

MINUTES OF
Budget and
Control Board
Meeting
September 21, 1983

004181

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLEE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

September 23, 1983

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary *WAM*

SUBJECT: Summary of Board Actions Taken at September 21, 1983 Meeting

The following is a summary of actions taken by the Budget and Control Board at a regular business session held at mid-day between agency 1984-85 budget request hearings:

1. Approved the following county proposals to issue industrial revenue bonds on the condition that the required reviews are completed with satisfactory results: (a) Richland County, approximately \$2,000,000 on behalf of the Richtex Brick Corporation project; and (b) Spartanburg County, \$2,000,000 on behalf of the Bold Enterprises, Inc., project;
2. Received as information the 1983-84 full-time equivalent position operational report as of August, 1983;
3. Received as information the activity report for the month of August for the State Fire Marshal Division;
4. Received as information reports on payments of interviewee travel expenses by the Department of Mental Health;
5. Received as information a report that the Comptroller General and the State Treasurer have authorized the South Carolina Research Authority to draw down on a monthly basis the \$500,000 appropriated to that Authority in the 1983-84 Appropriations Act;
6. Gave tentative approval to the allocation of \$60,904,398 for constitutional, statutory and mandatory State issues as a part of preparing the 1984-85 budget allocations, with \$3,142,529 included for debt service; \$6,101,191 for aid to subdivisions; \$5,035,511 for health insurance; \$1,085,067 for other employee benefits; \$1,060,100 for rent for State-owned property; and \$44,480,000 for State employee base pay and merit pay increases;

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7. Approved an allocation of \$59,500 from the Civil Contingent Fund to the Family Farm Development Authority;
8. Approved an allocation of up to \$15,000 from the Civil Contingent Fund to the S. C. Jobs-Economic Development Authority;
9. Exempted every expenditure of funds by the South Carolina Research Authority under contract for supplies, construction and services, as defined in Code Section 11-35-310 (7), (8), (26), (28), upon the recommendation of the Division of General Services, in accord with Code Section 35-11-310;
10. Carried over its consideration of a proposed installment purchase by the Forestry Commission;
11. Approved the concept of the Mental Health request and the transfer of \$665,395 from the S. C. State Hospital program and \$660,395 from the Crafts-Farrow program to the Community Support Program on the condition that no forced reduction-in-force would occur and that if any staff reductions are expected to result from other than normal attrition, the agency would have to secure specific Budget and Control Board approval of that action;
12. Approved the transfer to the State Development Board from the Executive Director's Office of \$50,000 included in the 1983-84 Appropriations Act to support the work of a task force to study the feasibility of a State Communications Authority;
13. Approved the travel of Clemson University Professor Dr. Hassan M. Beheary to Milan, Italy, during the October 10-17, 1983 period; the travel of Department of Agriculture staff member Roy W. Copelan, Jr., to West Germany, Belgium, The Netherlands, and England during the October 9-25, 1983 period; and ratified the approval given to the travel of Department of Agriculture employee C. Glenn Allen, Jr., to Korea, Taiwan, Hong Kong, Singapore and Japan during the September 26 - October 21, 1983 period;
14. Carried over its consideration of a State Personnel Division request relating to the delegation and approval of agency personnel policies;
15. Approved recommended procedures relating to charging State employees for the personal use of State-owned automobiles with the charge to be made at the rate of 20c per mile to be effective January 1, 1984, with the Comptroller General's Office, the State Treasurer's Office, staff of the Board, and the Motor Vehicle Management Council designated to work together on details relating to the procedure and providing that the Director of the Division of Motor Vehicle Management and the Motor Vehicle Management Council would determine questions relating to exemptions from the requirement to reimburse the State for the personal use of State-owned motor vehicles with appeals to be made to the Board;

16. Agreed to hold a regular business session at 12:00 noon on Friday, September 23, 1983, and to hold the meeting previously scheduled for October 11, 1983, at 10:00 A. M. in the Governor's conference room in the State House;
17. Received legal advice on a contractual matter and authorized staff of the Division of General Services to continue negotiations in that regard;
18. Approved the payment of \$5,000 to satisfy a settlement involving the State Personnel Division;
19. Approved a special salary adjustment for a Clemson University faculty member;
20. Carried over a request for salary supplements for two faculty members at the University of South Carolina who have assumed additional administrative duties;
21. Carried over a request by the Personnel Division and the Property Management Section to circulate a questionnaire to all State employees in the Columbia area; and
22. Ratified actions taken during executive session.

WAM:dw

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

SEPTEMBER 21, 1983 9:00 A. M.

The State Budget and Control Board met at 9:00 A. M. on Wednesday, September 21, 1983, in the Alcoholic Beverage Control Commission Hearing Room, 219 Edgar A. Brown Building, with the following members in attendance:

Governor Riley W. Riley
Mr. Grady L. Patterson, Jr.
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

Also attending were Executive Director W. T. Putnam; Governor's Executive Assistant Katherine M. Clarke; Assistant Attorney General David Eckstrom; State Auditor Edgar A. Vaughn, Jr.; Board Secretary William A. McInnis, and staff members of the various Board divisions.

1984-85 BUDGET HEARINGS - The Board continued the process of hearing agency requests for fiscal year 1984-85 by hearing from the following agencies:

Commission for the Blind
Wil Lou Gray Opportunity School
Department of Corrections
Department of Health and Environmental Control

[Secretary's Note: The Board at this point recessed the budget hearings and reconvened in Room 415 of the Edgar Brown Office Building at 12:45 p.m. to consider the following regular business matters.]

MINUTES OF PREVIOUS MEETING - Governor Riley advised that the item relating to minutes of the previous meeting had been withdrawn because those minutes had not yet been published.

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BLUE AGENDA - Board members were advised that the reviews required in connection with blue agenda items 1 and 6, relating to proposals to issue industrial revenue bonds, had not yet been completed.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board gave conditional approval to blue agenda items 1 and 6 and approved all other items remaining on the blue agenda.

INDUSTRIAL REVENUE BONDS (BLUE AGENDA #1 AND #6) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the following proposals to issue revenue bonds, on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results: (a) Richland County, approximately \$2,000,000 on behalf of the Richtex Brick Corporation project; and (b) Spartanburg County, \$2,000,000 on behalf of the Bold Enterprises, Inc., project.

Information relating to this matter has been retained in these files and is identified as Exhibits 1 and 2, respectively.

FINANCE DIVISION - AUGUST FULL-TIME EQUIVALENT POSITION REPORT - The Board without objection received the Finance Division full-time equivalent position report for August, 1983 as information.

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

FIRE MARSHAL DIVISION - AUGUST ACTIVITY REPORT - The Board without objection received as information the Fire Marshal Division activity report for August, 1983.

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

MENTAL HEALTH - INTERVIEWEE TRAVEL EXPENSE PAYMENTS - The Board without objection received as information reports on payments of interviewee travel expenses by the Department of Mental Health.

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

FINANCE DIVISION - 1984-85 BUDGET ALLOCATIONS - The Board without objection agreed to add to the agenda of the present meeting an item relating to tentative allocations for constitutional, statutory and mandatory State issues in the budget for 1984-85.

State Auditor Edgar A. Vaughn, Jr., distributed a handout including Schedule I and reminded the Board that the anticipated revenue growth for 1984-85 of \$190 million is the working figure given tentatively by the Board of Economic Advisors. Mr. Vaughn then noted that a reserve fund contribution of some \$39.4 million is required which would leave some \$2.3 billion of general fund revenue available for 1984-85. He noted that this would mean that some \$170.9 million of new funds would be available for 1984-85 after taking out the 1983-84 estimated expenditures.

Mr. Vaughn then reviewed the six items included in Schedule I of the materials he distributed. He noted that a \$3,142,529 requirement for debt service had been approved by Mr. Patterson's office.

He listed \$6,101,191 as the amount needed to maintain the allocation for aid to subdivisions at the present level of the freeze in that category. He estimated that this is about 67% of what the unfrozen total would be. Mr. Vaughn also estimated that approximately \$24 million additional would be required to remove the freeze from the aid to subdivisions category.

Mr. Vaughn then noted the \$5,035,511 item for health insurance resulting from a premium increase of approximately 12.6%

An additional \$1,085,067, mostly for social security base and rate increases, were identified as a need by Mr. Vaughn in the other employee benefits category. Additional rent for State-owned property amounting to \$1,060,100 was noted.

Mr. Vaughn then presented the \$44,480,000 item included in Schedule I for State employee base pay and merit pay increases. He noted that these are the estimated funds needed to provide a 5% base pay increase plus a 2% merit pay increase in addition to providing for the statutorily required longevity program. Mr. Vaughn observed that the pay plan proposed by the Board last fiscal year which provided for market adjustments and other innovations had not been approved by the General Assembly. He asked the Board for a decision on whether it will propose again the revised pay plan or go with the old system.

Mr. Morris observed that the new plan had eliminated some 20,000 employees from participation in any pay adjustment and on that basis had changed his mind about the new system.

Governor Riley indicated his endorsement of the inclusion of funds for a 5% base pay and 2% merit pay increase but urged that the Board hold on the decision on the question of the sort of pay plan it should support.

Mr. Morris noted that there probably is some middle ground on the subject but urged that the Board not send over a proposal likely to be shot down again by the General Assembly.

Mr. Patterson observed that the same dollars apparently are required under either approach and Mr. Mangum suggested that the Board approve the money now and deal with the question of the pay plan later.

Following this discussion, upon a motion by Representative Mangum, seconded by Senator Dennis, the Board approved the inclusion of the \$44,480,000 in Schedule I for State employee base pay and merit pay increases, including the longevity program.

Following a brief further discussion, upon a motion by both Mr. Patterson and Senator Dennis, seconded by Mr. Morris, the Board gave tentative approval to the allocation of \$60,904,398 for constitutional, statutory and mandatory State issues as a part of preparing the 1984-85 budget allocations, with \$3,142,529 included for debt service; \$6,101,191 for aid to subdivisions, \$5,035,511 for health insurance, \$1,085,067 for other employee benefits, \$1,060,100 for rent for State-owned property; and \$44,480,000 for State employee base pay and merit pay increases.

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

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FAMILY FARM DEVELOPMENT AUTHORITY - CIVIL CONTINGENT FUND ALLOCATION

REQUEST - The Family Farm Development Authority request for an allocation of \$59,500 from the Civil Contingent Fund to initiate Authority programs was carried over at the September 13 meeting to provide an opportunity for staff to determine whether or not it is envisioned that this Authority will be self-supporting and to explore questions raised regarding the budget submitted in support of the request.

The Board was advised that Chairman Clyde Livingston of the Authority advises that he expects and hopes that the Authority will be self-supporting. He also indicated his hope that if the \$59,500 request is approved that his agency will be able to repay it next year from operating revenues. The Board also was advised that Chairman Livingston had indicated that the budget submitted in support of the \$59,500 request is for roughly six months and that the \$6,000 included in the Appropriations Act would make a budget of \$65,500 for about half a year. He also indicated that a staff of three including an executive director, a clerical person, and either a field person or an office manager are envisioned as the Authority's staff.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved an allocation of \$59,500 from the Civil Contingent Fund to the Family Farm Development Authority.

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

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JOBS-ECONOMIC DEVELOPMENT AUTHORITY - CIVIL CONTINGENT FUND ALLOCATION

REQUEST - The Board without objection agreed to add to the present agenda a request by the South Carolina Jobs-Economic Development Authority for a one-time allocation of \$15,000 from the Civil Contingent Fund to pay legal costs incurred in detemining the constitutionality of the Act which authorizes this Authority to issue general revenue bonds.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved an allocation of up to \$15,000 from the Civil Contingent Fund to the South Carolina Jobs-Economic Development Authority.

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

GENERAL SERVICES - PROCUREMENT CODE EXEMPTION REQUEST (RESEARCH AUTHORITY) -

The Division of General Services, in accord with Procurement Code Section 11-35-310, recommended that the Board exempt every expenditure of funds by the South Carolina Research Authority under contract for supplies, construction, and services, as defined in Section 11-35-310(7), (8), (26), and (28). The proposed exemption is from the procurement procedures of the Procurement Code and is recommended by the Division on the basis of its interpretation of Section 13-17-70 of the Research Authority's enabling legislation. The Division noted the conspicuous absence of reference to the Consolidated Procurement Code in the legislation creating the Research Authority. The Division further took the position that the exemption request is supported by a recent Attorney General's opinion which compared the Research Authority to the Public Service Authority as a State enterprise activity.

Mr. Putnam observed that the law creating the Research Authority clearly puts it in the same general category as the Ports Authority, Public Service Authority, and certain other similar State entities.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Board exempted every expenditure of funds by the South Carolina Research Authority under contract for supplies, construction and services as defined in Code Section 11-35-310 (7), (8), (26), and (28), upon the recommendation of the Division of General Services, in accord with Section 35-11-310.

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

GENERAL SERVICES - FORESTRY COMMISSION INSTALLMENT PURCHASE - The Board was advised that an item relating to the Forestry Commission's desire to lease/purchase its small telephone system located in the Kingstree office had been withdrawn.

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

FINANCE DIVISION - MENTAL HEALTH REQUEST TO TRANSFER FUNDS TO COMMUNITY SUPPORT PROGRAM - Finance Division staff advised the Board in the agenda materials that the Department of Mental Health recently established the "community support program" as its number one priority in its statewide plan. That program is intended to reallocate resources to community-based mental health facilities as a means of helping reduce the numbers of persons served in psychiatric hospitals. The staff advised that full implementation of the

program will not be felt until 1984-85 but that the agency's present request is designed to begin the operation as soon as possible. Finance Division staff also noted that the request is supported by the Governor's Office and several key legislative committees and that several other transfers probably will have to be processed during the current fiscal year as this program gains momentum.

Finance Division staff also called the Board's attention to an indication by the Department of Mental Health that some reduction-in-force is likely to be involved in this process although the accurate numbers, if any, cannot be predicted at the present time.

Mr. Putnam called the Board's attention to the reduction-in-force possibility and the Board invited Deputy Commissioner Racine Brown of the Department of Mental Health to comment on the question. Deputy Commissioner Brown indicated that the Commission now has over 500 persons by name who could be serviced locally and that some 50 of these already have been moved back into a community setting of which there will be various arrangements.

Mr. Morris noted that this is similar to a move in other states which has not worked out well and asked Dr. Brown to indicate where these patients go once they are removed from the State hospitals.

Dr. Brown indicated that no massive deinstitutionalization program is envisioned and that a mandatory case management approach for each person is required.

Dr. Brown also emphasized that his agency cannot rule out the possibility of a reduction-in-force but he expressed the view that it is only an "outside possibility."

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Mr. Putnam noted that the Department of Mental Retardation had come under hard criticism because of the reductions-in-force it undertook as a part of a similar process and asked Dr. Brown if all the funds involved have to be transferred now. Dr. Brown indicated that a total of approximately \$2.9 million would be involved in that process in the year.

Following this discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the concept of the Department of Mental Health request on this matter and it approved the transfer of \$665,395 from the South Carolina State Hospital program and \$660,395 from the Crafts-Farrow program to the community support program on the condition that no forced reduction-in-force would occur and that if any staff reductions are expected to result from other than normal attrition the agency would have to secure specific Budget and Control Board approval of that action.

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

EXECUTIVE DIRECTOR - TRANSFER OF FUNDS TO TASK FORCE TO STUDY FEASIBILITY OF STATE COMMUNICATIONS AUTHORITY - Executive Director Putnam reminded the Board that \$50,000 was appropriated in the 1983-84 Appropriations Act to his office for a State Communications Authority and that a proviso in that Act provides for a task force to study the feasibility of establishing such an Authority with an initial report to be made to the General Assembly by January 31, 1984.

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Mr. Putnam noted that Governor Riley had appointed Mr. Joe Sapp, Chairman of the State Development Board, as the head of the task force to study this question. He suggested that, in the interest of simplifying the logistics involved, the entire \$50,000 appropriation be transferred to the Development Board for its administration.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board approved the transfer to the State Development Board from the Executive Director's Office of the \$50,000 included in the 1983-84 Appropriations Act to support the work of a task force to study the feasibility of a State Communications Authority.

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

CLEMSON UNIVERSITY/DEPARTMENT OF AGRICULTURE - FOREIGN TRAVEL - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the travel of Clemson University Professor Dr. Hassan M. Behery to Milan, Italy during the October 10-17, 1983 period; the travel of Department of Agriculture staff member Roy W. Copelan, Jr., to West Germany, Belgium, The Netherlands, and England during the October 9 - 25, 1983 period; and ratified the approval given to the travel of Department of Agriculture employee C. Glenn Allen, Jr., to Korea, Taiwan, Hong Kong, Singapore, and Japan during the September 26 - October 21, 1983 period.

Information relating to this matter has been retained in these files and is identified as Exhibit 13.

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PERSONNEL DIVISION - DELEGATION AND APPROVAL OF PERSONNEL POLICIES -

Personnel Division Director Jack Mullins asked that the Board correct a technical oversight relating to agency personnel policies by ratifying the historical practice of agencies developing personnel policies in accordance with State law and Board policies and regulations and that it approve agency policies now in effect, contingent upon their review and approval by the State Personnel Division. Dr. Mullins also asked that the Board require agencies to submit their personnel policies to the Personnel Division for review and approval with appeals to be heard by the Board's Personnel Subcommittee.

Dr. Mullins noted that this request arises out of a recommendation by the Attorney General's Office that the Board take these actions. In response to an inquiry from Senator Dennis, Dr. Mullins noted that the Attorney General's Office recommendation was not made in response to his request but that the oversight was first caught by them and that their recommendation in this matter was an oral one and that it had arisen out of an earlier opinion by a member of the Attorney General's Office staff.

Dr. Mullins noted that agency personnel policies could be more restrictive than those of the Board and suggested that a law enforcement agency requirement that a polygraph test be taken would be an illustration.

Following a very brief discussion of this matter, the Board agreed to carry over its consideration of the Personnel Division request.

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

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EXECUTIVE DIRECTOR - POLICY ON PERSONAL USE OF STATE-OWNED VEHICLES -

Following an extended discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Board approved the six points included in the procedures recommended by Executive Director Putnam relating to charging State employees for the personal use of State-owned vehicles with the charge to be made at the rate of 20¢ per mile to be effective January 1, 1984, with the Comptroller General's Office, the State Treasurer's Office, staff of the Board and the Motor Vehicle Management Council designated to work together on details relating to the procedure and providing further that the Director of the Division of Motor Vehicle Management and the Motor Vehicle Management Council would determine questions relating to exemptions from the requirements to reimburse the State with appeals to be made to the Board.

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

COMMENT ON BOARD EXECUTIVE SESSION PROCEDURES - Mr. Morris noted that, apparently, when news gets slack the Board's executive session procedures come in for considerable comment. He expressed the view that there must be a better way to report on the actions taken by the Board during executive session. He suggested as a possibility that at the following meeting a detailed report be given on the actions described at the time of ratification.

Governor Riley suggested that staff of the Board work with the Attorney General's Office and with the press to determine what could be done to make improvements in this area.

FUTURE MEETING - The Board agreed to hold a regular business session at 12:00 noon on Friday, September 23, 1983, and to hold the meeting previously scheduled for October 11, 1983, at 10:00 a.m. on the Governor's conference room in the State House. Governor Riley asked State Treasurer Patterson to preside at that October 11 meeting in his absence.

EXECUTIVE SESSION - Executive Director Putnam advised the Board that legal advice on two matters, two personnel items and one contractual matter had been proposed for consideration in executive session. Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board agreed to consider the matters outlined by Mr. Putnam in executive session whereupon Governor Riley declared the meeting to be in executive session.

RATIFICATION OF EXECUTIVE SESSION ACTIONS - Following the Board's consideration of executive session items, the meeting was opened and, upon a motion by Representative Mangum, seconded by Mr. Patterson, the Board ratified the following actions taken in executive session:

- (1) Received legal advice on a contractual matter and authorized staff of the Division of General Services to continue negotiations in that regard;
- (2) Approved the payment of \$5,000 to satisfy a settlement involving the State Personnel Division;
- (3) Approved a special salary adjustment for a Clemson University faculty member;
- (4) Carried over a request for salary supplements for two faculty members at the University of South Carolina who have assumed additional administrative duties;

(5) Carried over a request by the Personnel Division and the Property Management Section to circulate a questionnaire to all State employees in the Columbia area.

1984-85 BUDGET REQUEST HEARINGS - Following the regular business session, the Board reassembled in Room 219 of the Edgar A. Brown Building to continue hearing agency requests for 1984-85. The following agencies were heard:

Parole and Community Corrections
Alcohol and Drug Abuse
Adjutant General's Office
Children's Bureau
Highways and Public Transportation
Commission on Women
Ethics Commission

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

The meeting was scheduled to adjourn at 5:00 p.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were published widely through the agencies of the State government and among news media representatives well in advance of the meeting. These dates were agreed upon and announced at the regular session of the Budget and Control Board meeting held on August 23, 1983. The agenda for the regular session portion of this meeting was posted on bulletin boards in the office of the Governor's Press Secretary in the State House and near the Board Secretary's office in the Wade Hampton Office Building at 10:00 A. M. on Tuesday, September 20, 1983.]

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The State of South Carolina



Office of the Attorney General

EXHIBIT

SEP 21 1983

NO. 1

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2081

September 30, 1983

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

Re: Approx. \$2,000,000 Richland County, South
Carolina, Industrial Revenue Bonds, (Richtex
Brick Corp.)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "David C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/cs

Enclosures

004200

EXHIBIT

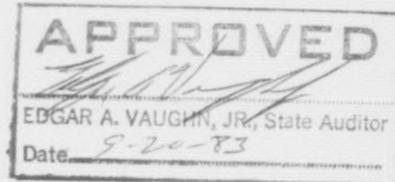
SEP 21 1983 NO. 1



STATE BUDGET & CONTROL BOARD

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, COLUMBIA, S.C. 29222
A SUBSIDIARY OF THE CITIZENS AND SOUTHERN CORPORATION

September 14, 1983



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

RE: Richland County, South Carolina Industrial Revenue Bonds
(Richtex Corporation Project) \$4,000,000.

Gentlemen:

We have made a commitment to purchase the above referenced issue of Richland County, South Carolina. In connection with our commitment, we have requested and been provided with certain financial information by the Corporation and the information to the extent that it has been furnished and the balance of the information to be furnished in satisfaction of our commitment are satisfactory to us. Our agreement to purchase this issue is made for our own investment as loan purposes and we do not presently contemplate the resale, distribution or redistribution of the issue.

Sincerely,

Culver P. Choate
Culver P. Choate
Vice President

jcr

004201

EXHIBIT

STATE OF SOUTH CAROLINA

SEP 21 1983 NO. 1

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 12:00 Noon, Wednesday, September 21, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

AGAINST MOTION

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

That any and all conditions attached to the referenced Board action have been satisfied as of the date of this certificate.

October 3, 1983

William A. McInnis 004202
Secretary

A RESOLUTION APPROVING THE ISSUANCE BY RICHLAND COUNTY, SOUTH CAROLINA, OF AN APPROXIMATELY \$2,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (RICHTEX BRICK CORPORATION PROJECT) 1983, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Richland County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Richland County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Richtex Brick Corporation Project) in the aggregate principal amount of approximately \$2,000,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of enlarging and improving an existing brick manufacturing facility and to acquire and install therein equipment and machinery related thereto (the "Project"); and

WHEREAS, the Project is to be made available to Richtex Brick Corporation (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Note; and

WHEREAS, the Note will be payable from and secured by an assignment of the obligations of the Corporation and the mortgage and security interest in the Project; and

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Note, for review by the State Budget and Control Board, (ii) an Assistance Agreement by and between the Corporation and the County executed by the Corporation on March 26, 1980, and executed by the Governing Board, on March 21, 1980, and (iii) a copy of a resolution and petition adopted by the County on July 26, 1983, 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. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Mortgage and Financing Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Mortgage and Financing Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in The State Newspaper, which is a newspaper having general circulation in Richland County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

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

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

The issuance by Richland County of its Industrial Development Revenue Note (Richtex Brick Corporation Project) in the original principal amount of approximately \$2,000,000 (the "Note"), to defray the costs of enlarging and improving an existing brick manufacturing facility located in Richland County and to acquire and install therein equipment and machinery related thereto (the "Project") by Richtex Brick Corporation, a South Carolina corporation. The Project will be made available to Richtex Brick Corporation which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by Richtex Brick Corporation for the use of the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: September __, 1983.

EXHIBIT

SEP 21 1983 NO. 1

Revenue Bond Issue Processing Che

STATE BUDGET & CONTROL BOARD

Item for Board meeting of Sept. 21, 1983

1. Local Government: Richland County
2. Bond Attorney:
 - (a) Firm: McDain
 - (b) Contact Person: April Lucas Phone: 799-9800
 - (c) Address: _____
3. Project Name: Richter Brick Corporation
4. Issue Amount: \$ 2,000,000 Approximately

2,000	4,000
<input checked="" type="checkbox"/> 3,000	5,000

 Type: Industrial
5. Employment Impact of Project: approx. 10
6. Type/Nature of Business of Firm Involved: brick manufacturing facility

* * * * *

7. Processing Checklist	Recd From	Sent To
(a) Check for Fee:		
(1) Amount: \$ <u>3,000</u>		
(2) Payor: <u>Richter Corp.</u>	AL 9/16	RC 9/16
(b) Governing body resolution/ordinance/petition	AL 9/16	DE 9/16
(c) Documents on issuance/securing of bonds	AL 9/16	DE 9/16
(d) Health and Environmental Control certification	---	---
(e) B&C Board Resolution and Notice <u>10</u> copies for certification for bond counsel	AL 9/16	DE 9/16
(f) Review by Attorney General's Office (letter)	OIC AG 10/3	XXXXXX
(g) Financial Information:		
(1) Audited Statements (3 most recent years)		
OR		
(2) If private placement, "investment letter"		
(Purchaser: <u>C+S National Bank</u>)	AL 9/16	EAV 9/16
(h) Review by State Auditor's Office (memo)	DK EAV 9/30	XXXXXX

Motion: GP Second: EM
 Absent: _____
 Vote: For 5 Against 0

Certificates signed: 10/3/83
 Resolutions mailed: 10/3/83

004206

SEP 16 1983

MCNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P.A.

ATTORNEYS AND COUNSELORS AT LAW

EIGHTEENTH FLOOR

BANKERS TRUST TOWER

POST OFFICE BOX 11390

COLUMBIA, SOUTH CAROLINA 29211

803-799-7000

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES S. KONDUROS
D. WAYNE CORLEY
E. MILECO SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN W. CURRIE
RANDALL T. BELL
DANIEL R. MILECO, JR.
SCOTT Y. BARNES
THEODORE J. HOPKINS, JR.
BRENTON D. JEFFCOAT
M. CRAIG GARNER, JR.
PETER L. MURPHY
C. ALAN RUNYAN
ELIZABETH VAN DOREN GRAY
EMORY M. SNEEDEN

DENNIS C. THELEN
WILLIAM S. ROSE, JR.
M. ELIZABETH CRUM
ROBERT T. DOCKMAN
ROBERT E. STEFF
APRIL C. LUCAS
WILMOT B. IRVIN
BARBARA GEORGE BARTON
KATHLEEN E. CRUM
J. SIMON FRASER
E. RUSSELL JETER, JR.
WILLIAM W. CRAVER, III
PAUL B. NIX, JR.
JOSEPH D. WALKER
CELESTE TILLER JONES
JANE W. TRINKLEY
J. LYLES GLENN, IV
NANCY R. JEFFERS
MARTHA P. MCMILLIN
MARY GREGG SMYTHE

WASHINGTON OFFICE
SUITE 710
MADISON OFFICE BUILDING
1155 15TH STREET N.W.
WASHINGTON, D.C. 20005
202-658-3900
HILTON HEAD ISLAND OFFICE
BANKERS TRUST BUILDING
FIFTY-NINE POPE AVENUE
POST OFFICE BOX 5814
HILTON HEAD ISLAND, S.C. 29928
803-785-5189
GREENVILLE OFFICE
SUITE 401
BANKERS TRUST PLAZA
7 NORTH LAURENS STREET
GREENVILLE, S.C. 29601
803-271-4940

EXHIBIT

SEP 21 1983 NO. 1

STATE BUDGET & CONTROL BOARD

September 16, 1983

HAND DELIVERED

Mr. William A. McInnis
South Carolina State Budget
and Control Board
Wade Hampton Office Building
6th Floor
Columbia, South Carolina 29202

Re: Richland County, South Carolina, Industrial
Development Revenue Note (Richtex Brick
Corporation Project) 1983

Dear Mr. McInnis:

Please schedule the above-captioned transaction at
the September 21, 1983 meeting of the State Budget and Control
Board. Enclosed please find the following documents in
connection therewith:

1. Draft Mortgage and Financing Agreement;
2. Draft Indenture;
3. Investment Only letter from The Citizens
and Southern National Bank of South Carolina;
4. An original and 9 copies of a Resolution
and Notice of Approval by the Budget and
Control Board;
5. An originally executed Resolution and Petition
to the Budget and Control Board from Richland
County, South Carolina;

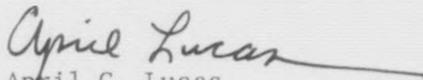
004207

Mr. William A. McInnis
September 16, 1983
Page 2

6. An executed copy of the Assistance Agreement;
and
7. A check made payable to the State of South
Carolina for the State Budget and Control
Board fee.

Please note that the interest rate payable on the Note will be, at the option of the Company, either (i) 8.35 percent per annum fixed for three years followed by a floating rate equal to 66 percent of C&S prime rate per annum or (ii) a floating rate equal to 66 percent of C&S prime rate per annum. If you require any other information, please feel free to call us.

Sincerely,


April C. Lucas

ACL/pa
Enclosures

004208

EXHIBIT

SEP 21 1983 NO. 1

RESOLUTION STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY RICHLAND COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (RICHTEX BRICK CORPORATION PROJECT) 1983, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED IN THE PRINCIPAL AMOUNT OF APPROXIMATELY \$5,000,000.

WHEREAS, Richland County, South Carolina (the "County"), acting by and through its County Council is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, the County and Richtex Brick Corporation, a South Carolina corporation (the "Corporation"), entered into an Assistance Agreement executed by the Corporation on March 26, 1980, and executed by the County on March 21, 1980, and an Amendment to the Assistance Agreement (hereinafter the "Assistance Agreements") executed by the Corporation on May 4, 1983, and executed by the County on April 19, 1983, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreements, the County proposes to issue its Industrial Development Revenue Note (Richtex Brick Corporation Project) in the principal amount of approximately \$5,000,000 (the "Note") under and pursuant to the Act to defray the costs of enlarging and improving an existing brick manufacturing facility and to acquire and install therein equipment and machinery related thereto (the "Project") to be located in the jurisdiction of the County

and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and pursuant to the terms of a Mortgage and Financing Agreement (the "Agreement") to be entered into between the County and the Corporation; and

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Note in the principal amount of approximately \$5,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 10 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

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

(d) The issuance of the Note by the County in the principal amount of approximately \$5,000,000 will be required to defray the cost of the Project.

(e) Inasmuch as the Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Note and the maintenance of the Project is deemed unnecessary.

(f) The Project will be made available by the County to the Corporation upon terms which will require the Corporation, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(g) The Project will consist of the items described in Exhibits A and B to the Agreement and the Indenture to be entered into between the County and a lender to be designated in the Petition and approved by the Chairman, all such documents to be submitted with the Petition.

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$5,000,000.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County, of a Petition requesting the approval of the proposal of the County to issue the Note by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

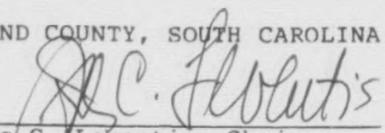
Section 3. The Chairman of the County Council be and is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Acting Clerk of the County Council be and is hereby authorized and directed to affix the seal of the County to said Petition and to attest the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

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

Passed and approved July 26, 1983.

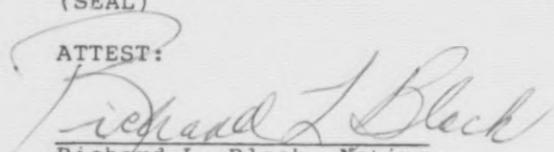
RICHLAND COUNTY, SOUTH CAROLINA

By


James C. Leventis, Chairman
of County Council, Richland
County, South Carolina

(SEAL)

ATTEST:


Richard L. Black, Acting
Clerk of County Council,
Richland County, South Carolina

STATE OF SOUTH CAROLINA)
)
RICHLAND COUNTY)

_____))
TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)
_____)

P E T I T I O N

This Petition of Richland County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Richland County (the "County Council"), is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Richtex Brick Corporation, a South Carolina corporation qualified to do business as a corporation in South Carolina (the "Corporation"), by issuing its revenue note for the purpose of defraying the cost of enlarging and improving certain facilities located in the County (the "Project") more fully described in Exhibits A and B to the Mortgage and Financing Agreement and Indenture, copies of which are attached hereto.

4. The County has been advised by the Corporation that the estimated cost of the Project will be \$5,000,000 and it has requested the County to execute and deliver its

Industrial Development Revenue Note (Richtex Brick Corporation Project) (the "Note") in the principal amount of approximately \$5,000,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Note required to finance the Project is expected to be approximately \$4,000,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Note and the maintenance of the Project; and (vi) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Note proposed to be issued to defray the cost of the Project.

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

(a) The Project, described in detail on Exhibits A and B to the Mortgage and Financing Agreement and the Indenture submitted herewith, consists of enlarging and improving an existing brick manufacturing facility and acquiring and installing therein equipment and machinery related thereto. It is anticipated that, upon completion, the Project will provide directly 10 additional full time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be \$5,000,000.

(c) Copies of the Mortgage and Financing Agreement and the Indenture are being submitted herewith. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Mortgage and Financing Agreement between the Corporation and the County provides in general:

(A) Proceeds derived from the placement of the Note, except accrued interest paid by the initial holder thereof, will be used and applied by the County upon request of the Corporation solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Corporation obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the Note prove insufficient therefor without diminution of any payments to the County required by the Mortgage and Financing Agreement; to meet the payments of principal and interest on the Note as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Mortgage and Financing Agreement.

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

(ii) The proposed Indenture between the County and The Citizens and Southern National Bank of South Carolina, as Lender (the "Lender"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Lender or its assigns as holder of the Note of the County's right, title and interest in and to the Mortgage and Financing Agreement and all payments, receipts and revenues which the County has a right to receive under the Mortgage and Financing Agreement or with respect to any security afforded thereunder or any other financing agreement with respect to the Project in favor of the County (except payments and rights to indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture.

(B) The terms of the Note, the provisions for exchange and transfer of the Note, the prepayment provisions, the means of

disbursement and investment of the proceeds thereof, provisions for issuance of additional parity notes, default provisions and remedies therefor and various other matters relating to the Note.

(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

(iii) The Mortgage and Financing Agreement specifies that the Corporation and the County shall cooperate in having the Project appraised for such purposes and in making payments to the taxing authorities of the County and any school district or districts and other political units wherein the Project is located.

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

Respectfully submitted,

RICHLAND COUNTY, SOUTH CAROLINA

By *James C. Leventis*
James C. Leventis, Chairman,
County Council, Richland
County, South Carolina

Dated: July 26, 1983.

(SEAL)

ATTEST:

Richard L. Black
Richard L. Black, Acting
Clerk, County Council,
Richland County, South Carolina

EXHIBIT

SEP 21 1983 NO. 1

STATE BUDGET & CONTROL BOARD

2

RICHLAND COUNTY, SOUTH CAROLINA

and

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA,
as Lender

INDENTURE

Dated *10/11/83* September __, 1983

Securing
Richland County, South Carolina, Industrial Development
Revenue Note
(Richtex Brick Corporation Project) 1983

004217

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*The Table of Contents appears here for convenience only and shall not be considered a part of this Trust Indenture.

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TESTIMONIUM

SIGNATURES AND SEALS

ACKNOWLEDGMENTS

EXHIBIT A

EXHIBIT B

THIS INDENTURE, dated ^{10/16/83} September , 1983 (the "Indenture"), between Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), and The Citizens and Southern National Bank of South Carolina, a banking association organized and existing under the laws of the State of South Carolina and having its principal office and place of business in Columbia, South Carolina (the "Lender"), as Lender.

WITNESSETH:

WHEREAS, Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, (the "Act") authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry (as defined in the Act) to construct, operate, maintain and improve such a project, to enter into a financing agreement with such an industry, to issue revenue bonds (as defined in the Act to include notes) and apply the proceeds thereof to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such notes in the manner authorized in the Act; and

WHEREAS, Richtex Brick Corporation, a South Carolina corporation (the "Corporation"), has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of enlarging, improving and expanding an existing facility and acquiring and installing therein equipment and machinery related thereto for the purpose of manufacturing bricks (the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action, authorized the issuance of its revenue note pursuant to the Act in order to make the proceeds thereof available to the Corporation to defray a portion of the cost of acquiring the Project pursuant to the terms of a Mortgage and Financing Agreement dated of even date herewith, (the "Agreement") between the Issuer and the Corporation under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal and interest on such revenue note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Indenture, the Agreement or the Project; and

WHEREAS, the Issuer has determined to issue hereunder a note to be designated "Richland County, South

2
Carolina, Industrial Development Revenue Note (Richtex Brick Corporation Project) 1983" (the "Note") in the original principal amount of \$4,000,000 for the purpose of providing funds to defray the cost of acquiring the Project to be made available to the Corporation pursuant to the Agreement; and X

WHEREAS, in order to secure the payment of the principal and interest on the Note, and to establish and declare the terms and conditions upon which the Note is to be issued, the Issuer has duly authorized and directed the execution and delivery of this Indenture; and

WHEREAS, the Issuer has duly authorized the execution and delivery of the Agreement and the execution and delivery hereunder of the Note upon and subject to the terms and conditions hereinafter set forth; and

WHEREAS, all acts and things have been done and performed, which are necessary to make the Note, when executed and delivered by the Issuer, the legal, valid and binding limited obligation of the Issuer in accordance with its terms and to make this Indenture a valid and binding agreement for the security of the Note; and

WHEREAS, the Note is to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[Form of Note]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
RICHLAND COUNTY

INDUSTRIAL DEVELOPMENT REVENUE NOTE
(RICHTEX BRICK CORPORATION PROJECT) 1983

2
\$4,000,000

September 2, 1983 X

Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby promises to pay to The Citizens and Southern National Bank of South Carolina or its registered assigns, on the ___ day of _____, upon the presentation and surrender hereof, the principal sum of

Two
Four Million Dollars (\$4,000,000) X

in 40 quarterly installments of principal and interest over a 10 year period on each _____ 1, _____ 1, _____ 1, and _____ 1, commencing _____ 1,

1988, but solely from the revenues and receipts of the Issuer derived pursuant to the Mortgage and Financing Agreement (hereinafter defined) as provided in the Indenture (hereinafter defined), and to pay, but solely from such revenues and receipts, interest on the outstanding balance of said principal sum from the date hereof until maturity or payment in full, whichever occurs first, at the rate per annum of sixty-eight percent (68%) of the Prime Rate. "Prime Rate" means the prime rate of interest publicly announced as such by The Citizens and Southern National Bank of South Carolina at Columbia, South Carolina, on the date of delivery hereof to the initial purchaser hereof, and on the first day of each calendar month thereafter.

Upon a Determination of Taxability (as such term is defined in the Indenture), the interest rate on this note shall be increased as of the date of the Event of Taxability (as such term is defined in the Indenture) giving rise to such Determination to the rate per annum equal to the Prime Rate.

The principal and interest on this note are payable in any coin or currency or wire transfer of collected funds of the United States of America, which at the respective times of payment, is legal tender for the payment of public and private debts. The final installment of the principal and interest on this note shall be paid upon presentation and surrender hereof to Richtex Brick Corporation, a South Carolina corporation (the "Corporation"), at the principal office of the registered owner hereof or at such other address designated by the Lender pursuant to the terms of the Indenture. All other installments of principal and interest hereon shall be paid to the registered owner at his address last appearing on the Note Register (hereinafter referred to).

This note is duly authorized and issued by the Issuer and designated as "Richland County, South Carolina, Industrial Development Revenue Note (Richtex Brick Corporation Project) 1983," issued in the original principal amount of \$4,000,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, (the "Act") and under and secured by an Indenture by and between the Issuer and The Citizens and Southern National Bank of South Carolina, a national banking association (the "Lender"), dated ~~September~~ September __, 1983 (the "Indenture"). This note is being issued to defray the costs of enlarging, improving and expanding an existing facility and acquiring and installing therein equipment and machinery related thereto for the purpose of manufacturing bricks (the "Project"). The Project will be made available to Richtex

*— Promissory Note, a representation duly signed and
delivered under and in the name of the laws of the
State of North Carolina (the "Guaranty")*

Brick Corporation, a South Carolina corporation (the "Corporation"), pursuant to the terms of a Mortgage and Financing Agreement dated September, 1983 (the "Agreement") between the Issuer and the Corporation.

Pursuant to the terms of the Agreement, the Corporation has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal and interest on this note. Pursuant to the Indenture, the Issuer has assigned and pledged its rights to receive payments under the Agreement (except for certain rights of indemnification and reimbursement of expenses) to the Lender to secure payment of this note. Payment of the principal and interest on this note has been unconditionally guaranteed to the Lender by the Corporation pursuant to the terms of a Guaranty dated September, 1983 (the "Guaranty").

Copies of the Indenture and the Agreement are on file at the principal corporate office of the Lender and in the Office of the Clerk of Court for Richland County, South Carolina, and reference is made to the Indenture and the Agreement for the provisions relating, among other things, to the terms and security for this note, the collection and disposition of the revenues and receipts of the Issuer derived pursuant to the Agreement, the custody and application of the proceeds of this note, the rights and remedies of the holders of this note, the rights, duties and obligations of the Issuer, the Corporation and the Lender and the modification or amendment of any of the foregoing.

This note is secured, to the extent provided in the Indenture, solely by a pledge of the revenues and receipts derived by the Issuer pursuant to the Agreement and by an assignment of the rights of the Issuer under the Agreement. This note and the interest payments becoming due hereon are limited obligations of the Issuer payable solely from the revenues and receipts derived by the Issuer pursuant to the Agreement, and do not and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power. The full faith, credit and taxing power of the Issuer are not pledged for the payment of the principal or interest on this note.

The transfer of this note is registrable, as provided in the Indenture, upon the Note Register kept for that purpose at the principal corporate office of the Corporation by the registered owner hereof, in person or by his attorney duly authorized in writing, upon surrender of

this note together with a written instrument of transfer satisfactory to the Corporation, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer, as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer and the Corporation may deem and treat the person in whose name this note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price hereof and interest due hereon and for all other purposes.

This note may be prepaid prior to the stated maturity hereof as a whole at any time or in part from time to time on any interest payment date falling thirty days or more after notice to the holder hereof of the date and amount of such prepayment upon the exercise by the Corporation of its option to prepay amounts payable by the Corporation pursuant to the provisions of the Agreement. If the Corporation exercises its option to prepay all amounts payable under the Agreement after a Determination of Taxability this note may be prepaid in full at any time.

This note is also subject to prepayment in part on the next succeeding interest payment date following the completion of the Project if there are proceeds, including investment proceeds, not needed to pay the cost thereof or, in the event there are insurance proceeds or condemnation proceeds not used by the Corporation for the repair, rebuilding or restoration of the Project, on the interest payment date next succeeding completion of such repair, rebuilding or restoration or, if no repair, rebuilding or restoration shall be made, on the interest payment date next succeeding receipt of such proceeds. Any prepayment shall be without premium or penalty and shall be made in the manner and subject to the provisions of the Indenture. Any partial prepayment shall be applied to installments of principal in inverse order of the due dates thereof.

The Lender or any subsequent holder of this note shall have the right to institute any suit, action or proceeding for the enforcement of the Indenture or this note as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the outstanding principal balance of this note may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

As provided in the Indenture, modifications or alterations of the Indenture, or of the rights and obligations of the Issuer and of the holder of this note in

any particular may be made only with the consent of the Corporation and the holder hereof. Any such consent by the holder of this note shall be conclusive and binding upon such holder and all future holders and owners of this note irrespective of whether any notation of such consent is made upon this note.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner, and that the issuance of this note is within every debt and other limit prescribed by the Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Richland County, South Carolina, has caused this note to be executed in its name and on its behalf by the manual signature of the Chairman of its County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced hereon and attested by the manual signature of the Clerk of its County Council, ~~September~~ October, 1983.

RICHLAND COUNTY, SOUTH CAROLINA

By _____
James C. Leventis, Chairman,
County Council of Richland County,
South Carolina

(SEAL)

ATTEST:

By _____
Brenda Fuller, Clerk, County
Council of Richland County,
South Carolina

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS,
THIS INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and of the purchase and acceptance of the Note issued and secured hereunder by the holder and owner thereof, and of the execution and delivery by the Corporation of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the

payment of the principal and interest on the Note according to its tenor and effect and the performance and observance of all of its covenants expressed or implied herein and in the Note, has granted, bargained, sold, released, conveyed, assigned, ~~pledged and granted a security interest in,~~ and does hereby, subject to the terms and provisions of the Agreement, grant, bargain, sell, release, convey, assign, pledge and grant a security interest in, unto The Citizens and Southern National Bank of South Carolina, as holder of the Note, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the Revenues (as hereinafter defined), and all moneys and securities in the Construction Fund (as hereinafter defined).

TO HAVE AND TO HOLD the same pledged, conveyed and assigned, or agreed or intended so to be, to the Lender and its successors and its assigns forever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and interest on the Note and the interest due or to become due thereon, at the times and in the manner mentioned in the Note, according to the true intent and meaning thereof, 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 Lender all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment 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 FURTHER WITNESSETH, and it is expressly declared, that the Note is to be issued and delivered and all moneys and securities hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Lender and with its successors and assigns as the holder and owner, from time to time, of the Note, or any part thereof as follows, that is to say:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall for all purposes of this Indenture have the meanings herein specified, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, and all future acts supplemental thereto and amendatory thereof.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, the Agreement and this Indenture and the compensation and expenses paid to or incurred by the Lender or the Depositary under the Agreement or this Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Corporation a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Agreement" shall mean the Mortgage and Financing Agreement dated the date of this Indenture, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions of the Agreement and of this Indenture.

"Authorized Corporation Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Corporation by its President or one of its Vice Presidents; such certificate may designate an alternate or alternates and may designate different Authorized Corporation Representatives to act for the Corporation with respect to different sections of the Agreement and this Indenture; an Authorized Corporation Representative may be an employee of the Corporation.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Completion Date" shall mean the date of completion of the installation of the Project, as that date shall be certified pursuant to Section 3.05 of the Agreement.

"Construction Fund" shall mean the fund created under Section 3.01 of this Indenture.

"Corporate Office" shall mean the principal office of the Corporation, at which at any particular time its business and corporate records shall be principally administered and maintained.

"Corporation" shall mean Richtex Brick Corporation, a South Carolina corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 6.02 of the Agreement.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction and purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of the Agreement: (a) obligations of the Corporation incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project, which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender and the Depositary, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the execution and delivery of the Note; (e) all other costs which the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) costs incurred by the Corporation for the acquisition of the land upon which the Project is located; (g) any sums required to reimburse the Corporation for advances made by it for any of the above items, or for any other work done and costs incurred by the Corporation which are for the acquisition of land or property of a character subject to the allowance for depreciation provided for under IRC Section 167 and included in the Project; and (h) any amount for the payment of interest on the Note accruing prior to the Completion Date and for which a requisition may be made under Section 3.03 hereof.

"Depositary" shall mean _____, a _____ banking association, organized and existing under the laws of _____.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Note is includable in the gross income of a Holder or former Holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failures to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a Holder thereof for any reason other than that such Holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(13); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Corporation, either directly, or with the cooperation of any Holder or former Holders of the Note, a protest being actively prosecuted in good faith by the Corporation which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service; such a Determination of Taxability shall be deemed for all purposes of this Indenture to have occurred on the date borne by said statutory notice of deficiency or the date borne by said statement as the case may be.

"Event of Default" shall mean, with reference to this Indenture, any of the occurrences described in Section 6.01 hereof.

