPLOYING (PRIMARY) AGENCY	DESCRIPTION OF EMPLOYMENT	AMOUNT & TERMS OF COMPENSATION	PRESENT SALARY
1.	University of South Carolina	Charlene Hill Assistant Professor	S. C. State College	Teacher, Nursing 114	\$2321 - 9 Months Each Wed.-2:30-5:15 p.m. Jan 16-May 11, 1974	\$10,700.00
2.	University of South Carolina	Klaus Herberg Neurologist II	S. C. Department of Mental Health (Wm. S. Hall Psy. Inst.)	Consultant	\$100 - 6 Hours Feb 14-4:30-7:30 p.m. Feb 21-4:30-7:30 p.m.	\$32,836.00
3.	University of South Carolina	Isaac S. Metts, Jr. Assistant Professor	The Citadel	Teacher, Computer Science	\$800 - 45 Hours Feb 20-April 1, 1974	\$13,500.00
4.	University of South Carolina	Lyon G. Tyler, Jr. Associate Professor	The Citadel	Teacher, History 101 Charleston Navy Base	\$800 - 45 Hours March 5-April 1, 1974	\$14,095.00
5.	S. C. Criminal Justice Academy	R. A. Vaselak Groundskeeper Supv.	Criminal Justice Academy	Organize & Supervise Games & Recreational Activities	\$3.25 Per Hour 3 Days a Week 6:30 - 9:30 p.m.	\$ 6,625.00
6.	Division of Administration	John E. Zuidema Associate Director	University of South Carolina	Consultant	\$2,500 - 25 Days March 1-June 30, 1974	\$17,779.00
7.	Department of Corrections	Rafael J. Penichet Medical Section Chief	S. C. Department of Mental Health	To Provide Medical Services	\$4,000 a Year- Wed & Every Other Fri. 5:30-7:30 p.m. Indefinite	\$31,837.00
8.	Department of Corrections	D. M. DaSilva Medical Section Chief	S. C. Department of Mental Health	To Provide Medical Services	SAME AS ABOVE	\$34,215.00
9.	Community Mental Health Pee Dee Center	R. Gordon Crandall Special Asst. to Commissioner	S. C. Department of Mental Health (Administration)	To Provide Medical Services	\$111 - Plus Travel 12:00-9:30 Wed. Only Indefinite	\$35,955.00

# REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	REQUESTING (SECONDARY) AGENCY	NAME OF APPLICANT & PRESENT CLASSIFICATION	EMPLOYING (PRIMARY) AGENCY	DESCRIPTION OF EMPLOYMENT	AMOUNT & TERMS OF COMPENSATION	PRESENT SALARY
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4.	University of South Carolina	Lyon G. Tyler, Jr. Associate Professor	The Citadel	Teacher, History 101 Charleston Navy Base	\$800 - 45 Hours March 5-April 1, 1974	\$14,095.00
5.	S. C. Criminal Justice Academy	R. A. Vaselak Groundskeeper Supv.	Criminal Justice Academy	Organize & Supervise Game & Recreational Activities	\$3.25 Per Hour 3 Days a Week 6:30 - 9:30 p.m.	\$ 6,625.00
6.	Division of Administration	John E. Zuidema Associate Director	University of South Carolina	Consultant	\$2,500 - 25 Days March 1-June 30, 1974	\$17,779.00
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REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	REQUESTING (SECONDARY) AGENCY	NAME OF APPLICANT & PRESENT CLASSIFICATION	EMPLOYING (PRIMARY) AGENCY	DESCRIPTION OF EMPLOYMENT	AMOUNT & TERMS OF COMPENSATION	PRESENT SALAR
10.	S. C. Department of Health & Environmental Control	Ralph Morgan Associate Professor	University of South Carolina	Speaker on Communi- cation Conference "Fundamentals of Advertising"	\$50.00 Honorarium	\$23,461.00
	S. C. Department of Health & Environmental Control	Joseph Nolan Professor	University of South Carolina	SAME AS ABOVE	SAME AS ABOVE	\$23,461.00
11.	S. C. Department of Parks, Recreation & Tourism	Ronald P. Wilder Assistant Professor	University of South Carolina	Consultant to provide services with S. C. Travel Research Prog.	\$300 Per Month Feb 15-June 30, 1974	\$21,995.00
12.	S. C. Department of Education	Bill Holcombe Professor	Winthrop College	Teacher Education Prog. at Benedict College	Expenses Only March 5 & 6 April 2 & 3	\$24,261.00
	S. C. Department of Education	Dawson Lemley Professor	S. C. State College	SAME AS ABOVE	SAME AS ABOVE	\$20,995.00
	S. C. Department of Education	Leo F. Twiggs Professor	S. C. State College	SAME AS ABOVE	SAME AS ABOVE	\$21,595.00
	S. C. Department of Education	O. F. Henderson Assistant Professor	University of South Carolina	Teacher Education Prog. At Limestone College	SAME AS ABOVE	\$20,990.00
13.	S. C. Department of Mental Retardation	Vina M. Abrams Caseworker I	Department of Social Services	Survey Work of persons discharged from resi- dential facilities of SCDMR.	March, 1974 Weekends Only \$3.00 Per Hour Plus Travel	\$ 7,531.00
	S. C. Department of Mental Retardation	James T. Cash Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 7,172.00

REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	REQUESTING (SECONDARY) AGENCY	NAME OF APPLICANT & PRESENT CLASSIFICATION	EMPLOYING (PRIMARY) AGENCY	DESCRIPTION OF EMPLOYMENT	AMOUNT & TERMS OF COMPENSATION	PRESENT SALARY
13.	S. C. Department of Mental Retardation	Larry J. Clark Casework Supervisor	Department of Social Services	Survey Work of persons discharged from resi- dential facilities of SCDMR.	March, 1974 Weekends only \$3.00 Per Hour Plus Travel	\$ 9,532.00
	S. C. Department of Mental Retardation	Janice Dickert Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 7,172.00
	S. C. Department of Mental Retardation	Karen Estes Dir. of Social Services I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$10,373.00
	S. C. Department of Mental Retardation	Carolyn Evatt Casework Supervisor	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$10,485.00
	S. C. Department of Mental Retardation	Carol S. Gosnell Casework Supervisor	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$10,620.00
	S. C. Department of Mental Retardation	Jane C. Hoffman Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 6,752.00
	S. C. Department of Mental Retardation	Lucy Hummers Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 7,172.00
	S. C. Department of Mental Retardation	Margaret R. Jones Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 7,531.00
	S. C. Department of Mental Retardation	Betty T. McMillan Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 8,417.00

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REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	<u>REQUESTING (SECONDARY) AGENCY</u>	<u>NAME OF APPLICANT &amp; PRESENT CLASSIFICATION</u>	<u>EMPLOYING (PRIMARY) AGENCY</u>	<u>DESCRIPTION OF EMPLOYMENT</u>	<u>AMOUNT &amp; TERMS OF COMPENSATION</u>	<u>PRESENT SALARY</u>
13.	S. C. Department of Mental Retardation	Gaynelle C. Mason Caseworker I	Department of Social Services	Survey Work of persons discharged from resi- dential facilities of SCDMR.	March, 1974 Weekends Only \$3.00 Per Hour Plus Travel	\$ 6,752.00
	S. C. Department of Mental Retardation	Grace D. Palmer Casework Supervisor	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$10,386.00
	S. C. Department of Mental Retardation	James R. Thompson Casework Supervisor	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$10,217.00
	S. C. Department of Mental Retardation	Grace E. Young Caseworker I	Department of Social Services	SAME AS ABOVE	SAME AS ABOVE	\$ 6,752.00
	S. C. Department of Mental Retardation	Harold Powell Dept. Chairman	S. C. State College	Evaluate Speech & Hearing Programs	November 20,21,27 8:00 to 5:00 3 Days @ \$100/Day Plus Travel	\$28,393.00
14.	Department of Education	William Savage Professor	University of South Carolina	Evaluation of Teacher Education Program U. S. C.	Expenses Only April 23-24, 1974	\$28,991.00
	Department of Education	Chester R. Freeze Professor	Clemson University	SAME AS ABOVE	SAME AS ABOVE	\$24,061.00
15.	University of South Carolina	C. Ed Taylor Project Administrator	S. C. Department of Mental Health	Instructor, Edu. 660	\$1000 - Mondays 8:30 to 5:30 p.m. Jan 21-April 29, 1974	\$14,750.00

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REQUESTS FOR APPROVAL OF DUAL EMPLOYMENT

March 26, 1974

	<u>REQUESTING (SECONDARY) AGENCY</u>	<u>NAME OF APPLICANT &amp; PRESENT CLASSIFICATION</u>	<u>EMPLOYING (PRIMARY) AGENCY</u>	<u>DESCRIPTION OF EMPLOYMENT</u>	<u>AMOUNT &amp; TERMS OF COMPENSATION</u>	<u>PRESENT SALARY</u>
16.	State Personnel Division	Phyllis Fleishel Dean	University of South Carolina	Letter & Report Writing Seminar	\$200 - 16 Hrs. March 11-12, 1974	\$15,300.00
17.	State Personnel Division	David Byrd Asst. Professor	University of South Carolina	Letter & Report Writing Seminar	\$200 - 16 Hrs. March 11-12, 1974	\$17,302.00
18.	S. C. Department of Health & Environmental Control	Carmela Cavero Assoc. Professor	Medical University	Conduct Prenatal Clinic in Dorchester & Berkeley Counties	Travel & Subsistence	\$18,000.00
	S. C. Department of Health & Environmental Control	Karen Kreutner Asst. Professor	Medical University	Monthly Meetings on Sterilization Review Committee	Travel & Subsistence	\$19,940.00
	S. C. Department of Health & Environmental Control	Dr. Dertilecki Assoc. Professor	Medical University	Conducts a Monthly Genetics Counseling Clinic-State Park	Travel & Subsistence	\$28,195.00
19.	Department of Education	F. D. Smith Professor	University of South Carolina	Evaluation Committee Rutledge College, Greenville, S. C.	Travel & Subsistence	\$21,555.00
	Department of Education	R. S. Kline Professor	Winthrop College	SAME AS ABOVE	SAME AS ABOVE	\$24,661.00

Exhibit XIX  
March 26, 1974

1-42.2 -- Sick Leave

All permanent full-time State employees shall be entitled to fifteen days sick leave per year with pay. Sick leave may be accumulated, but not to exceed ninety days. The department or agency head is authorized to grant additional sick leave in extenuating circumstances upon approval of the State Budget and Control Board. All permanent part-time and hourly employees shall be entitled to sick leave prorated on the basis of fifteen days per year subject to the maximum accumulation specified herein. In the event an employee transfers from one State agency to another, his sick leave balance shall also be transferred. All employees who are employed on January 1, 1969, shall be entitled to retro-active sick leave not exceeding ninety days; provided, they have the requisite prior service as provided by this section and such sick leave has not been consumed pursuant to the then existing policy of any agency; provided, further, that any employee who has accumulated unused sick leave in excess of ninety days pursuant to the then existing policy of any agency shall not lose such excess but may not accumulate sick leave in excess of ninety days after January 1, 1969. The State Budget and Control Board, through the Division of Personnel, may promulgate such rules and regulations in accordance with law as may be necessary to administer the provisions hereof, including the power to define the use of sick leave.