"Event of Taxability" shall mean (i) the occurrence of the circumstances described in IRC Section 103(b)(6)(D); (ii) such other acts or failures to act by the Corporation, or (iii) the occurrence of the circumstances resulting in the delivery of the opinion specified in clause (c) of the definition of Determination of Taxability; which circumstances result in a Determination of Taxability with the result that the interest payable on the Note becomes includable in the gross income of a Holder or former Holder of the Note other than a Holder who is a "substantial user" of the Project or a "related person" as such terms are used in IRC Section 103.

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

Guaranty shall mean *General Corporation, a North Carolina Corporation.*

"Guaranty" shall mean the Guaranty dated as of the date of this Indenture given by the ~~Corporation~~ *Guaranty* to the Lender. X

"Indenture" shall mean this Indenture, as the same may be amended, modified or supplemented in accordance with the terms hereof.

"Interest Payment Date" shall mean each date specified in the Note for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954 as amended and the regulations proposed or promulgated thereunder by the Department of the Treasury as such code and regulations apply to the Note.

"Issuer" shall mean Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Lender" shall mean The Citizens and Southern National Bank of South Carolina, a state banking association organized and existing under the laws of the State of South Carolina, and its successors and assigns, as the Holder of the Note.

"Letter of Representation" shall mean that certain letter of the Corporation, addressed to the Issuer and to Bond Counsel and dated the date of delivery of the Note to the initial purchaser thereof, wherein the Corporation has set forth, among other things, certain information relating to the nature and cost of the facilities comprising the Project.

"Neutral Costs" shall mean that amount of the proceeds from the Note used for the payment of the reasonable expenses of issuing the Note including, without limitation, advertising, recording and printing costs; accountant's, financial advisor's and legal fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses.

"Note" shall mean the \$²4,000,000 "Richland County, South Carolina, Industrial Development Revenue Note (Richtex Brick Corporation Project) 1983" authorized, executed and delivered by the Issuer under this Indenture and any notes executed and delivered under this Indenture in lieu of or in substitution therefor. X

"Noteholder" or "Holder" shall mean the Registered Owner of the Note.

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"Note Register" and "Note Registrar" shall have the respective meanings specified in Section 2.04 hereof.

"Officer's Certificate" shall mean a certificate signed by the Chairman of the County Council of the Issuer and the Clerk of the County Council of the Issuer.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Permitted Investments" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agencies of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of the State; (iv) direct and general full faith and credit obligations of any political unit in the State; (v) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vi) certificates of deposit or repurchase agreements of any bank or trust company if such certificates or agreements are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (vii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are insured by an agency of the United States of America; and (viii) any other investment permitted by law.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Plant, as the same may be implemented and detailed from time to time and as the same may be revised from time to time

prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of the Agreement.

"Plant" shall mean the land described on Exhibit A hereto and all improvements and facilities of the Corporation thereon, all located in the jurisdiction of the Issuer, including, but not limited to, the Project and any equipment, machinery, fixtures or other personal property now or hereafter installed therein.

"Prime Rate" shall mean the prime rate of interest publicly announced as such by The Citizens and Southern National Bank of South Carolina on the date of delivery of the Note to the initial purchaser thereof, including each change in such rate as may be in effect from time to time thereafter, each such change to be effective on the effective date thereof.

"Principal Payment Date" shall mean any date on which any of the principal of the Note shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land described on Exhibit A hereto and to the Agreement and any building or buildings and other improvements thereon, the items of personalty described on Exhibit B hereto and to the Agreement and all other machinery, apparatus, equipment, fixtures and personal property the acquisition of which was purchased in whole or in part from the proceeds of the Note, substitutions therefor and additions thereto and excluding deletions therefrom and the Corporation's own machinery and equipment installed at the Plant under the provisions of Section 7.03 of the Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, including all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after March 21, 1980.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Note shall be registered on the Note Register.

"Revenues" shall mean all payments, receipts and revenues which the Issuer has a right to receive under or

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and not, respectively,
pursuant to the Agreement or in respect of the mortgage
given thereunder (other than payment of Administration
Expenses and indemnification payments pursuant to Section
4.04 of the Agreement) and the proceeds of the Note. X

"State" shall mean the State of South Carolina.

ARTICLE II

DESCRIPTION, AUTHORIZATION, MANNER OF EXECUTION,
REGISTRATION AND TRANSFER OF NOTE

SECTION 2.01. Authorization and Details of Note.

The Note shall be designated as "Richland County, South Carolina, Industrial Development Revenue Note (Richtex Brick Corporation Project) 1983" and shall be issued in the original principal amount of \$4,000,000. The Note shall be dated September, 1983, and shall bear interest from such date until maturity or prepayment in full (whichever occurs first), at the rate per annum of sixty-eight percent (68%) of the Prime Rate. Upon a Determination of Taxability, the Note shall bear interest from the Event of Taxability which led to such Determination at the rate or rates per annum which will result in each Holder from the date of such Event of Taxability realizing a net return on the principal amount of the Note outstanding while held by such Holder, net of all taxes imposed by reason of the interest paid or to be paid on the Note as a result of the Determination of Taxability equal to a tax exempt yield to such Holder at the rate per annum of _____ percent (___%) of the Prime Rate. The principal and interest on the Note shall be payable in 40 quarterly installments over a 10 year period each _____ 1, _____ 1, _____ 1, and _____ 1, beginning _____ 1, 1984.

The final installment of principal and interest on the Note upon maturity or prepayment shall be payable to the Registered Owner thereof or his assigns upon surrender thereof to the Corporation at the principal offices of the Lender at Columbia, South Carolina or at such other place designated on the Note Register by any subsequent Registered Owner. All other installments of principal and interest on the Note when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Note Register. All payments of principal and interest on the Note shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Note will be subject to prepayment prior to the stated maturity thereof without premium or penalty of any kind:

- (a) as a whole at any time or in part from time to time on any Interest Payment Date falling thirty days or more after notice to the Holder of the date and amount

of such prepayment upon the exercise by the Corporation of its option under the Agreement to prepay amounts payable by it thereunder or:

(b) as a whole at any time upon the exercise by the Corporation of its option under the Agreement to prepay all amounts payable by it thereunder after the occurrence of a Determination of Taxability with respect to the Note; or

(c) in part upon the Interest Payment Date next succeeding completion of the Project from moneys remaining in the Construction Fund not needed for the payment of the Cost of the Project; or

(d) in whole or in part from proceeds of insurance due to the occurrence of any loss or damage to the Project in excess of \$25,000 or from awards in respect to any taking of all or part of the Project by condemnation or eminent domain proceedings not needed to repair, rebuild or restore the Project after such damage, loss or taking upon the Interest Payment Date next succeeding completion of such repair, rebuilding or restoration or, if no repair, rebuilding or restoration shall be made, the Interest Payment Date next succeeding receipt of such proceeds.

The Lender shall apply prepayments in a manner consistent with the provisions of this Indenture and as may be directed by the Authorized Corporation Representative in such notice. All partial prepayments of the Note shall be applied to principal in inverse order of the installments thereof.

SECTION 2.02. Mutilation, Loss, Theft or Destruction of Note. In the event the Note is mutilated, lost, stolen or destroyed, the Issuer may execute and deliver a new Note of the same principal amount and maturity and of like tenor as the Note in exchange and substitution for such mutilated Note or in lieu of the substitution for such lost, stolen or destroyed Note.

Application for exchange and substitution of a mutilated, lost, stolen or destroyed Note shall be made to the Corporation at the Corporate Office. In every case the applicant for a substitute Note shall furnish to the Issuer and to the Corporation such security or indemnity as may be required by them to save each of them harmless. In every case of loss, theft or destruction of the Note, the applicant shall also furnish to the Issuer and to the Corporation evidence to their satisfaction of the loss, theft or destruction and of the ownership of the Note. In

every case of mutilation of the Note, the applicant shall surrender the Note so mutilated.

Notwithstanding the foregoing provisions of this Section 2.02, in the event the Note shall have matured or be about to mature and no default has occurred which is then continuing in the payment of the principal or interest on the Note, the Issuer may authorize the payment of the same without surrender thereof, except in the case of a mutilated Note, instead of issuing a substitute Note, provided security or indemnity is furnished as above provided in this Section 2.02.

Upon the issuance of any substitute Note, the Issuer and the Corporation may charge the Holder of such Note reasonable fees and expenses in connection therewith. Every substitute Note issued pursuant to the provisions of this Section 2.02 by virtue of the fact that the Note is mutilated, lost, stolen or destroyed shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, lost, stolen or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture to the same extent as the Note in substitution for which such Note was issued.

The provisions of this Section 2.02 are exclusive and shall preclude, to the extent lawful, all of the rights and remedies with respect to the payment of any mutilated, lost, stolen or destroyed Note, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.03. Execution of Note. The Note shall be executed on behalf of the Issuer by the manual signature of the Chairman of the County Council of the Issuer and its corporate seal shall be impressed, imprinted, engraved or otherwise affixed or reproduced thereunto and attested by the manual signature of the Clerk of the County Council of the Issuer.

If any of the officers who shall have signed or sealed the Note shall cease to be such officer of the Issuer before the Note so signed and sealed shall have been actually delivered by the Issuer, the Note nevertheless may be issued and delivered with the same force and effect as though the person or persons who signed or sealed the Note had not ceased to be such officer or officers of the Issuer; and also any the Note may be signed and sealed on behalf of the Issuer by those persons who, at the actual date of the execution of the Note, shall be the proper officers of the Issuer, although at the date of the Note any such person, shall not have been such officer of the Issuer.

SECTION 2.04. Negotiability, Registration and Transfer. Ownership of the Note shall be registered on the Note Register, which shall be kept for this purpose at the Corporate Office, by the Corporation which is hereby designated Note Registrar. Upon surrender of the Note for transfer thereof by the Registered Owner, in person or by his attorney duly authorized in writing, together with a written instrument of transfer in form satisfactory to the Note Registrar, including the address to which payment of the Note is to be directed and at which presentment is to be made, duly executed by the Registered Owner or his attorney duly authorized in writing, and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid, the Note shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer.

The Issuer and the Corporation may deem and treat the Registered Owner of the Note as the absolute owner of such Note for the purpose of receiving any payment on the Note and for all other purposes of this Indenture and the Agreement, whether such Note shall be overdue or not, and neither the Issuer nor the Corporation shall be affected by any notice to the contrary. Payment of, or on account of, the principal and interest on the Note shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

SECTION 2.05. Note Limited Obligation of Issuer. The Note shall be a limited obligation of the Issuer, the principal and interest on which shall be payable solely out of the revenues and receipts derived by the Issuer pursuant to the Agreement including, without limiting the generality of the foregoing, all moneys included or to be included in the property pledged herein. The Note and interest thereon do not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The principal and interest on the Note shall be secured solely by the aforesaid revenues and receipts and by this Indenture, including, without limiting the foregoing, by the pledge to the Lender made herein of said revenues and receipts and the Agreement.

No breach by the Issuer of this Indenture or of any provision or condition hereof or in the Note or of any

agreement contained herein or in the Note shall result in the imposition of any pecuniary liability upon the Issuer or any charge upon its general credit or against its taxing power. The liability of the Issuer under this Indenture and the Note or any provision or condition hereof or thereof or of any agreement herein or in the Note contained or of any warranty herein or in the Note included or for any breach or default by the Issuer of any of the foregoing shall be limited solely and exclusively to the property pledged herein. The Issuer shall not be required to execute or perform any of its duties, obligations, powers or covenants hereunder or under the Note except to the extent of the property pledged herein available therefor.

The provisions of this Section 2.05 shall control every other provision of this Indenture, anything in such other provisions to the contrary notwithstanding.

SECTION 2.06. Execution and Delivery of Note. The Note shall forthwith be executed by the Issuer and delivered to the Lender, together with a statement as to the amount and disposition of the proceeds of the Note, and thereupon the Note shall be accepted by the Lender, but only upon the payment by the Lender of the aforesaid proceeds of the Note to the Depository for deposit in the Construction Fund. Prior to acceptance of the Note the Lender shall also have received the following:

(a) A copy of the ordinance adopted by the Issuer authorizing the execution and delivery of the Agreement and this Indenture and the issuance and delivery of the Note, duly certified by the Clerk of the County Council of the Issuer under its corporate seal to have been duly enacted by the Issuer and to be in full force and effect on the date of such certification;

(b) Opinions, dated as of the date of execution and delivery of the Note, of (i) J. Lewis Cromer, Esq., counsel for the Issuer; (ii) McNair Glenn Konduros Corley Singletary Porter & Dibble, P.A., Bond Counsel, and (iii) _____, counsel for the Corporation, in each case in such form as the Lender shall approve;

(c) A certificate, dated the date of execution and delivery of the Note of the Chairman of the County Council or other appropriate official, setting forth the facts, estimates and circumstances as to the use of the proceeds of the Note in sufficient detail to establish that the Note is not an "arbitrage bond" within the meaning of IRC Section 103;

(d) An executed copy of the Agreement, the Indenture and the Guaranty which shall be in form and substance satisfactory to the Lender; and

(e) Such additional certificates (including appropriate no-litigation certificates and certified copies of ordinances, resolutions or other proceedings adopted by the Issuer or the Corporation) instruments or other documents as the Lender may reasonably request to evidence the authority of the Lender to act as Depositary under the Indenture or the authority of the Corporation to execute and deliver the Agreement, and the due performance and satisfaction by the Issuer and the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them in connection with this Indenture, the Guaranty and the Agreement.

ARTICLE III

CONSTRUCTION FUND

SECTION 3.01. Creation of Construction Fund.

There is hereby created and established with the Depository a special and separate trust fund of the Issuer to be known and designated as the "Richland County, South Carolina, Industrial Development Construction Fund (Richtex Brick Corporation Project)." The Issuer shall pay to the Depository the proceeds from the Note, and the Depository shall deposit the same in the Construction Fund.

SECTION 3.02. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depository and, pending such application, shall be subject to a lien and charge in favor of the Holder of the Note and for the further security of such Note until paid out as herein provided.

SECTION 3.03. Requisitions. So long as no Event of Default (as defined in the Agreement) has occurred and is continuing the Depository shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depository of requisitions (upon which both the Depository and the Issuer shall rely and shall be protected in relying) signed by an Authorized Corporation Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) at least 90% of the amount, exclusive of amounts requisitioned for the payment of Neutral Costs, requisitioned from the Construction Fund, including the amount being requisitioned, has been or, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) the person signing such requisition has no notice of any vendor's, mechanic's or other liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made; (viii) such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with respect to

any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 3.04. Retention of Requisitions. For a minimum of five years from the date thereof the Depository shall retain in its possession all requisitions received by it as in this Indenture required, subject to the inspection of the Issuer, its agents and representatives, the Corporation and the Holder and any subsequent Holder and their representatives at all reasonable times.

SECTION 3.05. Disposition of Balances Remaining in Construction Fund. Upon completion of the Project in accordance with the Plans and Specifications, the Depository shall be furnished with a certificate of an Authorized Corporation Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the prepayment of the Note in a manner consistent with the provisions of Section 2.01 hereof.

SECTION 3.06. Moneys to be Continuously Secured. All moneys received by the Depository under this Indenture and not invested by the Depository pursuant to the provisions of Section 3.07 of this Indenture shall be continuously secured for the benefit of the Issuer and the Holder of the Note to the extent and in the manner required by law.

SECTION 3.07. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or Depository may be retained uninvested as trust funds and shall, upon written or oral direction from the Corporation if an Event of Default (as defined in the Agreement) shall not then exist or be continuing, or upon written or oral direction from the Issuer if such an Event of Default shall then exist or be continuing, be invested by the Depository in Permitted Investments.

Any securities purchased with the moneys in the Construction Fund, shall be deemed a part of such fund and, for the purpose of determining the amount of moneys therein,

the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from the Construction Fund, at time of purchase) shall be deposited by the Depositary in the Construction Fund and any loss resulting from such investments will be charged to the Construction Fund. The Depositary shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as in this Indenture authorized. If at any time it shall become necessary that some or all of the securities purchased with the moneys in the Construction Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Indenture, the Depositary shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method.

ARTICLE IV

REPRESENTATIONS AND COVENANTS OF ISSUER

SECTION 4.01. Payment of Principal and Interest on Note. Subject to the provisions of Section _____ hereof, the Issuer covenants that it shall promptly pay or cause to be paid the principal and interest on the Note at the places, on the dates and in the manner specified in this Indenture and in the Note according to the true intent and meaning thereof.

SECTION 4.02. Maintenance of Corporate Existence of Issuer. The Issuer will at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Agreement or this Indenture.

SECTION 4.03. Covenants with Respect to Agreement. So long as any of the Note is outstanding, the Issuer will require the Corporation to pay, or cause to be paid, all the payments and other costs and charges payable by the Corporation under the Agreement. The Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the Holder of the Note.

SECTION 4.04. Maintenance of Project. The Issuer shall at all times cause the Corporation to maintain, preserve and keep, or cause to be maintained, preserved and kept, the Project, in good repair, working order and condition, in accordance with the requirements of the Agreement and the Act.

SECTION 4.05. Insurance. The Issuer shall cause the Corporation, so long as any of the Note is outstanding, to keep the Project properly insured in accordance with the provisions of the Agreement and the Act.

Immediately after the occurrence of any damage or loss to the Project in excess of \$25,000, the Corporation is required by the Agreement to notify the Issuer and the Lender as to the nature and extent of such damage or loss. If the Corporation shall determine that rebuilding, repairing or restoring is practicable and desirable, the Corporation has agreed to proceed with such rebuilding, repairing or restoring and shall notify the Issuer and the Lender upon the completion thereof. In such case, any property damage insurance proceeds received in respect of such damage or loss shall be used by the Corporation for

payment of, or reimbursement for, the costs of such rebuilding, repairing or restoration. In the event said proceeds are not sufficient to pay in full the cost of such rebuilding, repairing or restoration, the Corporation has agreed to complete the work thereof and pay that portion of the costs thereof in excess of said proceeds.

Any balance of the proceeds of any insurance remaining after payment of all the costs of repair, rebuilding or restoration, or if no repair, rebuilding or restoration shall be made, all such proceeds, shall be applied by the Corporation to the prepayment of the amounts due with respect to the Note pursuant to the Agreement. If the Note has been fully paid or provision for the payment thereof has been made in accordance with the provisions of this Indenture, all such insurance proceeds shall be paid to the Corporation.

SECTION 4.06. Execution and Delivery of Instruments. The Issuer covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Indenture; provided, however, that such instruments or actions shall never create or constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power or pledge the credit or taxing power of the State, or any other political subdivision of the State.

SECTION 4.07. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any Person acting under governmental authority, the Agreement provides that there shall be no abatement or reduction in the payments required under Section 4.01 of the Agreement to be made by the Corporation. Immediately after the occurrence of any such taking, the Corporation is required by the terms of the Agreement to notify the Issuer and the Lender as to the nature and extent of such taking and, as soon as practicable thereafter, notify the Issuer and the Lender whether it is practicable and desirable to restore the Project. If the Corporation shall determine that such restoration is practicable and desirable, the Corporation has agreed to forthwith proceed with such restoration and to notify the Issuer and the Lender upon the completion thereof. Any proceeds received from any award or awards in respect of the Project or any part thereof in such condemnation or eminent domain proceedings, after payment of all expenses incurred

in the collection thereof, shall be used by the Corporation for payment or reimbursement of the costs of restoring the Project or any portion thereof pursuant to the Agreement. Any proceeds received from any award or awards in respect of the Project or any part thereof made in such condemnation or eminent domain proceedings not expended in restoring the Project, or if no such restoration shall be made, all such proceeds, shall be applied by the Corporation to the prepayment of the amounts due with respect to the Note pursuant to the Agreement.

SECTION 4.08. Recording and Filing. The Issuer covenants and agrees to file, record, register, rerecord, reregister or refile or cause so to be if required by law, the Agreement, this Indenture, and amendments to either thereof, and any Financing Statement or Statements or other documents in the manner and at the places and times necessary to create, perfect, protect and maintain the lien of this Indenture and the rights created hereunder in and to the Revenues, the Agreement, and any rights of the Issuer created under the Agreement. The Issuer agrees to record, register, file, rerecord, reregister, or refile or cause so to be such documents and Financing Statements at and before the delivery of the Note. On or before the delivery of the Note and the fifth anniversary date of the filing of any Financing Statements, the Issuer agrees that it will provide or cause to be provided to the Lender an Opinion of Counsel stating that all recordation, registration and filing, and indexing thereof have been accomplished which is necessary to the creation, perfection, protection or maintenance of the lien of this Indenture, the rights created hereunder to the Revenues, the Agreement and any rights of the Issuer created under the Agreement or specifying such action as must be taken to accomplish the same and any such further action which may be required prior to the date the next such opinion will be required. Promptly after any such recordation, registration or filing, the Issuer shall provide or cause to be provided the Lender an Opinion of Counsel stating that no further recording, registering or filing is then required to create, perfect, protect or maintain such interests. The Lender acknowledges that the obligations of the Issuer hereunder have been agreed to be performed by the Corporation pursuant to Section 7.07 of the Agreement and acknowledges that the sole responsibility of the Issuer hereunder shall be to execute promptly such documents and Financing Statements as are requested of it. 6

SECTION 4.09. Enforcement of Agreement. The Issuer agrees that the Lender, as assignee of the Agreement, may enforce in its name or in the name of the Issuer all rights of the Issuer and all obligations of the Corporation under and pursuant to the Agreement for and on behalf of

itself as Holder of the Note, whether or not the Issuer is in default hereunder.

SECTION 4.10. Covenant Not to Impair Tax Exemption of Interest. The Issuer will not engage in any activity or take any action or omit to take any action the consequences of which action or omission might result in the Revenues being taxable to it or in the loss of the exemption from Federal income taxation provided by IRC Section 103 to the Holder of the Note.

In pursuance and not in limitation of the foregoing, the Issuer covenants that no use shall be made of the proceeds of the Note which will cause the Note to be an "arbitrage bond" as defined in IRC Section 103, and to this end the Issuer shall comply with the regulations proposed or promulgated by the United States Department of the Treasury as such regulations or proposed regulations apply to the Note.

SECTION 4.11. Representations of Issuer. The Issuer represents and warrants to the Lender that:

(a) The Issuer is a body politic and corporate and a political subdivision of the State of South Carolina.

(b) The Issuer has full power, authority and legal right under the Constitution and laws of the State, including the Act, (i) to issue the Note, which is a revenue bond, and to use the proceeds thereof to defray the cost of acquiring, by construction and purchase, the Project, (ii) to execute and deliver this Indenture and the Agreement and to issue the Note, and (iii) to perform and observe all of the terms and provisions of this Indenture, the Agreement and the Note.

(c) The Issuer has by proper corporate action duly adopted the ordinance referred to in Section 2.06(a) hereof in accordance with the laws of the State, including the Act, and has, by the adoption of said ordinance, duly authorized the execution and delivery of this Indenture and the Agreement and the issuance of the Note.

(d) This Indenture and the Agreement have been each duly executed and delivered and, assuming the due execution and delivery by the other party or parties to each, each constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as enforcement thereof may be limited by valid bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally.

(e) Subject only to the requirements of Section 2.06 hereof, the Note has been duly executed, issued and delivered and constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as enforceability thereof may be limited by valid bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally.

(f) The execution and delivery of this Indenture, the Agreement and the Note, the adoption of the ordinance referred to in Section 2.06(a) hereof, and performance of the transactions contemplated hereby and thereby do not and will not conflict with, or result in the violation or breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance under the provisions of, (i) the Constitution of the State or any law, rule or regulation of any governmental authority, (ii) any agreement, indenture, bond agreement, resolution, instrument or other document to which the Issuer is a party or by which the Issuer or any of its assets may be bound or affected, or (iii) any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental authority applicable to the Issuer or any of its assets.

(g) All consents, approvals, authorizations and orders of, or filings or registrations with, any governmental or regulatory authorities or public bodies, which are required for the execution and delivery of this Indenture, the Agreement and the Note and the performance of the transactions contemplated hereby and thereby have been duly obtained or made.

(h) All requirements and conditions specified in the Act and in any other applicable law or regulation which are required to be fulfilled prior to the execution and delivery of this Indenture and the Agreement, the adoption of the ordinance referred to in Section 2.06(a) hereof and the issuance and delivery of the Note have been fulfilled.

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, pending or known to be threatened against or affecting the Issuer, calling into question the creation, organization or existence of the Issuer or its governing body or the power of the Issuer to enter into the transactions contemplated hereby or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or would affect the validity, or adversely affect the

enforceability, of this Indenture, the Agreement, the Note or any other agreement or instrument to which the Issuer is a party and which is to be used in connection with or is contemplated by this Indenture, nor to the best knowledge of the Issuer is there any basis therefor.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF LENDER

SECTION 5.01. Representations. The Lender represents to the Issuer as follows:

(a) The Lender is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) within the meaning of the federal securities laws;

(b) The Lender is acquiring the Note solely for its own account and no other person now has any direct or indirect beneficial ownership or interest therein;

(c) The Lender is a bank and is cognizant to the extent it deems necessary of the financial and business conditions of the Corporation; the Lender has a net worth substantially in excess of the cost of the Note and in the event it should incur the loss of the entire value of the Note, such loss would not materially adversely affect its financial condition; and

(d) The Lender has made such investigation as it deems necessary to make its investment decision, and all information, books and records requested by it have been furnished to it; the Lender acknowledges that, except for the financial information received by it from the Corporation concerning the financial position of the Corporation, no other representations have been made to it as to the financial condition of the Corporation; no representations have been made to the Lender as to the financial position of the Issuer.

SECTION 5.02. Covenant. The Lender covenants that it will not voluntarily dispose of all or any portion of the Note unless it procures from each assignee thereof representations and covenants in form and content substantially the same as those made by the Lender in this Article V of the Indenture.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default; Acceleration; Waiver. In case one or more of the following events, in this Indenture referred to as the "Events of Default," shall happen and be continuing, that is to say, if

(a) payment of any installment of the principal of the Note shall not be made when the same shall become due and payable; or

(b) payment of an installment of interest on the Note shall not be made when the same shall become due and payable; or

(c) an event of default under the Agreement or the Guaranty shall occur; or

(d) the Issuer shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Notes or this Indenture on the part of the Issuer to be performed, and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Corporation by the Lender by certified mail; provided, however, if said default be such that it cannot be corrected within the 60 day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Corporation within the 60 day period and diligently pursued until the default is corrected;

then, in each such case, unless the principal of the Note shall have become due and payable otherwise than by acceleration, the Lender may by written notice given to the Issuer and the Corporation declare the Note to be due and payable immediately, and upon such declaration the principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Indenture or in the Note to the contrary notwithstanding.

With regard to any Event of Default concerning which notice is given to the Issuer and the Corporation under subparagraph (d) of this Section 6.01, the Issuer hereby grants the Corporation full authority for the account of the Issuer to the extent permitted by law to cure such default.

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SECTION 6.02. Enforcement of Agreement. In any case in which under the provisions of Section 6.01 of this Indenture the Lender has the right to declare the principal of the Note to be due and payable immediately, or when the Note by terms matures (upon prepayment or otherwise) and is not paid, the Lender, as the assignee and pledgee of all the right, title and interest of the Issuer in and to the Agreement, may enforce each and every right granted to the Issuer under the Agreement.

SECTION 6.03. Legal Proceedings by Lender. Upon the happening and continuance of any Event of Default, then and in every such case the Lender in its discretion may:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all of its rights and require the Issuer or the Corporation to carry out any agreements with or for its benefit and to perform its or their duties under the Act, the Agreement and this Indenture;

(b) bring suit upon the Note;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Lender; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of its rights.

SECTION 6.04. Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Lender or to the Holder of the Note is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 6.05. Nonwaiver. No delay or omission of the Lender or of the Holder of the Note 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 an acquiescence therein; and every power and remedy given by this Article VI to the Holder of the Note may be exercised from time to time and as often as may be deemed expedient.

SECTION 6.06. Application of Moneys upon Event of Default. Any moneys received by the Lender pursuant to this Article VI shall, after payment of all Administration Expenses, be applied at the sole discretion of the Lender to

the principal or interest of the Note or to both in such amounts as the Lender in its sole discretion determines.

ARTICLE VII

DEFEASANCE

SECTION 7.01. Discharge of Indenture. If and when the Note shall become due and payable in accordance with its terms or through prepayment as provided in this Indenture, or otherwise, and the whole amount of the principal and interest so due and payable upon the Note shall be paid, or satisfactory provision shall have been made for the payment of the same, together with the whole amount of all other sums payable under this Indenture by the Issuer, and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of the Lender under this Indenture shall thereupon cease, terminate and become void, and the Lender shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by the Lender (including the Agreement and all payments thereunder and all balances in the Construction Fund created under this Indenture) and shall execute such documents as may be reasonably required by the Corporation in this regard.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer, shall be transferred.

SECTION 8.02. Provisions of Indenture for Sole Benefit of Corporation, Issuer, Lender and Noteholder. Except as in this Indenture otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Corporation, the Issuer, the Lender and the Registered Owner of the Note issued under this Indenture, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Corporation, the Issuer, the Lender and the Registered Owner of the Note.

SECTION 8.03. Severability. In case any one or more of the provisions of this Indenture or of the Note shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of the Note, and this Indenture and the Note shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 8.04. No Liability for Personnel of Issuer or Lender. No covenant or agreement contained in the Note or in this Indenture shall be deemed to be the covenant or agreement of any member, agent, or employee of the Issuer or its governing body or the Lender or any of its officers, employees or agents in his individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Note or the Indenture shall be liable personally on the Note or the Indenture or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 8.05. Notice. All notices, certificates, requests or other communications under this Indenture shall be sufficiently given and shall be deemed given, unless otherwise required by this Indenture, when mailed by certified mail (except as otherwise provided in this Indenture), postage prepaid, addressed as follows:

(a) if to the Issuer, at

Richland County Council
1701 Main Street
Columbia, South Carolina 29201
Attention: Chairman;

(b) if to the Corporation, at

Richtex Brick Corporation
Post Office Box 3307
Columbia, South Carolina 29230
Attention: President; and

(c) if to the Lender, at

The Citizens and Southern National Bank of
South Carolina
Post Office Box 7272
Columbia, South Carolina 29222
Attention: _____

(d) if to the Depository, at

The Citizens and Southern National Bank of
South Carolina
Post Office Box 7272
Columbia, South Carolina 29222
Attention: _____

A duplicate copy of each notice, certificate, request or other communication given under this Indenture to the Issuer, the Corporation or the Lender shall also be given to the others. The Corporation, the Issuer and the Lender may, by notice given under this Section 8.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.06. Applicable Law. The laws of the State shall govern the construction of this Indenture.

SECTION 8.07. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, Richland County, South Carolina, has caused this Indenture to be executed by the Chairman of its County Council and its corporate seal to be hereunto affixed and attested by the Clerk of its County Council and The Citizens and Southern National Bank of South Carolina has caused this Indenture to be executed by one of its authorized officers and its corporate seal to be hereunto affixed, attested by one of its authorized officers, all as of the day and year first above written.

RICHLAND COUNTY, SOUTH CAROLINA

SEAL

By _____
James C. Leventis, Chairman,
County Council

ATTEST:

Brenda Fuller, Clerk,
County Council

WITNESSES:

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Richland County, South Carolina, affixed to the foregoing
Indenture and that he also saw James C. Leventis, as
Chairman of the County Council of Richland County, South
Carolina, and Brenda Fuller, as Clerk of the County Council
of Richland County, South Carolina, sign and attest the same
and that he with _____ witnessed the
execution and delivery thereof as the act and deed of said
Richland County, South Carolina.

Witness

SWORN to before me this
_____ day of ^{September} ~~September~~, 1983

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

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(SEAL)

THE CITIZENS AND SOUTHERN NATIONAL
BANK OF SOUTH CAROLINA, as Lender

ATTEST:

By _____
(name), (title)

By _____
(name), (title)

WITNESSES:

PERSONALLY appeared before me _____,
who being duly sworn says that (s)he saw the corporate seal
of The Citizens and Southern National Bank of South
Carolina, as Lender, affixed to the foregoing Indenture, and
that (s)he also saw _____, as its
_____, sign, and _____,
as its _____ attest the same, and that (s)he
with _____ witnessed the execution and
delivery thereof as the act and deed of The Citizens and
Southern National Bank of South Carolina, as Lender.

Witness

SWORN to before me this
_____ day of ^{September} ~~September~~, 1983

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

X

Date *October* -
Amount - \$2,000,000

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EXHIBIT

RICHLAND COUNTY, SOUTH CAROLINA SEP 21 1983 NO. 1

and

STATE BUDGET & CONTROL BOARD

RICHTEX BRICK CORPORATION

MORTGAGE AND FINANCING AGREEMENT

October
Dated ~~September~~ __, 1983

Relating to Richland County, South Carolina
Industrial Development Revenue Note
(Richtex Brick Corporation Project) 1983

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*Don't
have to make
special effort
New York*

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TESTIMONIUM
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MORTGAGE AND FINANCING AGREEMENT

October
THIS MORTGAGE AND FINANCING AGREEMENT, made and entered into ~~September~~ *October* __, 1983, by and between RICHLAND COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (the "Issuer"), and RICHTEX BRICK CORPORATION, a corporation organized and existing under the laws of the State of South Carolina (the "Corporation"),

WITNESSETH:

WHEREAS, Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, (the "Act") authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry (as defined in the Act), to construct, operate, maintain and improve such a project, to enter into financing agreements with such an industry, to issue revenue bonds (as defined in the Act to include notes) and apply the proceeds thereof to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such notes in the manner authorized in the Act; and

WHEREAS, the Corporation has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of enlarging, expanding and improving an existing facility and acquiring and installing therein equipment and machinery related thereto the purpose of manufacturing bricks (the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate ² action, authorized the issuance of its revenue note pursuant to the Act in the aggregate principal amount of \$4,000,000 (the "Note") in order to make the proceeds thereof available to the Corporation to defray a portion of the cost of acquiring the Project pursuant to the terms of this Mortgage and Financing Agreement (the "Agreement") under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal and interest on the Note as and when the same become due and payable and all other expenses and costs incurred by the Issuer in connection with the Indenture of even date herewith (the "Indenture") between the Issuer and The Citizens and Southern National Bank of South Carolina, a banking association organized and existing under the laws of the State of South Carolina, as lender (the "Lender"), this Agreement or the Project;

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NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows, to wit:

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ARTICLE I

DEFINITIONS

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, and all future acts supplemental thereto and amendatory thereof.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, this Agreement and the Indenture, and the compensation and expenses paid to or incurred by the Lender or the Depositary under this Agreement or the Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Corporation a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

^{-Citation}
"Agreement" shall mean this Mortgage and Financing Agreement dated ~~September~~ , 1983, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture. X

"Authorized Corporation Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Corporation by its President or one of its Vice Presidents; such certificate may designate an alternate or alternates, and may designate different Authorized Corporation Representatives to act for the Corporation with respect to different sections of this Agreement and the Indenture; an Authorized Corporation Representative may be an employee of the Corporation.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Completion Date" shall mean the date of completion of the installation of the Project, as that date shall be certified pursuant to Section 3.05 hereof.

"Construction Fund" shall mean the fund created under Section 3.01 of the Indenture.

"Corporate Office" shall mean the principal office of the Corporation at which, at any particular time, its

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business and corporate records shall be principally administered and maintained.

"Corporation" shall mean Richtex Brick Corporation, a South Carolina corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 6.02 of this Agreement.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction and purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Corporation incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender and the Depositary, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the execution and delivery of the Note; (e) all other costs which the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) any sums required to reimburse the Corporation for advances made by it for any of the above items, or for any other work done and costs incurred by the Corporation, which are for the acquisition of land or property of a character subject to the allowance for depreciation provided for under IRC Section 167 included in the Project; and (g) any amount for the payment of interest on the Note accruing prior to the Completion Date and for which a requisition may be made under Section 3.03 of the Indenture.

"Depositary" shall mean The Citizens and Southern National Bank of South Carolina, a state banking association, organized and existing under the laws of the State of South Carolina.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Note is includable in the

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gross income of a Holder or former Holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failure to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a Holder thereof for any reason other than that such Holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(13); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Corporation, either directly, or with the cooperation of any Holder or former Holders of the Note, a protest being actively prosecuted in good faith by the Corporation which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service; 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 or the date borne by said statement as the case may be.

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 8.01 hereof.

"Event of Taxability" shall mean (i) the occurrence of the circumstances described in IRC Section 103(b)(6)(D); (ii) such other acts or failures to act by the Corporation; or (iii) the occurrence of the circumstances resulting in the delivery of the opinion specified in clause (c) of the definition of Determination of Taxability; which circumstances result in a Determination of Taxability with the result that the interest payable on the Note becomes includable in the gross income of a Holder or former Holder of the Note other than a holder who is a "substantial user" of the Project or a "related person" as such terms are used in IRC Section 103.

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

"Guaranty" shall mean the Guaranty dated the date hereof given by the Guarantor to the Lender.

"Indenture" shall mean the Indenture, dated the date of this Agreement, between the Issuer and the Lender,

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as the same may be amended, modified or supplemented in accordance with the provisions thereof.

"Interest Payment Date" shall mean each date specified in the Note for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954 as amended and the regulations proposed or promulgated thereunder by the Department of the Treasury as such code and regulations apply to the Note.

"Issuer" shall mean Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Lender" shall mean The Citizens and Southern National Bank of South Carolina, a banking association organized and existing under the laws of the State of South Carolina, and its successors and assigns as the Holder of the Note.

"Letter of Representation" shall mean that certain letter of the Corporation, addressed to the Issuer and to Bond Counsel and dated the date of delivery of the Note to the initial purchaser thereof, wherein the Corporation has set forth, among other things, certain information relating to the nature and cost of the facilities comprising the Project.

"Neutral Costs" shall mean that amount of the proceeds from the Note used for the payment of the reasonable expenses of issuing the Note including, without limitation, advertising, recording and printing costs, accountant's, financial advisor's and legal fees, rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses.

"Note" shall mean the \$²4,000,000 "Richland County, South Carolina, Industrial Development Revenue Note (Richtex Brick Corporation Project) 1983" authorized, executed and delivered by the Issuer and delivered under the Indenture and any notes, executed and delivered under the Indenture in lieu of or in substitution therefor. X

"Noteholder" or "Holder" shall mean the Registered Owner of the Note.

"Note Register" and "Note Registrar" shall have the respective meanings specified in Section 2.04 of the Indenture.

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"Officer's Certificate" shall mean a certificate signed by the Chairman of the County Council of the Issuer and the Clerk of the County Council of the Issuer.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Corporate Office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the enlargement, improvement and expansion of an existing facility of the Project in accordance with Section 3.07 of this Agreement.

"Plant" shall mean the land described on Exhibit A hereto and all improvements and facilities of the Corporation thereon, all located in the jurisdiction of the Issuer, including, but not limited to, the Project and any equipment, machinery, fixtures or other personal property now or hereafter installed therein.

"Prime Rate" shall mean the prime rate of interest publicly announced as such by The Citizens and Southern National Bank of South Carolina at Columbia, South Carolina, on the date of delivery of the Note, including each change in such rate as may be in effect from time to time thereafter, each such change to be effective on the effective date thereof.

"Principal Payment Date" shall mean any date on which the principal of the Note or any portion thereof shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land described on Exhibit A hereto and to the Indenture and any building or buildings or other improvements thereon; the items of personalty described on Exhibit B hereto and to the Indenture and all other machinery, apparatus, equipment, fixtures and personal property (i) the acquisition of which was financed in whole or in part from the proceeds of the Note and (ii) any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom and the Corporation's own machinery and equipment installed under the provisions of Section 7.03 of this Agreement.

"Qualifying Costs" shall mean those Costs of the Project which (i) are not Neutral Costs; (ii) are for the acquisition of property of a character subject to the allowance for depreciation under IRC Section 167, including all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after March 21, 1980.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Note shall be registered on the Note Register.

"State" shall mean the State of South Carolina.

SECTION 2.02. Representations by Corporation. The Corporation makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Corporation is a corporation duly incorporated under the laws of the State of South Carolina, is qualified to do business in, and is in good standing in, the State of South Carolina, has corporate power to enter into this Agreement and by proper corporate action has duly authorized the execution and delivery of 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 are prevented or limited by, conflict with, result in a breach or contravention of or constitute a default under the Corporation's Articles of Incorporation or Bylaws or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, or will 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 Corporation prohibited under the terms of any such instrument or agreement;

(c) The issuance of the Note by the Issuer and the use by the Corporation of the proceeds thereof to defray the costs of the enlarging, improving and expanding the Project, as provided by this Agreement, has induced the Corporation to locate and remain in the State;

(d) Acquisition and construction of the Project was commenced subsequent to March 21, 1980;

(e) The Corporation intends to operate the Project as a facility for the purpose of manufacturing bricks and for such other purposes permitted under the Act as the Corporation deems appropriate; and

(f) The information and estimates set forth in the Letter of Representation are true and correct to the best of the Corporation's information and belief and the Letter of Representation does not omit any statement the omission of which would render any of the statements made therein misleading under the circumstances in which they were made.

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ARTICLE III

COMMENCEMENT AND COMPLETION OF PROJECT BY
CORPORATION; ISSUANCE OF NOTE

SECTION 3.01. Acquisition of Project. Pursuant to the Act, the Issuer authorizes the Corporation to and the Corporation agrees to acquire, or cause to be acquired by construction and purchase, the Project. The Corporation agrees to effect such acquisition in accordance with the Plans and Specifications with all reasonable dispatch and will use its best efforts to cause such acquisition to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond the reasonable control of the Corporation only excepted; but if for any reason such acquisition is delayed or the Project shall not be completed there shall be no resulting liability on the part of the Issuer and no diminution or postponement of the amounts payable under Section 4.01 hereof by the Corporation. The Project shall belong to and be the property of the Corporation.

Anything in this Agreement to the contrary notwithstanding, upon prepayment of all amounts to be paid by it under this Agreement pursuant to the provisions of Article IX, hereof, the Corporation shall not be obligated to complete the acquisition of the Project. If the Corporation elects or is required to prepay the payments required to be made by it pursuant to the provisions of Article IX hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Corporation Representative.

The Corporation will maintain such records in connection with the acquisition of the Project as to permit ready identification thereof.

SECTION 3.02. Issuance of Note. In order to provide funds to defray the payment of the Cost of the Project, the Issuer will issue, execute and deliver the Note and deposit the proceeds thereof with the Depository.

SECTION 3.03. Disbursements from Construction Fund. So long as no Event of Default (as defined in the Agreement) has occurred and is continuing the Depository has been authorized under Section 3.03 of the Indenture to make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depository of requisitions (upon which both the Depository and the Issuer shall rely and shall be protected in relying) signed by an Authorized

Corporation Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) that no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) that the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) that at least 90% of the amount, exclusive of amounts requisitioned for the payment of Neutral Costs, requisitioned from the Construction Fund, including the amount being requisitioned, has been and, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) that the person signing such requisition has no notice of any vendor's, mechanic's or other liens or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made; (viii) that such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 3.04. Cooperation as to Documents. The Corporation and the Issuer agree to cooperate in furnishing to the Depository the documents referred to in Section 3.03 hereof that are required to effect payments out of the Construction Fund and to cause such orders to be directed by the Authorized Corporation Representative to the Depository as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.03 hereof. Such obligation is subject to any provision of 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 3.05. Completion Date. The Completion Date shall be evidenced to the Lender and Depository by a certificate of an Authorized Corporation Representative

stating that the acquisition, construction and installation of the Project has been completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or the liability for payment of which is being contested or disputed by the Corporation. The Corporation shall cause such certificate to be furnished to Lender and Depository as soon as the Project shall have been completed. 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.

SECTION 3.06. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment of the Cost of the Project shall not be sufficient to pay the Cost of the Project in full, the Corporation will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Issuer makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Corporation shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Issuer or the Lender nor shall it be entitled to any diminution or postponement of the payments required under Section 4.01 hereof. Upon the completion of the Project, if there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds shall be applied in the manner set forth in Article IX hereof.

SECTION 3.07. Revision of Plans and Specifications. The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date provided that in the case of any change that would render materially inaccurate the description of the Project contained in Exhibits A and B hereto, there shall first be delivered to the Depository, the Lender and the Issuer (i) revised Exhibits A and B containing a description of the Project as revised in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Corporation Representative; (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the proceeds of the Note for the Cost of the Project described therein would not impair the exemption of interest on the Note from Federal income taxation; and (iii) an Opinion of Counsel that all approvals

required by law, including the Act, necessary in connection with the Project described in the revised Exhibits A and B have been obtained and remain in full force and effect.

SECTION 3.08. Investment of Moneys in Construction Fund. Any moneys held as part of the Construction Fund and not required for immediate disbursement and withdrawal, may be invested or reinvested by the Depositary as provided in Section 3.07 of the Indenture.

ARTICLE IV

PAYMENTS BY CORPORATION TO ISSUER

SECTION 4.01. Payments to be Made by Corporation.

In consideration of the application of the proceeds of the Note to defray the Cost of the Project the Corporation absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the times and places required under the Indenture the amounts required to pay the principal and interest on the Note together with the Administration Expenses and any other amounts required to be paid under the terms hereof or by the Issuer under the Indenture. The principal amount of such payments shall be equal to the principal amount of the Note. The Corporation agrees to pay to, or to the order of, the Issuer in immediately available funds, as payment of such amounts a sum equal to the principal amount of the Note together with interest on the unpaid balances thereof, at the interest rate or rates payable by the Issuer on the Note in the amounts and on the dates as follows:

(a) On or before the last business day before each Interest Payment Date with respect to the Note, the sum which will equal the interest to be paid on the Note on such Interest Payment Date; and

(b) On or before the last business day before each Principal Payment Date, the sum which will equal the sum of (i) the principal of the Note which will become due and payable on such Principal Payment Date, and (ii) any accrued interest which will become due and payable on such Principal Payment Date.

The Corporation agrees to pay to the Issuer, the Lender and the Depositary the amount of Administration Expenses not theretofore provided for which have then accrued and become payable.

In the event the Corporation should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same with interest thereon (to the extent permitted by law) at the rate per annum which is equal to the Prime Rate, until paid.

SECTION 4.02. Assignment and Pledge by Issuer to Lender. It is understood and agreed that this Agreement and

all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 6.04 of this Agreement) and the moneys held in the funds and accounts established under the Indenture, including the investment income thereon, are to be pledged and assigned by the Issuer to the Lender pursuant to the Indenture. The Corporation assents to such pledge and assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Corporation, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Corporation by the Issuer. The Issuer directs the Corporation, and the Corporation agrees, to pay to the Lender, as holder of the Note at the address of the Lender as it last appears on the Note Register, all payments payable by the Corporation to the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to this Section 4.01 of this Agreement and indemnification payments pursuant to Section 6.04 of this Agreement).

ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Corporation. The Corporation will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Corporation because of damage or destruction by a cause not within the control of the Corporation or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Corporation prepays all amounts due under the provisions of Article IX hereof.

The Corporation shall have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Corporation and the same. X

The Corporation covenants that so long as the Note is outstanding the Project will be maintained and operated as a "project" within the meaning of the Act. The Corporation will also pay or cause to be paid, in addition to all other payments required under this Agreement, the expenses of operation of the Project.

SECTION 5.02. Taxes, Other Governmental Charges and Utility Charges. The Corporation will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges levied or assessed by any Federal, state or any municipal government upon the Issuer or the Corporation with respect to or upon the Mortgaged Property or any part thereof or upon any payments hereunder or with respect to or upon any funds held under the Indenture when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Mortgaged Property; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Corporation ?
?

shall be the property of the Corporation

pursuant to Section 4.01 of this Agreement other than as provided in Section 4.02 hereof to the Lender; and (d) pay, satisfy or cause to be discharged or make adequate provision to pay, satisfy or cause to be discharged, within 60 days after the same shall come into force, any lien or charge upon the payments to be made under this Agreement. If the Corporation shall contest any such tax, assessment, lien or charge, such action by the Corporation shall not be considered as a breach by it of any of its covenants under this Agreement.

SECTION 5.03. Insurance. The Corporation shall maintain public liability insurance with specific reference to the Project and shall otherwise keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

All proceeds of insurance against property damage to the Project shall be made payable to the Corporation and the Corporation shall collect and retain such proceeds, and all claims under any insurance policy referred to in this Agreement may be settled by the Corporation without the consent of the Issuer or the Lender.

ARTICLE VI

SPECIAL COVENANTS

SECTION 6.01. No Warranty of Design, Condition or Suitability by Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Corporation's purposes or needs.

SECTION 6.02. Maintenance of Corporate Existence. The Corporation agrees that as long as the Note is outstanding it will maintain its separate 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 Corporation 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, if (i) the surviving, resulting or transferee corporation, as the case may be, irrevocably and unconditionally assumes by means of an instrument in writing delivered to the Issuer and Lender all of the obligations of the Corporation herein and qualifies to do business in the State and (ii) immediately after the consummation of the transaction, and after giving effect thereto, (A) no Event of Default, or event which with notice or lapse of time or both would become an Event of Default, would exist and (B) the resulting, surviving or transferee corporation, as the case may be, would have, after giving effect to such merger, consolidation or acquisition, a net worth (computed in accordance with generally accepted accounting principles) equal to or greater than the net worth (computed as aforesaid) of the Corporation immediately prior to such merger, consolidation or transfer.

If consolidation, merger or sale or other transfer is made as permitted by this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 6.03. Covenants with Respect to Tax Exemption. The Corporation represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of the Note that it

has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate the exemption of interest on the Note.

The Corporation covenants that it will comply with all requirements of the Act and the IRC with respect to the use of the proceeds of the Note and that it will file, or cause to be filed, all statements or notices required thereby including but not limited to the statement or statements required under Treasury Regulations Section 1.103-10(b)(2) (vi)(c) at the times and in the places and in the manner stated therein.

SECTION 6.04. Indemnification. The Corporation releases the Issuer and the Lender, including the members of the governing body of the Issuer, and the employees, officers and agents of the Issuer and the Lender (herein collectively referred to as the "Indemnified Parties") from, agrees that Indemnified Parties shall not be liable for, and agrees to hold Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof except for that occasioned by acts of an Indemnified Party which are unrelated to the utilization of the Project and except for any wanton or willful misconduct of an Indemnified Party; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the net proceeds, if any, received by an Indemnified Party from any insurance carried by the Corporation with respect to the loss sustained. The Corporation further agrees to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses and claims arising from any breach or default on the part of the Corporation in the performance of any covenant or agreement on the part of the Corporation to be performed pursuant to the terms of this Agreement or arising from any act or negligence of or failure to act by the Corporation, or any of its agents, contractors, servants, employees, or licensees, or arising from any accident, injury or damage whatsoever caused to any Person occurring during the term of this Agreement, in or about the Project, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against an Indemnified Party by reason of any such claim, the Corporation upon notice from such Indemnified Party covenants to resist or defend such action or proceedings at the Corporation's expense.

SECTION 6.05. Corporate Information. Within 90 days after the close of its fiscal year, the Corporation shall furnish to the Issuer and the Lender a copy of its annual statement, including a certificate from an independent certified public accountant stating that the financial statements contained in such report have been examined by them in accordance with generally accepted auditing standards and that such statements present fairly the position of the Corporation in conformity with generally accepted accounting principles applied on a consistent basis. The Corporation shall also furnish such other information with respect to it or the Mortgaged Property as may reasonably be requested by the Issuer or the Lender.

SECTION 6.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Corporation, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Corporation or the Issuer, the Corporation and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 6.06. Recording, Filing and Registration. The Corporation covenants with the Issuer, for the benefit of the Lender and all who shall at any time be Holders of the Note, that the Corporation will take all action required to effect the recording, filing and registering required under the provisions of Section 4.08 of the Indenture.

SECTION 6.08. Inspection of Project. The Corporation agrees that the Issuer, the Lender and their authorized agents shall have the right at all reasonable times to enter upon and examine and inspect the Project to determine whether the Project continues to constitute a Project under the Act. The Issuer, the Lender and their authorized agents shall also be permitted, at all reasonable times, to examine the Plans and Specifications and the other books and records of the Corporation with respect to the Project. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Corporation shall prescribe which conditions shall be deemed to include, but not be limited to, those necessary to protect the Corporation's trade secrets and proprietary rights.

SECTION 6.09. Qualification in State. The Corporation warrants that it is duly qualified to do business in the State and covenants that it will continue to be so qualified so long as it operates the Project. The Corporation agrees that it will always be subject to service

of process in the State and, during such time as there is no agent for service of process listed in the office of the Secretary of State, the Corporation hereby designates and appoints the Secretary of State of the State, as its agent for service of process in the State. The aforesaid agents shall serve as the respective agents of the Corporation upon whom may be served all process, pleadings, notices or other papers which may be served upon the Corporation as a result of any of its obligations under this Agreement.

SECTION 6.10. No Liability of Issuer's Personnel.
All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of the governing body of the Issuer or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the Issuer herein contained or for any claims based thereon against any member of the governing body of the Issuer or any officer, agent, servants or employee of the Issuer.

ARTICLE VII

ASSIGNMENT, LEASE AND SALE

SECTION 7.01. Assignment, Lease and Sale of Project. So long as the Note is outstanding, the Corporation will not sell, lease or otherwise dispose of or encumber its interest in the Project except for Permitted Encumbrances and as provided in Sections 5.01 and 6.02 hereof and in this Section 7.01. This Agreement may be assigned in whole or in part, and the Corporation's interest in the Project may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the Issuer or the Lender, subject, however, to the following conditions:

(a) No sale, assignment or leasing (other than pursuant to Section 6.02 hereof) shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Corporation shall continue to remain primarily liable for the payments of all amounts specified in Section 4.01 hereof and for performance and observance of the other agreements on its part herein provided; and

(b) The Corporation shall, within 15 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Lender a true and complete copy of each such sale agreement, assignment or lease, as the case may be.

SECTION 7.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Corporation pursuant to this Agreement.

SECTION 7.03. Other Property of Corporation. The Corporation may from time to time, in its sole discretion and at its own expense, install additional machinery, equipment and other items of personal property on the Project. All machinery, equipment and personal property so installed by the Corporation shall remain the sole property of the Corporation in which neither the Issuer nor the Lender shall have any interest, and may be modified or removed by the Corporation at any time. In the event any removal of machinery, equipment or related property of the Corporation causes damage to the existing buildings or structures included in the Project the Corporation shall restore the same or repair such damage at its sole expense.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01 Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay or cause to be paid when due any payment required to be made under Section 4.01 hereof with respect to the principal or interest on the Note;

(b) Failure by the Corporation to pay when due any other payment required to be made under this Agreement, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Lender by certified mail;

(c) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 8.01, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Lender by certified mail, unless the Issuer and the Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Lender will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected;

(d) The dissolution or liquidation of the Corporation; provided, however, that the term "dissolution" or "liquidation" as used in this Section 8.01 shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or dissolution or liquidation of the Corporation following a transfer of all or substantially all of its assets as an entirety under the conditions permitting such actions with respect to the Corporation contained in section 6.02 hereof;

(e) The commencement by the Corporation of any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the application by the Corporation for a receiver, custodian or trustee of it or for all or a substantial part of its property; or the making by the Corporation of an assignment for the benefit of creditors; or the inability by the Corporation, or the admission in writing of its inability, to pay its debts as they become due; or the taking of any action by the Corporation indicating its consent to, approval of or acquiescence in, or in the furtherance of, any of the foregoing; or

(f) The commencement against the Corporation of any case, proceeding or other action in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the appointment of a receiver, custodian or trustee of the Corporation or for all or a substantial part of its property or the issuance of a warrant of attachment, execution or restraint, or similar process against any substantial part of the property of the Corporation; and which in each such case such condition shall continue for a period of 60 days undismissed, undischarged or unbonded.

The provisions of subsection (c) of this Section 8.01 are subject to the following limitations: if by reason of 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 the State or any department, agency, political subdivision or official of either of them or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Corporation, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Section 4.01

hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. The occurrence of any of the events described in paragraphs (a), (b), (d), (e) and (f) of this Section 8.01 shall constitute an Event of Default regardless of the reason for such failure to perform.

SECTION 8.02. Remedies. Whenever any Event of Default referred to in Section 8.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken; provided that, no remedial steps shall be taken by the Issuer or the Lender hereunder the effect of which would be to entitle the Issuer to funds necessary for the payment of principal and interest on the unpaid balance of the Note unless at the time of such remedial action there shall be in effect a declaration under the Indenture that such principal and interest are due and payable:

(a) The Issuer or the Lender as provided in the Indenture may, at its option, declare all unpaid amounts payable under Section 4.01 hereof to be immediately due and payable; and

(b) The Issuer, or the Lender, may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture or, if the Note has been fully paid (or provision for payment thereof has been made in accordance with the Indenture) to the Corporation.

SECTION 8.03. Mandatory Waiver of Default. Notwithstanding the provisions of Section 8.10 hereof limiting the authority of the Issuer to waive a Default hereunder, if, after the maturity of the Note shall have been accelerated by the Lender upon occurrence of an event

of default under the Indenture (i) the principal on the Note which has become due and payable otherwise than by acceleration, all arrears of interest on the Note, interest on overdue installments of principal and (to the extent permitted by law) interest, at a rate per annum which is equal to the Prime Rate, and all other sums payable under the Indenture, except the principal and interest on the Note which by such acceleration shall have become due and payable, shall have been paid; (ii) all other things shall have been performed in respect of which there was a Default; (iii) there shall have been paid the reasonable fees and expenses of the Lender, including Administration Expenses and reasonable attorney's fees paid or incurred and (iv) such event of default under the Indenture shall have been waived by the Lender with the consequence that such acceleration is rescinded, then the Corporation's Default hereunder shall be waived without further action by the Lender or the Issuer.

SECTION 8.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender 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 Issuer or the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 8.05. Attorney's Fees and Expenses. In the event under any of the provisions of this Agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other expenses so incurred and that such obligation shall be secured hereby just as any other sum due and payable hereunder.

SECTION 8.06. Remedies Under Agreement Vested in Lender; Appointment of Lender as Agent of Issuer. If and to the extent permitted by law, in order to have the claims of the Issuer against the Corporation allowed in any equity receivership, insolvency, liquidation, bankruptcy or other

proceedings to which the Corporation shall be a party, the Lender is hereby appointed the true and lawful attorney-in-fact of the Issuer, with authority to make or file, in the name of the Issuer, any proof of debt, amendment to proof of debt, petition or other document, to receive payment of all sums becoming distributable on account thereof, to execute any other papers or documents; and to do and perform any and all acts and things for and on behalf of the Issuer as may be necessary or advisable in the opinion of the Lender. The Lender shall have full power of substitution and delegation in respect of any such powers.

SECTION 8.07. Waiver of Event of Default. As assignee hereof, the Lender may in its discretion waive any Event of Default and its consequences hereunder.

SECTION 8.8. Nonwaiver. 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. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the provisions of the Indenture, the Issuer shall have no power to waive any default hereunder by the Corporation without the consent of the Lender to such waiver.

ARTICLE IX
PREPAYMENTS

SECTION 9.01. Optional Prepayment. The Corporation shall have, and is hereby granted, options to prepay without premium or penalty of any kind, as a whole at any time or in part from time to time on any Interest Payment Date falling not less than 14 days after the notice required pursuant to Section 9.02 hereof, the amounts payable under Section 4.01 hereof with respect to the Note. The Corporation may exercise its option to prepay all amounts payable under Section 4.01 hereof at any time after a Determination of Taxability.

SECTION 9.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 9.01 hereof, the Corporation shall give the Issuer and the Holder written notice of the date and amount of such prepayment, together with written instructions to the Lender as to the manner in which such prepayment is to be applied.

SECTION 9.03. Mandatory Prepayment with Surplus Funds. Upon completion of the Project, if there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds shall be applied in prepayment of the amounts due under Section 4.01 hereof with respect to the Note.

SECTION 9.04. Manner of Prepayment. Any prepayments under the provisions of Article VI hereof or this Article IX shall be applied in such manner as may be consistent with Section 2.01 of the Indenture.

ARTICLE XI

MISCELLANEOUS

SECTION 10.01. Termination. This Agreement shall terminate upon (i) payment in full of the Note (including interest thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Corporation under this Agreement, including (without limitation) interest and other charges, if any, thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 10.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

- (a) if to the Issuer,

Richland County Council
1701 Main Street
Columbia, South Carolina 29201
Attention: Chairman

- (b) if to the Corporation,

Richtex Brick Corporation
Post Office Box 3307
Columbia, South Carolina 29230
Attention: President

- (c) if to the Lender,

The Citizens and Southern National Bank of
South Carolina
Post Office Box 7272
Columbia, South Carolina 29222
Attention: _____

- (d) if to the Depositary:

The Citizens and Southern National Bank of
South Carolina
Post Office Box 7272
Columbia, South Carolina 29222
Attention: _____

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Corporation to the other shall also be given to the

Lender. The Issuer, the Corporation and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 10.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Corporation and their respective successors and assigns, subject, however, to the limitations contained in Sections 6.02, 7.01 and 7.02 hereof.

SECTION 10.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reason, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Corporation, as the case may be, to the full extent permitted by law.

SECTION 10.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Corporation and consented to in writing by the Lender.

SECTION 10.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 10.07. Limited Obligation of Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder, including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Note available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Corporation in obtaining any license or permit or other legal approvals a deposit by the Corporation of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Corporation; and (c) the liability of the Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and

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exclusively to the proceeds of the Note available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

SECTION 10.08. State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 10.09. Rights of Lender. The agreements or obligations made herein by the Corporation to or for the benefit of the Lender are intended by the Corporation to be specifically enforceable by the Lender, and the Corporation acknowledges that the acquisition of the Note by the Lender is consideration for any such agreements or obligations.

IN WITNESS WHEREOF, Richland County, South Carolina, has executed this Mortgage and Financing Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council and the official seal of said County Council to be impressed hereon and attested by the Clerk of its County Council and Richtex Brick Corporation has executed this Mortgage and Financing Agreement by causing its corporate name to be hereunto subscribed by its President or a Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, all as of the date first above written.

SEAL

RICHLAND COUNTY, SOUTH CAROLINA

By: _____
Chairman, County Council of
Richland County, South Carolina

ATTEST:

By: _____
Clerk, County Council of
Richland County, South
Carolina

In the Presence of:

PERSONALLY appeared before me _____
who on oath says that (s)he saw the within Richland County
by James C. Leventis, the Chairman of the County Council of
Richland County and Brenda Fuller, the Clerk of the County
Council of Richland County sign the within Mortgage and
Financing Agreement and the said Richland County by said
officers, seal by its act and deed and deliver the within
Mortgage and Financing Agreement and that (s)he with
_____ witnessed the
execution thereof.

Witness

SWORN to before me this
_____ day of September, 1983.

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

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RICHTEX BRICK CORPORATION

By _____
(name), (title)

SEAL

ATTEST:

(name), (title)

IN THE PRESENCE OF:

PERSONALLY appeared before me _____
who on oath says that (s)he saw the within named Richtex
Brick Corporation, by _____, its
_____ and _____, its
_____, sign the within Mortgage and Financing
Agreement and the said Richtex Brick Corporation by said
officers, seal said Mortgage and Financing Agreement and as
its act and deed, deliver the within Mortgage and Financing
Agreement and that (s)he with _____ witnessed the
execution thereof.

Witness

SWORN to before me this
_____ day of ^{September} ~~September~~, 1983.

(L.S.)
Notary Public for South Carolina
My Commission Expires: _____

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EXHIBIT A

[Description of Realty]

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EXHIBIT B

[Description of Personalty]

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EXHIBIT

SEP 21 1983

NO. 1

ASSISTANCE AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT made and entered into by and between Richland County, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and Richtex Corporation, a South Carolina corporation (the "Tenant").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

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

Section 1.01. The County is a body politic and corporate, and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976 (the "Act"), to acquire, enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

Section 1.02. The Tenant desires to make an enlargement and improvements to an existing facility in the County, to be used as a manufacturing facility, and acquire and install thereon all the equipment and machinery necessary to manufacture bricks (the "Project"). The Project when completed and in operation will provide additional permanent employment in the County for approximately ten people.

Section 1.03. The Tenant has requested the County to assist it with its contemplated program through the sale of Industrial Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the acquisition by construction and purchase of the land, building, and machinery and equipment for the Project.

Section 1.04. The County has given due consideration to all the proposals and requests of the Tenant and has agreed to endeavor to effect the issuance of the bonds at the time and on the terms and conditions hereafter set

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forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, and subject to the provisions of Title 4, Chapter 9, Code of Laws of South Carolina, 1976 (the "Home Rule Act") authorize the issuance of approximately \$4,000,000 Richland County, South Carolina, Industrial Revenue Bonds (or Notes), (Richtex Corporation Project) (the "Bonds"), at such time as the Tenant may request the County to do so.

Section 2.02. The County will permit the Tenant to arrange for the sale of the Bonds to defray the cost of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds shall be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition by construction and purchase of the Project including land, buildings, necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds advanced or loans incurred by the Tenant for such purposes.

Section 2.04. Prior to issuing any Bonds, the County may enter into an indenture of mortgage and deed of trust with a trustee bank to be selected by the Tenant or a mortgage with the purchasers of the Bonds pursuant to which the Bonds will be issued. Such indenture or mortgage shall be substantially in the form used in connection with the issuance of other South Carolina industrial revenue bonds and shall constitute a lien on the Project and the revenues derived from the lease of the Project to secure the payment of the Bonds.

Section 2.05. If requested by the Tenant and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary proceedings and provide for the issuance of bond anticipation notes pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, in anticipation of the issuance of the Bonds.

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE TENANT

Section 3.01. The Tenant agrees that the County will have no obligation to find a purchaser of the Bonds.

Section 3.02. The Tenant further agrees, if the plan proceeds as contemplated, as follows:

(a) to acquire by construction and purchase the land, buildings, equipment and machinery constituting the Project;

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

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

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

(e) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing; and

(f) to covenant and agree in the lease referred to hereinbefore to install in the buildings which are to become a part of the Project all necessary equipment and machinery and thereafter to operate the Project as a facility to manufacture bricks or for such other purposes as may hereafter be deemed appropriate.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

Section 4.02. The parties hereto agree that the Tenant may proceed with the Project including the construction of a building or buildings and acquisition and installation of the equipment and machinery prior to the issuance of the Bonds.

Section 4.03. All commitments of the County and the Tenant hereunder are subject to the condition that the County and the Tenant do agree on mutually acceptable terms and conditions of all documents the execution and delivery of which are contemplated by provisions hereof.

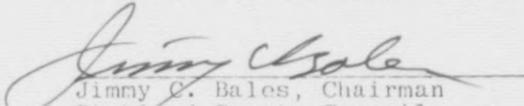
Section 4.04. The parties understand that the Tenant may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.05. Prior to the issuance of any Bonds, the County will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the Treasury Department relating to the issuance of industrial revenue bonds.

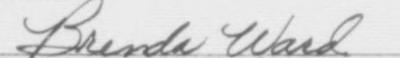
IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

RICHLAND COUNTY, SOUTH CAROLINA


Jimmy C. Bales, Chairman
Richland County Council

(SEAL)

ATTEST:


Brenda Ward, Clerk

Richland County Council

Dated: March 21, 1980.

RICHTEX CORPORATION

By Robert L. Gandy Jr.
Its President

(SEAL)

ATTEST:

Ed M. Lundy
Its Secretary

Dated: March 26, 1980.

The State of South Carolina



Office of the Attorney General

EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2081

September 30, 1983

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

Re: \$2,000,000 Spartanburg County, South Carolina
Industrial Revenue Bonds, (Bold Enterprises, Inc.)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "David C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/cs

Enclosures

004303

SEP 14 1983

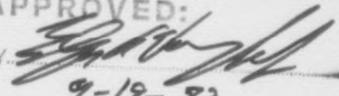


Bankers Trust Company

Empire State Building, 350 Fifth Avenue, New York, New York 10118

Jane A. Green
Vice President
Telephone: 212-290-1655

APPROVED:

BY: 
9-19-83

September 8, 1983

EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

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

Re: Not exceeding \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project)

Dear Mr. McInnis:

In connection with the sale by Spartanburg County, South Carolina of the above-referenced note (the "Note") dated the date of issuance and delivery thereof to Bankers Trust Company (the "Bank"), the Bank makes the following representations and certifications:

(i) the Bank has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Note;

(ii) the Bank is financially able to bear the economic risk of its proposed investment in the Note for an indefinite period;

(iii) the Bank is familiar with the business affairs of Bold Enterprises, Inc (the "Company") and Shelburne Shirt Company Inc (the "Guarantor") and has obtained and examined all financial and other information with respect to the Note, the Company and the Guarantor which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Note and to make an informed investment judgment in connection with its investment in the Note;

(iv) the Bank has had the opportunity to ask questions of, and receive answers from, the Company and the Guarantor concerning the terms and conditions of the issuance and delivery of the Note and any other information which it has deemed relevant to its investment in the Note;

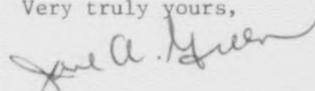
004304

(iv) the Bank has had the opportunity to ask questions of, and receive answers from, the Company and the Guarantor concerning the terms and conditions of the issuance and delivery of the Note and any other information which it has deemed relevant to its investment in the Note;

(v) the Note is being purchased for the account of the Bank and for the purpose of investment and not presently for resale, and the Bank has no present intention of offering the Note or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances; but the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, mortgage or otherwise dispose of the Note at some future date as may be determined by the Bank;

(vi) the Bank is not presently a party to, nor is it contemplating any agreement, undertaking, arrangement, obligations, indebtedness or commitment which is likely to compel disposition of its investment in the Note.

Very truly yours,



Jape A. Green

JAG:pm
cc: T. Hutcheson
Mark Lake

004305

EXHIBIT

STATE OF SOUTH CAROLINA

SEP 21 1983 NO. 2

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 12:00 Noon, Wednesday, September 21, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

AGAINST MOTION

5

0

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

That any and all conditions attached to the referenced Board action have been satisfied as of the date of this certificate.

004306

October 3, 1983

William A. McInnis
Secretary

RESOLUTIONSTATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

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

WHEREAS, the proposed undertaking (the "Undertaking") consists of the financing of the acquisition, construction and installation of certain land, buildings, fixtures, machinery and equipment (the "Project") constituting a warehouse and distribution center in Spartanburg County, South Carolina (the "County") to be owned by Bold Enterprises, Inc. (the "Company") and operated by Shelburne Shirt Company, Inc. (the "Guarantor") by the issuance and delivery of an Industrial Revenue Note pursuant to the Act and to an ordinance (the "Note Ordinance") adopted by the County Board; and

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

WHEREAS, in order to finance the acquisition, construction and installation of the Project, the County Board proposes to provide for the issuance and delivery of a \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) (the "Note") pursuant to the Act and to the Note Ordinance, payable by the County from the amounts derived from the Loan Agreement and secured by an Assignment of Loan Agreement (the "Assignment") from the County to Bankers Trust Company (the "Bank"), a Mortgage and Security Agreement (the "Mortgage") from the Company to the Bank and by a Guarantee and Indemnification Agreement (the "Guarantee Agreement") between the Guarantor and the Bank; and

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

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

004307

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

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

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

(c) That the Project is expected to provide employment for approximately fifty (50) persons and, therefore, is expected to have a beneficial effect upon the economy of the County and the areas adjacent thereto; and

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

2. On the basis of the foregoing findings, the proposed undertaking of the County Board to finance the cost of the acquisition, construction and installation of the Project through the issuance of a \$_____ Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) pursuant to the Note Ordinance to be payable from the revenues to be derived by the County from the Loan Agreement and to be secured by the Assignment, the Mortgage and the Guarantee Agreement, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking) be and the same is hereby approved.

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

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

EXHIBIT "A"

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

Notice is hereby given that following the filing of a Petition by Spartanburg County Council (the "County Board") to the State Budget and Control Board of South Carolina (the "State Board") approval has been given by the State Board to the following undertaking (the "Undertaking") (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.: the financing of the acquisition, construction and installation of certain land, buildings, fixtures, machinery and equipment (the "Project") constituting a warehouse and distribution center in Spartanburg County, South Carolina (the "County") to be owned by Bold Enterprises, Inc. (the "Company") and operated by Shelburne Shirt Company, Inc. (the "Guarantor").

To finance the acquisition, construction and installation of the Project, the County will issue the \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) (the "Note") pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended. The Note will be payable by the County solely from the amounts to be paid to the County by the Company pursuant to a Loan Agreement (the "Loan Agreement") between the County and the Company. The Company will irrevocably covenant and agree to pay when due all sums required to pay the principal of, prepayment penalty, if any, and interest on the Note, and the Note will be secured by an Assignment of Loan Agreement under which the County will assign to Bankers Trust Company (the "Bank") substantially all of its rights under the Loan Agreement, by a Mortgage between the Company and the Bank and by a Guarantee and Indemnification Agreement between the Guarantor and the Bank pursuant to which the Guarantor will unconditionally guarantee payment of the Note. The Note will be issued pursuant to the Act and to an ordinance (the "Note Ordinance") adopted by the County Board.

The Project will provide employment for approximately fifty (50) persons.

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

instituted in the Court of Common Pleas for Spartanburg
County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA
By: William A. McInnis

PUBLICATION DATE:
September 28, 1983

EXHIBIT

SEP 21 1983 NO. 2

Revenue Bond Issue Processing Checklist

STATE BUDGET & CONTROL BOARD

Item for Board meeting of Sept. 21-22, 1983 Blue Agenda # 6

1. Local Government: Spartanburg County
2. Bond Attorney:
 - (a) Firm: Snider, Gibbs & Simons
 - (b) Contact Person: Thomas A. Hutcherson Phone: 722-3366
 - (c) Address: Box 340, Charleston, SC 29402
3. Project Name: Bald Enterprises, Inc.
4. Issue Amount: \$ 2,000,000

2,000	4,000
<input checked="" type="checkbox"/> 3,000	<input type="checkbox"/> 5,000

 Type: Industrial
5. Employment Impact of Project: approx. 50
6. Type/Nature of Business of Firm Involved: warehouse and distribution center

* * * * *	* * *	* * *
7. Processing Checklist	Recd From	Sent To
(a) Check for Fee:		
(1) Amount: \$ <u>3,000</u>		
(2) Payor: <u>Snider Gibbs & Simons</u>	<u>SGS 9/21</u>	<u>RC 9/21</u>
(b) Governing body resolution/ordinance/petition	<u>TH 9/20</u>	<u>DE 9/20</u>
(c) Documents on issuance/securing of bonds	<u>TH 9/20</u>	<u>DE 9/20</u>
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (<u>10</u> copies for certification for bond counsel)	<u>TH 9/20</u>	<u>DE 9/20</u>
(f) Review by Attorney General's Office (letter)	<u>OK 10/3</u>	XXXXXX
(g) Financial Information:		
(1) Audited Statements (3 most recent years)		
OR		
(2) If private placement, "investment letter" (Purchaser: <u>Baskin's Sweet Company</u>)	<u>BTC 9/16</u>	<u>EAV 9/16</u>
(h) Review by State Auditor's Office (memo)	<u>OK EAV 9/19</u>	XXXXXX

Motion: GP Second: EM
 Absent: _____
 Vote: For 5 Against 0

Certificates signed: 10/3/83
 Resolutions mailed: 10/3/83

004311

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

160 EAST BAY STREET
CHARLESTON, SOUTH CAROLINA
TELEPHONE AND TELECOPIER
(803) 722-3366

MAILING ADDRESS
CHARLESTON OFFICE
POST OFFICE BOX 340
CHARLESTON, S. C. 29402

COLUMBIA OFFICE
SUITE 1160
FIRST NATIONAL BANK BUILDING
POST OFFICE BOX 1456
COLUMBIA, S. C. 29211
TELEPHONE AND TELECOPIER
(803) 765-1855

September 19, 1983

EXPRESS MAIL

EXHIBIT

SEP 21 1983 NO. 2

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

STATE BUDGET & CONTROL BOARD

Re: \$2,000,000 Spartanburg County, South Carolina,
Industrial Revenue Note, Series 1983 (Bold
Enterprises, Inc. Project)

Dear Bill:

Enclosed are ten copies of a proposed Resolution of the State Budget and Control Board approving the \$2,000,000 Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) of Spartanburg County along with a certified copy of the Resolution Authorizing a Petition and the Original Petition. Also enclosed are draft copies of the Loan Agreement, Mortgage and Security Agreement, Guarantee and Indemnification Agreement, and Note Ordinance relating to this issue. Bankers Trust Company has already forwarded to you under separate cover their "Investment Letter."

I would appreciate your having this item placed on the agenda for consideration by the Budget and Control Board at its September 27 meeting. Should you require any additional information, please do not hesitate to call me. Thank you for your help in this matter.

Best personal regards.

Very truly yours,

Tom (ds)

Thomas A. Hutcheson

TAH:ds

Enclosures

004312

EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

C

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF LAND, BUILDINGS, FIXTURES, MACHINERY AND EQUIPMENT TO CONSTITUTE INDUSTRIAL FACILITIES IN SPARTANBURG COUNTY, SOUTH CAROLINA, TO BE OWNED AND OPERATED OPERATED BY BOLD ENTERPRISES, INC. THROUGH THE ISSUANCE AND DELIVERY OF A TWO MILLION DOLLAR \$2,000,000 SPARTANBURG COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1983 (BOLD ENTERPRISES, INC. PROJECT); AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE HOLDING OF A PUBLIC HEARING ON THE QUESTION OF THE ISSUANCE OF THE NOTE AND THE FINANCING OF SUCH FACILITIES; PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

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

ARTICLE I

FINDINGS OF FACT

SECTION 1.01

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

1. Bold Enterprises, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina, has proposed that the County assist in financing the acquisition, construction and installation of certain land, buildings, fixtures, machinery and equipment (the "Project") constituting a warehouse and distribution center in the County at an estimated cost of \$2,000,000 through the issuance and delivery of an Industrial Revenue Note pursuant to the authorization of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Company has advised County Council that its proposed industrial project would be aided by the assistance which the County might render through the issuance and delivery of an Industrial Revenue Note in the principal amount of \$2,000,000 (the "Note") pursuant to the Act and to a proposed ordinance (the "Note Ordinance") to be adopted by County Council.

004313

3. County Council has agreed to finance the acquisition, construction and installation of the Project and adopts this Resolution to evidence its approval of the issuance and delivery of the Note as aforesaid and to authorize a Petition to the State Budget and Control Board of South Carolina (the "State Board") setting forth the facts required by the Act and to authorize the holding of a public hearing on the question of the issuance of the Note as required by Section 103(k) of the Internal Revenue Code of 1954, as amended, and publication of notice of such hearing.

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

5. When completed, the Project will provide employment for approximately fifty (50) persons. It is therefore believed that the Undertaking will have a beneficial effect upon the economy of the County and areas adjacent thereto.

6. The amount necessary to finance the acquisition, construction and installation of the Project is Two Million Dollars \$2,000,000.

7. The Company has submitted to County Council a draft of a proposed Loan Agreement (the "Loan Agreement") pursuant to which the County will lend Two Million Dollars \$2,000,000 to the Company and under which the Company will unconditionally agree (a) to pay the amounts necessary to provide the payments of principal of and interest on the Note which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Note Ordinance, (b) to maintain the Project in good repair and (c) to carry all proper insurance with respect to the Project.

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

9. The Company has also submitted to County Council a draft of a proposed Mortgage and Security Agreement pursuant to which the Company will grant a mortgage lien on and security interest in the Project to the Bank as additional security for the payment of the Note.

10. The Company has also submitted to County Council a draft of a proposed Guarantee and Indemnification Agreement (the "Guarantee Agreement") pursuant to which Shelburne Shirt Company, Inc. (the "Guarantor") will unconditionally guarantee the payment of the Note.

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

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

ARTICLE II

SUBMISSION OF PETITION

SECTION 2.01

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

ARTICLE III

PUBLIC HEARING AND NOTICE

SECTION 3.01

Prior to the issuance of the Note, County Council shall hold a public hearing on the question of the issuance of the Note for the purpose of financing the Project, at which public hearing all interested parties shall be given the opportunity to express their views on the question.

SECTION 3.02

At least two (2) weeks before the public hearing on the question of the issuance of the Note, notice of such public hearing shall be published in THE HERALD-JOURNAL. Such notice shall be in substantially the form attached hereto as Exhibit "B."

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

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

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

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

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

3. County Council has agreed with Bold Enterprises, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina, that the County will undertake to finance the acquisition, construction and installation of land, buildings, fixtures, machinery and equipment (the "Project") to constitute a warehouse and distribution center in the County through the issuance and delivery of an Industrial Revenue Note pursuant to the Act. In this connection, County Council has agreed to issue a Two Million Dollar \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) (the "Note") pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by County Council.

4. County Council is advised by the Company that the cost of the Project will be approximately Two Million Dollars \$2,000,000 and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Note, it is

necessary that County Council issue and deliver the Note in that amount.

5. When completed, the Project will provide employment for approximately fifty (50) persons.

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

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

(b) the Undertaking will have a beneficial effect upon the economy of the County and the areas adjacent thereto;

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

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

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

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

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

(a) To finance the cost of the acquisition, construction and installation of the Project the County will issue and deliver a \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project). The Note will be secured by a pledge of substantially all of the amounts to be paid to the County by the Company, as authorized by the Act;

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

installation of the Project and the issuance of the Note; and

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

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

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

10. Pursuant to a proposed Guarantee and Indemnification Agreement (the "Guarantee Agreement") Shelburne Shirt Company, Inc. (the "Guarantor") will unconditionally guarantee the payment of the Note.

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

12. Draft copies of the Loan Agreement, the Mortgage, the Assignment, the Guarantee Agreement, the Note Ordinance and the Note are enclosed herewith. While changes may be made in the enclosed forms, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Budget and Control Board of South Carolina (the "State Board") accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make its independent investigation of the Undertaking and the terms and provisions of the Loan Agreement, the Mortgage, the Assignment, the Guarantee Agreement, the Note Ordinance and the Note, as it deems advisable; that the State Board find that the proposed

Undertaking is intended to promote the purposes of the Act and that it is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

September 14, 1983.

Respectfully Submitted,

By _____
County Administrator of
Spartanburg County

Attest:

By _____
Clerk, Spartanburg County
Council

PUBLIC NOTICE

Notice is hereby given by Spartanburg County, South Carolina (the "County") that a public hearing will be held relating to the proposed issuance and delivery by the County of a \$2,000,000 Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) (the "Note") pursuant to the Industrial Revenue Bond Act of the State of South Carolina (the "Act"), which Note is to be issued to finance the acquisition, construction and installation of industrial facilities (the "Project") constituting a facility in the County to be owned by Bold Enterprises, Inc. (the "Company") and operated by Shelburne Shirt Company, Inc. (the "Guarantor"). The Project will be located on Calvert Road in Spartanburg County.

The Note will be payable by the County solely from the amounts to be paid to the County by the Company pursuant to a Loan Agreement (the "Loan Agreement") between the County and the Company. The Company will irrevocably covenant and agree to pay when due all sums required to pay the principal of, and interest on the Note, and the Note will be secured by an Assignment of Loan Agreement under which the County will assign to the purchaser of the Note substantially all of its rights under the Loan Agreement and by a Mortgage and Security Agreement granting to the purchaser of the Note a mortgage lien on and security interest in the Project. The Guarantor will unconditionally guarantee payment of principal of and interest on the Note. As required by the Act, the Note will not impose any pecuniary liability upon the County or constitute a charge upon the County's general credit or taxing power.

The hearing will be held at County Council Chambers, Spartanburg County Courthouse, Spartanburg, South Carolina, at 3:00 p.m., October 12, 1983. Any person interested in the issuance of the Note or the location or purpose of the Project may appear and be heard. Draft copies of the Loan Agreement, the Assignment of Loan Agreement, the Mortgage and Security Agreement and the Guarantee and Indemnification Agreement and other information and documents relating to the Note and the Project may be inspected at the office of Spartanburg County Council, Spartanburg Courthouse, Spartanburg, South Carolina, during business hours.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By _____
County Administrator of
Spartanburg County

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

I, the undersigned Clerk of Spartanburg County Council, do hereby certify that the foregoing is a true, correct and verbatim copy of a Resolution duly adopted by Spartanburg County Council having been read at a duly called meeting of County Council on September 14, 1983.

Witness my Hand, this 14 day of September, 1983.

Casey P. Parris
Clerk, Spartanburg County Council

004321

EXHIBIT

STATE OF SOUTH CAROLINA

SEP 21 1983 NO. 2

COUNTY OF SPARTANBURG

STATE BUDGET & CONTROL BOARD

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

P E T I T I O N

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

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

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

3. County Council has agreed with Bold Enterprises, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina, that the County will undertake to finance the acquisition, construction and installation of land, buildings, fixtures, machinery and equipment (the "Project") to constitute a warehouse and distribution center in the County through the issuance and delivery of an Industrial Revenue Note pursuant to the Act. In this connection, County Council has agreed to issue a Two Million Dollar \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) (the "Note") pursuant to the Act and to an ordinance (the "Note Ordinance") to be adopted by County Council.

4. County Council is advised by the Company that the cost of the Project will be approximately Two Million Dollars \$2,000,000 and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Note, it is

necessary that County Council issue and deliver the Note in that amount.

5. When completed, the Project will provide employment for approximately fifty (50) persons.

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

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

(b) the Undertaking will have a beneficial effect upon the economy of the County and the areas adjacent thereto;

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

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

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

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

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

(a) To finance the cost of the acquisition, construction and installation of the Project the County will issue and deliver a \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project). The Note will be secured by a pledge of substantially all of the amounts to be paid to the County by the Company, as authorized by the Act;

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

installation of the Project and the issuance of the Note; and

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

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

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

10. Pursuant to a proposed Guarantee and Indemnification Agreement (the "Guarantee Agreement") Shelburne Shirt Company, Inc. (the "Guarantor") will unconditionally guarantee the payment of the Note.

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

12. Draft copies of the Loan Agreement, the Mortgage, the Assignment, the Guarantee Agreement, the Note Ordinance and the Note are enclosed herewith. While changes may be made in the enclosed forms, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Budget and Control Board of South Carolina (the "State Board") accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make its independent investigation of the Undertaking and the terms and provisions of the Loan Agreement, the Mortgage, the Assignment, the Guarantee Agreement, the Note Ordinance and the Note, as it deems advisable; that the State Board find that the proposed

Undertaking is intended to promote the purposes of the Act and that it is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

September 14, 1983.

Respectfully Submitted,

By K. L. Westmoreland
County Administrator of
Spartanburg County

Attest:

By Carol S. Davis
Clerk, Spartanburg County
Council

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EXHIBIT

LOAN AGREEMENT

SEP 21 1983

NO. 2

STATE BUDGET & CONTROL BOARD

SPARTANBURG COUNTY, SOUTH CAROLINA

AND

BOLD ENTERPRISES, INC.

relating to the

\$2,000,000

SPARTANBURG COUNTY, SOUTH CAROLINA,

INDUSTRIAL REVENUE NOTE,

SERIES 1983

(BOLD ENTERPRISES, INC. PROJECT)

DATED AS OF OCTOBER 1, 1983

004325

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LOAN AGREEMENT

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W I T N E S S E T H:

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This LOAN AGREEMENT dated as of October 1, 1983,
between SPARTANBURG COUNTY, SOUTH CAROLINA, a body politic
and corporate and a political subdivision of the State of
South Carolina, party of the first part, and BOLD
ENTERPRISES, INC., a corporation organized and existing
under the laws of the State of South Carolina, party of the
second part,

In consideration of the respective representations and
agreements hereinafter contained, the parties hereto agree
as follows (provided, that in the performance of the agree-
ments of the party of the first part herein contained, any
obligation it may thereby incur for the payment of money
shall not create a pecuniary liability or charge against its
general credit or taxing powers).

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ARTICLE I

DEFINITIONS AND INTERPRETATIONS

SECTION 1.1. Certain terms used in this Loan Agreement are defined in Section 1.2 hereof. When used herein, such terms shall have the meanings given to them by the language employed in Section 1.2 hereof defining such terms, unless the context clearly indicates otherwise.

SECTION 1.2. The following terms are defined terms under this Loan Agreement:

> "ACT" means Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended.

"ADMINISTRATOR" means the County Administrator of the County. The term shall include the Acting County Administrator whenever, by reason of absence, illness or other reason, the person who is the County Administrator is unable to act.

"AGREEMENT" or "LOAN AGREEMENT" means this Loan Agreement between the County and the Company and any amendments hereof or supplements hereto.

"ARCHITECT" means an architect licensed by the State who is in charge of the construction of the Building for the Company.

"AUTHORIZED COMPANY REPRESENTATIVE" means the person at the time designated to act on behalf of the Company by written certificate furnished to the County and the Bank containing the specimen signature of such person and signed on behalf of the Company by its President or, any Vice

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2 President. Such certificate may designate one or more
3 alternate representatives.

4 "ASSIGNMENT" means the Assignment of Loan Agreement
5 dated as of October 1, 1983, from the County to the Bank.

6 "BANK" means Bankers Trust Company, a New York banking
7 corporation, as holder of the Note and the Mortgage, and its
8 successors and assigns.

9 "BUILDING" means those structures, improvements and
10 fixtures which have been or are to be constructed with the
11 proceeds of the Note, now or hereafter located on the Land,
12 as they may at any time exist, including any air
13 conditioning and heating systems (and any replacements
14 thereof), all of which shall be deemed fixtures.

15 "BUSINESS DAY" means any day other than a Saturday, a
16 Sunday or a day on which banking institutions in the State
17 are required or authorized by law (including executive
18 orders) to close.

19 "CODE" means the Internal Revenue Code of 1954, as
20 amended.

21 "COMPANY" means Bold Enterprises, Inc., a corporation
22 organized and existing under the laws of the State, its
23 successors and assigns and any surviving, resulting or
24 transferee entity.

25 "COMPLETION DATE" means the date of completion of the
26 acquisition, construction and installation of the Project as
27 that date shall be certified as provided in Section 3.5
28 hereof.

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2 "CONSTRUCTION FUND" means the Construction Fund created
3 pursuant to Section 501 of the Note Ordinance and referred
4 to herein.

5 "CONSTRUCTION PERIOD" means the period beginning on the
6 date of Official Action and ending on the Completion Date.

7 "COUNTY" means Spartanburg County, South Carolina, and
8 its successors and assigns.

9 "COUNTY BOARD" means Spartanburg County Council and any
10 successor body.

11 "DEPOSITARY" means said Bankers Trust Company, as
12 custodian of the Construction Fund, and its successors and
13 assigns.

14 "EQUIPMENT" means those items of machinery, equipment
15 and related property required herein to be acquired and
16 installed on the Land and any item of machinery, equipment
17 or related property acquired and installed in substitution
18 therefor or acquired and installed as renewals and
19 replacements thereof. The Equipment is more particularly
20 described in Exhibit "B" attached hereto which, by this
21 reference thereto, is incorporated herein.

22 "GUARANTOR" means Shelburne Shirt Company, Inc., a
23 corporation organized and existing under the laws of the
24 State of New York, its successors and assigns and any
25 surviving, resulting or transferee entity.

26 "GUARANTEE AGREEMENT" means the Guarantee and
27 Indemnification Agreement dated as of October 1, 1983,

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between the Guarantor and the Bank and any amendments thereof or supplements thereto.

"INDEPENDENT COUNSEL" means an attorney duly admitted to practice law before the highest court of any state and not a full-time employee of the County or an employee of the Company, or the Guarantor.

INDEP ENGINEER

"INDUCEMENT CONTRACT" means the inducement contract heretofore entered into by the County and the Company pursuant to which contract the County agreed to finance the acquisition, construction and installation of the Project.

"LAND" means the real property on which the Project is to be acquired, constructed and installed which Land is more particularly described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"LOAN TERM" means the duration of the Company's obligations under this Agreement as specified in Section 4.1 hereof.

"MORTGAGE" means the Mortgage and Security Agreement dated as of October 1, 1983, between the Company and the Bank and any amendments thereof or supplements thereto.

"NET NOTE PROCEEDS" means the proceeds received by the County from the sale of the Note exclusive of expenses incurred in the issuance of the Note.

"NOTE" means the \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) issued pursuant to the Note Ordinance.

2 "NOTE ORDINANCE" means the ordinance of the County
3 Board adopted on October __, 1983, authorizing, among other
4 things, the issuance and delivery of the Note and providing
5 for the terms and provisions of the Note, as the same may be
6 amended or supplemented from time to time in accordance with
7 the provisions thereof.

8 "OFFICIAL ACTION" means the action taken by the County
9 Board on July 13, 1983, in adopting a resolution authorizing
10 the Inducement Contract.

11 "PENALTY RATE" means interest at a rate equal to the
12 Prime Lending Rate in effect from time to time plus two per
13 centum (2%) per annum.

14 "PLEGGED AMOUNTS" means all of the amounts due and
15 payable hereunder from time to time by the Company
16 (excepting only, to the extent payable to the County,
17 amounts payable pursuant to Sections [^]6.5 and 7.4 hereof).

18 "PRIME LENDING RATE" means the rate of interest per
19 annum as announced from time to time by Bankers Trust
20 Company at its principal office in New York, New York, as
21 its prime rate, the Prime Lending Rate to change as and when
22 such prime rate changes.

23 "PROJECT" means the Land, the Building and the
24 Equipment.

25 "PROJECT COSTS" means those costs, fees and expenses
26 enumerated in items (1) to (8), inclusive, of Section 3.3(A)
27 hereof.

2 "QUALIFIED COSTS" means those Project Costs paid or
3 incurred subsequent to Official Action for the acquisition,
4 construction or installation of land or property of a
5 character subject to the allowance for depreciation under
6 Section 167 of the Code and shall include all amounts which
7 are chargeable to the capital account of the Project or
8 would be so chargeable either with a proper election by the
9 Company or but for a proper election by the Company to
10 deduct such amounts.

11 "STATE" means the State of South Carolina.

12 SECTION 1.3. The words "hereof," "herein," "hereunder"
13 and other words of similar import refer to this Loan Agree-
14 ment as a whole.

15 SECTION 1.4. References to Articles, Sections, and
16 other subdivisions of this Agreement are to the designated
17 Articles, Sections and other subdivisions of this Agreement
18 as originally executed.

19 SECTION 1.5. The headings of this Agreement and the
20 Table of Contents are for convenience only and shall not
21 define or limit the provisions hereof.

22 SECTION 1.6. Words importing persons shall include
23 firms, associations, joint ventures, corporations,
24 unincorporated organizations, partnerships, trusts, other
25 legal entities and any government or any department or
26 agency thereof as well as natural persons. Words importing
27 the masculine gender shall include the feminine and neuter

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2 as well and the singular shall include the plural, and vice

3 versa.

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ARTICLE II

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REPRESENTATIONS

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SECTION 2.1. Representations by the County. The

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County makes the following representations as the basis for
6 the undertaking on its part herein contained:

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(A) The County is a body politic and corporate and a
8 political subdivision of the State and is authorized and
9 empowered by the provisions of the Act to enter into the
10 transactions contemplated by this Agreement, the Assignment,
11 the Note Ordinance and the Note and to carry out its
12 obligations hereunder and thereunder. The Project
13 constitutes and will constitute a "project" within the
14 meaning of the Act. By proper action by the County Board
15 and the State Budget and Control Board of South Carolina,
16 the County has been duly authorized to execute and deliver
17 this Agreement and the Assignment and to issue and deliver
18 the Note.

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(B) The County Board has taken all action and has
20 complied with all provisions of law with respect to the
21 execution and delivery of this Agreement and the Assignment
22 and the issuance and delivery of the Note, the performance
23 of its obligations hereunder and thereunder and the due
24 authorization of the consummation of the transactions
25 contemplated hereby and thereby; and this Agreement, the
26 Assignment, and the Note have been duly executed and
27 delivered by, and constitute legal, valid and binding

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2 obligations of, the County, enforceable in accordance with
3 their respective terms.

4 (C) Heretofore, and before the acquisition,
5 construction and installation of the Project were commenced,
6 the County Board and the Company did agree, pursuant to the
7 Inducement Contract, that the County would finance the cost
8 of acquiring, constructing and installing the Project. The
9 Company has estimated that the Project Costs will amount to
10 \$2,000,000, and the Company has agreed that it will bear all
11 expenses in excess of such amount. On that basis the County
12 now proposes to issue the Note in the aggregate principal
13 amount of \$2,000,000 dated the date of delivery thereof,
14 which will mature and bear interest, and will be subject to
15 prepayment on the occasions and under the conditions, as
16 provided in the Note and the Note Ordinance, and to lend the
17 proceeds thereof to the Company to pay the Project Costs.

18 (D) The execution and delivery of this Agreement and
19 the Assignment and the issuance and delivery of the Note,
20 the consummation of the transactions contemplated hereby and
21 thereby and the fulfillment of or compliance with the terms
22 and conditions hereof and thereof do not and will not
23 conflict with or constitute on the part of the County a
24 violation of, breach of or default under any constitutional
25 provision or statute or any agreement or instrument to which
26 the County is a party or by which it is bound, or any order,
27 rule, regulation or ordinance of any court, government or
28 governmental authority having jurisdiction over the County

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2 or any of its activities or property; and all consents,
3 approvals, authorizations and orders of governmental or
4 regulatory authorities, if any, which are required for the
5 consummation of the transactions contemplated in this
6 Agreement, the Assignment and the Note have been obtained.

7 SECTION 2.2. Representations by the Company. The
8 Company makes the following representations as the basis for
9 the undertaking on its part herein contained:

10 (A) The Company is a corporation duly organized and in
11 good standing under the laws of the State and has the power
12 to enter into, and perform the transactions contemplated by,
13 this Agreement and the Mortgage.

14 (B) By proper action, the Company has duly authorized
15 the execution and delivery of this Agreement and the
16 Mortgage and the consummation of the transactions
17 contemplated hereby and thereby, and this Agreement and the
18 Mortgage have been duly executed and delivered by, and
19 constitute legal, valid and binding agreements of, the
20 Company, enforceable in accordance with their respective
21 terms.

22 (C) The execution and delivery of this Agreement and
23 the Mortgage, the consummation of the transactions
24 contemplated hereby and thereby and the fulfillment of or
25 compliance with the terms and conditions hereof and thereof
26 do not and will not conflict with or constitute on the part
27 of the Company a violation of, a breach of or default under
28 any of the terms, conditions or provisions of its corporate

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2 charter, its bylaws or any agreement or instrument to which
3 the Company is now a party or by which it is bound, or
4 result in the creation or imposition of any lien, charge or
5 encumbrance of any nature whatsoever upon any of the
6 property or assets of the Company under the terms of any
7 instrument or agreement to which the Company is now a party
8 or by which it is bound and do not violate any provision of
9 law or regulation applicable to the Company or any writ,
10 decree or order of any court, government or governmental
11 authority having jurisdiction over the Company or any of its
12 activities or property.

13 (D) Substantially all (as that term is used in Section
14 103(b)(6)(A) of the Code and the Treasury Regulations issued
15 or proposed thereunder) of the Net Note Proceeds will be
16 used to pay Qualified Costs; all of the Net Note Proceeds
17 will be used to defray the costs incurred in connection with
18 acquisition, construction and installation of the Project.

19 (E) The Note is not one lot of multiple lots of
20 obligations which are being sold at substantially the same
21 time, under a common plan of marketing, at substantially the
22 same rate of interest and for which there is a common or
23 pooled security which will be either used or available to
24 pay debt service thereon.

25 (F) No part of the Project reached a degree of
26 completion which would permit operation at substantially the
27 level for which it was designed and was, in fact, in

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2 operation at such level more than one (1) year prior to the
3 date of delivery of the Note.

4 (G) There are no outstanding issues exempt under
5 Section 103(b)(6) of the Code, the proceeds of which have
6 been or will be issued with respect to facilities located in
7 whole or in part in the County, the principal user of which
8 has been or will be the Company, or any related person
9 within the meaning of Section 103(b)(6)(C) of the Code.

10 (H) The information with respect to the Industry and
11 the Project contained in Internal Revenue Service Form 8038
12 to be executed by the County in connection with the issuance
13 and delivery of the Bonds is true, accurate and complete in
14 all respects.

15 (I) Not more than twenty-five percent (25%) of the
16 Note proceeds will be used to provide facilities described
17 in Section 103(b)(6)(0)(i) of the Code, and no part of the
18 Note proceeds will be used to provide facilities described
19 in Section 103(b)(6)(0)(ii) of the Code.

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ARTICLE III

COMPLETION OF THE PROJECT; ISSUANCE AND DELIVERY OF THE NOTE; CONSTRUCTION FUND; INVESTMENTS

SECTION 3.1. Agreement to Construct the Building and Acquire and Install the Equipment on the Land. (A) The Company agrees that:

(1) It will cause the Building to be constructed on the Land, wholly within the boundary lines thereof, and will cause to be acquired, constructed and installed such other facilities on the Land as it deems necessary for the operation of the Project; and

(2) It will cause the Equipment to be acquired and installed in the Building, which Equipment shall consist of the machinery, equipment and related property described in Exhibit "B" hereof and such other items of machinery, equipment and any transportation facility and equipment used as an integral part of the Project, which in the Company's judgment may be necessary for operation of the Project.

(B) The Company agrees to complete the acquisition and installation of the Equipment as promptly as practicable after receipt of the proceeds of the Note, but in no event later than three (3) years from the date of delivery of the Note.

SECTION 3.2. Agreement to Issue and Deliver the Note; Application of Note Proceeds. In order to provide the Company, by way of a loan, with funds for payment of the Project Costs, the County agrees that it will execute the

2 Note and cause it to be delivered to the Bank and it will
3 thereupon deposit the proceeds of the Note in the
4 Construction Fund.

5 SECTION 3.3. Establishment of Construction Fund;
6 Disbursements from the Construction Fund. (A) Not later
7 than the occasion of the delivery of the Note, the County
8 shall establish the Construction Fund with the Depository.
9 Withdrawals from the Construction Fund shall be made only
10 upon the signature of the Authorized Company Representative.
11 The moneys in the Construction Fund shall be used for the
12 payment of the following Project Costs and, subject to the
13 provisions of Section 3.9 hereof, for no other purpose:

14 (1) The fees for recording any curative documents
15 that either the Bank, the Company or Independent
16 Counsel may deem desirable to file for record in order
17 to perfect or protect the title of the Company to the
18 Land or the lien and security interest of the Bank in
19 the Project; and the fees and expenses paid or incurred
20 in connection with any action or proceeding that either
21 the Bank, the Company or Independent Counsel may deem
22 desirable to bring in order to perfect or protect the
23 title of the Company to the Land or the security
24 interest of the Bank in the Project;

25 (2) The costs, fees or expenses paid or incurred
26 in connection with the preparation of plans and
27 specifications for the Project (including any
28 preliminary study or planning of the Project or any

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2 aspect thereof), the acquisition, construction and
3 installation of the Equipment and all acquisition,
4 construction and installation expenses required to
5 provide utility services or other facilities and all
6 real or personal property deemed necessary in
7 connection with the Project (including architectural,
8 engineering and supervisory services with respect to
9 any of the foregoing);

10 (3) The initial or acceptance fee of the
11 Depository, the cost of all reasonable legal, financial
12 and accounting fees and expenses (including those of
13 the Bank) incurred in connection with the credit
14 analysis of the Company, the authorization, issuance
15 and delivery of the Note, the preparation of this
16 Agreement, the Mortgage, the Guarantee Agreement and
17 all other documents prepared in connection herewith and
18 therewith;

19 (4) The cost of labor, services, materials and
20 supplies used or furnished in connection with the
21 acquisition and installation of the Equipment and the
22 miscellaneous expenses incidental to the foregoing,
23 including the premium on any surety bond;

24 (5) To such extent that they shall not be paid by
25 a contractor for any part of the Project, payment of
26 the premium on all insurance required to be taken out
27 and maintained during the Construction Period;

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2 (6) The taxes, assessments and other charges, if
3 any, that may become payable during the Construction
4 Period;

5 (7) Any expense incurred in seeking to enforce
6 any remedy against any contractor or subcontractor in
7 respect of any default under a contract relating to the
8 Project; and

9 (8) Any other costs, fees and expenses relating
10 to the acquisition, construction and installation of
11 the Project including interest which is paid during the
12 Construction Period and which is of a character subject
13 to the allowance for depreciation under Section 167 of
14 the Code.

15 > (B) The Company agrees as a condition precedent to the
16 disbursement of any portion of the Construction Fund to
17 furnish the Depository and the Bank with a requisition on a
18 Requisition Form (and all documents required by such
19 Requisition Form) signed by a Authorized Company
20 Representative stating with respect to each payment to be
21 made:

22 (1) the requisition number,

23 (2) the name and address of the person, firm or
24 corporation to whom payment is to be made by the
25 Depository or if the payment is to be made to the
26 Company for a reimbursable advance, the name and
27 address of the person or firm to whom such advance was
28 made together with proof of payment by the Company,

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(3) the amount to be paid,

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(4) that each obligation mentioned therein is a proper charge against the Construction Fund, is unpaid or unreimbursed, and has not been the basis of any previously paid requisition, and

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(5) if such payment is a reimbursement to the Company for costs or expenses incurred by reason of work performed or supervised by officers or employees of the Company or any of its affiliates, that the amount to be paid does not exceed the actual cost thereof to the Company and is a proper charge against the Construction Fund.

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(C) The Company further agrees as a condition precedent to the disbursement of any portion of the Construction Fund to furnish the Depository and the Bank with the following:

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(1) a mortgage title insurance binder in form, substance and amounts satisfactory to the Depository and Bank in an amount not less than the amount theretofore disbursed from the Construction Fund plus the amount to be disbursed pursuant to the present requisition, together with proof of full payment of all fees and premiums for said binder. Said binder shall be extended to cover each and every disbursement from the Construction Fund at the time of payment thereof, insuring in form and substance satisfactory to the Depository and the Bank that the Mortgage is a

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2 continuing valid first lien on the Project. Within
 3 thirty (30) days after the completion of the Project,
 4 the Company shall furnish the Depository and Bank with
 5 a final survey of the Project together with a title
 6 insurance policy satisfactory to the Depository and
 7 Bank, to insure the aforesaid first lien interest;

8 (2) an opinion of counsel in form and substance
 9 satisfactory to the Depository and Bank to the effect
 10 that the Project is not within a Flood Hazard Area, as
 11 described in the Flood Disaster Protection Act of 1973
 12 and the National Flood Insurance Act of 1968, or proof
 13 of insurance as required by Section ____ of the
 14 Mortgage;

15 (3) such affidavits, certificates or other
 16 documents satisfactory to the Depository and Bank,
 17 evidencing approval of the Project by the South
 18 Carolina Department of Health and Environmental
 19 Control, together with two complete sets of plans and
 20 specifications of the Project and a building permit and
 21 all necessary governmental approvals;

22 (4) such affidavits, certificates or other
 23 documents satisfactory to the Depository and Bank
 24 evidencing that no written notice of any lien, right to
 25 lein or attachment upon, or claim affecting the right
 26 to receive payment of, any of the moneys payable under
 27 such requisition to any of the persons, firms or
 28 corporations named therein has been received, or if any

2 notice of any such lien, attachment or claim has been
3 received, such lien, attachment or claim has been
4 released or discharged or will be released or
5 discharged upon payment of the requisition;

6 (5) a survey of the land included in the Project,
7 showing the location of the Project, satisfactory to
8 the County, Bank, Depository and the title company;

9 (6) original policies or certificates of
10 insurance required in Section ___ of the Mortgage;

11 (7) a certificate addressed to the County,
12 Depository and Bank by the Architect stating that the
13 plans and specifications for the project, listed in
14 detail, conform to all applicable building, zoning and
15 other laws, together with a statement from such
16 architect or engineer that the County, the Depository
17 or the Bank may use, without additional cost, said
18 plans and specifications to complete the Project in the
19 event the County, the Depository, or Bank acquire
20 possession of the Project as a result of foreclosure or
21 otherwise;

22 (8) such affidavits and searches, including
23 initial plot plan, continuation surveys, survey showing
24 foundation in place, and final survey, and such
25 stipulations, subordinations, releases and discharges
26 (including without limitation the posting of surety
27 bonds) of mechanic's and materialmen's notices, claims,

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liens, lien rights and stop notices as the purchaser may require with respect to the particular requisition;

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(9) an inspection of the Project by an Independent Architect, and the payment by the Company of such architect's or inspector's fees and the submission by such engineering firm of a certificate of the value of the work-in-place and the amount needed to complete the construction of the Project in the opinion of said architect;

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(10) a certification by the general contractor for the Project that it has paid all amounts due to its subcontractors and material suppliers for work and material covered by such requisition;

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(11) prior to final disbursement, a final possession survey satisfactory to the Bank and its counsel;

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(12) prior to final disbursement, evidence satisfactory to the Bank and its counsel that all costs of the improvement have been fully paid, which evidence may include releases of mechanic's and similar liens by all contractors and materialmen who supplied work, labor, services or materials in connection with the improvement; and

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(13) a certification to the County, Bank and Depository of an Independent Architect that all improvements have been completed in accordance with the plans and specifications prepared by such architect

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2 which were submitted to and approved by the County,
3 Bank and Depository; and

4 (14) prior to the disbursement for the acquisition
5 of Equipment, the Company shall furnish to the
6 Depository and Bank invoices for such Equipment,
7 together with a certification as to whether such
8 Equipment is intended for immediate installation, and
9 together with appropriate financing statements signed
10 by the Company, as debtor, describing such Equipment in
11 detail; the Bank, as secured party, and such other
12 documents as are required in the Requisition Form;
13 provided, however, that any on-site delivery of
14 Equipment not intended for immediate installation
15 shall not be for more than \$_____, and in no event
16 shall the cost of uninstalled Equipment paid for exceed
17 the said stated sum at any time; also, the total amount
18 of disbursements for equipment for the Project shall
19 not exceed \$_____; and

20 (15) such additional documents, affidavits, or
21 certificates, as the County, the Depository or the Bank
22 may require, to insure compliance with the above
23 sections.

24 (D) There shall also be retained in the Construction
25 Fund a holdback equal to ten per centum (10%) of each sum
26 requisitioned until the final requisition for payment of
27 construction costs of the Project, exclusive of any
28 professional fees and charges, provided, however, that at

2 all times there shall be retained by the Depository an
3 amount sufficient to complete the construction of the
4 Project in the opinion of an Independent Architect. Final
5 disbursement shall be made subject to the approval of the
6 Depository and Bank, that the Project has been completed.
7 Said holdback shall be disbursed from the Construction Fund
8 upon compliance with the preceding terms and conditions of
9 this Section and:

10 (1) the execution and filing of the Contractor's
11 Completion Certificate; and

12 (2) the execution and filing of the Company's
13 Completion Certificate.

14 (E) Each requisition for Equipment must be accompanied
15 by proof of purchase and invoices and also by financing
16 statements on Form UCC-1, executed by Company, as debtor and
17 naming the Bank as secured party describing the Equipment in
18 detail, including serial number.

19 (F) Nothing contained herein or in any other documents
20 and agreements contemplated hereby or executed approximately
21 simultaneously herewith shall impose upon the Depository or
22 the County or the Bank any obligation to see to the proper
23 application of such payments by the Company, the General
24 contractor or subcontractors and, in making such
25 disbursements from the Construction Fund the Depository may
26 rely on such requisitions and proof delivered to it and the
27 Trustee shall be relieved of any liability with respect to
28 making such disbursements in accordance with the foregoing.

2 ^(C) All moneys remaining in the Construction Fund
3 after the Completion Date and after payment in full of the
4 Project Costs (or after making provision for the payment
5 thereof) shall be used to prepay the Note in accordance with
6 the provisions of the Note Ordinance on the earliest
7 possible date permitted by the Note Ordinance.

8 SECTION 3.4. Depository May Rely on Order of Author-
9 ized Company Representative. The Depository may honor with-
10 drawals upon the signature of the Authorized Company
11 Representative and shall have no further liability with
12 respect to payments made in accordance with such order.

13 SECTION 3.5. Establishment of Completion Date. (A)
14 Completion of the Project shall be evidenced to the
15 Depository, the Bank and the County by a certificate signed
16 by the Authorized Company Representative and Architect
17 stating that the Project and all facilities necessary in
18 connection therewith have been acquired, constructed and
19 installed substantially in accordance with the
20 specifications therefor and payment of all Project Costs or
21 provision for such payment has been made. Notwithstanding
22 the foregoing, such certificate may state that it is given
23 without prejudice to any rights against third parties which
24 exist at the date of such certificate or which may
25 subsequently come into being. It shall be the duty of the
26 Company to cause the certificate contemplated by this
27 Section 3.5 to be furnished as soon as practicable after the
28 Project shall have been completed.

2 SECTION 3.6. Company Required to Pay Project Costs in
3 Event Construction Fund Insufficient. In the event the
4 moneys in the Construction Fund available for payment of the
5 Project Costs shall not be sufficient to pay such Project
6 Costs in full, the Company agrees to complete the
7 acquisition, construction and installation of the Project
8 free of all liens and encumbrances and to pay out of its own
9 funds all that portion of the the Project Costs as may be in
10 excess of the moneys in the Construction Fund. The County
11 does not make any warranty, either express or implied, that
12 the moneys which will be paid into the Construction Fund and
13 which, under the provisions of this Agreement, will be
14 available for payment of the Project Costs will be
15 sufficient to pay all the costs which will be incurred in
16 that connection. The Company agrees that if after
17 exhaustion of the moneys in the Construction Fund the
18 Company should pay any portion of the Project Costs pursuant
19 to the provisions of this Section, it shall not be entitled
20 to any reimbursement therefor from the County or from the
21 Bank, nor shall it be entitled to any postponement,
22 abatement or diminution of the amounts payable under Section
23 4.3 hereof. The obligation of the Company to complete the
24 Project shall survive any termination of this Agreement.

25 SECTION 3.7. Authorized Company Representative and
26 Successors. The Company shall designate, in the manner pre-
27 scribed in Section 1.2 hereof, the Authorized Company
28 Representative. In the event that any person so designated

2 hereunder and his alternate or alternates, if any, should
3 become unavailable or unable to take any action or make any
4 certificate provided for or required in this Agreement, a
5 successor shall be appointed in the same manner.

6 SECTION 3.8. Enforcement of Remedies Against Contrac-
7 tors and Subcontractors and Their Sureties. The Company
8 covenants that it will take such action and institute such
9 proceedings as shall be necessary to cause and require all
10 contractors and material suppliers to complete their
11 contracts diligently in accordance with the terms of said
12 contracts, including, without limitation, the correcting of
13 any defective work, with all expenses incurred by Company in
14 connection with the performance of its obligations under
15 this Section 3.8 to be considered part of the Project Costs
16 referred to in Section 3.3(A)(7) hereof and to insure the
17 installation of machinery and Equipment in accordance with
18 any applicable contract pertaining thereto and the peaceable
19 and quiet enjoyment of the Project for the Loan Term, and
20 the County agrees that the Company may take such action as
21 may be necessary or advisable, as determined by the Company,
22 to insure the performance by the County of all covenants and
23 obligations of the County under this Agreement, with all
24 costs and expenses incurred by the Company in connection
25 therewith to be considered as part of the Project Costs
26 referred to in Section 3.3(A)(7) hereof.

27 SECTION 3.9. Investment of Construction Fund Moneys
28 Permitted - Limitation on Investments. (A) Any moneys held

2 as a part of the Construction Fund and not required for
3 immediate disbursement and withdrawal shall at the direction
4 of the Authorized Company Representative (which direction
5 may be oral, but, if oral, shall be promptly confirmed in
6 writing) be invested or reinvested by the Depository for the
7 account of the Company in: direct obligations of, or
8 obligations guaranteed by, the United States of America, or
9 obligations of the Federal National Mortgage Association,
10 the Federal Intermediate Credit Banks, Federal Banks for
11 Cooperatives, Federal Land Banks, Federal Home Loan Banks,
12 Government National Mortgage Association, Export-Import Bank
13 of the United States, United States Postal Service,
14 Tennessee Valley Authority or any other agency or
15 corporation which is or may hereafter be created by or
16 pursuant to an Act of the Congress of the United States as
17 an agency or instrumentality thereof; or direct obligations
18 of, or obligations guaranteed by, any state of the United
19 States that are rated, at least AA (or equivalent) by either
20 Moody's Investors Service, Inc. or Standard & Poor's
21 Corporation; or Public Housing Bonds, or Project Notes,
22 fully secured by contracts with the United States; or
23 commercial or corporate or finance company paper rated
24 Prime-1 by Moody's Investors Service, Inc., or A-1 by
25 Standard & Poor's Corporation; or negotiable or
26 non-negotiable certificates of deposit or bankers
27 acceptances issued by or time deposits of the Depository, or
28 by any bank, trust company or national banking association

2 which is a member of the Federal Reserve System and which
3 has a capital stock and undivided profits aggregating at
4 least \$100,000,000,

5 (B) The Company further covenants and agrees that:

6 (1) It will not, and it will not direct the
7 Depository to, make investments which cause the Note to
8 be an "arbitrage bond" within the meaning of Section
9 103(c)(2) of the Code and the applicable Treasury
10 Regulations issued or proposed thereunder; and

11 (2) It will furnish to the County accurate
12 information necessary to enable the appropriate County
13 officers and bond counsel to make any certifications
14 which might be required under the applicable Treasury
15 Regulations under Section 103(c)(2) of the Code.

16 Any investment of the Construction Fund made at the
17 Company's direction shall be at its risk and Bank shall have
18 no responsibility or liability for any loss incurred thereby
19 or for any loss upon the liquidation of any investment
20 (which the Bank is hereby authorized to make) necessary to
21 provide funds for the payment of any requisition under
22 Section 3.3.

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ARTICLE IV

3

EFFECTIVE DATE AND DURATION OF THIS AGREEMENT; REPAYMENT
PROVISIONS; UNCONDITIONAL OBLIGATION OF THE COMPANY

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SECTION 4.1. Effective Date and Duration of this

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Agreement. This Agreement and the covenants of the Company

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hereunder shall become effective upon the delivery hereof

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and shall expire when the Note and all amounts due or to

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become due under this Agreement and the Mortgage shall have

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been fully paid; provided, however, that the obligations of

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the Company to make any payment by reason of the occurrence

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of an Event of Taxability shall survive any expiration of

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this Agreement, and shall continue in force and effect until

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the expiration of all applicable statutes of limitation

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governing the assertion of any tax liability relating to

16

such Event of Taxability.

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SECTION 4.2. The Loan. The County agrees, upon the

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terms and conditions in this Agreement, to lend to the

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Company the proceeds received by the County from the

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issuance and delivery of the Note by depositing such

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proceeds in the Construction Fund. Such proceeds shall be

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thereafter invested and disbursed in accordance with the

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provision of this Agreement and the Note Ordinance.

24

SECTION 4.3. Repayment of the Loan. (A) The Company

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hereby promises to repay the loan by paying to the Bank, for

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the account of the County, on or before each payment date of

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the Note until the principal of and interest on the Note

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shall have been fully paid, a sum equal to the amount

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2 payable on such date as principal of and interest on and any
3 and all other amounts payable under or in respect of the
4 Note (whether at maturity, by acceleration or by prepayment)
5 in accordance with the terms of the Note and the Note
6 Ordinance and in Federal or other immediately available
7 funds; provided that any amount at any time paid to the Bank
8 in accordance with the provisions hereof to the extent such
9 amount is in excess of the amount required for such payments
10 theretofore due shall be applied against the principal
11 installments of the Note in the inverse order of maturity.
12 It is the intent hereof that payments by the Company shall
13 correspond to and at all times be not less than payments
14 then due on the Note.

15 (B) In the event the Company shall fail to make any of
16 the payments required in this Section 4.3, the item or
17 installment so unpaid shall continue as an obligation of the
18 Company until such amount shall have been fully paid, and
19 the Company agrees to pay the same with interest thereon
20 from the date of such failure at the Penalty Rate until
21 fully paid.

22 (C) For all purposes of this Loan Agreement, the Note,
23 the Mortgage, the Note Ordinance and all related papers, any
24 payments required to be made by the Company pursuant to
25 Section 65.(C) shall be also deemed payments required under
26 this Section.

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2 SECTION 4.4. Payment of Depository's Fees and
3 Expenses. (A) The Company agrees to pay to the Depository
4 its fees determined in accordance with its standard fee
5 schedule as in effect from to time and the ordinary expenses
6 incurred by it under the Note Ordinance, as and when the
7 same become due; provided, that any payment made to the
8 Depository hereunder shall not adversely affect the right of
9 the Company to later contest the reasonableness or necessity
10 for such payment.

11 (B) In the event the Company shall fail to make any of
12 the payments required by subsection (A) of this Section, the
13 item or installment so unpaid shall continue as an
14 obligation of the Company until such amount shall have been
15 fully paid, and the Company agrees to pay the same with
16 interest thereon from the date of such failure at the
17 Penalty Rate until fully paid.

18 SECTION 4.5. Place of Loan Repayments. The loan
19 repayments provided for in Section 4.3 hereof shall be paid
20 directly to the Bank at its office at 350 Fifth Avenue in
21 New York, New York.

22 SECTION 4.6. Obligation of the Company Hereunder
23 Unconditional. (A) The obligation of the Company to make
24 the payments required in Section 4.3 hereof and to perform
25 and observe the other agreements on its part contained
26 herein shall be absolute and unconditional irrespective of
27 any defense or any rights of set-off, recoupment, or
28 counterclaim, and the Company shall pay absolutely net

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2 during the Loan Term the payments prescribed in Section 4.3
3 hereof and all payments required hereunder free of any
4 deductions and without postponement, abatement or
5 diminution; and until such time as the principal of and
6 interest on the Note shall have been fully paid or
7 provisions for the payment thereof shall have been made in
8 accordance therewith, the Company shall not suspend or
9 discontinue any payments provided for in Section 4.3 hereof
10 and shall perform and observe all of its other agreements
11 contained in this Agreement and the Mortgage.

12 (B) Nothing contained in this Section shall be
13 construed to release the County from the performance of any
14 of the agreements on its part herein contained, and in the
15 event the County shall fail to perform any such agreement on
16 its part, the Company may institute such action against the
17 County as the Company may deem necessary to compel
18 performance so long as such action does not abrogate the
19 Company's obligations contained in the first sentence of
20 subsection (A) of this Section.

21 Section 4.7. Prepayment of the Note. The County, at
22 any time, but only upon the written request of the Company,
23 shall forthwith take all steps that may be necessary under
24 the applicable prepayment provisions of the Note Ordinance
25 and the Note to effect prepayment of all or part of the
26 Note, as may be specified by the Company.

27 SECTION 4.8. Prepayment of the Loan. There is
28 expressly reserved to the Company the right, and the Company

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2 is authorized and permitted, at any time it may choose, to
3 prepay all or any part of the amounts payable under Section
4 4.3 hereof, and the County agrees that the Bank may accept
5 such prepayments when the same are tendered by the Company.
6 All such amounts so prepaid shall be credited to the
7 payments specified in Section 4.3 hereof, in the inverse
8 order of their due dates.

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ARTICLE V

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OPERATION, MAINTENANCE AND INSURANCE; LEASING

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SECTION 5.1. Operation and Maintenance of the Project

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by the Company; Insurance. The Company agrees that during

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the Loan Term it will, at its own expense, keep the Project

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in good repair and in good operating condition, making from

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time to time all necessary repairs thereto and renewals and

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replacements thereof and, also its own expense, keep the

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Project properly insured as may be reasonably required by

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the Bank.

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SECTION 5.2. Leasing. (A) The Project may be leased

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as a whole or in part by the Company without the necessity

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of obtaining the consent of the County, but only with the

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prior written consent of the Bank, which consent shall not

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be unreasonably withheld, subject, however, to each of the

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following conditions:

18

(1) No leasing shall relieve the Company from

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primary liability for any of its obligations hereunder,

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and in the event of any such leasing the Company shall

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continue to remain primarily liable for payment of the

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amounts specified in Section 4.3 hereof and for

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performance and observance of the other agreements on

24

its part herein or in the Mortgage provided to be

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performed and observed by it;^

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(2) The Company shall, within thirty (30) days

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after the delivery thereof, furnish or cause to be

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2 furnished to the County and to the Bank a true and
3 complete copy of such lease; and

4 (3) There is delivered to the Bank, prior to any
5 such leasing, the opinion of recognized bond counsel
6 that such leasing will not prejudice the tax-exempt
7 nature of the Bond.

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ARTICLE VI

3

SPECIAL COVENANTS

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SECTION 6.1. No Warranty of Condition or Suitability

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by the County. Neither the Bank nor the County makes any

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warranty, either express or implied, as to the condition of

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the Project or that it will be suitable for the Company's

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purposes or needs.

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SECTION 6.2. County's and Bank's Right of Access to

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the Project. The Company agrees that the County, the Bank

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and the duly authorized agents of each shall have the right

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at all reasonable times to enter upon the Land to examine

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and inspect the Project. The Company further agrees that

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the County, the Bank and the duly authorized agents of each

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shall have such rights of access to the Project as may be

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reasonably necessary to enable them to provide for the

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proper maintenance (for the account of the Company) of the

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Project in the event of the failure by the Company to

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perform its obligations under Section 5.1 hereof. Any

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amounts so advanced by the County or the Bank shall be

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payable by the Company on demand with interest at the

22

maximum lawful rate.

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SECTION 6.3. Company to Maintain its Existence;

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Conditions Under Which Exceptions Permitted. The Company

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agrees that during the Loan Term it will not terminate,

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dissolve or otherwise dispose of all or a substantial part

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of its assets without the prior written consent of the Bank;

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provided, that with the Bank's prior written consent the

2 Company may, without violating the agreement contained in
3 this Section, sell or otherwise transfer to another person
4 all or substantially all of its assets and thereafter
5 terminate or dissolve, provided the surviving, resulting or
6 transferee entity, as the case may be, (the "Survivor")
7 assumes in writing (in form and substance satisfactory to
8 the Bank) all of the obligations and covenants of the
9 Company hereunder and provided further that the tangible net
10 worth (as determined by the Bank) of the Survivor shall not
11 be less than that of the Company immediately prior to such
12 sale or transfer; provided further that such sale or
13 transfer does not prejudice the Guaranty or the tax-exempt
14 nature of the Bank.

15 SECTION 6.4. Good Standing. The Company warrants that
16 it is, and throughout the Loan Term it will continue to be,
17 duly qualified to do business and in good standing under the
18 laws of the State and in each jurisdiction in which the
19 failure to do so would materially adversely affect its
20 business or financial condition.

21 SECTION 6.5. Indemnification Covenants. (A) The
22 Company shall, and hereby agrees to, indemnify and save the
23 County, the Bank and the Depositary harmless against and
24 from all liability, loss, damage and expense (including
25 without limitation attorney's fees) and all claims, or any
26 action or proceeding brought thereon, by or on behalf of any
27 person arising from the ownership, conduct or management of,
28 or from any work or thing done or failed to be done on, the

2 Project during the Loan Term and against and from all
3 claims, or any action or proceeding brought thereon or in
4 connection therewith, arising during the Loan Term from:

5 (1) Any condition of the Project;

6 (2) Any breach or default on the part of the
7 Company in the performance of any of its obligations
8 hereunder or under the Mortgage;

9 (3) Any act of negligence or wilful misconduct of
10 the Company or of any of its agents, contractors,
11 servants, employees or licensees with respect to the
12 Project; and

13 (4) Any claim otherwise arising in connection
14 herewith or the transactions contemplated hereby or in
15 connection with the Project.

16 (B) Upon notice from the County, the Bank or the
17 Depository, the Company, at its own costs and expense, shall
18 defend them or any of them against any claim described in
19 subsection (A) of this Section, or any action or proceeding
20 brought thereon, but nothing hereon shall preclude the
21 County or the Bank from participating in such defense by
22 course of their own choice.

23 (C) In addition, and in addition to other amounts
24 payable under the Note by reason of any Event of Taxability
25 (as defined in the Note Ordinance) upon demand by the Bank
26 there shall be paid to it (1) an amount which, net of and
27 after giving effect to all taxes or other charges required
28 to be paid by it attributable to or in respect of the

2 inclusion of interest on the Note in its gross income or
3 because of the alteration by reason of the receipt or
4 accrual of such interest by it of its method or methods in
5 allocating or calculating Federal or State income tax
6 deductions or credits or because of the inclusion of such
7 interest as a tax preference item or the imposition of a
8 minimum tax by reason of such interest or because Federal or
9 State income taxes shall otherwise have become payable
10 directly or indirectly for any other reason arising out of
11 the receipt or accrual of interest on the Note or by reason
12 of holding the Note under the laws or regulations of any
13 Federal or State government or other taxing authority (such
14 taxes to be calculated at the maximum statutory rate
15 applicable to the Bank after taking into account deductions
16 attributable to the payment of State taxes), shall be equal
17 to the amount of any interest, penalties, fines or additions
18 to Federal or State income tax, not deductible for Federal
19 income tax purposes, which are payable by the Bank in
20 connection with an Event of Taxability (as defined in the
21 Note Ordinance); (2) the amount of any interest, penalties,
22 fines or additions to Federal or State income tax,
23 deductible for Federal income tax purposes which are payable
24 by the Bank in connection with the applicable Event of
25 Taxability; plus (3) the amount of any income and franchises
26 taxes and interest thereon and penalties related thereto
27 asserted by the State of South Carolina to be due as a
28 result of interest on the Note becoming subject to any

2 income or franchise taxes imposed by the State of South
3 Carolina or any political subdivision thereof. The amounts
4 payable pursuant to the preceding sentence shall be paid to
5 the Bank irrespective of whether the Bank has then paid any
6 additional amounts to any Federal or State taxing authority
7 because of an Event of Taxability, if any written assertion
8 (including, without limitation, an agent's report or notice
9 of additional tax due) of any additional amounts due shall
10 then have been made by any such authority. Any or all such
11 interest penalties, fines or additions to tax levied or
12 assessed against the Bank shall be evidenced by certificates
13 submitted by the Bank to the Company. Any such certificate
14 shall be binding and conclusive, in the absence of manifest
15 error.

16 SECTION 6.6. Financial Reports. During the Loan Term
17 the Company shall provide to the Bank the following:

18 (A) Within one hundred twenty (120) days after the
19 close of the Company's fiscal year, beginning with fiscal
20 year 1983, an audited balance sheet and statements of
21 income, retained earnings and changes in financial position,
22 all on a consolidated basis, if the Company has any
23 subsidiaries (and accompanied by consolidating figures which
24 may be unaudited), showing the financial condition of the
25 Company at the close of such fiscal year and the results of
26 operations of the Company for such fiscal year, prepared in
27 conformity with generally accepted accounting principles,
28 applied on a basis consistent with that of the preceding

2 year, or containing disclosures of the effect on financial
3 position or results of operations of any change in the
4 application of accounting principles during the year, and
5 accompanied by a report thereon, containing an opinion which
6 is unqualified as to scope limitations imposed by the
7 Company, of a firm of independent certified public
8 accountants selected by the Company and acceptable to the
9 Bank; such statement shall be accompanied by a statement
10 from such firm of independent certified public accountants
11 that, in making its examination of the [^]financial statements
12 of the Company, it obtained no knowledge of any event of
13 default by the Company in the fulfillment of any of the
14 terms, covenants, provisions or conditions of this
15 Agreement, the Mortgage or any other document executed by
16 the Company in connection herewith, [^]or of any event which,
17 after notice by the Bank, or lapse of time, or both, would
18 constitute such an event of default, or a statement
19 specifying the nature and period of existence of conditions
20 or event disclosed by its examination;

21 (B) Within forty-five (45) days after the [^]and of the
22 second fiscal quarter during the Loan Term, a balance sheet
23 and a statement of income, both on a consolidated basis and
24 accompanied by consolidating figures, showing the financial
25 condition of the Company at the [^]end of such second fiscal
26 quarter and the results of operations of the Company for
27 such period certified by the chief financial officer of the

2 Company, which balance sheet and statement of income may be
3 unaudited;

4 (C) At the time of delivery of the reports and
5 statements described in (A) above, a certificate of the
6 chief executive and chief financial officer of the Company
7 that there exists no Event of Default under this Agreement,
8 the Mortgage or any other agreement associated herewith or
9 therewith or any event which with notice or lapse of time or
10 both, would constitute such an Event of Default;

11 (D) Such other information as the Bank may reasonably
12 request; and

13 (E) Prompt notice of the occurrence of any event of
14 default hereunder or any event likely to create an event of
15 default hereunder.

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ARTICLE VII

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EVENTS OF DEFAULT AND REMEDIES

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SECTION 7.1. Events of Default Defined. The following

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shall be "events of default" under this Agreement, and the term "event of default" or "default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

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(A) Failure by the Company to pay the amounts required to be paid under Section 4.3 hereof or any other Section hereof at the times specified therein;

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(B) Any material representation or warranty of the Company contained in this Agreement or the Mortgage or in any certificate or other instrument delivered under or pursuant to any provision of this Agreement or in connection with the financing of the Project shall prove to have been false or incorrect in any material respect at the time it was made;

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(C) Failure by the Company to observe or perform any covenant, condition or agreement (other than as referred to in subsection (A) of this Section) in this Agreement or in the Mortgage on the part of the Company to be observed or performed, for a period of thirty (30) days after receipt by the Company of written notice from the County or the Bank specifying such failure and requesting that it be remedied;

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(D) Failure by the Company to pay any other debt in excess of \$50,000 for borrowed money or the deferred purchase price of property or the breach of an agreement

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2 creating such a debt if such breach gives the holder of such
3 debt or a trustee the right to accelerate, or any such
4 amount is not paid when due, unless the failure or breach
5 has been waived in writing by the holder of such debt or the
6 Company provides the County and the Bank with an opinion of
7 counsel acceptable to the Bank which is satisfactory in form
8 and substance to the Bank to the effect that the Company is
9 actively contesting payment and has a meritorious defense in
10 connection therewith;

11 (E) The filing of a petition against the Company
12 seeking reorganization, arrangement, adjustment or
13 composition of or in respect of the Company under the
14 federal Bankruptcy Code or any other applicable federal or
15 state law, the appointment of a receiver, liquidator,
16 assignee, trustee, sequestrator (or other similar official)
17 of the Company or of any substantial part of its property or
18 the ordering of the winding up or liquidation of the
19 Company's affairs and the continuance of any such proceeding
20 or order undismissed or unstayed for a period of sixty (60)
21 consecutive days;

22 (F) The institution by the Company of any case or
23 proceedings to under any Federal or state bankruptcy or
24 insolvency law seeking any relief or to be adjudicated a
25 bankrupt or insolvent, or the consent by it to the
26 institution of bankruptcy or insolvency proceedings against
27 it, or the filing by it of a petition or answer or consent
28 seeking reorganization or relief under the federal

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2 Bankruptcy Code or any other applicable federal or state
3 law, or consent by it to the filing of any such petition, or
4 to the appointment of a receiver, liquidator, assignee,
5 trustee, sequestrator (or other similar official) of the
6 Company or of any substantial part of its property, or the
7 making by it of an assignment for the benefit of creditors,
8 or the admission by it in writing of its inability to pay
9 its debts generally as they become due, or the taking of
10 official action by the Company in furtherance of any such
11 action, or if the Company shall generally fail to pay its
12 debts as they mature; or

13 (G) The occurrence of an Event of Default under the
14 Guarantee Agreement or an event of default under the
15 Mortgage.

16 SECTION 7.2. Remedies on Default. (A) Whenever any
17 event of default referred to in Section 7.1 hereof shall
18 have occurred, the County or the Bank may take any one or
19 more of the following remedial steps; provided, however,
20 that upon the occurrence of any event of default referred to
21 in subsection (E) or (F) of Section 7.1 hereof, all amounts
22 payable under Section 4.3 hereof for the remainder of the
23 Loan Term shall become immediately due and payable without
24 any further act or action on the part of the County or the
25 Bank, and the County or the Bank may thereupon take any one
26 or more of the remedial steps set forth in items (2) to (4),
27 inclusive, of this subsection:

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2 (1) Declare all amounts payable under Section 4.3
3 hereof for the remainder of the Loan Term to be
4 immediately due and payable, whereupon the same shall
5 become immediately due and payable;

6 (2) In the event any amount shall at the time be
7 outstanding and unpaid on the Note, have access to and
8 inspect, examine and make copies of the books and
9 records and any and all accounts, similar data and
10 income tax and other tax returns of the Company;

11 (3) Exercise any rights and remedies available
12 under the Uniform Commercial Code of the State as is
13 then in effect; or

14 (4) Take whatever action at law or in equity may
15 appear necessary or desirable to collect the loan
16 repayments and other amounts due and thereafter to
17 become due or to enforce performance and observance of
18 any obligation, agreement or covenant of the Company
19 under this Agreement.

20 (B) Any amounts collected pursuant to action taken
21 under this Section by the County or the Bank shall be paid
22 directly to the Bank and applied to payment of the Note to
23 be applied first against the cost of collection, second
24 against any accrued and unpaid interest, and against the
25 principal installments of the Note in the inverse order of
26 maturity, and then against any other amounts payable
27 hereunder under the Note or if the Note and all other
28 amounts due under this Agreement and the Mortgage have been

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2 fully paid, to the Company, subject to any provision of
3 applicable law.

4 (C) Except to the extent of any such collection which
5 is final and indefeasible, no action taken pursuant to this
6 Section shall relieve the Company from its obligations
7 pursuant to Section 4.3, 6.5, 6.6 and 7.3 hereof, all of
8 which obligations shall survive any such action, and the
9 County or the Bank may take whatever action at law or in
10 equity as may appear necessary and desirable to collect the
11 loan payments and other amounts then due and thereafter to
12 to become due and/or to enforce the performance and
13 observance of any agreement or covenant of the Company
14 hereunder.

15 (D) If an event of default shall have occurred and the
16 Bank shall have declared all amounts payable under Section
17 4.3 hereof to be immediately due and payable, all moneys
18 held in the Construction Fund at the time of such
19 declaration shall be applied to the payment of the
20 obligations of the Company hereunder, and the Depository may
21 sell any investments held in the Construction Fund and apply
22 the proceeds to the payment of the obligations of the
23 Company hereunder.

24 SECTION 7.3. No Remedy Exclusive. No remedy herein
25 conferred upon or reserved to the County or the Bank is
26 intended to be exclusive of any other available remedy or
27 remedies, but each and every such remedy shall be cumulative
28 and shall be in addition to every other remedy given under

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2 this Agreement or now or hereafter existing at law or in
3 equity or by statute. No delay or omission to exercise any
4 right or power accruing upon any default shall impair any
5 such right or power or shall be construed to be a waiver
6 thereof, but any such right and power may be exercised from
7 time to time and as often as may be deemed expedient. In
8 order to entitle the County or the Bank to exercise any
9 remedy reserved to it in this Article, it shall not be
10 necessary to give any notice, other than such notice as may
11 be herein expressly required.

12 SECTION 7.4. Agreement to Pay Attorneys' Fees and
13 Other Expenses. In the event the Company should default
14 under any of the provisions of this Agreement or the
15 Mortgage and the County or the Bank should employ attorneys
16 or incur other expenses for the collection of rent or the
17 enforcement of performance or observance of any obligation
18 or agreement on the part of the Company herein contained, or
19 should the County or the Bank incur any expense with respect
20 to any obligation of the Company under any other provision
21 hereunder, the Company agrees that it will on demand
22 therefor pay to the County or the Bank the reasonable fee of
23 such attorneys and such other reasonable expenses so
24 incurred by the County or the Bank.

25 SECTION 7.5. No Additional Waiver Implied by One
26 Waiver. In the event any agreement contained in this Agree-
27 ment should be breached by any party and thereafter waived
28 by the other parties, such waiver shall be limited to the

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2 particular breach so waived and shall not be deemed to waive
3 any other breach hereunder.

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2 ARTICLE VIII

3 OPTION IN FAVOR OF THE COMPANY

4 SECTION 8.1. Option to Terminate. The Company shall
5 have, and is hereby granted, the option to terminate the
6 Loan Term and its obligations hereunder at any time prior to
7 full payment of the Note by paying to the Bank an amount
8 which will be sufficient to pay and retire the Note in
9 accordance with its provisions (including, without limiting
10 the generality of the foregoing, principal and interest to
11 the prepayment date and fees and expenses, if any, of the
12 Depository and the Bank) and by giving the County notice in
13 writing of such termination, and such termination shall
14 forthwith become effective; provided, however, that the
15 obligations of the Company to make any payment by reason of
16 an Event of Taxability (as defined in the Note Ordinance)
17 shall nevertheless survive forever by such termination.

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ARTICLE IX

MISCELLANEOUS

SECTION 9.1. Notices. (A) All notices, certificates or other communications hereunder shall be in writing and shall be deemed to have been given when mailed by certified mail, postage prepaid, addressed as follows:

(1) If to the County, to Spartanburg County, South Carolina, c/o Spartanburg County Council, Spartanburg County Courthouse, Spartanburg, South Carolina 29301 (Attention: County Administrator);

(2) If to the Company, to Bold Enterprises, Inc., c/o Jaffe, Schneider and Conrad, 350 Madison Avenue, New York (Attention: Harry Schneider);

(3) If to the Bank, to Bankers Trust Company, 350 Fifth Avenue, New York, New York 10118 (Attention: Jane A. Green, Vice President); and

(4) If to the Depository, to Bankers Trust Company, 350 Fifth Avenue, New York, New York 10118 (Attention: Jane A. Green, Vice President).

(B) Duplicate copies of each notice, certificate or other communication given hereunder by the County, the Company, the Bank or the Depository to one or all of the others shall also be given to the others.

(C) The County, the Company and the Bank may, by giving notice to all parties to this Agreement, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

2 SECTION 9.2. Filing. (A) The pledge of revenues
3 effected by the Note Ordinance shall be perfected by the
4 filing of a financing statement which fully complies with
5 the South Carolina Uniform Commercial Code - Secured
6 Transactions.

7 (B) The parties agree that all necessary continuation
8 statements shall be filed by the Company and may be filed by
9 the Bank within the time prescribed by the South Carolina
10 Uniform Commercial Code - Secured Transactions, in order to
11 continue the pledge of revenues effected by the Note
12 Ordinance, to the end that the rights of the Bank shall be
13 fully preserved as against creditors of, or purchasers for
14 value from, the County.

15 SECTION 9.3. Binding Effect. This Agreement shall
16 inure to the benefit of and shall be binding upon the County
17 and the Company and their respective successors and assigns.
18 Such rights and remedies as are given the County hereunder
19 may be pursued on its behalf by the Bank, or by the Bank as
20 assignee in its own name, except such rights and remedies
21 which are expressly reserved exclusively to the County in
22 the Assignment. The Bank, as assignee of the County, shall
23 be entitled to the benefit of all covenants and agreements
24 herein contained.

25 SECTION 9.4. Immunity of Officers and Employees of the
26 County. No recourse shall be had for the enforcement of any
27 obligation, covenant, promise or agreement of the County
28 contained in this Agreement or the Note, against any officer

2 or employee, as such, in his or her individual capacity,
3 past, present or future, of the County, either directly or
4 through the County, whether by virtue of any constitutional
5 provision, statute or rule of law, or by the enforcement of
6 any assessment or penalty or otherwise, it being expressly
7 agreed and understood that this Agreement and the Note are
8 solely corporate obligations, and that no personal liability
9 whatsoever shall attach to, or be incurred by, any officer
10 or employee as such, past, present or future, of the County,
11 either directly or by reason of any of the obligations,
12 covenants, promises, or agreements entered into between the
13 County and the Bank or the Company to be implied therefrom
14 as being supplemental hereto or thereto, and that all
15 personal liability of that character against every such
16 officer and employee is, by the execution of this Agreement
17 and the Note, and as a condition of, and as a part of the
18 consideration for, the execution of this Agreement and the
19 Note, expressly waived and released. The immunity of
20 officers and employees of the County under the provisions
21 contained in this Section shall survive the completion of
22 the Project and the termination of this Agreement.

23 SECTION 9.5. Severability. In the event any provision
24 of this Agreement shall be held invalid or unenforceable by
25 any court of competent jurisdiction, such holding shall not
26 invalidate or render unenforceable any other provision
27 hereof.

2 SECTION 9.6. Amendments, Changes, Modifications and
 3 Waivers. This Agreement may not be amended, changed, modi-
 4 fied, altered or terminated nor may the performance of any
 5 of the obligations of the parties hereunder be waived with-
 6 out in each instance the prior written consent of the Bank.

7 SECTION 9.7. Execution of Counterparts. This Agree-
 8 ment may be executed in several counterparts, each of which
 9 shall be an original and all of which shall constitute but
 10 one and the same instrument.

11 SECTION 9.8. Law Governing Construction of Agreement.
 12 This Agreement is prepared and entered into with the
 13 intention that the law of the State shall govern its
 14 construction.

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2 IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA,
 3 has caused these presents to be executed in its name and
 4 behalf by the County Administrator of Spartanburg County and
 5 the same to be attested by the Clerk of Spartanburg County
 6 Council and BOLD ENTERPRISES, INC. has caused these presents
 7 to be executed in its name and behalf by its President and
 8 the same to be attested by its Secretary, all being done as
 9 of the first day of _____, 1983.

10
11

SPARTANBURG COUNTY, SOUTH
CAROLINA

12
13
14

By _____
County Administrator of
Spartanburg County

15

(SEAL)

16

Attest:

17
18
19

By _____
Clerk, Spartanburg County
Council

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2

BOLD ENTERPRISES, INC.

3

By _____

4

President

5

(SEAL)

6

Attest:

7

By _____

8

Secretary

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EXHIBIT "A"

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DESCRIPTION OF THE LAND

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A - 1

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EXHIBIT "B"

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DESCRIPTION OF THE EQUIPMENT

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B - 1

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2 STATE OF SOUTH CAROLINA) ASSIGNMENT OF
 3)
 4 COUNTY OF SPARTANBURG) LOAN AGREEMENT

5 KNOW ALL MEN BY THESE PRESENTS, that SPARTANBURG
 6 COUNTY, SOUTH CAROLINA (the "County"), a body politic and
 7 corporate and a political subdivision of the State of South
 8 Carolina, in consideration of the sum of One Dollar (\$1.00)
 9 to it in hand paid at and before the sealing of these
 10 presents, the receipt of which is hereby acknowledged, has
 11 pledged, assigned, transferred and set over unto BANKERS
 12 TRUST COMPANY and its successors and assigns (the "Bank")
 13 all of the right, title and interest of the County in and to
 14 the foregoing Loan Agreement dated as of _____ 1, 1983,
 15 between the County and Bold Enterprises, Inc., including,
 16 without limitation, the right of the County to receive the
 17 Pledged Amounts under the Loan Agreement but excluding the
 18 County's right to receive payments pursuant to Sections 6.5
 19 and 7.4 thereof.

20 The parties agree that the pledge and assignment made
 21 hereby shall not subject the Bank to, or transfer or pass,
 22 or in any way affect or modify, any obligations of the
 23 County under the Loan Agreement, it being understood and
 24 agreed that all such obligations of the County shall be and
 25 remain enforceable only against the County.

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2 IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA,
3 has caused these presents to be executed in its name and
4 behalf by the County Administrator of Spartanburg County and
5 the same to be attested by the Clerk of Spartanburg County
6 Council, all being done as of the first day of _____, 1983.

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SPARTANBURG COUNTY, SOUTH
CAROLINA

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By _____
County Administrator of
Spartanburg County

12 (SEAL)

13 Attest:

14 By _____
15 Clerk, Spartanburg County
16 Council

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MORTGAGE AND SECURITY AGREEMENT

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EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

5

BOLD ENTERPRISES, INC.

6

TO

7

BANKERS TRUST COMPANY

8

9

relating to the

10

\$2,000,000

11

SPARTANBURG COUNTY, SOUTH CAROLINA,

12

INDUSTRIAL REVENUE NOTE,

13

SERIES 1983

14

(BOLD ENTERPRISES, INC. PROJECT)

15

16

DATED AS OF OCTOBER 1, 1983

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MORTGAGE AND SECURITY AGREEMENT

2

3 This MORTGAGE AND SECURITY AGREEMENT (the "Mortgage")
 4 dated as of October 1, 1983, between BOLD ENTERPRISES, INC.
 5 (the "Company"), a South Carolina corporation, and BANKERS
 6 TRUST COMPANY (the "Bank"), a New York banking corporation,
 7 a banking corporation duly organized and existing under the
 8 laws of the State of New York.

9 WHEREAS, the Company and Spartanburg County, South
 10 Carolina (the "County"), a body politic and corporate and a
 11 political subdivision of the State of South Carolina, have
 12 entered into a Loan Agreement (the "Loan Agreement") dated
 13 as of October 1, 1983, pursuant to which the County has
 14 agreed to lend to the Company the proceeds of the \$2,000,000
 15 Spartanburg County, South Carolina, Industrial Revenue Note,
 16 Series 1983 (Bold Enterprises, Inc. Project) (the "Note")
 17 dated the date of delivery thereof issued pursuant to
 18 Title 4, Chapter 29, Code of Laws of South Carolina 1976, as
 19 amended (the "Act") for the purpose of financing the
 20 acquisition, construction and installation of land,
 21 buildings, fixtures, machinery and equipment (the "Project")
 22 to constitute a warehouse and distribution center; and

23 WHEREAS, pursuant to an Assignment of Loan Agreement
 24 dated as of October 1, 1983, the County has assigned to the
 25 Bank, as security for the payment of the Note, the Pledged
 26 Amounts (hereafter defined) and certain rights and interests
 27 of the County in the Loan Agreement; and

2 WHEREAS, pursuant to a Guarantee and Indemnification
 3 Agreement (the "Guarantee Agreement") dated as of October 1,
 4 1983, between Shelburne Shirt Company, Inc. (the
 5 "Guarantor") and the Bank, the Guarantor has unconditionally
 6 guaranteed the full and prompt payment of the Note; and

7 WHEREAS, the Company as the owner of the Project, has
 8 agreed to grant a first mortgage lien on, and security
 9 interest, in the Project to the Bank to secure the
 10 obligations of the Company under the Loan Agreement and of
 11 the Guarantor under the Guarantee Agreement,

12 NOW, THEREFORE, in consideration of One Dollar (\$1.00)
 13 and other good and valuable consideration, the receipt and
 14 sufficiency of which is hereby acknowledged; in considera-
 15 tion of the purchase and acceptance of the Note by the Bank
 16 and to secure the due and punctual payment of all amounts
 17 required to be paid under the Note, the Loan Agreement and
 18 the Guarantee Agreement, the Company does hereby grant,
 19 bargain, sell, convey, and warrant and assign to the Bank,
 20 its successors and assigns, a mortgage lien on, and security
 21 interest in, and does hereby mortgage and grant unto the
 22 Bank, its successors and assigns, forever, with power of
 23 sale, the following:

24

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25 All of the Company's right, title and interest in and
 26 to the tracts, parcels and interests in the land (the
 27 "Land") described in Exhibit "A" hereto and the buildings,
 28 structures and other improvements now standing or at any

2 time hereafter constructed or placed upon the Land (the
3 "Building"), including but not limited to (i) all building
4 materials, supplies and equipment now or hereafter located
5 on the Land and suitable or intended to be incorporated in
6 any building, structure, or other improvement located or to
7 be erected on the Land, (ii) all heating, plumbing and
8 lighting apparatus, motors, engines and machinery, electrical
9 equipment, incinerator apparatus, air-conditioning equipment,
10 water and gas apparatus, pipes, faucets, and all other
11 fixtures of every description which are now or may hereafter
12 be placed or used upon the Land or in any building or
13 improvement now or hereafter located thereon and (iii) all
14 fixtures, additions, accessions, increases, parts, fittings,
15 accessories, replacements, substitutions, betterments,
16 repairs and proceeds to and of any and all of the foregoing
17 and (iv) all hereditaments, easements, appurtenances,
18 estates, and other rights and interests now or hereafter
19 belonging to or in anywise appertaining to the Land or to
20 any building or improvement now or hereafter located
21 thereon.

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II

23 All goods, equipment, machinery and other tangible
24 personal property (the "Equipment") now or hereafter located
25 in the Building or elsewhere on the Land and described in
26 Exhibit "B" hereto, including but not limited to (i) the
27 items of Equipment to be acquired, constructed or installed
28 as part of the Project and (ii) all additions, accessions,

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2 increases, parts, fittings, accessories, replacements,
3 substitutions, betterments, repairs and proceeds to and of
4 any and all such personal property, excluding any items
5 released or disposed of in accordance with the terms of this
6 Mortgage.

7

III

8

All cash and non-cash proceeds of the foregoing.

9

TO HAVE AND TO HOLD the Land, the Building and the
10 Equipment (the "Mortgaged Property"), together with all
11 privileges, hereditaments and appurtenances thereunto now or
12 hereafter belonging, or in anywise appertaining, and the
13 proceeds thereof, unto the Bank, its successors and assigns
14 forever.

15

AND the Company does hereby bind the Company's heirs,
16 successors, assigns, executors and administrators to procure
17 or execute any further necessary assurances of title to the
18 Mortgaged Property, the title to which is unencumbered, and
19 also to warrant and forever defend all and singular the
20 Mortgaged Property unto the Bank, its successors and assigns
21 from and against the Company and the Company's heirs,
22 successors, assigns, executors, administrators and all
23 persons lawfully or otherwise claiming the same or any part
24 thereof.

25

PROVIDED ALWAYS, NEVERTHELESS, and it is the true
26 intent and meaning of the parties to these presents, that if
27 the Company shall well and truly pay, or cause to be paid,
28 unto the Bank, its successors or assigns, the said debt or

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2 sum of money aforesaid, with interest thereon, if any shall
3 be due, according to the true intent and meaning of the
4 Note, the Loan Agreement and the Guarantee Agreement, then
5 this Mortgage shall cease, determine, and be utterly null
6 and void; otherwise it shall remain in full force and
7 virtue.

8 The Company and the Bank further agree as follows:

9 SECTION 1. Definitions. (A) Certain terms used in
10 this Mortgage are defined herein. When used herein, such
11 terms shall have the meanings given to them in this Section.
12 Terms used in this Mortgage not otherwise defined in this
13 Mortgage, but defined in the Loan Agreement shall have the
14 same meaning as in the Loan Agreement unless the context
15 clearly indicates a contrary meaning.

16 (B) "ASSIGNMENT" means the Assignment of Loan
17 Agreement dated as of October 1, 1983, from the County to
18 the Bank.

19 "AUTHORIZED COMPANY REPRESENTATIVE" means the person at
20 the time designated to act on behalf of the Company by
21 written certificate furnished to the County and the Bank
22 containing the specimen signature of such person and signed
23 on behalf of the Company by its President or any Vice
24 President. Such certificate may designate one or more
25 alternate representatives.

26 "BANK" means Bankers Trust Company, a New York banking
27 corporation as holder of the Note and this Mortgage, and its
28 successors and assigns.

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2 "COMPANY" means Bold Enterprises, Inc., a corporation
3 organized and existing under the laws of the State, its
4 successors and assigns and any surviving, resulting or
5 transferee entity.

6 "COUNTY" means Spartanburg County, South Carolina, and
7 its successors and assigns.

8 A"GUARANTEE AGREEMENT" means the AGuarantee and
9 Indemnification Agreement dated as of AOctober 1, 1983,
10 between the Guarantor and the Bank and any amendments
11 thereof or supplements thereto.

12 "GUARANTOR" means the Shelburne Shirt Company, Inc., a
13 corporation organized and existing under the laws of the
14 State of New York, its successors and assigns and any
15 surviving, resulting or transferee entity.

16 "INDEPENDENT COUNSEL" means an attorney duly admitted
17 to practice law before the highest court of any state and
18 not a full-time employee of the County and not an employee
19 of the Company or the Guarantor.

20 "INDEPENDENT ENGINEER" means a licensed architect or an
21 engineer or engineering firm registered and qualified to
22 practice the profession of engineering or architecture under
23 the laws of the State and who or which is not a full-time
24 employee of the County or an employee of the Company or the
25 Guarantor.

26 "LICENSED ENGINEER" means an engineer or engineering
27 firm registered and qualified to practice the profession of
28 engineering under the laws of the State.

29

2 "LOAN AGREEMENT" means the Loan Agreement dated as of
3 October 1, 1983, between the County and the Company and any
4 amendments thereof or supplements thereto.

5 "LOAN TERM" means the duration of the Company's
6 obligations under the Loan Agreement as specified in Section
7 4.1 thereof.

8 "MORTGAGE" means this Mortgage and Security Agreement
9 dated as of October 1, 1983, between the Company and the
10 Bank and any amendments hereof or supplements hereto.

11 "NET PROCEEDS", when used with respect to any insurance
12 proceeds or condemnation award, means the gross proceeds
13 from the insurance or condemnation award with respect to
14 which that term is used plus interest or earnings thereon
15 remaining after payment of all expenses (including
16 attorneys' fees and any other collection expenses) incurred
17 in the collection of such gross proceeds.

18 "NOTE" means the \$2,000,000 Spartanburg County, South
19 Carolina, Industrial Revenue Note, Series 1983 (Bold
20 Enterprises, Inc. Project) issued pursuant to the Note
21 Ordinance.

22 "NOTE ORDINANCE" means the ordinance of the County
23 Board adopted on October, 1983, authorizing, among other
24 things, the issuance and delivery of the Note and providing
25 for the terms and provisions of the Note, as the same may be
26 amended or supplemented from time to time in accordance with
27 the provisions thereof.

2 "PENALTY RATE" means interest at a rate equal to the
3 Prime Lending Rate in effect from time to time plus two per
4 centum (2%) per annum.

5 "PERMITTED ENCUMBRANCES" means, as of any particular
6 time, (1) liens for ad valorem taxes not then delinquent,
7 (2) this Mortgage, (3) utility, access and other easements
8 and rights of way and flood rights, and encroachments, that a
9 Licensed Engineer and the Authorized Company Representative
10 certify will not interfere with or impair the operations
11 being conducted in the Building (or, if no operations are
12 being conducted therein, the operations for which the
13 Building was designed or last modified), (4) such minor
14 defects, irregularities, encumbrances, easements, rights of
15 way, and clouds on title as normally exist with respect to
16 properties similar in character to the Project and as do
17 not, in the opinion of Independent Counsel acceptable to the
18 Bank and to the Company, materially impair the suitability
19 of the property affected thereby for the purpose for which
20 it was acquired or is held by the Company, and (5)
21 mechanics' and materialmen's liens not filed or perfected in
22 the manner prescribed by Title 29, Chapter 5, Code of Laws
23 of South Carolina 1976, as now or hereafter amended, other
24 than mechanics' or materialmen's liens which, when so filed
25 and perfected, would assume a priority over or parity with
26 the lien of this Mortgage.

27 "PLEGGED AMOUNTS" means all of the amounts due and
28 payable under the Loan Agreement from time to time by the

2 Company (excepting only, to the extent payable to the
3 County, amounts payable pursuant to Sections 6.5 and 7.4
4 thereof).

5 "PRIME LENDING RATE" means the rate of interest per
6 annum as announced from time to time by Bankers Trust
7 Company at its principal office in New York, New York, as
8 its prime rate, the Prime Lending Rate to change as and when
9 such prime rate changes.

10 "STATE" means the State of South Carolina.

11 SECTION 2. Title Insurance. (A) At the time of the
12 delivery of the Note, the Company shall provide a mortgagee
13 title insurance policy (or an appropriate binder) upon the
14 Land and the Building issued by a company approved by the
15 Bank insuring the marketability of the title to the Land and
16 the lien of this Mortgage upon the Land and the Building,
17 when completed, satisfactory in form and substance to the
18 Bank and subject to no encumbrances other than Permitted
19 Encumbrances, in the amount of \$_____. Any Net Proceeds
20 therefrom shall be paid to the Company and to the Bank and
21 shall be used, if possible, to cure the defect in respect of
22 which such title insurance proceeds shall have been paid and
23 then, or if such defect cannot be cured within a reasonable
24 period of time, at the election of the Bank, be paid to the
25 Bank and applied first against any accrued and unpaid
26 interest and then against the principal installments of the
27 Note in the inverse order of maturity and then against all
28 other amounts due to the Bank under the Note, the Loan

2 Agreement or hereunder, or, if the Bank shall not so elect,
3 to the Company. In no event shall the Company permit or
4 suffer to exist any lien, security interest, charge or
5 encumbrance on the Land, Building or Equipment or any part
6 thereof, whether or not inferior to the lien hereof, except
7 for Permitted Encumbrances.

8 Section 3. Maintenance and Modification of the
9 Mortgaged Property by the Company. The Company agrees that
10 during the Loan Term it will, at its own expense, keep the
11 Building and the Equipment in good repair and in good
12 operating condition, making from time to time all necessary
13 repairs thereto and renewals and replacements thereof.
14 Subject to the provisions of the Loan Agreement, the Company
15 may, also at its own expense, make or cause to be made from
16 time to time any additions, modifications or improvements to
17 the Mortgaged Property it may deem desirable for its
18 business purposes that do not materially adversely affect
19 the use of the Mortgaged Property for the purpose for which
20 it is intended. Subject to the provisions of Section 12
21 hereof, such additions, modifications and improvements so
22 made by the Company shall become a part of the Mortgaged
23 Property.

24 (B) The Company will not permit any mechanics',
25 materialmen's or other liens to be established or remain
26 against the Mortgaged Property for labor or materials
27 furnished in connection with any additions, modifications,
28 improvements, repairs, renewals or replacements made by it

2 in accordance with this Section; provided, that if the
3 Company shall first notify the Bank of its intention so to
4 do, the Company may in good faith contest any mechanics',
5 materialmen's or other liens filed or established against
6 the Mortgaged Property, and in such event may permit the
7 items so contested to remain undischarged and unsatisfied
8 during the period of such contest and any appeal therefrom,
9 unless the Bank shall notify the Company that, in the
10 opinion of an Independent Counsel, by nonpayment of any such
11 items, the lien or security interest of this Mortgage as to
12 any material part of the Mortgaged Property will be
13 endangered or the Mortgaged Property or any part thereof
14 will be subject to loss or forfeiture, in which event the
15 Company shall promptly pay and cause to be satisfied and
16 discharged all such unpaid items.

17 SECTION 4. Taxes, Other Governmental Charges and
18 Utility Charges. (A) The Company shall pay, as the same
19 become due, all taxes and governmental charges of any kind
20 whatsoever that may at any time be lawfully assessed or
21 levied against or with respect to the Mortgaged Property,
22 including all ad valorem taxes lawfully assessed upon the
23 Mortgaged Property, all utility and other charges incurred
24 in the operation, maintenance, use, occupancy and upkeep of
25 the Mortgaged Property and all assessments and charges
26 lawfully made by any governmental body for public
27 improvements that may be secured by a lien on the Mortgaged
28 Property; provided, that with respect to special assessments

2 or other governmental charges that may lawfully be paid in
3 installments over a period of years, the Company shall be
4 obligated to pay only such installments as they become due.

5 (B) The Company may in good faith contest any such
6 taxes, assessments and other charges and, in the event of
7 any such contest, may permit the taxes, assessments or other
8 charges so contested to remain unpaid during the period of
9 such contest and any appeal therefrom, unless the Bank shall
10 notify the Company that, in the opinion of an Independent
11 Counsel, by nonpayment of any such items, the lien or
12 security interest of this Mortgage will be materially
13 endangered or the Mortgaged Property or any material part
14 thereof will be subject to loss or forfeiture, in which
15 event the Company shall promptly pay such taxes, assessments
16 or charges.

17 (C) In the event that the Company shall fail to pay
18 any of the foregoing items required by this Section to be
19 paid, the Bank may (but shall be under no obligation to) pay
20 the same; and all amounts so advanced therefor by the Bank
21 shall become an additional obligation of the Company to the
22 Bank secured hereby, which amounts, together with interest
23 thereon at the Penalty Rate from the date of payment thereof
24 until paid, the Company agrees to pay immediately upon
25 demand.

26 SECTION 5. Insurance Required. (A) The Company
27 shall, at its own expense, at all times during the Loan
28 Term, keep the Mortgaged Property insured against loss or

2 damage in accordance with the customary insurance practices
3 of similar industrial operations, but in all events to the
4 following extent:

5 (1) Against the perils of fire and the hazards
6 ordinarily included under standard extended coverage
7 endorsements in amounts necessary to prevent the appli-
8 cation of the co-insurance provisions of the applicable
9 policies but not less than the full insurable value
10 thereof within the terms of applicable policies and not
11 less than the unpaid principal amount of the Note;

12 (2) If there are boilers or pressure vessels,
13 from boiler or pressure vessel explosion in an amount
14 customarily carried in the case of similar industrial
15 operations; and

16 (3) Against damage from flood as required under
17 the national flood insurance program established by the
18 Flood Disaster Protection Act of 1973, as at any time
19 amended, at all times while the Mortgaged Property is
20 eligible under such program, in an amount at least
21 equal to the unpaid principal amount of the Note or to
22 the maximum limit of coverage made available with
23 respect to the Mortgaged Property under such Act,
24 whichever is less.

25 The term "full insurable value" means such actual
26 replacement value as shall be determined from time to time
27 at the request of the Company or the Bank (but not more
28 frequently than once in every twelve (12) months) by one of

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2 the insurers selected by the Company and approved by the
3 Bank.

4 (B) At all times during the Loan Term, the Company
5 shall, at its own expense, maintain or cause to be
6 maintained:

7 (1) General public liability insurance (including
8 Workmen's Compensation insurance in amounts usually
9 carried by similar operations) against claims for
10 bodily injury or death occurring upon, in or about the
11 Mortgaged Property, with such insurance (other than
12 Workmen's Compensation Insurance) to afford protection
13 to the limits of not less than /\$1,000,000 in respect of
14 bodily injury or death to any one person and to the
15 limit of not less than /\$3,000,000 in respect of any one
16 accident or in such other reasonable amounts as the
17 Bank may from time to time specify; and

18 (2) Property damage insurance against claims for
19 damage to property occurring upon, in or about the
20 Mortgaged Property with such insurance to afford
21 protection to the limit of not less than /\$250,000 in
22 respect of damage to the property of any one owner or
23 such other reasonable amount as the Bank may from time
24 to time specify.

25 (C) The insurance required by this Section 5 shall be
26 maintained in full force and effect at all times during the
27 Loan Term, except that such insurance required by
28 Section 5(A) hereof need not be placed in force and effect

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2 with respect to an improvement (including, without
3 limitation, the Building) until the completion of that
4 improvement provided that builder's risk insurance
5 satisfactory to the Bank is in effect at least to the
6 expiration of the builder's risk insurance carried pursuant
7 to the provisions of any contracts entered into with
8 contractors, with the end in view of having full insurance
9 coverage at all times. Builder's risk insurance shall be
10 | delivered to the Bank prior to the commencement of any
11 | construction of the Project.

12 (D) Copies or certificates of the insurance required
13 by this Section 5, each bearing notations evidencing payment
14 of the premiums or other evidence of payment satisfactory to
15 the Bank, shall be delivered by the Company to the Bank. In
16 the case of expiring policies throughout the Loan Term,
17 copies or certificates of any new or renewal policies, each
18 bearing notations evidencing payment of the premiums or
19 other evidence of payment satisfactory to the Bank, shall be
20 delivered by the Company to the Bank.

21 (E) Policies of insurance provided for in Section 5(A)
22 hereof and any builder's risk insurance referred to in
23 Section 5(C) hereof may name the Company as insured; [^] the
24 Bank shall also be named as a party insured pursuant to a
25 standard mortgagee clause as its interest may appear, and
26 provided further that while any amount remains unpaid on the
27 Note, all such insurance proceeds shall be payable as
28 provided in Section 8 hereof. The Bank shall also be named

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2 as an additional insured under all policies referred to in
3 Section 5(B) hereof. Policies of insurance carried pursuant
4 to Section 5(A) hereof may contain deductible provisions up
5 to \$10,000.

6 (F) All insurance required by this Section 5 shall be
7 effected with responsible insurers selected by the Company
8 and satisfactory to Bank. The Company shall cause
9 appropriate provisions to be inserted in each insurance
10 policy making each policy noncancellable without at least
11 thirty (30) days prior written notice to the Company and the
12 Bank. Also, it is agreed that nothing in this subsection
13 (F) shall diminish the Company's obligation to repair or
14 rebuild as provided in Section 8 hereof. The Company shall
15 have the sole right and responsibility to adjust any loss
16 with the insurer involved and to conduct any negotiations in
17 connection therewith, provided that so long as any amount
18 remains outstanding and unpaid on the Note, no settlement of
19 any claim shall be effected without the prior written
20 consent of the Bank.

21 (G) All insurance policies under this Section 5 shall
22 include effective waivers by the insurer of all claims for
23 insurance premiums against the Bank and shall provide that
24 any losses shall be payable notwithstanding:

25 (1) Any act of negligence of the Company or the
26 Bank;

27 (2) Any foreclosure or other proceedings or
28 notice of sale relating to the Mortgaged Property; or

29

2 (3) Any change in the title to or ownership of
3 the Mortgaged Property.

4 SECTION 6. Application of Net Proceeds of Insurance.
5 The Net Proceeds of casualty insurance carried pursuant to
6 the provisions of Section 5 hereof shall be paid and applied
7 as provided in Section 8 hereof, and the Net Proceeds of
8 liability insurance carried pursuant to the provisions of
9 Section 5 hereof shall be applied toward extinguishment or
10 satisfaction of the liability with respect to which such
11 insurance proceeds shall have been paid.

12 SECTION 7. Advances by the Bank. In the event that the
13 Company shall fail to maintain the full insurance coverage
14 required by this Mortgage or shall fail to keep the
15 Mortgaged Property in good repair and good operating
16 condition, the Bank may (but shall be under no obligation
17 to) take out the required policies of insurance and pay the
18 premiums on the same or make the required repairs, renewals
19 and replacements; and all amounts so advanced therefor by
20 the Bank shall become an additional obligation of the
21 Company to the Bank secured hereby, which amounts, together
22 with interest thereon at the Penalty Rate from the date of
23 advancement thereof until paid, the Company agrees to pay
24 immediately upon demand.

25 SECTION 8. Damage and Destruction. (A) If prior to
26 the full payment of the Note the Mortgaged Property is
27 damaged by fire or other casualty the Company shall:

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2 (1) Promptly repair, rebuild or restore the pro-
3 perty damaged or destroyed to substantially the same
4 condition thereof as existed prior to the event causing
5 such damage or destruction or cause the same to be done
6 with such changes, alterations and modifications
7 (including the substitution and addition of other
8 property) as may be desired by the Company and as in
9 the opinion of the Bank will not adversely affect the
10 use of the Mortgaged Property for the purpose for which
11 it is intended or its value as collateral for the Note;
12 and

13 (2) Direct the Bank in writing to apply for such
14 purpose so much as may be necessary of any Net Proceeds
15 of insurance resulting from such claims for losses.

16 (B) All Net Proceeds of insurance resulting from such
17 claims for losses shall be paid to the Bank and maintained
18 by the Bank and at the written request of the Company, be
19 invested in accordance with Section 3.9 of the Loan
20 Agreement and disbursed by the Bank at the direction of the
21 Company as aforesaid, subject to the provisions of Section
22 8(D) and (E) hereof.

23 (C) In the event the Net Proceeds are not sufficient
24 to pay in full the costs of such repair, rebuilding or
25 restoration, the Company shall nonetheless complete said
26 work and shall pay that portion of the costs thereof in
27 excess of the amount of said Net Proceeds.

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2 (D) Any balance of the Net Proceeds remaining after
3 payment of all the costs of such repair, rebuilding or res-
4 toration shall, upon certification of completion, at the
5 option of the Bank, which option is to be exercised within
6 thirty (30) days after receipt of such certification of
7 completion, be paid to the Bank to be applied to the
8 prepayment of the Note, such prepayment to be applied first
9 against any accrued and unpaid interest, /then against
10 principal installments of the Note in the inverse order of
11 maturity and then against any other amounts due on the Note,
12 or under the Loan Agreement or hereunder. If the Note has
13 been fully paid or if the Bank shall not exercise its option
14 to receive such balance of Net Proceeds, all such Net
15 Proceeds shall be paid to the Company, subject to applicable
16 provisions of law.

17 (E) Notwithstanding the foregoing provisions of (A)
18 through (D) of this Section, the Net Proceeds shall be
19 applied, at the option of the Bank, to the prepayment of the
20 Note to be applied in the order set forth in (D) and in such
21 event the Company shall not have the obligations to repair,
22 rebuild or restore the Project.

23 SECTION 9. Condemnation. (A) In the event that title
24 to, or the temporary use of, the Mortgaged Property or any
25 part thereof shall be taken under the exercise of the power
26 of eminent domain by any governmental body or by any person,
27 firm or corporation acting under governmental authority, the
28 Company and the Bank shall cause the Net Proceeds received

2 by them or any of them from any award made in such eminent
3 domain proceedings, to be paid to and held by the Bank, and,
4 at the written request of the Company, be invested in
5 accordance with Section 3.9 of the Loan Agreement, to be
6 applied in one or more of the following ways as shall be
7 directed in writing by the Company:

8 (1) The restoration by the Company of the
9 Mortgaged Property so that it may be operated in
10 substantially the same manner as operated prior to the
11 exercise of the said power of eminent domain;

12 (2) The acquisition, construction or installation
13 of improvements consisting of a building or buildings,
14 facilities, machinery, equipment or other properties
15 suitable for the Company's operations at the Project;
16 provided, that such improvements are subject to the
17 lien of this Mortgage and shall be acquired,
18 constructed or installed by the Company subject to no
19 liens or encumbrances, other than Permitted
20 Encumbrances; or

21 (3) The prepayment of the Note pursuant to the
22 terms of the Note and Section 301 of the Note
23 Ordinance, such prepayment to be applied first against
24 any accrued and unpaid interest, then against the
25 principal installments of the Note in the inverse order
26 of maturity and then against any other amounts due on
27 the Note or under the Loan Agreement or hereunder.

2 (B) Within ninety (90) days from the date of entry of
3 a final order in any eminent domain proceedings granting
4 condemnation, the Company shall notify the Bank in writing
5 as to which of the ways specified in this Section the
6 Company wishes to apply the condemnation award. If either
7 alternative provided by Section 9(A)(1) or Section 9(A)(2)
8 hereof has been chosen by the Company, the restored,
9 acquired, constructed or installed property shall become a
10 part of the Mortgaged Property and any balance of the Net
11 Proceeds of the award in such eminent domain proceedings
12 remaining after such application shall, at the election of
13 the Bank, be paid to the Bank to be applied as a prepayment
14 of the Note first against any accrued and unpaid interest,[^]
15 then against the principal installments of the Note in the
16 inverse order of maturity and then against any other amounts
17 due on the Note or under the Loan Agreement or hereunder.
18 If the Note has been fully paid or if the Bank shall not
19 exercise its option to receive the Net Proceeds, all Net
20 Proceeds shall be paid to the Company.

21 (C) Notwithstanding the foregoing provisions of (A)
22 and (B) of this Section, the Net Proceeds shall be applied,
23 at the option of the Bank, to the prepayment of the Note to
24 be applied in the order set forth in (B) and in such event
25 the Company shall not have the obligations to repair,
26 rebuild or restore the Project.

27 SECTION 10. Removal of Equipment (A) The Company
28 shall be under no obligation to renew, repair or replace any

2 inadequate, obsolete, worn out, unsuitable, undesirable, or
3 unnecessary Equipment. In any instance where the Company in
4 its discretion determines that any item of Equipment has
5 become inadequate, obsolete, worn out, unsuitable,
6 undesirable or unnecessary, the Company may remove such item
7 of Equipment from the Building and sell, trade in, exchange
8 or otherwise dispose of it (as a whole or in part) without
9 any responsibility or accountability to the Bank therefor,
10 provided that the Company shall either:

11 (1) Substitute and install anywhere in the Build-
12 ing or elsewhere on the Land other machinery, equipment
13 or related property having equal or greater market
14 value and utility (but not necessarily having the same
15 function) in the operation of the Mortgaged Property
16 for the purpose for which it is intended, all of which
17 substituted machinery, equipment or related property
18 shall be free of all liens and encumbrances (other than
19 Permitted Encumbrances and the lien of this Mortgage)
20 and shall become a part of the Equipment; or

21 (2) So long as the going concern value of the
22 Mortgaged Property is not adversely affected thereby,
23 not make any such substitution and installation,
24 provided that in the case of:

25 (a) the sale of any such Equipment or in the
26 case of the scrapping thereof,

27 (b) the trade-in of such Equipment for other
28 machinery, equipment or related property not to be

2 installed in the Building or elsewhere on the
3 Land, or

4 (c) any other disposition thereof,
5 the Company shall, at the election of the Bank, pay to
6 the Bank to be applied first against any accrued and
7 unpaid interest, [^] then against the principal
8 installments of the Note in the inverse order of
9 maturity and then against any other amounts payable on
10 the Note or under the Loan Agreement or hereunder, an
11 amount equal to the greater of (x) the original cost
12 thereof less depreciation taken by the Company at rates
13 calculated in accordance with generally accepted
14 accounting principles or (y) the net proceeds from such
15 sale or other disposition.

16 (B) The removal from the Mortgaged Property of any
17 portion of the Equipment pursuant to the provisions of this
18 Section shall not entitle the Company to any postponement,
19 abatement or diminution of the amounts payable under Section
20 4.3 of the Loan Agreement.

21 (C) The Company shall promptly report to the Bank each
22 such removal, substitution, sale and other disposition and
23 shall pay to the Bank such amounts as are required by the
24 provisions of subsection (A)(2) of this Section promptly
25 after the sale, trade-in or other disposition requiring such
26 payment; provided, that no such report and payment need be
27 made until the amount to be paid to the Bank on account of

2 all such sales, trade-ins or other dispositions not
3 previously reported aggregates at least, \$10,000.

4 (D) The Company shall not remove, or permit the
5 removal of, any of the Equipment from the Land except in
6 accordance with the provisions of this Section.

7 SECTION 11. County's and Bank's Right of Access to the
8 Mortgaged Property. The Company agrees that the Bank and
9 the duly authorized agents of the Bank shall have the right
10 at all reasonable times to enter upon the Land to examine
11 and inspect the Mortgaged Property. The Company further
12 agrees that the Bank and duly authorized agents of the Bank
13 shall have such rights of access to the Mortgaged Property
14 as may be reasonably necessary to enable them to provide for
15 the proper maintenance of the Mortgaged Property in the
16 event of the failure by the Company to perform its
17 obligations under Section 3 hereof.

18 SECTION 12. Installation of the Company's and
19 Guarantor's Own Machinery and Equipment. The Company and
20 the Guarantor may, from time to time, in their sole
21 discretion and at their own expense, install machinery,
22 equipment or other personal property (other than the
23 Equipment) in the Building and which may be attached or
24 affixed to the Building. All such machinery, equipment and
25 other personal property, unless it shall become fixtures,
26 shall remain the sole property of the Company or the
27 Guarantor, as the case may be, and, except to the extent
28 that it shall constitute fixtures, the Company or the

2 Guarantor, as the case may be, may remove the same from the
3 Building at any time, in its sole discretion and at its own
4 expense; provided, that any damage to the Building resulting
5 from any such removal shall be promptly repaired by the
6 Company or the Guarantor, as the case may be, at its own
7 expense. The Company and the Guarantor may create any
8 mortgage, encumbrance, lien or charge on any such machinery,
9 equipment or other personal property provided that the same
10 will not weaken, diminish or impair the security intended to
11 be given by or under this Mortgage or result in the creation
12 of any mortgage, encumbrance, lien or charge on the Building
13 or Equipment other than a Permitted Encumbrance. The Bank
14 shall not have any interest in or landlord's lien on any
15 such machinery, equipment or personal property so installed
16 pursuant to this Section 12 unless it shall constitute
17 fixtures, and all such machinery, equipment and personal
18 property other than fixtures, shall be and remain identified
19 as the property of the Company or Guarantor, as the case may
20 be, by appropriate tags or other markings.

21 SECTION 13. Maximum Principal Amount. The maximum
22 principal amount, excluding interest, penalties or other
23 payments under the Note, Loan Agreement or hereunder, to be
24 secured by this Mortgage is hereby limited to \$2,000,000.

25 SECTION 14. Default. (A) The following shall be an
26 "event of default" under this Mortgage, and the term "event
27 of default" or "default" shall mean, whenever it is used in
28 this Mortgage: failure by the Company to observe or perform

2 any covenant, condition or agreement in this Mortgage on the
3 part of the Company to be observed or performed. /

4 (B) Upon the occurrence of any event of default under
5 the Loan Agreement and the acceleration of the indebtedness
6 thereunder, or upon the occurrence of an event of default
7 hereunder, the entire amount of the debt secured or intended
8 to be secured hereby shall become due, at the option of the
9 Bank, its successors or assigns, although the period for the
10 payment thereof may not then have expired, and the lien on
11 and security interest in the Mortgaged Property created and
12 vested by this Mortgage may be foreclosed by proceedings in
13 equity or any other appropriate proceeding and the Bank may
14 become the purchaser at any foreclosure sale if the highest
15 bidder.

16 SECTION 15. Disposition of Personal Property. With
17 respect to any personal property included in the Mortgaged
18 Property, the Bank, upon the occurrence of an event of
19 default under the Loan Agreement, may, at its option, enter
20 upon the premises for purposes of taking possession of the
21 same and either remove such personal property from the
22 premises or dispose of the same on the premises in any
23 manner authorized herein or by law. The Bank may require
24 the Company to deliver and assemble such personal property
25 at a place reasonably convenient to the Bank, all at the
26 expense of the Company. The Bank may, at its option, sell
27 or dispose of such personal property by public or private
28 proceedings, separate from any foreclosure or sale of the

2 real property, in accordance with the provisions of the
3 Uniform Commercial Code in effect in the State and exercise
4 any other rights or remedies of a secured party under the
5 said Uniform Commercial Code. Any notice of sale, lease, or
6 other intended disposition of personal property, mailed
7 postage prepaid to the Company at the address specified in
8 the Loan Agreement at least five (5) days prior to such
9 action, shall constitute reasonable notice to the Company.

10 SECTION 16. Appointment of Receiver. Should legal pro-
11 ceedings be instituted for the collection of the debt
12 secured hereby, then in that event the Bank, its successors
13 or assigns shall have the right to have a receiver appointed
14 of the payments, revenues and receipts related to the
15 Mortgaged Property, which, after deducting all charges and
16 expenses attending such proceedings, and the execution of
17 the said trust as receiver, shall apply the residue of the
18 said payments, revenues and receipts towards the payment of
19 the debt secured hereby.

20 SECTION 17. Attorneys' Fees and Other Expenses. If
21 legal proceedings be instituted for the foreclosure of this
22 Mortgage or for any purpose involving this Mortgage, or
23 should the debt hereby secured be placed in the hands of any
24 attorney at law for collection by suit or otherwise, all
25 costs and expenses incurred by the Bank, including
26 reasonable attorneys' fees, shall thereupon become due and
27 payable as a part of the debt secured hereby, and may be
28 recovered and collected hereunder.

2 SECTION 18. Possession of the Mortgaged Property. The
 3 Company is to hold and enjoy the Mortgaged Property until an
 4 event of default under the Loan Agreement or this Mortgage
 5 shall have occurred.

6 SECTION 19. Successors and Assigns. The provisions
 7 hereof shall be binding upon and inure to the benefit of the
 8 parties hereto and their respective successors and assigns.

9 * * *

1

DRAFT 09/02/83

2 IN WITNESS WHEREOF, BOLD ENTERPRISES, INC. has caused
 3 these presents to be executed in its name and behalf by its
 4 President and the same to be attested by its Secretary and
 5 BANKERS TRUST COMPANY has caused these presents to be
 6 executed in its name and behalf by its _____
 7 and the same to be attested by its _____,
 8 all being done as of the first day of _____, 1983.

9

BOLD ENTERPRISES, INC.

10
11

By _____
President

12

(SEAL)

13

Attest:

14
15

By _____
Secretary

16

Witnesses:

17

18

1

DRAFT 09/02/83

2

BANKERS TRUST COMPANY

3

By _____

4

Its _____

5

Attest:

6

By _____

7

Its _____

8

Witnesses:

9

10

1

2 STATE OF _____

3 COUNTY OF _____

4 PERSONALLY appeared before me _____

5 who made oath that (s)he saw _____ as

6 President and _____ as Secretary of BOLD

7 ENTERPRISES, INC., sign and attest the foregoing Mortgage

8 and Security Agreement and that (s)he with the other witness

9 above-named witnessed the execution and delivery thereof as

10 the act and deed of Bold Enterprises, Inc.

11 _____

12 SWORN TO before me this

13 ____ day of _____, 1983.

14 _____(L.S.)

15 Notary Public for _____

16 My Commission Expires: _____

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1

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2 STATE OF _____

3 COUNTY OF _____

4 PERSONALLY appeared before me _____ who
 5 made oath that (s)he saw _____ as
 6 _____ and _____ as
 7 _____ of BANKERS TRUST COMPANY sign and
 8 attest the foregoing Mortgage and Security Agreement and
 9 that (s)he with the other witness above-named witnessed the
 10 execution thereof as the act and deed of Bankers Trust
 11 Company.

12 _____

13 SWORN TO before me this
 14 ____ day of _____, 1983.

15 _____ (L.S.)
 16 Notary Public for _____

17 My Commission Expires: _____

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1

2

EXHIBIT "A"

3

DESCRIPTION OF THE LAND

4

A - 1

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1

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2

EXHIBIT "B"

3

DESCRIPTION OF THE EQUIPMENT

4

B - 1

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EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

M&S DRAFT
9/7/83

GUARANTEE AND INDEMNIFICATION AGREEMENT

This Guarantee and Indemnification Agreement made and entered into as of _____, 1983 (the "Guarantee") by Shelburne Shirt Company, Inc., a corporation organized and existing under the laws of the State of New York (the "Guarantor") to and in favor of Bankers Trust Company, a New York banking corporation (the "Bank"), and the successive holders of the Note (hereinafter defined) or any interest therein;

W I T N E S S E T H:

WHEREAS, Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County") intends to issue and sell its Industrial Development Revenue Note in the aggregate principal amount of up to \$2,000,000 (the "Note") pursuant to a Note Ordinance dated _____, 1983 (the "Note Ordinance"), to provide for the financing by the County of the cost of the acquisition, construction and equipping of a warehouse facility (the "Project") in Spartanburg, South Carolina for Bold Enterprises, Inc. (the "Company") which will operate the Project; and

WHEREAS, the County has agreed to lend to the Company the proceeds from the sale of the Note pursuant to a Loan Agreement between the County and the Company dated as of _____, 1983 (the "Agreement"); and

WHEREAS, the Bank is unwilling to purchase the Note unless this Guarantee shall have been executed and delivered by the Guarantor; and

WHEREAS, the Company is a contractor performing services for the Guarantor which are essential in the business of the Guarantor and the Guarantor expects to derive benefits, directly and indirectly, from the issuance of the Note and the use of the proceeds thereof for the Company;

NOW, THEREFORE, the Guarantor covenants and agrees with the Bank for the benefit of the Bank and the holders from time to

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time of the Note or any interest therein (each, including the Bank, sometimes referred to as a "Holder") as follows:

ARTICLE I.

REPRESENTATIONS AND WARRANTIES

SECTION 1.1 Corporate Existence and Power. The Guarantor does hereby represent and warrant that it is a corporation duly incorporated and in good standing in the State of New York, has power to enter into and perform this Guarantee and to own its corporate property and assets. The Guarantor does further represent and warrant that neither this Guarantee, nor the authorization, execution, delivery and performance hereof, nor the performance of the agreements herein contained nor the consummation of the transactions herein contemplated will violate any provision of law, any order of any court or agency of government or any agreement, indenture or other instrument to which the Guarantor is a party or by which it or any of its property is bound or affected, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any indenture, agreement or other instrument or, if applicable, any provision of its certificate or articles of incorporation, by-laws, or any requirement of law or result in the imposition of any lien upon any property of the Guarantor.

SECTION 1.2 Due Authorization. The execution, delivery and performance by the Guarantor of this Guarantee has been duly authorized by all requisite corporate action. This Guarantee constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms.

SECTION 1.3 Compliance with Other Instruments. Neither the Guarantor nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any evidence of indebtedness of the Guarantor or its Subsidiaries or contained in any instrument under or pursuant to which any thereof has been issued or made and delivered. Neither the execution and delivery of this Guarantee, nor the consummation of the transactions herein contemplated, nor compliance with the terms, conditions and provisions hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate or Articles of Incorporation, as amended, or By-laws of the Guarantor or any of its Subsidiaries or of any agreement or instrument to which the Guarantor or any Subsidiary is now a party or otherwise bound or to which any of their respective properties or other assets is subject, or of any order or decree of any court or governmental

instrumentality, or of any arbitration award, franchise or permit, or constitute a default thereunder, or, except as contemplated hereby, result in the creation or imposition of any Lien upon any of the properties or other assets of the Guarantor or any of its Subsidiaries.

SECTION 1.4 Consents. No consent or approval of, or exemption by, any Person (including, without limitation, the shareholders of the Guarantor) and no waiver of any right by any Person is required to authorize or permit, or is otherwise required in connection with, the execution, delivery and performance of this Guarantee.

SECTION 1.5 Financial Statements. The Guarantor has heretofore furnished to the Bank copies of the financial statements of the Guarantor (the "Financial Statements"), accompanied by the report and an opinion of Mann, Judd, Landau, certified public accountants. All of the Financial Statements present fairly the financial position of the Guarantor on the date(s) of the balance sheet(s) included therein and the results of the operations of the Guarantor for each of the periods involved and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved and consistent with prior periods. Except as disclosed by or reserved against in the Financial Statements, the Guarantor has no material contingent liabilities, including disputed or contingent liabilities for taxes, or any unrealized or anticipated losses.

SECTION 1.6 No Material Changes. There has been no material adverse change in the business, properties or other assets or in the condition, financial or otherwise, of the Guarantor or any of its Subsidiaries, including, without limitation, any loss from operations, since December 31, 1982.

SECTION 1.7 Title to Properties. The Guarantor and its Subsidiaries each have good and marketable fee simple title to all of the real properties and good title to all other properties and assets reflected in the balance sheet(s) of the Guarantor and its Subsidiaries at December 31, 1982 or acquired by the Guarantor or any Subsidiary after such date (excepting, however, property sold or otherwise disposed of in the ordinary course of business subsequent to such date), in each case free and clear of all Liens. None of the properties or other assets of the Guarantor are subject to any agreement obligating the Guarantor to mortgage, lien, pledge, grant a security interest in or otherwise encumber, or to sell and leaseback, any such property or assets, and there is not on file in any public office (and the Guarantor has not

signed) any financing statement naming the Guarantor as debtor. The Guarantor has subordinated any of its rights under any obligation owing to it to the rights of any other Person.

SECTION 1.8 Leases, etc. None of the properties or other assets reflected in the balance sheet(s) of the Guarantor at December 31, 1982 is held by the Guarantor as lessee under any lease or as conditional vendee under any conditional sales contract or other title retention agreement, except as otherwise disclosed in such balance sheet(s). The Guarantor has complied with all of its respective obligations under all leases to which it is a party, and all of such leases are in full force and effect.

SECTION 1.9 Litigation. There are no actions, suits, investigations or proceedings (whether or not purportedly on behalf of the Guarantor) pending or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor or any of its Subsidiaries at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, which involve the possibility of liability in excess of \$25,000 or of any material adverse effect on the business, operations, prospects, properties or other assets or in the condition, financial or otherwise, of the Guarantor or any of its Subsidiaries, and neither the Guarantor nor any of its Subsidiaries is in default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

SECTION 1.10 Burdensome Provisions. Neither the Guarantor nor any of its Subsidiaries is a party to or otherwise bound by any agreement or instrument or subject to any charter or other corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially and adversely affects or in the future may (so far as the Guarantor can now foresee) materially and adversely affect the business, operations, prospects, properties or other assets, or the condition, financial or otherwise, of the Guarantor or any of its Subsidiaries. Neither the Guarantor nor any of its Subsidiaries is in default (a) under any obligation for borrowed money or (b) in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any other agreement or instrument to which it is a party, by which it is otherwise bound or to which any of its property is subject, creating or which might create a liability or liabilities in excess of \$25,000 in the aggregate.

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SECTION 1.11 Force Majeure. The business, properties and other assets of the Guarantor and its Subsidiaries have not been materially and adversely affected in any way as the result of any fire or other casualty, strike, lockout or other labor trouble, embargo, shortage, confiscation, condemnation, riot, civil disturbance, activity of armed forces, or act of God since December 31, 1982.

SECTION 1.12 Tax Liability. The Guarantor and its Subsidiaries have filed all tax returns which are required to be filed and have paid all taxes (including interest and penalties) which have become due pursuant to such returns or pursuant to any assessment or notice of tax claim or deficiency received by them. All tax liabilities were adequately provided for at the end of the most recent fiscal year of the Guarantor and are now so provided for on the books of the Guarantor and its Subsidiaries. No material tax liability has been asserted by the Internal Revenue Services or any other taxing authority for taxes (or interest or penalties thereon) in excess of those already paid.

SECTION 1.13 Dividends and Distributions. Since December 31, 1982, neither the Guarantor nor any Subsidiary has applied any of its funds, property or assets to the purchase, redemption or other acquisition or retirement of any shares of any class of capital stock or any other securities of the Guarantor, nor has the Guarantor declared or paid any dividends on, or made any other distribution, by reduction of capital or otherwise, in respect of, any shares of any class of its capital stock, or set apart any sum for any of the foregoing purposes.

SECTION 1.14 ERISA. The Guarantor and each of its Subsidiaries have met their presently applicable minimum funding requirements under ERISA with respect to all of their Plans and have not incurred any material liability to PBGC under ERISA in connection with any such Plan.

SECTION 1.15 Regulation U, etc. The Guarantor does not own any "margin stock" as defined in Regulation U (12 CFR, Chapter II Part 207) of the Board of Governors of the Federal Reserve System. None of the proceeds of the Note will be used, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for any other purpose which might constitute any of the transactions referred to herein, a "purpose credit" within the meaning of such Regulation U. Neither the Guarantor nor any agent acting on its behalf has taken or will take any action which might cause the Agreement or the Note or the loan of the proceeds of the Note to the Company to violate Regulation U or any other

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Regulation of the Board of Governors of the Federal Reserve System.

SECTION 1.16 Compliance with Law. The Guarantor and its Subsidiaries are in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Federal, state, municipal or other governmental department, agency or authority, domestic or foreign.

SECTION 1.17 Disclosure. Neither this Guarantee nor any document, certificate or financial statement furnished to the Bank by or on behalf of the Guarantor or the Company in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to the Guarantor which materially adversely affects or in the future may (so far as is now known to the Guarantor) have a material adverse effect upon the business, operations, prospects, property, other assets or financial condition of the Guarantor or any of its Subsidiaries which has not been set forth in this Guarantee or in other documents, certificates and financial statements furnished to the Bank by or on behalf of the Guarantor in connection with the transactions contemplated hereby.

ARTICLE II.

AGREEMENT TO GUARANTEE

SECTION 2.1 Obligations Guaranteed. (a) The Guarantor hereby, irrevocably and unconditionally guarantees to the Bank for the benefit of the Bank and the Holder(s) from time to time of the Note (1) the full and prompt payment of the principal of the Note and the indebtedness represented thereby, and the redemption premium, if any, on the Note when and as the same shall become due and payable, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise; (2) the full and prompt payment of interest on the Note when and as the same shall become due and payable; (3) the full and prompt payment of all other amounts due under or in respect of the Note, the Agreement or the Mortgage (as defined in the Agreement) and all other documentation relating to or in respect of the Note, including without limitation all amounts payable to any Holder or former Holder arising out of or resulting from the occurrence of any Event of Taxability (as defined in the Note Ordinance) when and as the same shall become due and payable; (4) the full and prompt payment of the reasonable expenses of the Bank, including the fees and disbursements of the Bank's counsel relating to the purchase of the Note by the Bank; and (5) the timely and faithful

performance of all obligations of the Company under the Agreement and the Mortgage. The Guarantor hereby irrevocably and unconditionally agrees that upon any default by the County in the payment, when due, of any principal of, any redemption premium on, or any interest on the Note or any other amount payable in respect of the Note, the Agreement or the Mortgage, or default by the Company in the payment of any amount due and payable under the Agreement or the Mortgage, the Guarantor will promptly pay the same in full, when and as due. All payments by the Guarantor under or by virtue of this Guarantee, shall be paid in lawful money of the United States of America in immediately available funds, to the Bank, or if there be more than one Holder of the Note, the Agreement or the Mortgage then for the equal and ratable benefit of all Holders of the Note (and former Holders to the extent applicable), at the office of the Bank at 350 Fifth Avenue, New York, New York, or at such other place as any such Holder may hereafter designate in writing. Each and every default in the payment of the principal of, redemption premium, if any, or interest on or any other amount payable in respect of the Note or under the Agreement or the Mortgage shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises, but nothing herein shall preclude the Holder of the Note from accelerating payment of the same upon the occurrence of any event of default.

(b) The Guarantor further agrees that this Guarantee constitutes an absolute, unconditional, present and continuing guaranty of payment and not of collection, and waives any right to require that any resort be had by the County, the Bank or any other Holder of the Note to (1) any security held by or for the benefit of the Holders of the Note for payment of the principal of, redemption premium, if any, or interest on or any other amount payable under or in respect of the Note, the Agreement or the Mortgage, (2) the County's, the Bank's or any Holder's rights against any other person, or (3) any other right or remedy available to the County, the Bank or any Holder of the Note by contract, applicable law or otherwise.

SECTION 2.2 Obligations Unconditional. The obligations of the Guarantor under this Guarantee (including without limitation under Sections 2.5 and 2.6 hereof) shall be absolute and unconditional, and shall remain in full force and effect until the entire principal of, redemption premium, if any, and interest on the Note and all other amounts payable or which may become payable under the Agreement or under the Note or hereunder shall have been paid or provided for as set forth in the Agreement, or the Note or any related documentation and, to the extent permitted by any provision of law, such obligations shall not be affected, modified, released, or impaired by any state of facts or the happening from time to time of any event, including without limit-

ation any of the following, whether or not with notice to, or the consent of, the Guarantor:

(a) the waiver, compromise, settlement, release of termination of any or all of the obligations or any security therefor, or any covenants or agreements of the County or the Company contained in the Agreement, the Note, the Mortgage or any related documentation or of the payment, performance or observance thereof;

(b) the failure to give notice to the Guarantor and/or the Company of the occurrence of an event of default under the terms and provisions of this Guarantee or the Agreement, the Note, the Mortgage or any related documentation or any other agreement;

(c) except as permitted under the Mortgage, the transfer, assignment or mortgaging or the purported transfer, assignment or mortgaging of all or any part of the interest of the County or the Company in the Project referred to in the Agreement or any failure of title with respect to the County's or the Company's interest in the Project or the invalidity, unenforceability or termination, in whole or in part of the Agreement, the Note, the Mortgage or any related documentation;

(d) the sale, exchange, release, failure to obtain or to perfect, surrender, impairment, realization upon or other dealing with, in any manner and in any order, any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the obligations guaranteed hereunder or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset or right of set-off there against;

(e) the extension of the time for payment of any principal of, redemption premium, if any, or interest on or any other amount payable or which may become payable on the Note, under the Agreement, under the Mortgage, this Guarantee or any other agreement or instrument, or of the time for performance of any obligations, covenants or agreements under or arising out of the Note, the Agreement, the Mortgage, this Guarantee or any other agreement or instrument, or the extension or the renewal of any thereof;

(f) the modification, waiver, or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Agreement, the Note, the Mortgage, any related documentation or this Guarantee or any other agreement or instrument;

(g) the taking or the omission of any of the actions referred to in the Agreement, the Note, the Mortgage or of

any actions under this Guarantee or any other agreement or instrument;

(h) any failure, omission, delay or lack on the part of the County, the Bank or any other person to enforce, assert or exercise any right, power or remedy conferred on the County, the Bank or such other person in the Note or in this Guarantee or the Agreement or Mortgage or any related documentation or any other act or acts on the part of the County or the Bank;

(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 other similar proceedings affecting the Company or the County or any of the assets of either of them, whether voluntary or involuntary, or any allegation or contest of the validity of this Guarantee, the Agreement, the Note, the Mortgage or any related documentation or any other agreement or instrument, or the disaffirmance of the Agreement or this Guarantee or any related documentation or any other agreement or instrument in any such proceeding; it being specifically understood, consented and agreed to that to the extent permitted by law this Guarantee shall remain and continue in full force and effect and shall be enforceable against the Guarantor to the same extent and with the same force and effect as if such proceedings had not been instituted; and it is the intent and purpose of this Guarantee that the Guarantor shall and does hereby waive all rights and benefits which might accrue to the Guarantor by reason of any such proceedings;

(j) any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantor from the performance or observance of any obligation, covenant or agreement guaranteed in this Guarantee;

(k) the default or failure of the County or the Company fully to perform any of its obligations guaranteed in this Guarantee;

(l) the invalidity, irregularity, illegality or unenforceability of, or any defect in, the Agreement, the Note, the Mortgage or any related documentation or collateral security for any thereof;

(m) any present or future law or order of any government (de jure or de facto) or of any agency thereof purporting to reduce, amend or otherwise affect the Note, the Assignment (as defined in the Agreement) or any other obligation of the County, the Company, the Guarantor or any other obligor or to vary any terms of payment;

(n) any claim of immunity on behalf of the County or any other obligor or guarantor or with respect to any property of the County or any other obligor or guarantor;

(o) the actual or purported assignment of any of the obligations, covenants and agreements guaranteed in this Guarantee;

(p) the receipt and acceptance by the Holder or the County of notes and any extensions and renewals thereof;

(q) the release, substitution or replacement in accordance with the terms of the Agreement of any property subject thereto or any redelivery, repossession, surrender, destruction or condemnation of any such property, in whole or in part;

(r) any limitation on the liability or obligations of the Company or the County under the Agreement or any related documentation, or any termination, cancellation, frustration of purpose, irregularity, invalidity or unenforceability (including, without limitation, by reason of any insolvency or bankruptcy of the Company or anyone else or any disaffirmance by the primary obligor), in whole or in part, of the Agreement or any related documentation or any term thereof, or the Note or any security thereof;

(s) any failure of the County or the Holder to mitigate damages resulting from any default by the Company or Guarantor under the Agreement or Guarantee;

(t) any other circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or a guarantor; or

(u) any other occurrence whatsoever, whether similar or dissimilar to the foregoing.

SECTION 2.3 No Impairment or Set-Off. No act of commission or omission of any kind or at any time upon the part of the County or the Holder, or their successors and assigns, in respect of any matter whatsoever shall in any way impair the rights of any Holder of the Note to enforce any right, power or benefit under this Guarantee and no set-off, counterclaim, reduction, diminution of any obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder), which the Guarantor has or may have against the County, any Holder of the Note or any assignee or successor thereof shall be available hereunder to the Guarantor. The Guarantor hereby expressly waives notice from any Holder of its acceptance and reliance on this Guarantee.

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SECTION 2.4 Enforcement. In the event of a default in payment of principal of or redemption premium, if any, on the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for prepayment or otherwise, or in the event of a default in the payment of any interest on or any other amount payable in respect of the Note or under the Agreement or Mortgage when and as the same shall become due, and continuance thereof beyond the period of grace, if any, provided with respect thereto, the Holder may proceed to enforce its rights hereunder and the Holder shall have the right to proceed first and directly against the Guarantor under this Guarantee without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the County or the Holder.

SECTION 2.5 Indemnification Against Invalidity. If at any time an Adjudication of Invalidity shall have been made, the Guarantor will pay to any Holder of the Note, upon demand, an amount equal to the amount which would have been due in the event of the redemption of the Note in whole pursuant to the Agreement on the date of such Adjudication of Invalidity. "Adjudication of Invalidity" shall mean a final adjudication by any court of competent jurisdiction, that the Note or the Assignment is invalid or in any manner unenforceable for any reason whatsoever, including, without limitation, any invalidity or irregularity in any statutory or other proceedings relating to the formation or existence of the County, to the issuance of the Note or to the execution and delivery of the Agreement or the Assignment or the adoption of the resolutions purporting to authorize the issuance and sale of the Note by the County.

SECTION 2.6 Additional Indemnification. The Guarantor hereby agrees to pay and to indemnify and save each Holder of the Note harmless against and from any damage, loss, cost or expense (including reasonable attorneys' fees and disbursements) which any such Holder may incur or be subject to as a consequence, direct or indirect, of (1) any breach by the Company, the Guarantor, or the County of any warranty, representation, covenant, term or condition in, or the occurrence of any default under, this Guarantee, the Agreement, the Note or any related documentation, together with all reasonable expenses resulting from the compromises or defense of any claims or liabilities arising as a result of any such breach or default, and (2) defense against any legal action commenced to challenge the validity of any of the above-referred to instruments.

The Guarantor further agrees to indemnify and save the Holder harmless against and from all claims by or on behalf of any person, firm or corporation arising from the execution and delivery by the Holder of any documentation relating to the Note or

from the conduct or management of any work or thing done on, the Project and against and from all claims arising from (i) any condition of the Project, (ii) any breach or default on the part of the Guarantor, the Company, or the County in the performance of any of its obligations under this Guarantee, the Agreement, the Note, the Mortgage or any related documentation, (iii) any act of negligence of the Company, or the Guarantor or of any of their respective agents, contractors, servants, employees or licensees in connection with the Project or (iv) any act of negligence of any assignee of the Company or the Guarantor, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Company or the Guarantor. The Guarantor shall indemnify and save the Holder harmless against and from any and all damages, losses, costs and expenses (including reasonable attorneys' fees and disbursements) incurred or suffered in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Holder, the Guarantor shall defend the Holder in any such action or proceeding at Guarantor's own cost and expense.

ARTICLE III.

AFFIRMATIVE COVENANTS

The Guarantor covenants and agrees that from and after the date hereof and so long as the Note is outstanding the Guarantor will:

SECTION 3.1 Maintenance of Office. Maintain an office in New York, New York (or such other place in the United States of America as the Guarantor may designate in writing to the Bank or to any subsequent Holder of the Note), where notices and demands to or upon the Guarantor in respect of the Note may be given or made.

SECTION 3.2 Keep Books; Set Aside Reserves. (a) Keep, and cause each Subsidiary to keep, proper books of record and account in which true, correct and complete entries will be made of its transactions in accordance with generally accepted accounting principles; and

(b) Set aside on its books from its earnings for the fiscal year beginning January 1, 1983, and for each fiscal year thereafter, adequate reserves for deferred income taxes and for depreciation, obsolescence and/or amortization (including, without limitation, amortization of leasehold improvements) of its properties during such year, and all other proper reserves which should be set aside from such earnings in connection with its

business, all as determined in accordance with generally accepted accounting principles.

SECTION 3.3 Payment of Taxes; Corporate Existence; Maintenance of Properties. (a) Pay and discharge promptly, and cause each Subsidiary to pay and discharge promptly, all taxes (including, without limitation, all payroll withholdings), assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, as well as all claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Guarantor or any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim or discharge any such Lien (unless as a result any lien may be foreclosed) if the validity thereof shall be contested in good faith by appropriate proceedings and if the Guarantor or such Subsidiary shall have set aside on its books such reserves, if any, as may be required in accordance with generally accepted accounting principles with respect to the tax, assessment, charge, levy or claim so contested;

(b) (i) Conduct continuously and operate actively, its business according to good business practices; (ii) keep in full force and effect its corporate existence, rights, licenses, permits and franchises and comply with all of the laws, rules and regulations governing its business; and (iii) make all such reports and pay all such franchise and other taxes and license fees and do all such other things as may be lawfully required, to maintain its rights, licenses, leases, powers and franchises under the laws of the United States of America and of the States or jurisdictions in which it is organized or does business, and cause each Subsidiary to do all of the foregoing; and

(c) Maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful repairs, renewals, replacements and improvements so that the business carried on in connection therewith may be properly and advantageously conducted at all times, and cause each Subsidiary to do all of the foregoing.

SECTION 3.4 Insurance. Keep (i) all of its insurable properties and interests insured at all times with financially sound and responsible insurance carriers satisfactory to the Bank against loss or damage by fire and other risks, casualties and contingencies in such manner and to the extent that like properties and interests are customarily so insured by other corporations engaged in the same or a similar business similarly situated; (ii) adequate insurance at all times with financially sound

and responsible insurance carriers satisfactory to the Bank against liability on account of damage or injury to persons and properties and under all applicable workers' compensation laws; and (iii) adequate insurance covering such other risks as the Bank may reasonably request from time to time and as may be then customary in the industry.

SECTION 3.5 Financial Statements and Reports. Furnish to the Bank, in duplicate: (a) As soon as practicable, and in any event within 120 days after the end of the second fiscal quarter in each fiscal year of the Guarantor, unaudited balance sheets of the Guarantor as at the end of such quarter and related unaudited statements of income, retained earnings and changes in financial position of the Guarantor for each such half and for that part of the fiscal year of the Guarantor then ended, all in reasonable detail and satisfactory in scope to the Bank, setting forth in each case in comparative form the corresponding figures for the corresponding period(s) of the preceding fiscal year, which statements shall, as a whole, fairly present the financial position of the Guarantor as at the end of the periods involved and the results of the operations of the Guarantor for such periods, and which shall be certified by the chief financial officer of the Guarantor as having been prepared under his supervision in accordance with generally accepted accounting principles consistently applied and consistent with the principles applied in the financial statements for the preceding year, subject to year-end audit adjustments, and that he knows of no facts inconsistent with such statements;

(b) As soon as practicable, and in any event within 120 days after the end of each fiscal year of the Guarantor, balance sheets of the Guarantor as at the end of such year and related statements of income, retained earnings and changes in financial position of the Guarantor for such year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, prepared in accordance with generally accepted accounting principles consistently applied and accompanied by (i) an audit report and opinion in respect of such financial statements of Mann, Judd, Landau or other independent certified public accountants of recognized standing selected by the Guarantor and acceptable to the Bank, which report and opinion shall be unqualified as to the scope of the audit and reasonably satisfactory to the Bank, in all other respects, and (ii) a certification of the chief financial officer of the Guarantor in respect of such financial statements, to the same effect as provided in (a) above excluding any reference to year-end audit adjustments.

(c) Concurrently with the financial statements delivered pursuant to Section 3.5(b), the written statement of such accountants that in making the examination necessary for

their report and opinion on such consolidated financial statements they have obtained no knowledge of any condition, event or act which constitutes an Event of Default hereunder or which, with notice or lapse of time, or both, would constitute such an Event of Default, or if such accountants shall have obtained knowledge of any such condition, event or act, they shall disclose in such statement the default or defaults involved and the nature and status thereof;

(d) Concurrently with the financial statements delivered pursuant to Sections 3.5(a) and 3.5(b), a certificate of the chief executive and the chief financial officers of the Guarantor to the effect that there exists no condition, event or act which constitutes an Event of Default hereunder, or which, with notice or lapse of time, or both, would constitute such an Event of Default, or if any such condition, event or act exists, specifying the nature thereof, the period of its existence and what action the Guarantor proposes to take with respect thereto. The Guarantor further covenants that forthwith upon any officer of the Guarantor obtaining knowledge of any Event of Default hereunder or of a condition, event or act which, with notice or lapse of time, or both, would constitute such an Event of Default, it will deliver to the Bank a statement of its chief executive or chief financial officer specifying the nature thereof, the period of existence thereof and what action the Guarantor proposes to take with respect thereto;

(e) Promptly upon receipt thereof, copies of any reports submitted to the Guarantor by its accountants in connection with any examination of the financial statements of the Guarantor/made by such accountants, and copies of any other communications received by the Guarantor or any of its directors from such accountants relative to any financial statements or audit or internal controls and systems of the Guarantor;

(f) Promptly upon their becoming available, copies of all financial statements, reports and notices sent or made available generally by the Guarantor to its shareholders, and of all reports, registration statements and prospectuses filed by the Guarantor with any securities exchange or with the Securities and Exchange Commission, or any governmental authority succeeding to any of its functions, and of all press releases and other statements made available generally by the Guarantor to the public concerning material developments in the business of the Guarantor.

(g) Not later than 10 days prior to the filing thereof in the office of the Secretary of State of the State of New York, a true and complete copy of any proposed amendment to the Certificate or Articles of Incorporation of the Guarantor;

(h) Promptly following the occurrence thereof, notice of any material adverse change in the business or in the condition, financial or otherwise, of the Guarantor, and

(i) Such other information as to the financial condition, operations, business, properties and other assets of the Guarantor, as the Bank may from time to time reasonably request.

SECTION 3.6 Inspection. Permit the Bank or its representatives to visit and inspect any of the properties of the Guarantor, to examine its respective books of account and records and to discuss the affairs, finances and accounts of the Guarantor with its respective officers, all at such times and as often as the Bank may request.

SECTION 3.7 Notice of Claims. Promptly give written notice to the Bank of (a) any action, proceeding or claim of which the Guarantor may have notice, which may be commenced or asserted against the Guarantor or any of its Subsidiaries in which the amount involved is \$100,000 or more and is not covered by insurance as to which the insurer has not disclaimed liability, or which seeks injunctive or other equitable remedy, and (b) any dispute which may exist between the Guarantor or any of its Subsidiaries and any Person, which may materially affect the normal business operations of the Guarantor or any of its Subsidiaries or any of its or their respective properties and other assets.

SECTION 3.8 ERISA Compliance. (a) Comply, and cause each of its Subsidiaries to comply, with the provisions of ERISA with respect to each of its or their respective Plans; and

(b) As soon as possible after the Guarantor knows or has reason to know that any Reportable Event with respect to any Plan of the Guarantor or any Subsidiary has occurred, furnish to the Bank a statement signed by the chief executive or the chief financial officer of the Guarantor setting forth details as to such Reportable Event and the action, if any, which the Guarantor or its Subsidiary proposes to take with respect thereto, together with a copy of the notice of such Reportable Event furnished to PBGC.

ARTICLE IV.

NEGATIVE COVENANTS

The Guarantor covenants and agrees that from and after the date hereof and so long as the Note is outstanding, unless the Bank shall otherwise consent in a writing delivered to the Guarantor, the Guarantor will not:

SECTION 4.1 Current Ratios. Permit or suffer the ratio of Δ Current Assets to Δ Current Liabilities of the Guarantor Δ to be less than 1.5 to 1 at any time;

SECTION 4.2 Working Capital. Permit or suffer the Δ Working Capital of the Guarantor Δ to be less than \$9,000,000 at any time;

SECTION 4.3 Tangible Net Worth.

(a) Permit or suffer the sum of Δ Tangible Net Worth of the Guarantor Δ to be less than \$18,000,000 at any time; or

(b) Permit or suffer the ratio of the Δ Indebtedness of the Guarantor Δ to Tangible Net Worth to be more than 1 to 1 at any time.

SECTION 4.4 Indebtedness. In any manner become or be liable, contingently or otherwise, in respect of, or permit or suffer to exist, any Indebtedness (other than any Indebtedness to the Bank, including under this Guarantee), except the following:

(a) Indebtedness in respect of taxes, assessments and governmental charges or levies and claims for labor, materials and supplies, as and to the extent permitted to remain unpaid and undischarged by Section 3.3(a);

(b) Indebtedness secured by Liens specifically permitted by Section 4.5(a) and (c);

(c) Other unsecured current liabilities (not the result of borrowing) incurred in the ordinary course of business and not evidenced by any note or other evidence of indebtedness; and

(d) Any other Indebtedness which is listed and described in the Disclosure Schedule, and the Guarantor hereby covenants and agrees that none of such Indebtedness shall be voluntarily prepaid or extended, renewed or otherwise modified in any respect.

SECTION 4.5 Liens. Contract, create, assume, incur or suffer to be created, assumed or incurred or to exist any Lien (other than as permitted by Section 3.3(a)) upon, or pledge of, or subject to the prior payment of any Indebtedness (other than that represented by the Note), any property or other assets of the Guarantor or any interest therein, whether owned at the date hereof or hereafter acquired, or acquire or agree to acquire any property or other assets subject to any Lien (whether or not provision is made for the equal and ratable securing of the Note), or suffer to exist any Indebtedness of the Guarantor (except as and to the extent permitted by Section 3.3(a)) any claims or demands against the Guarantor which, if unpaid, might (in the hands of the holder or anyone who shall have guaranteed the same or who has any right or obligation to purchase the same) by law or upon bankruptcy or insolvency or otherwise, be given any priority whatsoever over its general creditors; excluding, however, from the operation of this Section 4.5 any lien in favor of the Bank and:

(a) Pledges or deposits to secure obligations under workers' compensation laws or similar legislation, including liens of judgments thereunder which are not currently dischargeable; deposits of cash or readily marketable securities to secure public or statutory obligations of the Guarantor; materialmen's, mechanics', vendors' or other like liens incurred in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith and as to which adequate reserves have been established or deposits of cash or readily marketable securities required to obtain the release of such liens have been made; liens, other than in favor of PBGC, created by or resulting from any legal proceedings (including legal proceedings instituted by the Guarantor) which are being contested in good faith by appropriate proceedings, including appeals of judgments as to which a stay of execution shall have been issued and adequate reserves shall have been established; and zoning restrictions, easements, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not materially detract from the value or impair the use of such property; provided, however, that in no event shall the Guarantor pledge, mortgage, assign or otherwise encumber or permit to be encumbered any of its property or other assets or any interest therein for the benefit of any Subsidiary;

(b) Any Liens securing payment of any Indebtedness of the Guarantor to the Bank;

(c) Liens upon and limited to machinery and equipment of the Guarantor, created to secure or provide for the payment of Indebtedness consisting of all or part of the purchase price thereof or to secure indebtedness incurred at the time of acquisition thereof for the purpose of financing all or part of the purchase price thereof, provided that (i) any such Lien shall

not spread to cover any other property and (ii) any such Lien shall not secure a principal amount exceeding the purchase price of the item purchased.

SECTION 4.6 Stock Retirements. Apply any of its funds, property or other assets to the purchase, redemption or other acquisition or retirement of, or set apart any sum for the purchase, redemption or other acquisition or retirement of, any shares of any class of capital stock or any other securities of the Guarantor.

SECTION 4.7 Dividends. Declare or pay any dividends on, or set apart any sum for the payment of any dividends on, or make any other distribution, by reduction of capital or otherwise, in respect of any shares of any class of capital stock of the Guarantor, except for dividends payable solely in shares of the common stock of the Guarantor and except for annual dividends not in excess of 10% of the net after-tax profits for the year in which paid.

SECTION 4.8 Sale and Leaseback. Enter into any arrangement, directly or indirectly, with any Person whereby the Guarantor shall sell or transfer any property, whether owned on the date hereof or hereafter acquired, used or useful in the business of the Guarantor and then or thereafter rent or lease such property or other property which the Guarantor intends to use for substantially the same purposes as the property so sold or transferred.

SECTION 4.9 Investments; Acquisition of Subsidiaries; Joint Ventures. Acquire or commit to acquire or own any capital stock or other securities of any corporation or create, acquire or otherwise invest (by capital contribution or otherwise) in any Person, or participate as partner or joint venturer in any partnership or joint venture with any other Person or Persons, except that (a) the Guarantor may continue to own the shares of outstanding capital stock of the Subsidiaries listed in the Disclosure Schedule; and (b) the Guarantor or any Subsidiary may purchase obligations issued by the United States of America and certificates of deposit issued by any commercial bank the principal office of which is located in the United States of America and having combined capital and surplus in excess of \$100,000,000, maturing in either case not later than 180 days after such purchase.

SECTION 4.10 Guaranties. Guarantee, endorse, become surety for, assume or otherwise in any way become or be liable

for, any obligation of any other Person, whether by agreement to purchase the Indebtedness of any other Person or agreement for the furnishing of funds through the purchase of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) or for the purpose of paying the Indebtedness of any other Person, or otherwise, directly or indirectly, except for endorsements of negotiable instruments for collection in the ordinary course of business and except for guaranties in the ordinary course of business not in excess of \$50,000 at any one time.

SECTION 4.11 Advances and Loans. Lend money or extend credit or make advances to any other Person or suffer to exist any such loan, credit or advance, except for credit to customers in the ordinary course of business; or purchase any property from any Person in order primarily to enable such Person to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses and except for loans to officers and employees not to exceed \$100,000 at any one time outstanding.

SECTION 4.12 Disposal of Property; Merger. (a) Wind up, liquidate or dissolve; (b) sell, discount or otherwise dispose of (except by collection), or agree to do any of the foregoing, any of its notes receivable, contracts or accounts receivable, installment or conditional sales agreements or any other evidences of indebtedness; (c) sell, exchange, lease, transfer or otherwise dispose of (or agree to do any of the foregoing) any part of its properties or other assets (except in the ordinary course of business); or (d) consolidate with or merge with or into any other corporation.

SECTION 4.13 Certain Contracts. Enter into or be a party to, or suffer to exist, (a) any contract for the purchase or use of materials, supplies or other property or for the performance of services if such contract requires that payment for such materials, supplies or other property or the use thereof, or for such services, shall be made by the Guarantor, regardless of whether or not delivery or use is ever made of such materials, supplies or other property, or such services are performed; (b) any contract for the sale or use of materials, supplies or other property, or for the performance of services, if such contract provides that payment to the Guarantor for such materials, supplies or other property or the use thereof, or for such services, shall be subordinated to or otherwise subject to the prior payment of any Indebtedness (or any instrument evidencing such Indebtedness) owed or to be owed to any Person; (c) any other contract which, in economic effect, is substantially equivalent to a guarantee, unless expressly permitted by Section 4.11; or (d) any

agreement under which the Company subordinates any obligations in favor of any other Person.

SECTION 4.14 Certain Transactions with Affiliated Persons. Except as otherwise expressly permitted herein, directly or indirectly, pay any funds to or for the account or benefit of, or purchase, acquire or lease any property from, or sell, transfer or lease any property to, or engage in any other transaction with, any Affiliated Person; provided, however, that notwithstanding the foregoing,

(a) The Guarantor and its Subsidiaries may pay salaries and fees to their respective officers and directors, for services rendered in such capacities in amounts which bear a reasonable relationship to the amount and type of such services; and

(b) The Guarantor and its Subsidiaries may, subject to the other provisions of this Guarantee, make sales to or purchases from or lease property to or from any Affiliated Person and, in connection therewith, extend credit or make payments, and may make payments for services rendered by such Affiliated Person, if such sales, leases or purchases are made or such services are rendered in the ordinary course of business and are on terms and conditions at least as favorable to the Guarantor, as the case may be, as the terms and conditions which could have been obtained in a similar arm's-length transaction with an unrelated Person other than any Affiliated Person.

SECTION 4.15 Maintenance of Present Business. Engage in any business which does not have a substantial connection with its business.

SECTION 4.16 Fiscal Year. Change its fiscal year.

ARTICLE V.

CERTAIN DEFINITIONS

SECTION 5.1 For all purposes of this Guarantee, unless the context otherwise requires:

(a) The term "Affiliated Person" means any Person who is in Control of the Guarantor, directly or indirectly. For purposes hereof, the term "Affiliated Person" shall be deemed to include (i) any corporation or organization (other than the Guarantor or a Subsidiary) of which an Affiliated Person is an officer or partner or is, directly or indirectly, the beneficial owner of

ten percent (10%) or more of any class of equity securities, (ii) any trust or other estate in which an Affiliated Person has a substantial beneficial interest or as to which an Affiliated Person serves as trustee or in a similar fiduciary capacity and (iii) any relative or spouse of an Affiliated Person, or any relative of such spouse, who has the same home as an Affiliated Person or who is a director or officer of the Guarantor or any of its Subsidiaries.

(b) The term "Control" means the power to direct or cause the direction of the management and policies of a Person, either alone or in conjunction with others and whether through the ownership of voting securities, by contract or otherwise.

(c) Current Assets, with respect to any corporation, means as of the date of determination thereof, (i) cash and cash items on hand or in transit to or on deposit in any bank or trust company which has not suspended business and which is located in the United States of America; (ii) stocks, bonds and other securities or obligations which are readily marketable in the United States of America, all taken on the basis of cost or market value, whichever is lower; (iii) good and collectible accounts and notes receivable (including drafts, acceptances and letters of credit), in good standing and payable in currency of the United States of America and incurred or created less than 120 days prior to such date of determination; (iv) inventories of merchandise and supplies located in the United States of America, all taken on the basis of cost or market value, whichever is lower, and (v) subject to the limitations and qualifications set forth in clauses (i) through (iv) of this paragraph, such other assets located in the United States of America which in accordance with generally accepted accounting principles would be included on a balance sheet as current assets; all after write-offs and write-downs and after deducting adequate reserves, in each case where a write-off, write-down or reserve is proper in accordance with generally accepted accounting principles.

(d) Current Liabilities, with respect to any corporation, includes, as of the date of determination thereof, all Indebtedness maturing on demand or within one year from the date as of which such determination is made, serial maturities, fixed sinking fund payments or other prepayments required to be made with respect to any Indebtedness within one year after such date, and all other items (including taxes accrued as estimated) which in accordance with generally accepted accounting principles would be included on a balance sheet as current liabilities.

(e) The term "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including the rules and regulations promulgated thereunder.

(f) Indebtedness, with respect to any corporation, includes all items which in accordance with generally accepted accounting principles would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which Indebtedness is to be determined, and in any event including, without limitation, (i) obligations secured by any Lien existing on any property or other asset owned subject to such Lien, whether or not the obligations secured thereby shall have been assumed, (ii) capitalized lease obligations, purchase money obligations and obligations under conditional sales or other title retention agreements; and (iii) guarantees, endorsements (other than endorsements for collection in the ordinary course of business) and other contingent liabilities in respect of, or any obligations to purchase or otherwise acquire or service obligations of others.

(g) The term "Lien" means any charge, lien, mortgage, pledge, security interest or other encumbrance of any nature whatsoever upon, of or in property or other assets of a Person, whether absolute or conditional, voluntary or involuntary, whether created pursuant to agreement, arising by force of statute, by judicial proceedings or otherwise.

(h) The term "PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

(i) The term "Person" shall include an individual, a partnership, a joint venture, a corporation (including, without limitation, the Company or any Subsidiary), a trust, an estate, an unincorporated organization or association and a governmental agency.

(j) The term "Plan" means, as to the Guarantor or any of its Subsidiaries, any employee benefit or other plan maintained by it for its employees or covered by Title IV of ERISA or to which Section 412 of the Internal Revenue Code of 1954, as amended, applies.

(k) The terms "Reportable Event" shall have the meaning set forth in Section 4043(b) of Title IV of ERISA.

(l) The term "stock" shall include any and all shares, interests, participations or other equivalents (however designated) of corporate stock.

(m) The term "Subsidiary" means any corporation fifty percent (50%) or more of the voting securities of which are owned or controlled by the Company or any of its Subsidiaries, directly or indirectly.

(n) Tangible Net Worth, with respect to any corporation, means, as of the date of determination thereof, the amount by which the sum of (i) the par or stated value of all outstanding capital stock of all classes of the corporation and (ii) the amount of the surplus, whether capital or earned, of such corporation, exceeds the sum of (w) any subscriptions receivable, (x) the amount of any write-up in the book value of any assets resulting from the revaluation thereof or any write-up in excess of the depreciated or amortized cost of the assets acquired, (y) the aggregate of all amounts appearing on the asset side of the balance sheet for good will, any amounts by which investments in Persons appearing on the asset side of the balance sheet exceed the proportionate share of such corporation in the book value of the assets of such Persons, patents, patent applications, trademarks, trade names, copyrights, design rights, leasehold improvements not recoverable at the expiration of a lease, franchises, permits, unamortized debt discounts, underwriting expenses, organization expenses, deferred charges and other similar intangibles and (z) any amounts at which shares of the capital stock of such corporation appear on the asset side of such balance sheet, all determined in accordance with generally accepted accounting principles consistently applied.

(o) The term "United States of America", when used in a geographical sense, means all of the States of the United States of America and the District of Columbia and, so long as they continue as possessions or territories of the United States, Puerto Rico and the Virgin Islands.

(p) Working Capital, with respect to any corporation, means the excess, if any, of the Current Assets over the Current Liabilities of such corporation.

ARTICLE VI.

EVENTS OF DEFAULT AND REMEDIES

SECTION 6.1 Events of Default. If any of the following events occurs and is continuing, it is hereby defined and declared to be and will constitute an "Event of Default":

(a) failure by the County or the Company to make any payment required to be made under Section 2.1 hereof as and when the same shall become due and payable; or to perform any obligation under the Agreement or the Mortgage; or

(b) failure by the Guarantor to perform, observe or comply with any of the conditions, covenants or agreements set forth in this Guarantee on its part to be observed and performed; or

(c) any warranty or representation by or on behalf of the Guarantor contained in this Guarantee or in any instrument furnished in compliance with or in reference to this Guarantee or in connection with the Note proves false or misleading in any material respect as of the date of the making or furnishing thereof; or

(d) any default (unless the same shall have been duly waived in writing by the obligee) shall occur with respect to any evidence of indebtedness of the Guarantor or the Company (including without limitation any indebtedness held by any Holder) or under any agreement under which any evidence of indebtedness may be issued by the Guarantor or the Company and such default shall continue for more than the period of grace, if any, specified therein, if the effect of such default is to accelerate the maturity of such indebtedness or to permit the holder thereof, or any trustee, to cause the same to become due prior to its stated maturity, or if any such indebtedness shall not be paid when due; or

(e) the Guarantor or the Company shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable or fail to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in any involuntary case under such Bankruptcy Code, or (vii) take any corporate action for the purpose of effecting any of the foregoing; or

(f) a proceeding or case shall be commenced, without the application or consent of the Guarantor or the Company, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Guarantor or the Company or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 30 days; or any order for relief against the Guarantor or the Company shall be entered in an involuntary case under such Bankruptcy Code; or

(g) a default or event of default shall occur under the Agreement or the Note Ordinance or any other documentation relating to the Note; or

(h) Final judgment for the payment of money in excess of \$50,000 shall be rendered by a court of record against the Guarantor or the Company and the Guarantor or the Company shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within thirty (30) days from the date of entry thereof and within such period of thirty (30) days, or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

SECTION 6.2 Acceleration of Guaranteed Obligations. Upon the occurrence of an Event of Default hereunder (other than an Event of Default specified in paragraphs (e) or (f) of Section 6.1) and at any time thereafter so long as the same is continuing, and without limiting any rights of the Holder under Article II hereof, the Holder shall have the right to make the obligations guaranteed hereunder, whether or not then due, immediately due and payable as to the Guarantor (and upon the occurrence of any Event of Default specified in paragraphs (e) or (f) of Section 6.1 such obligations shall become automatically due and payable without any action by the Holder) and to proceed first and directly against the Guarantor under this Guarantee without proceeding against or exhausting any other remedies which it may have and without resorting to any security held by or for the benefit of the Holder.

ARTICLE VII.

MISCELLANEOUS

SECTION 7.1 Guarantor's Obligations. The obligations (including warranties and representations) of the Guarantor hereunder shall arise absolutely and unconditionally upon the issue, sale and delivery of the Note by the County to the Bank. The execution and delivery of this Guarantee shall not impair or diminish in any respect the obligations of the Company under the Agreement, the Mortgage or any related documentation.

SECTION 7.2 Accounting Principles. Except as otherwise provided herein, accounting terms used herein shall be construed, calculations hereunder shall be made and financial data required hereunder shall be prepared, both as to classification of items and as to amounts, in accordance with generally accepted account-

ing principles in effect from time to time, consistently applied. All statements relating to earnings and expenses shall set forth separately or otherwise identify all extraordinary and non-recurring items.

SECTION 7.3 Inconsistency. In the event this Guarantee is inconsistent in any respect with any other documentation relating to the Note, this Guarantee shall govern and prevail. If any covenant contained in this Guarantee covers the same or similar matters as are covered by any provision of any other documentation relating to the Note, including the Agreement and the Note, the covenant which imposes the stricter limitations or restrictions or higher standards on the Guarantor, its Subsidiaries and/or the Company, or requires more detailed information, shall govern and prevail.

SECTION 7.4 Remedies; Waivers; etc. No remedy herein conferred upon or reserved to the Holder 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 Guarantee or under any other agreement or instrument or now or hereafter existing at law or in equity. 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 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 Holder to exercise any remedy reserved to it in this Guarantee, it shall not be necessary to give any notice, other than such notice, if any, as may be expressly required herein. In the event any provision contained in this Guarantee 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 so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guarantee shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Holder.

SECTION 7.5 Expenses of Enforcement. The Guarantor agrees to pay all costs, expenses and fees, including without limitation all reasonable attorneys' fees and disbursements, which may be incurred by Holder in enforcing or attempting to enforce this Guarantee or protecting the rights of the Holder hereunder following any Event of Default, whether the same shall be enforced by suit or otherwise.

SECTION 7.6 Binding Effect; No Rights in Third Parties. This Guarantee shall be binding upon the Guarantor and its successors and assigns, and shall inure to the benefit of the Holder and its respective successors and assigns and each successive Holder of the Note. This Guarantee shall not be deemed to create any right in, or to be in whole or in part for the benefit of any person other than the Holder and successors and assigns.

SECTION 7.7 Applicable Law and Jurisdiction. This Guarantee is being executed and delivered in the State of New York, and the respective rights and obligations of the Holder and the Guarantor hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State of New York applicable to contracts made and to be performed wholly within such State, without reference to any choice or conflict of laws rules which might otherwise apply. The Guarantor irrevocably: (a) agrees that any suit, action or other legal proceeding against the Guarantor arising out of this Guarantee may be brought in any court of record of the State of New York or the United States District Court for the Southern District of New York; (b) consents and submits to the jurisdiction of each such court in any such suit, action or proceeding and agrees that service of process on the Guarantor may be made by mailing the same by certified or registered mail to the Guarantor at its address set forth hereinbelow; (c) waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any of such courts and waives any claim that any such court is an inconvenient forum; and (d) waives trial by jury.

SECTION 7.8 Subrogation. If and to the extent that the Guarantor makes any payment pursuant to or in respect of this Guarantee, any claim which the Guarantor may have against the Company, the County or any other person by reason thereof, by subrogation or otherwise, shall be subject and subordinate to the prior final and indefeasible payment in full of all of the obligations guaranteed hereunder.

SECTION 7.9 Repayment. If a claim is ever made upon the Holder for repayment or recovery of any amount or amounts received by him in payment or on account of any of the obligations guaranteed hereunder and the Holder repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction or (b) any settlement or compromise of any such claim effected by the Holder with any such claimant (including the Company), then in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon the Guarantor, notwithstanding the cancellation of any bond, note or other instrument evidencing any of the obligations guaranteed hereunder, and the Guarantor

shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Holder.

SECTION 7.10 Entire Agreement; Counterparts. This Guarantee, with respect to the obligations referred to herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof (without impairing or affecting any rights of the Holder under any other written agreement or instrument referred to herein or related hereto). Acceptance in writing of this Guarantee by the Holder is hereby waived.

SECTION 7.11 Partial Invalidity. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections contained in this Guarantee shall not affect the validity or enforceability of the remaining portions of this Guarantee, or any part thereof.

SECTION 7.12 Addresses. All notices and other communications given or delivered hereunder shall be given to the Guarantor at its office located at One West 34th Street, New York, New York 10001 with a copy to Jaffe, Schneider & Conrad, 350 Madison Avenue, New York, New York 10017 Attention: Harry Schneider, Esq.

SECTION 7.13 Defined Terms. Unless the context otherwise requires, any capitalized terms used in this Guarantee without definition shall have the meanings provided therefor in the Agreement. Each reference to the "redemption" of the Note shall include any prepayment of the Note.

SECTION 7.14 Construction. The terms "herein", "hereof", "hereunder" and like expressions refer to this Guarantee in its entirety, and not to any particular section or provision hereof. Words in the singular shall include the plural and vice versa. The masculine gender shall include the feminine and neuter, and neuter shall include the masculine and feminine.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be executed and delivered in its or his name and on its behalf and has caused its corporate seal to be affixed hereto

and attested by its duly authorized officers as of the date first
above written.

(SEAL)

SHELBURNE SHIRT COMPANY, INC.

ATTEST:

By _____

Title: President

Secretary _____

ACCEPTED:

BANKERS TRUST COMPANY

By: _____

Title:

G

NOTE ORDINANCE

EXHIBIT

SEP 21 1983 NO. 2

STATE BUDGET & CONTROL BOARD

relating to the
\$2,000,000
SPARTANBURG COUNTY, SOUTH CAROLINA,
INDUSTRIAL REVENUE NOTE,
SERIES 1983
(BOLD ENTERPRISES, INC. PROJECT)

004456

NOTE ORDINANCE

AUTHORIZING THE ISSUANCE AND DELIVERY OF A \$2,000,000 SPARTANBURG COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1983 (BOLD ENTERPRISES, INC. PROJECT) TO FINANCE THE COST OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF LAND, BUILDING, FIXTURES, MACHINERY AND EQUIPMENT TO CONSTITUTE INDUSTRIAL FACILITIES TO BE OWNED BY BOLD ENTERPRISES, INC. (THE "COMPANY"), IN SPARTANBURG COUNTY, SOUTH CAROLINA (THE "COUNTY"); PROVIDING FOR THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE COUNTY AND THE COMPANY AND AN ASSIGNMENT OF LOAN AGREEMENT FROM THE COUNTY TO BANKERS TRUST COMPANY; PROVIDING FOR THE SECURING OF SAID NOTE; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

WHEREAS, Spartanburg County, South Carolina (the "County") is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"), to acquire or cause to be acquired, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects which shall be located within the County in order to promote the industrial development of South Carolina and to develop trade by inducing industrial enterprises to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds or notes payable by the County solely out of Pledged Amounts (hereinafter defined); and

WHEREAS, the County has made arrangements with Bold Enterprises, Inc. (the "Company"), a corporation organized and existing under the laws of the State of South Carolina, for the financing of the acquisition, construction and installation of land, building, fixtures, machinery and equipment (the "Project") to constitute a warehouse and distribution center; and

WHEREAS, the County proposes to enter into a Loan Agreement with the Company specifying the terms and conditions of the lending of the proceeds of a note designated SPARTANBURG COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1983 (BOLD ENTERPRISES, INC. PROJECT) (the "Note") by the County to the Company; and

WHEREAS, it has been determined that the amount now required to finance the cost of the acquisition, construction and installation of the Project, including necessary expenses incidental thereto, will require the issuance and delivery of the Note in the principal amount of \$2,000,000; and

004457

WHEREAS, the Note is to be in substantially the form set forth as Exhibit "A" hereto with necessary and appropriate variations, omissions and insertions as permitted or required by this Note Ordinance.

NOW, THEREFORE, BE IT ORDAINED by Spartanburg County Council, in meeting duly assembled:

ARTICLE I

DEFINITIONS

SECTION 101.

The terms defined in this Section 101 (except as herein otherwise expressly provided for or unless the context otherwise requires) for all purposes of this Note Ordinance and of any ordinance supplemental or amendatory hereto shall have the respective meanings specified in this Section 101.

"ACT" means Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended.

"ADMINISTRATOR" means the County Administrator of Spartanburg County. The term shall include the Acting County Administrator whenever, by reason of absence, illness or other reason, the person who is the County Administrator is unable to act.

"ASSIGNMENT" means the Assignment of Loan Agreement dated as of October 1, 1983, from the County to the Bank.

"BANK" means Bankers Trust Company, a New York banking corporation, as holder of the Note and the Mortgage, and its successors and assigns.

"BUSINESS DAY" means any day other than a Saturday, a Sunday or a day on which banking institutions in the State are required or authorized by law (including executive orders) to close.

"CLERK" means the Clerk of the County Board. The term shall include the Assistant Clerk or Acting Clerk whenever, by reason of absence, illness or other reason, the person who is the Clerk is unable to act.

"COMPANY" means Bold Enterprises, Inc., a corporation organized and existing under the laws of the State, its successors and assigns and any surviving, resulting or transferee entity.

"CONSTRUCTION FUND" means the fund created pursuant to Section 501 of this Note Ordinance.

"COUNTY" means Spartanburg County, South Carolina, and its successors and assigns.

"COUNTY BOARD" means Spartanburg County Council and any successor body.

"DEPOSITARY" means said Bankers Trust Company, as custodian of the Construction Fund, and its successors and assigns.

"EVENT OF TAXABILITY" means:

(a) the enactment of legislation, the promulgation of regulations or the issuance or appearance of a ruling or decision by any judicial or administrative authority;

(b) receipt of any written assertion or claim from the Internal Revenue Service, including an agent's report or notice of proposed adjustments;

(c) the payment or incurrence of capital expenditures in excess of the amount permitted pursuant to Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended (the "Code"); or

(d) any other act, event or circumstance;

in each case occurring after the date of original issuance of the Note, with or to the effect that (i) Federal or State income taxes are payable by a holder of the Note (other than by the Company or any related person or substantial user, as such terms are referred to in Section 103 of the Code), by reason of the inclusion of interest on the Note in the gross income of such holder, or (ii) by reason of the receipt or accrual of such interest such holder's method or methods in allocating or calculating any Federal or State tax deductions or credits has been altered to such holder's detriment, or (iii) such interest shall have become includable by such holder as a tax preference item, or shall give rise to any minimum tax by reason of interest on the Note, or (iv) Federal or State income taxes shall otherwise have become payable by such holder for any other reason arising out of the receipt or accrual of interest on the Note. Such event shall be deemed to have occurred on the date such receipt or accrual of interest first became so includable to such holder or the method or methods of allocating or calculating deductions or credits was so altered or such interest became includable as a tax preference item or such minimum tax became payable or Federal or State income taxes shall otherwise have become payable directly or indirectly by reason of any such Event of Taxability. An Event of Taxability having the effect described in clause (i) above is herein called a "Section

103 Event of Taxability" and each other Event of Taxability is herein called an "Other Event of Taxability."

"LOAN AGREEMENT" means the Loan Agreement dated as of October 1, 1983, between the County and the Company and any amendments thereof or supplements thereto.

"NOTE" means the \$2,000,000 Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983 (Bold Enterprises, Inc. Project) issued pursuant to this Note Ordinance.

"NOTE ORDINANCE" means this ordinance of the County Board authorizing, among other things, the issuance and delivery of the Note and providing for the terms and provisions of the Note, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

"PENALTY RATE" means interest at a rate equal to the Prime Lending Rate, in effect from time to time, plus two per centum (2%) per annum.

"PLEGDED AMOUNTS" means all of the amounts due and payable under the Loan Agreement from time to time by the Company (excepting only, to the extent payable to the County, amounts payable pursuant to Sections 6.5 and 7.3 thereof).

"PRIME LENDING RATE" means the rate of interest per annum as announced from time to time by Bankers Trust Company at its principal office in New York, New York, as its prime rate, the Prime Lending Rate to change as and when such prime rate changes.

"PROJECT" means the land, buildings, fixtures, machinery and equipment the acquisition, construction and installation of which is being financed with the proceeds of the Note.

"STATE" means the State of South Carolina.

"TAXABLE RATE" means interest at a rate per annum of one percent (1%) above the Prime Lending Rate as in effect from time to time.

ARTICLE II

THE NOTE

SECTION 201. RESTRICTION ON ISSUANCE OF THE NOTE.

No Note may be issued under the provisions of this Note Ordinance except in accordance with this Article. The total

principal amount of the Note that may be outstanding hereunder is hereby limited to \$2,000,000.

SECTION 202. ISSUANCE AND DELIVERY OF THE NOTE.

The Note in the principal amount of \$2,000,000 dated the date of the delivery thereof and designated SPARTANBURG COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1983 (BOLD ENTERPRISES, INC. PROJECT) shall be issued. The Note shall be issued in the form of a single fully registered Note numbered R-1, and shall be payable as to principal in thirty-nine (39) equal consecutive quarterly installments each in the principal amount of \$33,333.33 on January 1, April 1, July 1 and October 1 of each year, beginning January 1, 1984, to and including July 1, 1993, and a final installment of \$700,00.13 on October 1, 1993.

The Note shall bear interest on the unpaid principal amount thereof from the date thereof until maturity (whether by acceleration or otherwise) at a rate of interest per annum equal to seventy-five per centum (75%) of the Prime Lending Rate as in effect from time to time payable monthly on the first day of each month, commencing on November 1, 1983. If there shall occur a Section 103 Event of Taxability, the rate of interest on the Note shall be increased to Taxable Rate (such rate to change upon the effective date of each change thereof) commencing with the first day of the calendar month in which notification is given by the Bank to the Company that a Section 103 Event of Taxability has occurred. In addition, upon demand by the Bank, for the period commencing from the date that the interest on the Note shall have become includable in the Bank's gross income by reason of the occurrence of a Section 103 Event of Taxability, until the effective commencement date of the Taxable Rate of interest on the Note, the Bank shall be paid on demand as additional interest on the Note an amount equal to the difference between the amount of interest that the Bank received during such period and that amount which it would have received as interest had the Note borne interest at such Taxable Rate.

If an Other Event of Taxability shall occur, to the extent that such Other Event of Taxability shall cause a reduction in the effective after tax income received by the Bank on the Note, there shall be payable on the Note additional interest in an amount which, after payment or provision for all taxes applicable thereto, will result in the Bank's having earned after-tax income equal to what it would have earned had such Other Event of Taxability never occurred. Such additional interest shall be payable within ten (10) days after notice from the Bank (which notice shall in each case contain a certificate showing the manner of calculation of the reduction in effective after tax income) and shall thereafter be payable so long as applicable, with

each payment of interest on the Note without further certificates from the Bank until the Bank shall deliver a further certificate showing any change therein. Any allocation of costs to the financing represented by the Note so as to reduce the effective after-tax interest received by the Bank shall be made in accordance with its usual and customary practices. Each certificate delivered under this paragraph shall as to the amount of such reduction be binding and conclusive (absent manifest error).

The Note shall bear interest on overdue (whether by reason of acceleration or otherwise) installments of principal and, to the extent legally enforceable, on overdue installments of interest and other amounts payable thereunder for the period from the date such payment was due until paid in full at a rate per annum equal to the Penalty Rate as in effect from time to time during such period. Interest on the Note shall be computed on the basis of a year of three hundred and sixty (360) days and the actual number of days elapsed. Any change in the Prime Lending Rate, Taxable Rate or the Penalty Rate shall immediately and without notice to the County be effective for the purpose of changing the rate of interest which the Note bears.

Anything herein or in the Note to the contrary notwithstanding, the obligation of the County hereunder shall be subject to the limitation that payments of interest to the holder of the Note shall not be required to the extent that the receipt of any such payment by such holder would be contrary to any provisions of law applicable to such holder in respect of this Note which limit the maximum rate of interest which may be charged or collected by such holder on this Note.

Payments of principal and interest made in respect of the Note shall be made at the times set forth above to the Bank in Federal or other immediately available funds at the principal office of the Bank in the City of New York, New York, or at such other office of the Bank as the Bank shall specify in writing. The Bank shall keep a record of all such payments.

SECTION 203. EXECUTION; LIMITED OBLIGATION.

The Note shall be executed on behalf of the County by the Administrator, the corporate seal of the County shall be impressed thereon and the same shall be attested by the Clerk. The execution of the Note in such manner shall be conclusive evidence of the due execution thereof in accordance with this Note Ordinance.

In case any officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and

sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Note, including the principal and interest payable thereunder, shall be a limited obligation of the County payable by the County solely from the Pledged Amounts. The Note does 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 nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

SECTION 204. FORM OF NOTE.

The Note shall be substantially in the form set forth in Exhibit "A" attached hereto with such appropriate variations, omissions and insertions as are permitted or required by this Note Ordinance.

SECTION 205. DELIVERY OF THE NOTE.

The County shall execute and deliver to the Bank the Note in the principal amount of \$2,000,000.

SECTION 206. TRANSFER OF THE NOTE.

The transfer of the Note may be effected only upon the books of the County kept for that purpose at the office of the County or its duly appointed agent by the registered owner thereof in person, or by his duly authorized legal representative, upon surrender of the Note together with a written instrument of transfer satisfactory to the County or such agent duly executed by the registered owner or his duly authorized legal representative.

SECTION 207. COMPANY'S CONTEST OF EVENT OF TAXABILITY.

Each holder of the Note shall take and hold the Note subject to the terms and conditions of this Section, reference to which shall be clearly made on the face of the Note. In the event that a holder of the Note shall receive any written assertion or claim from the Internal Revenue Service (including a revenue agent's report or notice of proposed adjustments) which would constitute an Event of Taxability, the holder shall give written notice thereof to the Company. If, within thirty (30) days after the giving of such notice the Company notifies the holder in writing that the Company wishes to question the tax treatment of interest on the Note in administrative proceedings before the Internal Revenue Service, and also delivers to the holder a current unqualified opinion of recognized bond counsel, reasonably satisfactory to the holder, to the effect that an Event of Taxability should not then be deemed

to have occurred, and if the holder shall elect in its discretion to question the tax treatment of interest on the Note in administrative proceedings before the Internal Revenue Service, then subject to the following provisions, the holder shall afford the Company an opportunity to participate in good faith (and subject to the satisfaction of the holder's reasonable requirements) in such administrative proceedings as to the question of the tax treatment or effect of interest on the Note until such time, if any, as (A) an Event of Default under the Loan Agreement has occurred; or (B) the holder advises the Company that in the holder's judgment the Company has ceased actively or in good faith to carry on such administrative proceedings; or (C) the holder receives a notice of deficiency from the District Director of the Internal Revenue Service or any local district office, or receives any substitute for such notice, relating to interest on the Note; or (D) the holder shall notify the Company that it wishes to compromise, settle, concede or dispose of the question of the tax treatment or effect of interest on the Note or otherwise terminate such proceedings in connection with the settlement, compromise, concession or other disposition of any other issue relating to this tax returns pending at the same time before the Internal Revenue Service; or (E) the holder shall advise the Company that, in the holder's reasonable judgment, continued proceedings as to such questions could adversely affect or interfere with the contest, settlement, compromise or other disposition of any other issue relating to the holder's tax returns pending at the time before the Internal Revenue Service, or extend the audit and review of its tax returns beyond the period such audit and review would have otherwise required.

If any event referred to in (A) through (E) of the immediately preceding paragraph shall occur, it shall conclusively be deemed to be an Event of Taxability, without limiting other circumstances which may constitute an Event of Taxability, and the holder may thereupon compromise, settle, concede, or dispose of such question of interest on the Note in such manner and/or on such terms as it may in its sole discretion determine. In the event that after any payments in connection with an Event of Taxability to the holder pursuant to the Note or this Note Ordinance: (1) (x) the Internal Revenue Service or the United States Tax Court or any Federal court shall determine that interest on the Note or amounts in respect of interest on the Note are excludable from the holder's Federal gross income, and (y) as a result thereof the holder shall have received from the Internal Revenue Service a credit or refund of any Federal income tax (including any interest, fine, penalty or addition to tax paid in respect thereof) paid by the holder in respect of interest on the Note, then the holder shall pay to the Company an amount equal to the net after-tax amount (determined at the highest applicable statutory rate)

of such refund or credit (such amount in no event to exceed the payment of the incremental increase in interest on the Note and any fines, penalties or additions to tax paid by the Company to the holder in connection with such Event of Taxability), plus the after-tax interest (determined at the highest applicable statutory rate) paid by the Internal Revenue Service, if any, on such refund or credit; or (2) as a result of a settlement with the Internal Revenue Service or a final decision of the Tax Court or any Federal court having jurisdiction, the holder is not required to pay all or a portion of the tax deficiency, interest thereon or any additions to tax originally asserted by the Internal Revenue Service as a result of the holder's failure to include the payment of any interest on the Note, the holder shall (but if there has been a settlement, only if such settlement sets forth specifically the treatment to be accorded to the tax deficiency related to the Note and the percentage of the deficiency with respect to such item which was to be paid) repay to the Company (without interest) the amounts paid to the holder as incremental interest on the Note by reason of such deficiency and interest on such deficiency, fines, penalties and additions to tax for the period involved, but only to the extent that the aggregate of such payments by the Company exceeded for such period (a) any tax paid by the holder for such period by reason of its receipt of any such amounts plus (b) the amount of such deficiency, interest thereon and all fines, penalties and additions to tax paid by the holder in respect of the Note.

Whether or not the Company is permitted pursuant hereto to participate in any such administrative proceeding, the holder may take or omit to take any and all action and shall retain full and absolute control of all administrative, judicial or other proceedings, including settlement or compromise, as to such question of the tax treatment of interest on the Note, as the holder may in its sole discretion determine. Nothing in this Section shall be deemed to permit the Company to conduct or participate in any administrative, judicial or other proceedings as to the tax treatment of interest on the Note after such time as the holder has received a notice of deficiency from the District Director of the Internal Revenue Service or any local district office or any substitute for such notice as to interest on the Note, such notice of deficiency, or any substitute for such notice, being conclusively deemed to constitute an Event of Taxability.

Nothing herein shall be deemed to require a holder to divulge or grant access to information or material which in its sole judgment is sensitive, privileged or confidential, for competitive or any other reason, including, without limitation, its tax returns and information related thereto, and the Company shall maintain, to the extent permitted by law, the confidentiality of any information provided to the

Company by the holder pursuant to the provisions of this paragraph and will not disclose such information to any third party without the holder's prior written consent, except as may be required in connection with the conduct of any proceeding relating to the tax treatment of interest on the Note.

If the Company shall have requested that it be permitted to participate in administrative proceedings in respect of the tax treatment of the Note, the Company shall reimburse the holder, on demand, for all reasonable costs and expenses incurred by the holder in connection with any such proceeding relating to the tax treatment of interest on the Note, including, without limitation, reasonable fees and disbursements of attorneys, accountants and expert witnesses.

The provisions of this Note Ordinance regarding the Company's obligations in respect of Events of Taxability shall survive any holder's sale or other transfer of the Note or any payment or redemption of the Note.

ARTICLE III

PREPAYMENT OF NOTE

SECTION 301. NOTE PREPAYABLE AT OPTION OF THE COUNTY.

Subject to the provisions of Section 302 hereof, the County shall have the right at any time and from time to time to prepay the Note in whole or in part at the price of the principal amount thereof, plus interest accrued to the prepayment date, without any premium or prepayment penalty, plus any amount(s) then due by reason of an occurrence of an Event of Taxability.

All prepayments shall be applied first against any accrued and unpaid interest on the principal amount to be prepaid, then against the principal installments of the Note in the inverse order of maturity and then against any such other amount.

SECTION 302. NOTICE OF PREPAYMENT.

In the event the Note, or any portion thereof, is to be prepaid, the County, or the Company on behalf of the County, shall give written notice of its intention to effect such prepayment to the Bank at its address as established by Section 9.1 of the Loan Agreement at least ten (10) days prior to the date of prepayment.

ARTICLE IV

LOAN AGREEMENT, ASSIGNMENT
AND CLOSING DOCUMENTS

SECTION 401. AUTHORIZATION OF THE LOAN AGREEMENT, THE
ASSIGNMENT AND THE NOTE.

The Administrator and the Clerk are hereby authorized and directed to execute, seal and deliver, on behalf of the County, the Loan Agreement, the Assignment and the Note, each in the form presented to the County Board. The Administrator and the Clerk, however, are hereby authorized, prior to execution and delivery of the Loan Agreement, the Assignment and the Note, to make such changes or modifications in the form of any of such documents as may be required or deemed appropriate by them in order to accomplish the purposes of the transactions authorized by this Note Ordinance. The execution and delivery of the Loan Agreement, the Assignment and the Note by the Administrator and the Clerk shall be conclusive evidence of their approval of any changes or modifications in the form of such documents, which documents shall thereupon become binding upon and enforceable against the County in accordance with their terms.

SECTION 402. CLOSING DOCUMENTS.

The Administrator and the Clerk are fully empowered and authorized to take such further action and to execute and deliver such closing documents as may be reasonably requested by the Bank to effect the delivery of the Note in accordance with the terms and conditions herein set forth, and the action of such officers or either of them in executing and delivering any of such documents, in such form as he, she or they shall approve, is hereby authorized.

SECTION 403. CONDITION OF COUNTY'S OBLIGATION;
PAYMENT OF PRINCIPAL AND INTEREST.

Each and every covenant herein made, including all covenants contained in the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge against its general credit or taxing powers, but shall be payable by the County solely from the Pledged Amounts, which Pledged Amounts are to be specifically pledged to the payment of the Note in the manner and to the extent in this Note Ordinance and in the Assignment specified, and nothing in the Note or in this Note Ordinance shall be considered as pledging any other funds or assets of the County.

Subject to the foregoing, the County covenants that it will promptly pay the principal of and interest on, and all other amounts in respect of, the Note at the place, on the dates and in the manner provided herein and in the Note according to the terms hereof and thereof.

SECTION 404. PERFORMANCE OF COVENANTS; AUTHORITY OF COUNTY.

The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Note Ordinance, the Note, the Loan Agreement, the Assignment and in all proceedings pertaining thereto. The County represents and warrants that it is duly authorized under the Constitution and laws of the State to issue and deliver the Note authorized hereby, to execute and deliver the Loan Agreement and the Assignment and to pledge the Pledged Amounts in the manner and to the extent set forth herein and in the Assignment; that all actions on its part for the issuance and delivery of the Note and the execution and delivery of the Loan Agreement and the Assignment will have been duly and effectively taken on or prior to the date of delivery thereof and that the Note, the Loan Agreement and the Assignment will be legal, valid and binding obligations of the County, enforceable in accordance with their respective terms.

SECTION 405. INSTRUMENTS OF FURTHER ASSURANCE.

The County covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts or instruments as may be reasonably required by the Bank for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bank the Pledged Amounts to the payment of the principal of and interest on and all other amounts payable in respect of the Note.

The County covenants and agrees that, except as herein provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Pledged Amounts.

ARTICLE V

CUSTODY AND APPLICATION
OF PROCEEDS OF THE NOTE

SECTION 501. CONSTRUCTION FUND; DISBURSEMENTS.

There is hereby created and established with the Depository a trust fund to bear the designation "Spartanburg County, South Carolina, Industrial Revenue Note, Series 1983, Construction Fund (Bold Enterprises, Inc. Project)." All of the proceeds of the issuance and delivery of the Note

shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended for the costs, fees and expenses relating to the issuance of the Note and the acquisition, construction and installation of the Project in accordance with the provisions of the Loan Agreement and particularly Section 3.3 thereof.

The Depository is hereby authorized and directed to make payments out of the Construction Fund in accordance with Article III of the Loan Agreement.

The Depository shall keep and maintain records pertaining to the investment of moneys in the Construction Fund and all disbursements therefrom, and after the Company shall have certified that the Project has been completed as provided in Section 3.5 of the Loan Agreement, the Depository shall, if required by the County by written notice, file copies of such records thereof with the County, the Bank and the Company.

ARTICLE VI

MISCELLANEOUS

SECTION 601. SEVERABILITY.

If any provision of this Note Ordinance shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case or jurisdiction because it conflicts with any other provision or provisions hereof or any constitution, statute, 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 jurisdiction, or of rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever.

The invalidity or unenforceability of any phrase, sentence, clause or section contained in this Note Ordinance shall not affect any remaining portion of this Note Ordinance.

SECTION 602. PAYMENTS DUE ON SATURDAYS, SUNDAYS AND HOLIDAYS.

If any payment of principal of or interest on the Note falls due on a day which is not a Business Day at the place of payment thereof, then such due date shall be extended to the next succeeding Business Day at such place, and interest at the applicable rate shall be payable in respect of such extension.

SECTION 603. NOTE ORDINANCE CONSTITUTES CONTRACT.

In consideration of the purchase and acceptance of the Note by the Bank, this Note Ordinance shall for all purposes be deemed to be and shall constitute a contract between the County and the Bank, binding upon the County and enforceable by the Bank, but shall not be modified or amended without in each instance the prior written consent of the Company. Any waiver, modification, amendment or discharge of any provision of this Note Ordinance must be in writing duly executed by the County and the Bank.

SECTION 604. COUNTERPARTS.

This Note Ordinance may be executed by the County Board in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 605. EFFECTIVE DATE OF NOTE ORDINANCE.

This Note Ordinance shall take effect immediately upon third reading of the County Board.

EXHIBIT "A"

SPARTANBURG COUNTY, SOUTH CAROLINA,
INDUSTRIAL REVENUE NOTE,
SERIES 1983
(BOLD ENTERPRISES, INC. PROJECT)

No. R-1

\$2,000,000

KNOW ALL MEN BY THESE PRESENTS that SPARTANBURG COUNTY, SOUTH CAROLINA (hereinafter called the "County"), a body politic and corporate and a political subdivision of the State of South Carolina, for value received promises to pay, but only from the sources and as hereinafter provided, to the order of

(hereinafter, together with its successors and assigns, called the "Payee") at the Payee's principal office in the City of New York, State of New York (or at such other office of the Payee as the Payee shall direct) the principal sum of

TWO MILLION DOLLARS (\$2,000,000)

in thirty-nine (39) equal, consecutive quarterly installments each of \$33,333.33 on January 1, April 1, July 1 and October 1 of each year beginning January 1, 1984, to and including July 1, 1993, and a final installment of \$700,000.13 on October 1, 1993, and in like manner to pay interest on the outstanding principal amount due on this Note from the date hereof until maturity (whether by acceleration or otherwise) at a rate of interest per annum equal to seventy-five per centum (75%) of the Prime Lending Rate as in effect from time to time during such period payable monthly on the first day of each month, commencing on November 1, 1983.

If there shall occur a Section 103 Event of Taxability (as defined in the Note Ordinance hereinafter referred to), the rate of interest on this Note shall be increased to a rate per annum equal to one percent (1%) above the Prime Lending Rate in effect from time to time (the "Taxable Rate") (such rate to change upon the effective date of each change thereof) commencing with the first day of the calendar month in which notification is given by the Payee to the Company (hereinafter defined) that a Section 103 Event of Taxability has occurred. In addition, upon demand by the Payee, for the period commencing from the date that the interest on this Note shall have become includable in the Payee's gross income by reason of the occurrence of a Section 103 Event of Taxability, until the effective commencement date of the Taxable Rate of interest on the Note, the Payee shall be paid on demand as additional

interest on this Note an amount equal to the difference between the amount of interest that the Payee received during such period and that amount which it would have received as interest had the Note borne interest at such Taxable Rate.

If an Other Event of Taxability (as defined in the Note Ordinance) shall occur, to the extent that such Other Event of Taxability shall cause a reduction in the effective after tax income received by the Payee on this Note, there shall be payable on this Note additional interest in an amount which, after payment or provision for all taxes applicable thereto, will result in the Payee's having earned after-tax income equal to what it would have earned had such Other Event of Taxability never occurred. Such additional interest shall be payable within ten (10) days after notice from the Payee (which notice shall in each case contain a certificate showing the manner of calculation of the reduction in effective after tax income) and shall thereafter be payable so long as applicable, with each payment of interest on the Note without further certificates from the Bank until the Bank shall deliver a further certificate showing any change therein. Any allocation of costs to the financing represented by this Note so as to reduce the effective after-tax interest received by the Payee shall be made in accordance with its usual and customary practices. Each certificate delivered under this paragraph shall as to the amount of such reduction be binding and conclusive (absent manifest error).

As used herein, the term "Prime Lending Rate" means the rate per annum announced from time to time by Bankers Trust Company at its principal office in New York, New York, as its prime rate, the Prime Lending Rate to change as and when such prime rate changes.

This Note shall bear interest on overdue (whether by reason of acceleration or otherwise) installments of principal and, to the extent legally enforceable, on overdue installments of interest and other amounts payable hereunder for the period from the date such payment was due until paid in full at a rate per annum equal to the Prime Lending Rate in effect from time to time plus two percent (2%). Any change in the Prime Lending Rate, the Taxable Rate or the Penalty Rate shall immediately and without notice to the County be effective for the purpose of changing the rate of interest which this Note bears. Interest on this Note shall be computed on the basis of a year of three hundred and sixty (360) days and the actual number of days elapsed. Principal of and interest on and all other amounts payable in respect of and all other amounts payable in respect of this Note are payable in lawful money of the United States of America and in immediately available funds.

Anything herein or in this Note to the contrary notwithstanding, the obligation of the County hereunder shall be subject to the limitation that payments of interest to the Payee shall not be required to the extent that the receipt of any such payment by the Payee would be contrary to any provisions of law applicable to the Payee in respect of this Note which limit the maximum rate of interest which may be charged or collected by such holder on this Note.

Section 207 of the Note Ordinance provides that, in the event that the Payee shall receive any written assertion or claim from the Internal Revenue Service (including a revenue agent's report or notice of proposed adjustments) which would constitute an Event of Taxability, the Payee shall give written notice thereof to the Company. If, within thirty (30) days after the giving of such notice the Company notifies the Payee in writing that the Company wishes to question the tax treatment of interest on this Note in administrative proceedings before the Internal Revenue Service, and also delivers to the Payee a current unqualified opinion of recognized bond counsel, reasonably satisfactory to the Payee, to the effect that an Event of Taxability should not then be deemed to have occurred, and if the Payee shall elect in its discretion to question the tax treatment of interest on this Note in administrative proceedings before the Internal Revenue Service, then, subject to the Payee's right to terminate the Company's participation in such proceedings under certain circumstances more fully described in Section 207 of the Note Ordinance, the Payee shall afford the Company an opportunity to participate in good faith (and subject to the satisfaction of the Payee's reasonable requirements) in such administrative proceedings as to the question of the tax treatment or effect of interest on the Note, all subject to the terms and conditions set forth in said Section 208 of the Note Ordinance.

If any payment of principal of or interest on or any other amount payable in respect of this Note falls due on a day which is not a Business Day (as defined in the Note Ordinance) at the place of payment thereof, then such due date shall be extended to the next succeeding Business Day at such place, and interest at the applicable rate shall be payable in respect of such extension to the fullest extent permitted by law.

This Note is issued for the purposes of paying for the costs of acquiring, constructing and installing land, buildings, fixtures, machinery and equipment (hereinafter called the "Project") to constitute a warehouse and distribution center in the County and paying necessary expenses incidental thereto so as to promote industry and develop trade in South Carolina. The proceeds of the sale of the Note have been loaned to Bold Enterprises, Inc., a

South Carolina corporation (the "Company") pursuant to a Loan Agreement (the "Loan Agreement") dated as of October 1, 1983, between the Company and the County, for the purpose of paying the costs of the Project, which will be owned by the Company.

This Note is secured by a Mortgage and Security Agreement (hereinafter called the "Mortgage") dated as of October 1, 1983, between the Company and Bankers Trust Company on the Project, by an Assignment of Loan Agreement (hereinafter called the "Assignment") dated as of October 1, 1983, pursuant to which the County assigns certain of its rights under the Loan Agreement to Bankers Trust Company, its successors and assigns, and by a Guarantee and Indemnification Agreement (the "Guarantee Agreement") dated as of October 1, 1983, between Shelburne Shirt Company, Inc. (the "Guarantor") and Bankers Trust Company pursuant to which the payment of the Note is unconditionally guaranteed.

Under the Loan Agreement, the Company is obligated to pay to the Payee for the account of the County such amounts as will be sufficient to pay in full the principal of and interest on and all other amounts payable in respect of this Note as the same become due and, under the Loan Agreement, it is the obligation of the Company to pay all costs necessary to maintain the Project in good repair and to keep it properly insured.

Copies of the Loan Agreement, the Assignment, the Mortgage and the Guarantee Agreement are on file at the office of Spartanburg County Council ("County Council"), and reference is made to the Loan Agreement, the Assignment, the Mortgage and the Guarantee Agreement for a description of the security, and for the provisions, among others, with respect to the nature and extent of the security, the charging and collection of loan payments, the rights and remedies of the Payee, the rights, duties and obligations of the County, the Company, the Guarantor and the Payee, and the terms upon which this Note is issued, delivered and secured.

This Note may be prepaid on any date (whether or not such date is a payment date) in whole or in part at the price of the principal amount hereof, plus interest accrued to prepayment date, plus any other amounts payable by reason of an occurrence of an Event of Taxability, without any premium or prepayment penalty. All prepayments shall be applied first against any accrued and unpaid interest on the principal amount to be prepaid, then against the principal installments of this Note in the inverse order of maturity and then to any other amounts payable in respect of the Note.

The transfer of this Note may be effected only upon the books of the County kept for that purpose at the office of the County or its duly appointed agent by the registered owner hereof in person, or by his duly authorized legal representative upon surrender of this Note together with a written instrument of transfer reasonably satisfactory to the County or such agent duly executed by the registered owner or his duly authorized legal representative.

If an event of default under the Loan Agreement shall have occurred, the Payee may, at its option, declare the entire unpaid balance hereunder immediately due and payable.

In the event the Payee shall bring any action or proceeding to collect or enforce this Note, the Payee shall be entitled to reasonable costs of collection and enforcement including without limitation attorneys' fees and disbursements.

This Note is issued pursuant to the authorization of and for the purposes prescribed by Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended, pursuant to an ordinance duly adopted by County Council, and with the approval of the State Budget and Control Board of South Carolina.

This Note, including the principal and interest payable hereunder, is a limited obligation of the County and is payable by the County solely out of the Pledged Amounts (as defined in the Loan Agreement).

This Note, including the principal and interest payable hereunder, is not and 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.

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 Mortgage and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Note does not exceed or violate any constitutional or statutory limitation applicable to the County.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA has caused these presents to be executed in its name and behalf by the County Administrator of Spartanburg County, its corporate seal to be impressed hereon and the same to be attested by the Clerk of Spartanburg County Council, all being done as of the ____ day of October, 1983.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By _____
County Administrator of
Spartanburg County

Attest:

By _____
Clerk, Spartanburg County
Council

(SEAL)

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

I, the undersigned Clerk of Spartanburg County Council do hereby certify that the foregoing is a true, correct and verbatim copy of a Note Ordinance duly adopted by Spartanburg County Council, having been read at three duly called meetings of Spartanburg County Council held on _____, 1983, _____, 1983, and _____, 1983.

WITNESS MY HAND this _____ day of _____, 1983.

Clerk, Spartanburg County Council

EXHIBIT

STATE BUDGET AND CONTROL BOARD

AGENDA

MEETING OF September 21 and 23, SEP 21 1983

NO. 3

ITEM NUMBER

2

Agency: Finance Division

STATE BUDGET & CONTROL BOARD

Subject: Full-Time Equivalent Position Report for August, 1983

Please refer to attached report for details. The total authorized positions base at August 31, 1983, is 58,373.42 of which 52,534.59 were filled.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Agenda item worksheet plus attachment

004478

EXHIBIT

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

SEP 21 1983 NO. 3

For meeting scheduled for:

STATE BUDGET & CONTROL BOARD
 Blue Agenda
 Regular Session Agenda
 Executive Session Agenda

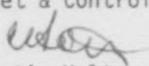
-
- Submitted By: Finance Division/Budget Development - Curtis Holt

 - Subject: 1983-84 FTE Position Operational Report For The Month of August

 - Summary Background Information:

This monthly report is submitted in accordance with Section 149 of the 1983-84 Appropriation Act.

Budget & Control Board Staff Recommendation:


Curtis Holt

APPROVED

DISAPPROVED

-
- What is Board Asked To Do?
For Information

5. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

- Authorized FTE Position Monthly Report

004479

EXHIBIT

STATE AUDITOR'S OFFICE
 1983-84 FTE POSITION OPERATIONAL REPORT SEP 21 1983 NO. 3
 FOR THE MONTH OF AUGUST, 1983

STATE BUDGET & CONTROL BOARD

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
<u>Total Authorized FTE Position Base 7/31/83</u>		58,308.90	34,260.14	8,387.41	15,661.35
<u>August's Authorized Changes</u>					
10	Attorney General	(1.00)	(1.00)		
14 D	B & C Board - IRM	10.80	10.80		
38	DHEC	0	0	(60.00)	60.00
39	Mental Health	63.00	0	0	63.00
42	Dept of Social Services	(1.00)	(1.00)		
66	Parks, Recreation & Tourism	(11.80)	0	(1.00)	(10.80)
86	Architectural Examiners	0.52	0.52		
121	Dept Hwy & Public Transp	4.00	0	0	4.00
<u>Total Net Change</u>		64.52	9.32	(61.00)	116.20
<u>Total Authorized FTE Position Base 8/31/83</u>		58,373.42	34,269.46	8,326.41	15,777.55
<u>Total Filled FTE Positions 8/31/83</u>		52,534.59	31,162.17	7,087.40	14,285.02
<u>Total Vacant FTE Positions 8/31/83</u>		5,838.83	3,107.29	1,239.01	1,492.53

Prepared By:
 The Office of Budget Development
 9/7/83

004480

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

BLUE AGENDA

ITEM NUMBER 3

Agency: Fire Marshal Division

Subject: August Activity Report

Please refer to attachments for details.

EXHIBIT

SEP 21 1983

NO. 4

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

referenced reports

004481

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF _____

ITEM NUMBER _____

Agency: Division Of State Fire Marshal

Subject:
Monthly Report - August, 1983

EXHIBIT

SEP 21 1983 NO. 4

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Staff Comment:

Reports show inspections made, daily activities, etc., of the Deputy State Fire Marshals and L.P. Gas Inspectors.

Attachments:

004482

SEP 15 1983

State of South Carolina

Division of State Fire Marshal



RICHARD S. CAMPBELL, P.E.
State Fire Marshall

Budget and Control Board
1109 Bellevue Street
Columbia, S.C. 29201
(803) 758-2941

LP GAS & ANHYDROUS
AMMONIA
(803) 758-2247

EXHIBIT

SEP 21 1983 NO. 4

STATE BUDGET & CONTROL BOARD

September 15, 1983

Mr. William A. McInnis
Deputy Director
Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29201

Dear Mr. McInnis:

Please find attached our monthly report for the next Budget and Control Board meeting.

Sincerely,

Sondra K. Vann
Secretary

/sv

004483

AUGUST, 1983

EXHIBIT

MONTHLY REPORT

SEP 21 1983

NO. 4

DIVISION OF STATE FIRE MARSHAL

STATE BUDGET & CONTROL BOARD

1109 Belleview Street

Columbia, S. C.

The State Fire Marshal's Office has the responsibility of fire prevention and fire protection of lives and property from fire and through the assistance of local officials and other state agencies. Through our concentrated efforts in fulfilling these responsibilities, we have obtained ----- 1397----- full compliances in conditions which were ruled hazards to life. In conjunction with the August compliances, we conducted the following inspections:

	<u>YEAR TO DATE</u>	
I. CONFERENCES AND INVESTIGATIONS	<u>816</u>	<u>1436</u>
a. Fire Drills Held	<u>5</u>	<u>19</u>
b. Fire Extinguisher Demonstrations	<u>19</u>	<u>71</u>
II. EDUCATIONAL:		
a. Schools	<u>26</u>	<u>52</u>
b. Universities	<u>1</u>	<u>1</u>
c. Colleges	<u>2</u>	<u>3</u>
d. Academies	<u>2</u>	<u>2</u>
e. Nursery Schools	<u>72</u>	<u>105</u>
f. Kindergartens	<u>20</u>	<u>42</u>
III. RESIDENTIAL:		
a. Hotels	<u>8</u>	<u>10</u>
b. Motels	<u>15</u>	<u>33</u>
IV. REQUESTED INSPECTIONS:		
a. Homes for Aged	<u>22</u>	<u>37</u>
b. Boarding Homes	<u>25</u>	<u>44</u>
c. Orphanages	<u>10</u>	<u>14</u>
V. SERVICE STATIONS:		
a. Self Service and Full Service	<u>2</u>	<u>3</u>

004484

VI. OTHER:

a. Prisons, Detention Centers, Etc.	<u>1</u>	<u>2</u>
b. Foster Homes	<u>29</u>	<u>56</u>
c. Condominiums	<u>32</u>	<u>47</u>
d. Miscellaneous	<u>17</u>	<u>46</u>

VII. PUBLIC ASSEMBLIES:

a. Lounges, Restaurants, Recreation Halls, Etc.	<u>40</u>	<u>71</u>
b. Conferences and Investigations	<u>34</u>	<u>75</u>

VIII. INSTITUTIONAL & EDUCATIONAL TRAINING PROGRAMS:

a. Training Programs Presented	<u>45</u>	<u>87</u>
b. Hospitals Visited	<u>3</u>	<u>12</u>
c. Nursing Care Facilities Visited	<u>17</u>	<u>27</u>
d. Total Number of Persons in Attendance	<u>2043</u>	<u>3932</u>
e. Special Areas, Civic Groups, Schools, Etc.	<u>8</u>	<u>15</u>

IX. PLANS:

a. Plans & Specifications Reviewed	<u>22</u>	<u>38</u>
b. Conferences & Investigations	<u>15</u>	<u>30</u>

State of South Carolina
Division of State Fire Marshal



RICHARD S. CAMPBELL, P.E.
State Fire Marshal

Budget and Control Board
1109 Belleview Street
Columbia, S.C. 29201
(803) 758-2941

EXHIBIT LP GAS & ANHYDROUS AMMONIA (803) 758-2247

SEP 21 1983

NO. 4

STATE BUDGET & CONTROL BOARD

LIQUEFIED PETROLEUM GAS DIVISION
DIVISION OF STATE FIRE MARSHAL
SEPTEMBER 14, 1983

The following are statistics on the inspections made by the LP Gas Division for the Month of August.

During this month the LP Gas Division Inspectors have made a total of --218-- corrections in accordance with our NFPA Pamphlet #58.

	<u>SEPTEMBER</u>
BULK PLANTS	25
BULK TRUCKS	45
CYLINDER TRUCKS	25
TRANSPORTS	0
MOTOR FUEL INSTALLATIONS	35
CYLINDER CHARGING PLANTS	52
INDIVIDUAL INSTALLATIONS	1,419
CONFERENCES	186
RE-INSPECTIONS	<u>257</u>
TOTAL INSPECTIONS	2,044
FAULTY INSPECTIONS	268

004486

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

BLUE AGENDA
ITEM NUMBER 4

Agency: Department of Mental Health

Subject: Interviewee Travel Expense Payments

Payments of interviewee travel expenses are made pursuant to authority granted by the Board. Board policy requires that any exercise of that authority be reported within 30 days.

EXHIBIT

SEP 21 1983 NO. 5

STATE BUDGET & CONTROL BOARD

Board Action Requested:
Receive as information.

Staff Comment:

Attachments:
Referenced reports

004487

RECEIVED

SEP 12 1983

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

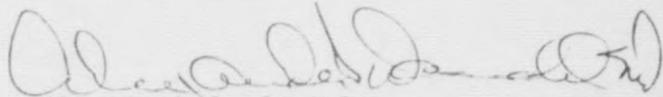
M E M O R A N D U M

TO: State Commissioner of Mental Health
FROM: Director, William S. Hall Psychiatric Institute
SUBJECT: Request to Expend Travel Funds for a Residency Applicant

I request approval of travel reimbursement in the amount of approximately \$175.00 for Stephen M. Ford, for an interview at the Institute for the position of first year psychiatric resident (PGY 1).

Because the Institute is a teaching facility, it is necessary that residents be actively recruited for the training program in general psychiatry; and the cost is warranted. The cost of this interview will be less than to pay the cost of five staff members to travel to Johnson City, Tennessee for the interview. In addition, it is imperative that the applicant see the Institute to make an informed decision.

There are six residency positions to be filled, and we have not had six qualified applicants who are residents of South Carolina.



Alexander G. Donald, M.D.

nd

cc: ✓ William A. McInnis
Deputy Executive Director
State Budget and Control Board

September 8, 1983



EXHIBIT

SEP 21 1983 NO. 5

STATE BUDGET & CONTROL BOARD

004458

SEP 14 1983

RECEIVED

SEP 14 1983

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

MEMORANDUM

TO: State Commissioner of Mental Health
FROM: Director, William S. Hall Psychiatric Institute
SUBJECT: Request to Expend Travel Funds for a Residency Applicant

I request approval of travel reimbursement in the amount of approximately \$325.50 for Martha C. Hackie, M.D., for an interview at the Institute for the position of first year psychiatric resident (PGY I).

Because the Institute is a teaching facility, it is necessary that residents be actively recruited for the training program in general psychiatry, and the cost is warranted. The cost of this interview will be less than to pay the cost of five staff members to travel to Huntington Beach, California for the interview. In addition, it is imperative that the applicant see the Institute to make an informed decision.

There are six residency positions to be filled, and we have not had six qualified applicants who are residents of South Carolina.

Alexander G. Donald
Alexander G. Donald, M.D.

nd

cc: William A. McInnis
Deputy Executive Director
State Budget and Control Board

EXHIBIT

SEP 21 1983 NO. 5

September 13, 1983

STATE BUDGET & CONTROL BOARD



William S. Hall

004489

RECEIVED

SEP 9 1983

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

MEMORANDUM

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

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

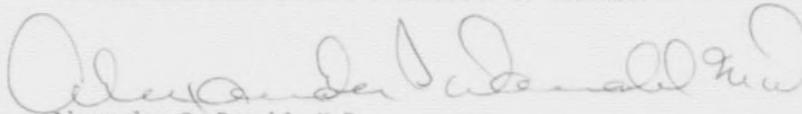
DATE: September 9, 1983

SUBJECT: Reimbursement for Interview Travel

I request approval of travel reimbursement in the amount of approximately \$950 for Peter H. Swanson, M.D., to interview at the Institute for the position of Teaching Psychiatrist.

This is a significant position to be filled in light of the teaching mission of the Institute, and the cost is warranted. The cost of this interview will be significantly less than to pay the costs of five staff members to travel to Monterey, California, for the interview. In addition, it is imperative that the applicant see the Institute in order to make an informed decision. Following advertisement of this position in national journals, we have had no individuals within South Carolina submit applications.

This will be Doctor Swanson's second interview at the Institute. It is necessary that he return to Columbia in order that the position may be further discussed before a decision is reached.



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

AGD/DWM/jas

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

EXHIBIT

SEP 21 1983 NO. 5

STATE BUDGET & CONTROL BOARD



Hall, M.D.

004490

EXHIBIT

BUDGET SUMMARY
GENERAL FUNDS ONLY
FY 1984-85

SEP 21 1983 NO. 6

STATE BUDGET & CONTROL BOARD

Estimated 1983-84 General Fund Revenue	2,142,200,593
Anticipated 1984-85 Revenue Growth	<u>190,000,000</u>
Total Estimated General Fund Revenue for 1984-85	2,332,200,593
Less: Reserve Fund Contributions	<u>39,398,601</u>
Available 1984-85 General Fund Revenue	2,292,801,992
Less: 1983-84 Estimated Expenditures	<u>2,121,900,556</u>
New Funds Available for 1984-85	<u>170,901,436</u>

004491

WORKING PAPER

SCHEDULE I
CONSTITUTIONAL, STATUTORY & MANDATORY STATE ISSUES

Debt Service	3,142,529
Aid to Subdivisions	6,101,191
Health Insurance	5,035,511
Other Employee Benefits	1,085,067
Rent State Owned Property	1,060,100
BPI & Merit	44,480,000
TOTAL	<u>60,904,398</u>

EXHIBIT

SEP 21 1983 NO. 6

STATE BUDGET & CONTROL BOARD

004432

Agency: Family Farm Development Authority

Subject: Civil Contingent Fund Allocation Request

The Family Farm Development Authority is asking for an allocation of \$59,500 from the Civil Contingent Fund to initiate Authority programs. The Authority advises that it has obtained legal and constitutional clearance from the Supreme Court and is now ready to move forward to fulfill its intended purpose of assisting the farming community.

This item was carried over at the September 13 meeting to provide an opportunity for staff to examine the request further in two respects, i.e., (1) whether or not it is envisioned that this Authority will be self-supporting like the Housing Authority; and (2) the period covered by the budget submitted.

Chairman Livingston advises that he expects and hopes the Authority will be self-supporting. His hope is that the \$59,500 from the Civil Contingent Fund will be repaid next year from Authority operating revenues.

Chairman Livingston also indicated that the budget submitted is for roughly six months and that the \$6,000 in the Appropriations Act should be added to make a \$65,500 budget for about half a year. A staff of three including an executive director, a clerical person and another person (either a field person or an office manager) is envisioned.

EXHIBIT

SEP 21 1983 NO. 7

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Consider.

Staff Comment:

004493

Attachments:

Agenda item worksheet and Livingston September 2 letter to Putnam plus attachments

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

REGULAR SESSION AGENDA
ITEM NUMBER 2A

Agency: S. C. Jobs-Economic Development Authority

Subject: Civil Contingent Fund Allocation Request

The South Carolina Jobs-Economic Development Authority requests a one-time allocation of \$15,000 from the Civil Contingent Fund to pay legal costs incurred in determining the constitutionality of Act R251, Section 12, which authorizes the Authority to issue general revenue bonds.

EXHIBIT

SEP 21 1983 NO. 8

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Consider allocating \$15,000 from the Civil Contingent Fund to the S. C. Jobs-Economic Development Authority.

Staff Comment:

Attachments:

Holder 9/19 letter to Governor Riley

004494

BUDGET & CONTROL BOARD - OFFICE OF EXECUTIVE DIRECTOR
 CIVIL CONTINGENT FUND
 Fund Status at September 9, 1983

Appropriations			
General	\$	\$	\$ 394,624.00
<u>Transfers:</u>			
B & C Bd - Fire Marshal	858.00	(858.00)	
<u>Direct Expenditures:</u>			
Southeast Interstate Low-Level	25,000.00		
Radioactive Waste Mgmt Compact			
Budget & Control Board Meetings	331.52		
Governor's Youth Advisory Committee	971.37		
Procurement Code Review Panel	<u>850.72</u>		
		(27,153.61)	
<u>Advances:</u>			
Southeastern Intergovernmental			
Audit Forum - Ed Vaughn	1,000.00	(1,000.00)	
<u>Encumbrances:</u>			
Catawba Indian Suit	125,000.00		
B & C Bd - Ofc of Exec Director	1,500.00		
Fire Commission-Mid Atlantic Meeting	2,000.00		
Procurement Code Review Panel	5,149.28		
Lieutenant Governor's Office	10,000.00		
(Anti-illiteracy Program)	<u> </u>		
		(143,649.28)	
Total Transfers, Expenditures, Advances & Encumbrances			\$ <u>172,660.89</u>
Total Available			\$ <u>221,963.11</u>

EXHIBIT

SEP 21 1983 NO. 8

Note: Actual Cash Balance at 9/9/83 is \$365,612.39

STATE BUDGET & CONTROL BOARD

004495

CORRECTION

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

REGULAR SESSION AGENDA
ITEM NUMBER 2A

Agency: S. C. Jobs-Economic Development Authority

Subject: Civil Contingent Fund Allocation Request

The South Carolina Jobs-Economic Development Authority requests a one-time allocation of \$15,000 from the Civil Contingent Fund to pay legal costs incurred in determining the constitutionality of Act R251, Section 12, which authorizes the Authority to issue general revenue bonds.

EXHIBIT

SEP 21 1983 NO. 8

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Consider allocating \$15,000 from the Civil Contingent Fund to the S. C. Jobs-Economic Development Authority.

Staff Comment:

Attachments:

Holder 9/19 letter to Governor Riley

004494



SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

DWIGHT A. HOLDER
CHAIRMAN

EXHIBIT

September 19, 1983

SEP 21 1983 NO. 8

Honorable Richard W. Riley
Governor and Chairman of the Budget
and Control Board
State of South Carolina
South Carolina State House
Columbia, South Carolina 29211

STATE BUDGET & CONTROL BOARD

Dear Governor Riley,

The South Carolina Jobs-Economic Development Authority respectfully requests a one-time allocation of \$15,000.00 from the civil contingency fund of the Budget and Control Board.

The Authority's request is necessitated by South Carolina law which mandates that the South Carolina Supreme Court must determine that the power given the Authority to issue "General Revenue Bonds" as permitted in Section 12 of the Act (R251, S497) is constitutional.

The South Carolina Attorney General's office has consented to argue the affirmative side of this case, however, the Authority must also retain private counsel to argue the negative side of the case. The current federal funds that the Authority has for administrative and operational costs do not permit the incurring of legal costs for this specific activity.

Your kind attention to and affirmative response to our request is sincerely appreciated.

Yours sincerely,

Dwight A. Holder
Chairman

DAH/lem

82800

BUDGET & CONTROL BOARD - OFFICE OF EXECUTIVE DIRECTOR
 CIVIL CONTINGENT FUND
 Fund Status at September 9, 1983

Appropriations			
General	\$	\$	\$ 394,624.00

<u>Transfers:</u>			
B & C Bd - Fire Marshal	858.00	(858.00)	

<u>Direct Expenditures:</u>			
Southeast Interstate Low-Level	25,000.00		
Radioactive Waste Mgmt Compact			
Budget & Control Board Meetings	331.52		
Governor's Youth Advisory Committee	971.37		
Procurement Code Review Panel	<u>850.72</u>		
		(27,153.61)	

<u>Advances:</u>			
Southeastern Intergovernmental			
Audit Forum - Ed Vaughn	1,000.00	(1,000.00)	

<u>Encumbrances:</u>			
Catawba Indian Suit	125,000.00		
B & C Bd - Ofc of Exec Director	1,500.00		
Fire Commission-Mid Atlantic Meeting	2,000.00		
Procurement Code Review Panel	5,149.28		
Lieutenant Governor's Office	10,000.00		
(Anti-illiteracy Program)	<u> </u>		
		(143,649.28)	

Total Transfers, Expenditures, Advances & Encumbrances	\$ <u>172,660.89</u>
---	----------------------

Total Available	\$ <u>221,963.11</u>
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EXHIBIT

SEP 21 1983 NO. 8

Note: Actual Cash Balance at 9/9/83 is \$365,612.39 STATE BUDGET & CONTROL BOARD

004495

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF September 21 and 23

SEP 21 1983

NO. 9

ITEM NUMBER

3

Agency: General Services

STATE BUDGET & CONTROL BOARD

Subject: Procurement Code Exemption Request

The Division of General Services, in accord with Procurement Code Section 11-35-310, recommends that the Board exempt every expenditure of funds by the South Carolina Research Authority under contract for supplies, construction and services, as defined in Section 11-35-310(7), (8), (26), (28). The proposed exemption is from the procurement procedures of the Procurement Code and is recommended by the Division on the basis of its interpretation of Section 13-17-70 of the Research Authority's enabling legislation. The Division of General Services notes the "...conspicuous absence of reference to the S. C. Consolidated Procurement Code." The Division also takes the position that the exemption request is supported by a recent Attorney General's opinion which compares the Research Authority to the Public Service Authority as a State enterprise entity.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

Agenda item worksheet plus attachments

004496

EXHIBIT

SEP 21 1983 NO. 9

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

Blue Agenda
 Regular Session Agenda
 Executive Session Agenda

For meeting scheduled for:
September 13, 1983

1. Submitted By: Division of General Services
2. Subject: Request for Exemption Approval
3. Summary Background Information:

The Division of General Services recommends exempting every expenditure of funds by the S.C. Research Authority under contract for supplies, construction and services as defined in Section 11-35-310 (7)(8)(26)(28) from the procurement procedures of the South Carolina Consolidated Procurement Code in accordance with Section 11-35-710 of the S.C. Consolidated Procurement Code. The Division of General Services recommends this exemption by virtue of its interpretation of Section 13-17-70 of the Authority's enabling legislation which clearly grants the power to the Authority to acquire, purchase, hold, use, improve, lease, mortgage, sell, transfer and dispose of any property, real, personal or mixed, or any interest therein and the conspicuous absence of reference to the S.C. Consolidated Procurement Code. Additionally, the exemption request is supported by a recent Attorney General's opinion which references the Authority in direct comparison to the South Carolina Public Service Authority as a state enterprise entity. The South Carolina Budget and Control Board has determined that the South Carolina Public Service Authority, the South Carolina State Ports Authority, and the South Carolina Public Railways Commission are exempt from procurement procedures of the South Carolina Consolidated Procurement Code. It is felt that the South Carolina Research Authority should be viewed in the same manner as the above referenced public corporations.

The Budget and Control Board for just cause may by unanimous written decision limit or withdraw this exemption in accordance with Section 11-35-710 of the South Carolina Consolidated Procurement Code.

NOT SO -
GEN ASSY
EXEMPTED
WJM

004497

4. What is Board Asked To Do?

Approve an exemption to the procurement procedures of the S.C. Consolidated Procurement Code for the S.C. Research Authority.

5. Supporting Documents:

List Those Attached

List Those Not Attached But Available
From Submitter

Attorney General's Opinion
dated July 26, 1983.

Request for Exemption letter
dated September 8, 1983

R. Campbell

EXHIBIT

SEP 21 1983 NO. 9

STATE BUDGET & CONTROL BOARD

004498

State of South Carolina



Office of the Attorney General

T. TRAVIS WEDLOCK
ATTORNEY GENERAL

ELMBERT C. DENNIS BUILDING
POST OFFICE BOX 11541
COLUMBIA, S.C. 29211
TELEPHONE 803-756-6627

July 26, 197

EXHIBIT

SEP 21 1983 NO. 9

Purvis W. Collins, Director
South Carolina Retirement System
Sol Blatt Building, Second Floor
Columbia, South Carolina 29201

STATE BUDGET & CONTROL BOARD

Dear Mr. Collins:

You have requested an opinion as to the legal status of the South Carolina Research Authority, and whether it is an "employer" within the meaning of South Carolina Code of Laws, Section 9-2-10(5).

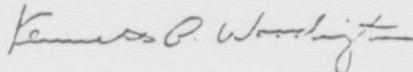
The Authority is a body corporate and politic and was created by Act R81 of 1983. Its trustees are ex officio state officials and the appointees of such officials; the Chairman is appointed by the Governor. Its function is to promote research and advanced technology within the State. The Authority has been vested with the powers to enter into contracts, making binding agreements, and generally take such actions in its name as are necessary to accomplish the purposes described in Section 2 of the aforesaid Act. The Authority is similar in structure to the South Carolina Public Service Authority, an entity which the South Carolina Supreme Court has held to be "a public corporation in the nature of a quasi-municipal corporation, exercising certain governmental functions as an agent of the State." (*Creech v. S.C. Pub. Serv. Auth.*, 281 S.C. 101, 342 S.E.2d 441 (1942)). In other words, it is a public corporation created by the legislature to perform a governmental function.

004499

Purvis W. Collins, Director
July 26, 1983
Page 2

On the basis of the foregoing, it is the opinion of this office that the South Carolina Research Authority is a public corporation and an arm of the State, and an "employer" within the meaning of Code Section 9-1-10(5).

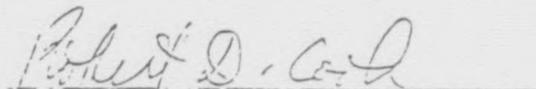
Sincerely yours,



Kenneth P. Woodington
Senior Assistant Attorney General

KPW:rmr

APPROVED BY:



Robert D. Cook
Executive Assistant for Opinions

004500

Richard's copy

SEP 09 1983

SOUTH CAROLINA
RESEARCH AUTHORITY

September 8, 1983

PO Box 12025
Columbia, SC 29211-2025

Ms. Barbara A. McMillan
Director of Agency Services
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Ms. McMillan:

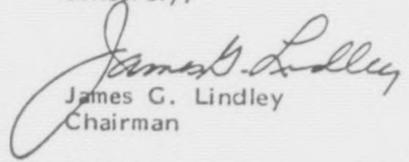
As Chairman of the South Carolina Research Authority, I would like to request that the Authority be granted an exemption from the Consolidated Procurement Code by the State Budget and Control Board as provided for in Section 11-35-710. This exemption is requested for the \$500,000 State Appropriation granted in the 1982-83 Supplemental Appropriation and for all donated funds received.

We request this exemption on the grounds of legislative intent. In our opinion, the enabling legislation clearly intends to grant the Authority this exemption.

A recent Attorney General's opinion compares us to the South Carolina Public Service Authority which is exempt from the Consolidated Procurement Code (Section 11-35-710).

We would like to have this exemption granted at the September 13, 1983 Budget and Control Board meeting.

Sincerely,


James G. Lindley
Chairman

JGL/lc

EXHIBIT

SEP 21 1983 NO. 9

STATE BUDGET & CONTROL BOARD

004501

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

REGULAR SESSION AGENDA
ITEM NUMBER 4

Agency: General Services

Subject: Forestry Commission Installment Purchase

The Forestry Commission desires to lease/purchase for \$1,514.33 the small telephone system in their Kingstree office. The purchase would be made from the Farmers Telephone Cooperative at \$72.04 per month for 24 months. The computed interest rate is approximately 13% but the Farmers Telephone Cooperative is willing to allow the agency to pay over a 24 month period.

EXHIBIT

SEP 21 1983 NO. 10

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Approve.

Staff Comment:

Attachments:

Agenda item worksheet

004502

EXHIBIT

SEP 21 1983 NO. 10

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

Blue Agenda

Regular Session Agenda

Executive Session Agenda

For meeting scheduled for:
September 27, 1983

1. Submitted By: Division of General Services

2. Subject: Financing of Information Technology Equipment
for Forestry Commission

3. Summary Background Information:

Forestry Commission has a small telephone system in their Kingstree Office. Present monthly cost for rent is \$68.00. Forestry can purchase the system for \$1,514.33.

Farmers Telephone Cooperative (FTC) will sell the system to Forestry at \$72.04 per month for 24 months.

The computed interest rate is approximately 13%, however, it is a small amount and FTC is willing to let them pay over a 24 month period.

Contact Person: Mr. Charles F. Moore
Asst State Forester
758-6900

4. What is Board Asked To Do?

Approve lease purchase of phone system.

9/16/83
OK
approve 13% note
Farmers Telephone Corp.
lf

5. Supporting Documents:

List Those Attached

List Those Not Attached But Available
From Submitter

Request From Forestry

004503

Agency: Finance Division

Subject: Mental Health Request to Transfer Funds to Community Support Program

Finance Division staff advise that the Department of Mental Health recently established the "community support program" as its number one priority in its statewide plan. That program is intended to reallocate resources to community-based mental health facilities as a means of helping reduce the numbers of persons served at psychiatric hospitals. Full implementation of the program will not be felt until fiscal year 1984-85 but the agency's present request is designed to begin the operation as soon as possible.

Finance Division staff note that the request is supported by the Governor's Office and several key legislative committees. Staff also noted that several other transfers probably will have to be processed during the current fiscal year as this program gains momentum.

Finance Division staff call to the Board's attention an indication by the Department of Mental Health that some reduction-in-force is likely although the accurate numbers to be involved cannot be predicted presently.

EXHIBIT

SEP 21 1983 NO. 11

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Approve the concept of this request and approve the transfer of \$665,395 from S. C. State Hospital program and \$660,395 from the Crafts-Farrow program to the Community Support Program.

Staff Comment:

Attachments:

Agenda item worksheet plus attachments

004504

EXHIBIT

84-11

SEP 21 1983

NO. 11

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

September 27, 1983

Blue Agenda

Regular Session Agenda

Executive Session Agenda

1. Submitted By: Finance Division-Budget Section - George N. Dorn, Jr.
-
2. Subject: Request by Mental Health to transfer \$665,395 from S.C. State Hospital and \$660,395 from Crafts Farrow to new program "Community Support Program".

3. Summary Background Information:

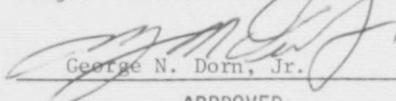
The Department of Mental Health has recently incorporated as priority #1 in its statewide Mental Health plan a program called Community Support Program. The intent of said program being to reallocate resources to community based mental health facilities in order to help reduce populations at psychiatric hospitals. The full implementation will not be felt until 1984-85 FY, however, the agency requests to move the above stated funds so as to begin the operation as soon as possible. It should be noted that this request has the support of the Governor's Office and several key legislative committees concerned with Mental Health, budgeting, etc.

It should be further noted that several other transfers will probably have to be processed during the course of 1983-84 as the program gains momentum.

THE AGENCY INDICATES THAT SOME REDUCTION IN FORCE IS LIKELY BUT THEY ARE UNABLE TO PREDICT ACCURATE NUMBERS AT THIS TIME.

RECOMMEND APPROVAL

Budget & Control Board Staff Recommendation:


George N. Dorn, Jr.

APPROVED

DISAPPROVED

4. What is Board Asked To Do?

It is recommended that the Board approve the "concept" of this request, and more specifically the immediate transfer requests to begin the program function.

5. Supporting Documents:

List Those Attached	List Those Not Attached But Available from Submitter
1. Excerpt from statewide M.H. Plan	None
2. Directive of Commissioner re: Community Support Program.	
3. Letter of request dated 8/23/83	
4. Follow up letter of 9/12/83	
5. Potential staff shifting	
6. Potential patients & earnings	
7. Attached transfer requests	

004505

Emphasis on amount
of funds and shifting
program interest

(Amount of personal
service funds to be
shifted to other operating,
\$337,625)

Mental Health

General Fund

For

Programs:

S.C. State Hospital

\$ 665,395

Crafts Farm

660,395

Total

1,325,790

To

New Program

Community Support

\$ 1,325,790

004506

AGENCY NUMBER: J12 AGENCY BATCH NUMBER: OBJECT CODE WASH TOTAL: 3416 TOTAL BATCH AMOUNT: 1,330,790.00 BATCH DATE: BATCH NUMBER: DOCUMENT: 3

AGENCY VOUCHER NUMBER
T0014

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD - FINANCE DIVISION

CG WARRANT NUMBER

AGENCY TRANSFERRED TO (CRI):
NAME: MENTAL HEALTH
ADDRESS: P.O. BOX 485
COLUMBIA, S.C. 29202

APPROPRIATION TRANSFER

AGENCY TRANSFERRED FROM (CRI):
NAME: MENTAL HEALTH
ADDRESS:

TO REQUESTING AGENCY:
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

REASON FOR TRANSFER:

COMMUNITY SUPPORT

Ref. is indicated - please see letter

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
02	350	J12	0560	1001						0158	665,395.00		
TOTAL										0158	665,395.00		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
02	300	J12	4028	1001						0158	380,111.00		
02	300	J12	4028	1001						0200	86,286.00		
02	300	J12	4028	1001						0300	46,866.00		
02	300	J12	4028	1001						0400	4,672.00		
02	300	J12	4028	1001						0500	22,922.00		
02	300	J12	4028	1001						0600	52,341.00		
02	300	J12	4028	1001						1100	72,197.00		
TOTAL										3258	665,395.00		

REQUESTED BY: Thomas Arnold DATE: Aug. 25/1983 STATE BUDGET ANALYST: Doc. Ann DATE: 14 Sept

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized

STATE AUDITOR

004507

DATE

AGENCY NUMBER: J12 AGENCY BATCH NUMBER: OBJECT CODE HASH TOTAL: 4732 TOTAL BATCH AMOUNT: 1,320,790.00 BATCH DATE: BATCH NUMBER: DOCUMENT: 3

AGENCY VOUCHER NUMBER
T0026

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD - FINANCE DIVISION

CG WARRANT NUMBER

AGENCY TRANSFERRED TO (CRI)
NAME: Mental Health
ADDRESS: P.O. Box 485
Columbia, S. C. 29202

APPROPRIATION TRANSFER

AGENCY TRANSFERRED FROM (CRI)
NAME: Mental Health
ADDRESS: P.O. Box 485
Columbia, S. C. 29202

TO REQUESTING AGENCY:
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

REASON FOR TRANSFER: Community Support

RF is indicated. Please see (attach)

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE
03	350	J12	0561	1001						0158	380,111.00	CFSH
03	350	J12	0561	1001						0200	85,286.00	
03	350	J12	0561	1001						0300	44,866.00	
03	350	J12	0561	1001						0200	3,672.00	
03	350	J12	0561	1001						0300	21,922.00	
03	350	J12	0561	1001						0158	52,341.00	
03	350	J12	0561	1001						0158	72,197.00	
TOTAL										1474	660,395.00	

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE
03	300	J12	4028	1001						0158	380,111.00	Comm. Supp.
03	300	J12	4028	1001						0200	85,286.00	
03	300	J12	4028	1001						0300	44,866.00	
03	300	J12	4028	1001						0400	3,672.00	
03	300	J12	4028	1001						0500	21,922.00	
03	300	J12	4028	1001						0600	52,341.00	
03	300	J12	4028	1001						1100	72,197.00	
TOTAL										3258	660,395.00	

REQUESTED BY: *Thomas Marsh* DATE: Sept. 12, 1983 STATE BUDGET ANALYST: *Bob App* DATE: *4 Sept 83*

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

STATE AUDITOR _____ DATE: **004508**

EXHIBIT

SEP 21 1983 NO. 11

STATE BUDGET & CONTROL BOARD

6. To enable larger numbers of mental health facility clients who are seriously institutionally or chronically dependent to achieve a higher level of independent living.

The foregoing goal statements will continue to be guiding principles for the present five year plan. However, the goal structure for the present plan is focused on specific targets and stated in terms of priorities.

PRIORITY 1: To reduce the number of long term patients in the psychiatric hospitals by 400 by the end of FY 1984.

Implementation strategy:

Community Support Programming - (CSP) - funds in the amount of \$2,920,000 will be reallocated from psychiatric hospitals to Community Mental Health Services to provide the support services required for 400 longterm patients to move from a hospital to a community level of care.

The purpose of the CSP is to concentrate program resources on providing a more effective level of services for the longterm patient, ultimately strengthening the

capacity of the centers to appropriately serve the chronic mentally ill.

The shift of responsibility for the longterm patient from a hospital to a community base offers a distinct prospect for a reallocation of funds from hospital to community services. However, the extent of services required for many of the longterm patients to be viable in the community is substantial.

While this program element will be indicated as a fully developed entity in the FY 1984 Budget Plan, work is currently in progress with the center directors, hospital and Department staff on its definition and details; when these are appropriately worked out, implementation of the program can begin.

PRIORITY 2: To reduce the monthly emergency admissions to state psychiatric hospitals by 20% by the end of FY 1984.

Implementation strategy:

Emergency Screening/Crisis Stabilization (ES/CS) - funds in the amount of \$3,000,000 will be requested, to be appropriated from the Patient Fee Account, for the pur-



SOUTH CAROLINA DEPARTMENT OF MENTAL HEALTH
Columbia, South Carolina

OFFICE OF THE STATE COMMISSIONER

Concent
MEMORANDUM NO. 25-82

TO: All Organizational Components

SUBJECT: The Development and Implementation of a Comprehensive Community Support Program

The stated policy of the South Carolina Department of Mental Health is to maximize the shift in the locus of care from institutional based services to community based services. Beginning immediately, this policy will accrue further emphasis through the development of comprehensive community support programs, to serve 400 long-term chronic mentally ill psychiatric patients from Crafts-Farrow State Hospital and South Carolina State Hospital. Chronic mentally ill people who already reside in the community will be served by these programs as well.

The implementation of this policy requires a widely shared set of beliefs: that chronic mentally ill people have a strong potential for growth in achieving more independent levels of personal functioning; that an important responsibility of the Department, its facilities and its staff is to provide opportunities for chronic mentally ill people to achieve their highest potential for independent functioning; that the role of institutions is to prepare psychiatric patients to return to the community; that the role of the Centers and Clinics is to coordinate and provide programs and services that support the psychiatric patient's return and enhance his or her opportunities for growth and independence; and that resources should be allocated in support of these beliefs.

The Community Mental Health Centers and Clinics and the State Psychiatric Hospitals constitute a single continuum of mental health care and treatment for the State of South Carolina. The development of functional and coherent systems of care, treatment, referral and follow-up along this continuum is a significant priority in achieving the Department's goal to move the locus of care to the community. As the locus of care shifts to the community, financial and staff resources will shift there also. Implementation of this policy will require the highest level of commitment by staff, the continuing examination of attitudes, assumptions and philosophies of treatment, and of patient and community potential. The willingness of all staff and facilities to cooperate in achieving the goals of this Program are, we are sure, unquestionable.

In order to facilitate and insure the effective development of the Community Support Program, the following actions are being taken. Hugh M. Sherer, Jr., M.S.W., is hereby appointed Deputy Assistant Commissioner for the Office of Community Support Programs. He will report to Racine D. Brown, Ph.D., Assistant State Commissioner. Mr. Sherer will be administratively responsible for developing and coordinating the institutionally based and community based programs essential to an effective Comprehensive Community Support Program, with concomitant authority to allocate fiscal resources designated for the Program. Nancy C. Carter, M.S.W., Program Coordinator, and Margie S. Horton, Executive Secretary, are hereby assigned to the Office of Community Support Programs under the supervision of Mr. Sherer.

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

004511

November 17, 1982

#2



South Carolina Department of Mental Health

An Equal Opportunity Employer

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

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

August 23, 1983

Mr. George N. Dorn, Jr.
Budget Development
P. O. Box 11333
Columbia, South Carolina 29211

Dear George,

Attached please find a request to reallocate funds for the purpose of initiating the Department's Community Support Program. As you are aware, this program has been a strategic part of the agency's overall program planning for several years. The attached agency memorandum regarding this program explains the overall concept.

While the program structure has been established and the program discussed with various legislative committees, information necessary to establish a budget for Community Support Program was not available for incorporation in the FY 84 Appropriations Act.

Due to the magnitude of this change (shift of services from Psychiatric Hospitals to a community base), it will be necessary to transfer funds across categorical lines. The Department of Mental Health will make every effort to avoid any reduction in force which may occur at the central institutions, however, the mechanics of this reallocation may dictate some RIF.

I would appreciate your review of this program request and accompanying transfer and any efforts to secure Budget and Control Board approval on a timely basis. It should be noted that only one half of the estimated funds are being requested to be transferred at this time. Further analysis of the Crafts-Farrow budget will be required before their share of this reallocation can be identified. It is likely that this information will be derived prior to Budget and Control Board action with regard to this matter. I will forward any further transfer request as soon as possible.

Sincerely,

Jack Balling
Jack Balling, Director
Fiscal Planning & Liaison

004512

JB:csH
Attch.

#3



South Carolina Department of Mental Health
An Equal Opportunity Employer

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

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

Follow up to P23A83

September 12, 1983

RECEIVED
SEP 13 1983
STATE AUDITOR'S OFFICE
BUDGET DIVISION

Mr. George N. Dorn, Jr.
Budget Development
P. O. Box 11333
Columbia, South Carolina 29211

Dear George,

In follow-up to my request to transfer funds from Psychiatric Hospitals to Community Support Program (CSP), please be advised that I have pursued letters of support from various legislative committees as well as from the Office of Health & Human Services, Governor's Office, and am prepared to request that you process the transfer to the Budget and Control Board with support coming from these sources when it comes up for consideration.

Attached is additional detail regarding the Community Support Program which may be helpful to you. Included is the target population of this program by Mental Health Center catchment area and an estimate of the headcount which will be reallocated from the hospitals to CSP.

It is extremely difficult to address the issue of Reduction-in-Force, since time can only tell how many filled positions would be affected and implementation of a RIF plan would indicate how many personnel could not be placed in other positions. The RIF issue pertaining to CSP is further complicated by current reallocations of funds and headcount from Crafts-Farrow to Tucker Center (Roddey Pavilion) and to the Institution for Mental Disease (IMD). These reallocations will affect the number of existing vacancies available to reallocate to CSP.

Thanking you in advance, I am

Sincerely,

Jack

Jack Balling, Director
Fiscal Planning & Liaison

EXHIBIT

SEP 21 1983 NO. 11

STATE BUDGET & CONTROL BOARD

Some RIF MAY occur

JB:csh

004513

#4

CSP POSITION REQUESTS

Aiken-Barnwell	1 Community Health Nurse 1 Clinical Counselor
Anderson-Oconee-Pickens	6 Mental Health Specialists III
Beckman	1 Community Health Nurse 1 Clinical Counselor
Berkeley County	1 Clerk Typist II 1 Clinical Counselor
Catawba	1 Mental Health Counselor I 4 Clinical Counselors 3 Mental Health Specialists
Charleston	1 Community Health Nurse 1 Clinical Counselor
Coastal Empire	1 Community Health Nurse 1 Clinical Counselor
Columbia	1 Community Health Nurse 1 Clinical Counselor
Greenville	1 Community Health Nurse 1 Clinical Counselor
Lexington County	1 Community Health Nurse 1 Clinical Counselor
Orangeburg	1 Community Health Nurse 1 Clinical Counselor
Pee Dee	3 Community Health Nurse II
Piedmont	1 Community Health Nurse 1 Clinical Counselor
Santee-Wateree	1 Community Health Nurse 1 Clinical Counselor
Spartanburg	2 Therapeutic Assistants 1 Community Health Nurse II
Tri-County	3 Community Health Nurse II
Waccamaw	2 Mental Health Assistants II
TOTAL	47

#5

004514

<u>Centers</u>	<u>CSP Targeted Patients</u>	<u>Potential Earnings If One-Half of Targeted CSP Patients Were Discharged 7-1-83</u>	<u>Potential ESP Earnings</u>
Aiken-Barnwell	17	\$ 62,050	\$ 115,137
Anderson-Oconee-Pickens	56	204,400	113,246
Beckman	26	94,900	156,406
Berkeley	14	51,100	68,934
Catawba	31	113,150	167,513
Charleston	25	91,250	336,169
Coastal Empire	20	73,000	109,474
Columbia	118	430,700	497,704
Greenville	15	54,750	178,905
Lexington	24	87,600	123,931
Orangeburg	12	43,800	94,076
Pee Dee	19	69,350	179,552
Piedmont	8	29,200	59,635
Santee-Wateree	45	164,250	112,200
Spartanburg	39	142,350	230,265
Tri-County	17	62,050	88,210
Waccamaw	29	105,850	168,454
TOTAL	515*	\$1,879,750**	\$2,799,811**

* From this number, 400 patients will be placed.

** In both cases, dollar figures represent potential earnings based on centers' ability to place and retain CSP patients and reduce emergency admissions.

EXHIBIT 004515

SEP 21 1983 NO. 11

STATE BUDGET & CONTROL BOARD

#6

Agency: Executive Director's Office

Subject: Transfer of Funds to Task Force to Study Feasibility of A
Communications Authority

In the 1983-84 Appropriations Act, \$50,000 was appropriated and included in the budget of the Executive Director's Office for a State Communications Authority.

A proviso also in that Act provides for a Task Force to study the feasibility of establishing a State Communications Authority whose initial report is to be made by January 31, 1984.

The proposal is to transfer the entire \$50,000 appropriation from the Executive Director's Office to the State Development Board.

EXHIBIT

SEP 21 1983 NO. 12

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Consider.

Staff Comment:

Attachments:

004516

EXHIBIT

SEP 21 1983

NO. 12

170

Section 14
Budget And Control Board

STATE BUDGET & CONTROL BOARD

along with the November, 1983, allowance equal to one percent of the gross November, 1983, benefit multiplied by twelve. The State Budget and Control Board is hereby authorized and directed to transfer from monies appropriated under Section 14J Employee Benefits Special Item: 'Retired State and Public School Employees-Cost of Living Bonus' to the South Carolina Retirement Systems so much of these monies as is necessary to carry out the provisions of this proviso.

Provided, Further, That to offset the costs incurred by the State in the review and processing of proposals by the governing bodies of counties and municipalities for the issuance or refunding of industrial, hospital, or pollution control revenue bonds or notes, the Budget and Control Board is authorized to charge a fee in accord with the following schedule:

<u>Issue or Refunding Amount</u>	<u>Fee</u>
\$1,000,000 or less	\$2,000
Over \$1,000,000 through \$25,000,000	3,000
Over \$25,000,000 through \$50,000,000	4,000
Over \$50,000,000	5,000

The revenue received from these fees must be deposited in the General Fund.

Provided, Further, That of the amounts appropriated in this section, the chairman of the Budget and Control Board and chairperson of the State Arts Commission shall appoint a task force to study the feasibility of establishing a State Communications Authority. The task force shall consist of representatives of the General Assembly, appropriate state agencies, and the business community. An initial report shall be made by January 31, 1984, to the President of the Senate and the Speaker of the House of Representatives, and be printed in the Journals of the respective Houses. Members of the task force shall receive the usual per diem, mileage, and subsistence as provided for members of boards, committees, and commissions. The expenses of the task force shall not exceed fifty thousand dollars.

Provided, Further, That the Insurance Reserve Fund Officer shall make quarterly payments on all insurance contracts where the annual premium exceeds \$50,000. The Fund Officer shall undertake such negotiations as are necessary to implement this requirement and report his progress to the Budget and Control Board. Where fees may be incurred for quarterly rather than annual payments, the Budget and Control Board

004517



STATE DEVELOPMENT BOARD
 POST OFFICE BOX 927
 COLUMBIA, SOUTH CAROLINA 29202

RECEIVED
 SEP 26 1983
 BUDGET AND CONTROL BOARD
 OFFICE OF EXECUTIVE DIRECTOR

JOSEPH D. SAPP
 CHAIRMAN

TEL 803/758-3145
 TWX NO. 810 656 2628

September 22, 1983

EXHIBIT

SEP 21 1983 NO. 1 2

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam
 Executive Director
 Budget and Control Board
 618 Wade Hampton Office Building
 Columbia, SC 29201

Dear Bill:

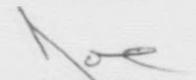
As you are aware, the 1983-84 Appropriations Act created the Task Force to Study the Feasibility of a Communications Authority. Governor Riley has appointed me to chair this group and we are to render an initial report to the General Assembly not later than January 31, 1984.

The Task Force had its initial meeting on September 12 and we have divided into subcommittees and are proceeding to do our work. We have a second full meeting scheduled for October 3.

In the proviso which created this Task Force, the Task Force was authorized to expend an amount of money not to exceed Fifty Thousand Dollars (\$50,000) and a like amount was appropriated in the budget under the Budget & Control Board. The proviso provided for necessary per diem and travel, etc., for members of the Task Force and I am sure the Committee will be considering the possibility of hiring various outside consultants for its use.

Since all of the meetings will be held at the Development Board and our staff is acting as staff for the Task Force, I think it would be practical from an administrative standpoint to have the record keeping located at the Development Board as well. Therefore, by this letter I am asking that you make the necessary arrangements to transfer these funds to the Development Board for the use of the Task Force in accord with the relevant statutes. I think that such a transfer will make for a much more orderly and efficient administration of this Task Force and will appreciate your assistance in this matter.

Sincerely,


 Joseph D. Sapp
 Chairman

*Don Adley Jimmy
 Simpson directed
 to contact Div. Ad.
 to work out
 mechanics for
 transfer. 9-27-83*

JDS/mae

004518

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

REGULAR SESSION AGENDA
ITEM NUMBER 7

Agency: Clemson University; Department of Agriculture

EXHIBIT

Subject: Foreign Travel

SEP 21 1983

NO. 13

Board approval of the following foreign travel is requested:

STATE BUDGET & CONTROL BOARD

(a) Clemson University Professor Dr. Hassan M. Behery to Milan, Italy during the October 10-17, 1983 period to attend the International Textile Show and meeting with the Food and Agriculture Organization of the United Nations at an approximate cost of \$1,100 from State funds;

(b) Department of Agriculture staff member Roy W. Copelan, Jr., to West Germany, Belgium, The Netherlands, and England during the October 9-25, 1983 period to coordinate sales activities and promotional events at a total estimated cost of \$4,210 to be paid from State-appropriated funds; and

(c) Ratification of approval of travel of Department of Agriculture employee C. Glenn Allen, Jr., to Korea, Taiwan, Hong Kong, Singapore and Japan during the September 26 - October 21, 1983 period as a part of the Trade and Investment Mission at an estimated cost of \$6,000 to be paid from State funds (staff approved this request in order that advance arrangements might be made).

Board Action Requested:

Approve.

Staff Comment:

004519

Attachments:

Maxwell 9/12 letter; Tindal 9/13 and 9/15 letters

SEP 14 1983



CLEMSON
UNIVERSITY

PROVOST AND VICE PRESIDENT
FOR ACADEMIC AFFAIRS

September 12, 1983

EXHIBIT

SEP 21 1983 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Box 12444
Columbia, South Carolina 29211

Dear Mr. McInnis:

This letter is to request approval for Dr. Hassan M. Behery, Professor of Textiles at Clemson, to travel to Milan, Italy during the period October 10-17, 1983. The purpose of Dr. Behery's trip is to attend the International Textile Show (ITMA-83) and meeting with the FAO (Food and Agriculture Organization of the United Nations). The approximate cost of the trip is \$1100 and will be paid from departmental funds.

We respectfully request approval of this travel for Dr. Behery by the State Budget and Control Board.

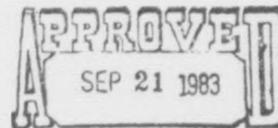
Sincerely,

Handwritten signature of W. David Maxwell.

W. David Maxwell
Provost and Vice President for
Academic Affairs

WDM/t

cc: Dr. H. M. Behery
Dr. R. D. Elliott
Dean R. C. Amacher



STATE BUDGET AND
CONTROL BOARD

Handwritten signature of James K. Williams.

004520

SEP 11 1983

State of South Carolina

Department of Agriculture



D. Leslie Tindal - Commissioner

Wade Hampton Office Building
P.O. Box 11280
Columbia, S.C. 29211

Telephone: (803) 758-2426

September 13, 1983

EXHIBIT

SEP 21 1983 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Deputy Executive Director
Budget and Control Board
6th Floor, Wade Hampton
Columbia, SC 29211

Dear Mr. McInnis:

Request is hereby filed that Roy W. Copelan, Jr. be permitted to travel to Cologne, W. Germany., Munich, W. Germany., Hamburg, W. Germany., Brussels, Belgium., Rotterdam, Netherlands and London, England October 9, 1983 through October 25, 1983.

His main objective will be to coordinate sales activities and promotional events. Participate in bi-annual ANUGA Food Fair. To promote the sale of S.C. food and agricultural products and to participate as speaker in ANUGA Seminar.

Total travel cost is estimated at \$4,210.00, which will include airfare, hotels and other expenses. His expenses will be paid from Foreign Trade Mission Appropriations.

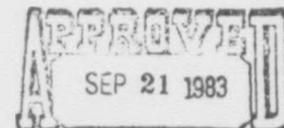
Your cooperation in this matter will be greatly appreciated.

Sincerely,

D. Leslie Tindal
Commissioner of Agriculture

DLT/dkr

004521



STATE BUDGET AND
CONTROL BOARD



D. Leslie Tindal - Commissioner

State of South Carolina
Department of Agriculture

Wade Hampton Office Building
P.O. Box 11280
Columbia, S.C. 29211

Telephone: (803) 758-2426

September 15, 1983

EXHIBIT

SEP 21 1983 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Deputy Executive Director
Budget and Control Board
6th Floor, Wade Hampton State Office Bldg.
Columbia, SC

Dear Mr. McInnis:

Request is hereby filed that C. Glenn Allen, Jr. be permitted to travel to Korea, Tiawan, Hong Kong, Singapore and Japan September 26, 1983 through October 21, 1983 with the South Carolina Trade and Investment Mission.

His main objective will be to evaluate the opportunities and potential markets for South Carolina agriculture products and services.

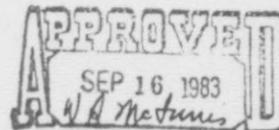
Total travel cost is estimated at \$6,000.00 which will include airfare, hotel room, meals, cabs and etc., which will be paid by the South Carolina Department of Agriculture.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

D. Leslie Tindal
Commissioner of Agriculture

DLT/dkr



STATE BUDGET AND
CONTROL BOARD

004522

Agency: Personnel Division

Subject: Delegation and Approval of Personnel Policies

The Division advises that the Personnel Act in Code Section 8-11-230 authorizes and directs the Board, among other things, to develop policies and programs dealing with various conditions of employment and it authorizes the Board to "delegate to the heads of the state agencies served such of the above responsibilities as may be appropriate in such form as the Board may determine."

The Personnel Division indicates that it has no record that the Board has ever formally delegated to agencies the authority to develop personnel policies and programs although they express the view that it is essential that agencies have flexibility to deal with specific personnel issues at the agency level through agency policy.

The Division further advises that the Attorney General's Office recommends that the Board correct this apparent oversight by ratifying the historical practices of agencies developing their own personnel policies and programs in accord with State law and Board policies and regulations. The presumption is that agency policies and programs would never be more restrictive than those of the Board and those set forth in law.

The Division also points out that the Personnel Act states that the Board shall exercise final approval on policies and programs incident to the administration of the law and is to hear appeals relating to the administration of these requirements. The Division recommends that the Board require agencies to submit their personnel policies to the Personnel Division for review and approval with appeals from the decision of the Personnel Division to be heard by the Board's Personnel Subcommittee.

EXHIBIT

SEP 21 1983 NO. 14

STATE BUDGET & CONTROL BOARD

Board Action Requested:

- (a) Ratify the historical practice of agencies developing personnel policies in accord with State law and Board policies and regulations; and
- (b) Require agencies to submit their personnel policies to the Personnel Division for review and approval with appeals to be heard by the Board's Personnel Subcommittee.

Staff Comment:

004523

Attachments:

Agenda item worksheet

EXHIBIT

BUDGET AND CONTROL BOARD
AGENDA ITEM WORKSHEET

SEP 21 1983 NO. 14

STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

September 21, 1983

Executive Session Agenda

1. Submitted By: State Personnel Division

2. Subject: Delegation and approval of personnel policies.

3. Summary Background Information:

The State Personnel Act (Code Section 8-11-230) authorizes and directs the Board, among other things, to develop policies and programs dealing with various conditions of employment. The same section authorizes the Board to "delegate to the heads of the State agencies served such of the above responsibilities as may be appropriate in such form as the Board may determine."

The Personnel Division has no record of the Board ever having formally delegated to agencies the authority to develop personnel policies and programs, yet it is essential that agencies have the flexibility to deal with specific personnel issues at the agency level through agency policy.

The Office of the Attorney General recommends that the Board correct this apparent oversight by ratifying the historical practice of agencies developing their own personnel policies and programs in accordance with State law and Board policies and regulations.

The same act (Section 8-11-240) states that the Budget and Control Board shall exercise final approval on policies and programs incident to the administration of this article and shall hear appeals of appointing-authorities relating to the administration of the provisions of 8-11-230 that are not otherwise provided for by other statutes." Since this responsibility cannot be delegated to the agencies, it is recommended that the Board require agencies to submit their personnel policies to the State Personnel Division for review and approval, with appeals from the decisions of the Personnel Division being heard by the Board's personnel subcommittee.

4. What is Board Asked To Do?

1. Ratify the historical practice of agencies developing personnel policies; and
2. Require agencies to submit their personnel policies to the Personnel Division for review and approval, with appeals being heard by the Board's Personnel Subcommittee.

5. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

004524

STATE BUDGET AND CONTROL BOARD
MEETING OF September 21 and 23, 1983

REGULAR SESSION AGENDA
ITEM NUMBER 9

Agency: Executive Director's Office

Subject: Policy on Personal Use of State-Owned Vehicles

To be presented at the meeting.

EXHIBIT
SEP 21 1983 NO. 15
STATE BUDGET & CONTROL BOARD

Board Action Requested:

Consider.

Staff Comment:

Attachments:

004525

PROCEDURES FOR COMMUTING CHARGES

1. Personal use of state-owned automobiles is prohibited except that employees may utilize such vehicles for commuting or emergency purposes.
2. When state-owned vehicles are used for commuting or emergencies of a personal nature, employees shall be required to reimburse the agency at a rate of 20¢ per mile.
3. Payments for personal use of state-owned vehicles shall be made not less than twice a month and such payments shall be deposited by the agencies as a refund to the account from which vehicle expenses were originally charged.
4. The Office of the Comptroller General, the State Treasurer's Office, staff of the Budget and Control Board, and the Motor Vehicle Management Council shall work together to establish procedures and design the necessary forms to effect the reimbursement for personal use of state-owned vehicles.
5. The Director of the Division of Motor Vehicle Management of the Budget and Control Board and the Motor Vehicle Management Council shall determine questions pertaining to exemptions pertaining to personal use of state-owned motor vehicles. Appeals may be made to the Budget and Control Board of decisions as to personal usage.
6. The charge of 20¢ per mile for personal use of state-owned vehicles shall begin on _____.

EXHIBIT

SEP 21 1983 NO. 15

STATE BUDGET & CONTROL BOARD

004526

STATE BUDGET & CONTROL BOARD

FY 1984 - 85 BUDGET REQUEST HEARINGS

004527

EXHIBIT

SEP 21 1983 NO. 16

STATE BUDGET & CONTROL BOARD

SEPTEMBER 21, 1983

**ABC HEARING ROOM
219 EDGAR A. BROWN BLDG.**



A G E N D A

BUDGET AND CONTROL BOARD
 FY 84-85 BUDGET REQUEST HEARINGS
 ABC HEARING ROOM
 219 EDGAR A. BROWN BUILDING

<u>TIME</u>	<u>AGENCY</u>
<u>SEPTEMBER 13, 1983 (TUESDAY)</u>	
10:00 - 12:00 S.C. ETV LIVE BROADCAST This session will be broad- cast on S.C. ETV statewide from the ETV studio.	Governor's Opening Statement Board of Economic Advisors Federal Outlook Summary of Requests & Statewide Issues
<u>SEPTEMBER 14, 1983 (WEDNESDAY)</u>	
9:00 - 10:00	Commission on Higher Education
10:00 - 10:30	Higher Education Tuition Grants
10:30 - 11:00	Vocational Rehabilitation
11:00 - 11:30	Parks, Recreation and Tourism
11:30 - 12:00	Museum Commission
12:00 - 2:00	LUNCH
2:00 - 3:00	Educational Television
3:00 - 3:30	State Library
3:30 - 5:00	Department of Education
<u>SEPTEMBER 16, 1983 (FRIDAY)</u>	
9:00 - 10:00	Technical and Comprehensive Education
10:00 - 10:30	Tax Commission
10:30 - 11:00	Secretary of State
11:00 - 11:30	Department of Labor
11:30 - 12:00	Archives and History
12:00 - 2:00	LUNCH
2:00 - 2:30	Development Board
2:30 - 3:00	Wildlife and Marine Resources
3:00 - 3:30	Department of Agriculture
3:30 - 4:00	Forestry Commission
4:00 - 4:30	Water Resources Commission
4:30 - 4:45	School for the Deaf and Blind
4:45 - 5:00	Appellate Defense
<u>SEPTEMBER 21, 1983 (WEDNESDAY)</u>	
9:00 - 9:30	Commission for the Blind
9:30 - 10:00	Wil Lou Gray Opportunity School
10:00 - 11:00	Department of Corrections
11:00 - 12:00	Health & Environmental Control
12:00 - 2:00	LUNCH
2:00 - 2:30	Parole and Community Corrections
2:30 - 3:00	Alcohol and Drug Abuse
3:00 - 3:30	Adjutant General
3:30 - 4:00	Children's Bureau
4:00 - 4:30	Highways & Public Transportation
4:30 - 4:45	Commission on Women
4:45 - 5:00	Ethics Commission
<u>SEPTEMBER 23, 1983 (FRIDAY)</u>	
9:00 - 9:30	Clemson PSA
9:30 - 10:00	Commission on Aging
10:00 - 11:00	Mental Retardation
11:00 - 11:45	Mental Health
11:45 - 1:00	LUNCH
1:00 - 2:00	Youth Services
2:00 - 3:00	Social Services
3:00 - 3:15	Real Estate Commission
3:15 - 3:30	Children's Foster Care Review Board
3:30 - 3:45	Emergency Medical Services

EXHIBIT

SEP 21 1983 NO. 16

STATE BUDGET & CONTROL BOARD

004528

A G E N D A

BUDGET AND CONTROL BOARD
 FY 84-85 BUDGET REQUEST HEARINGS
 ABC HEARING ROOM
 219 EDGAR A. BROWN BUILDING

<u>TIME</u>	<u>AGENCY</u>
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1:00 - 2:00	Youth Services
2:00 - 3:00	Social Services
3:00 - 3:15	Real Estate Commission
3:15 - 3:30	Children's Foster Care Review Board
3:30 - 3:45	Emergency Medical Services

004529

MAINTENANCE REQUEST	FY 84 - 85 REQUEST			TOTAL
	STATE	FEDERAL	OTHER	
PERSONAL SERVICE	1,076,645	1,318,521		2,395,166
NUMBER OF POSITIONS	52.30	68.70		121.00
ALL OTHER	1,275,314	479,390	62,500	1,817,204
SUB TOTAL MAINT. REQ.	2,351,959	1,797,911	62,500	4,212,370
ADDITIONAL INCREASE REQUEST PRIORITY PROGRAM	STATE PCSITICKS	TOTAL PCSITIONS	STATE	TOTAL
001 PREVENTION OF BLINDNESS			20,000	20,000
002 PREVENTION OF BLINDNESS			55,000	55,000
088 ***NOT ON FILE***			47,280	47,280
SUB TOTAL-ADDITIONAL INCREASE			122,280	122,280
TOTAL AGENCY REQUEST FY 84-85	52.30	121.00	2,474,239	4,334,650

004530

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

EXHIBIT
 SEP 21 1983 NO. 16
 STATE BUDGET & CONTROL BOARD

DATE: 09/12/83
 TIME: 11:15:38

BUDGET REQUEST
 AGENCY TOTALS

PAGE 103
 PRGM:AVY280CR

AGENCY L24 BLIND COMMISSION
 LINE ITEM
 NO.

PROGRAM MAINTENANCE SCHEDULE
 APPROPRIATION 83 - 84
 STATE TOTAL

R E Q U E S T E D 84 - 85
 FEDERAL OTHER

TOTAL

ESTIMATED 82 - 83	TOTAL	APPROPRIATION 83 - 84	TOTAL	STATE	FEDERAL	OTHER	TOTAL
010 PER. SERVICE	1,064,781	2,281,357	1,076,645	2,395,166	1,076,645	1,318,521	2,395,166
020 NO. POSITIONS	52.10	121.00	52.30	121.00	52.30	68.70	121.00
030 ALL OTHERS	1,220,314	1,852,553	1,275,314	1,817,204	1,275,314	479,390	1,817,204
040 SUB TOTAL	2,285,095	4,133,950	2,351,959	4,212,370	2,351,959	1,797,911	4,212,370

 TOTAL SCHEDULE OF ADDITIONAL INCREASES
 ----- REQUESTED FY 84-85 -----
 STATE FEDERAL OTHER TOTAL

10 PER. SERVICE

20 NO. POSITIONS

30 ALL OTHER

122,280

122,280

40 SUB TOTAL

122,280

122,280

 TOTAL AMOUNT REQUESTED 2,474,239 1,757,511 62,500 4,334,650

TOTAL POSITIONS REQUESTED 52.30 68.70 121.00

52.30

68.70

121.00

004531

1984-85 SCHEDULE OF ADDITIONAL INCREASES

AGENCY NAME S. C. Commission for the Blind
 PROGRAM NAME Summary

AGENCY CODE L24
 PROGRAM CODE 00 / 00 / 00

PRIORITY # _____

004532

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs					
020	No. of Positions	()	()	()	()	
030	All Other	122,280			122,280	
040	Total	122,280			122,280	
IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED						

PROGRAM REQUEST SUMMARY

AGENCY NAME S. C. Commission for the BlindAGENCY CODE L24

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	Prevention of Blindness	10 00 00		20,000			20,000
2	Administration	01 00 00		55,000			55,000
88	Rent	88 88 88		47,280			47,280
				122,280			122,280

004533

MAINTENANCE REQUEST	FY 84 - 85 REQUEST			
	STATE	FEDERAL	OTHER	TOTAL
PERSONAL SERVICE	1,135,839	117,406	24,897	1,278,142
NUMBER OF POSITIONS	60.86	6.25	1.45	68.56
ALL OTHER	308,744	61,135	242,965	612,844
SUB TOTAL MAINT. REQ.	1,444,583	178,541	267,862	1,890,986
ADDITIONAL INCREASE REQUEST	STATE TOTAL			
PRIORITY PROGRAM	PCSITIONS	PCSITIONS	STATE	TOTAL
001 STUDENT SERVICES			5,500	5,500
002 VOCATIONAL EDUCATION			18,000	18,000
003 REGULAR PROGRAM			10,000	10,000
004 ADMINISTRATIVE			5,000	5,000
005 SUPPORT SERVICES			6,000	6,000
006 SUPPORT SERVICES			5,500	5,500
SUB TOTAL-ADDITIONAL INCREASE			50,000	50,000
TOTAL AGENCY REQUEST FY 84-85	60.86	68.56	1,494,583	1,940,986

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004534

DATE: 09/12/83
 TIME: 11:15:38

AGENCY	H71 WIL LOU GRAY OPPORTUN SCH	BUDGET REQUEST AGENCY TOTALS				PROGRAM MAINTENANCE SCHEDULE			
		ESTIMATED	8 2 - 8 3	APPROPRATION	8 3 - 8 4	STATE	TOTAL	STATE	TOTAL
LINE NO.	ITEM	STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER	TOTAL
010	PER. SERVICE	1,123,284	1,253,783	1,135,839	1,278,142	1,135,839	117,406	24,897	1,278,142
020	NO. POSITIONS	60.86	68.56	60.86	68.56	60.86	6.25	1.45	68.56
030	ALL OTHERS	156,744	450,844	308,744	612,844	308,744	61,135	242,965	612,844
040	SUB TOTAL	1,280,028	1,704,627	1,444,583	1,890,986	1,444,583	178,541	267,862	1,890,986

 TOTAL SCHEDULE OF ADDITIONAL INCREASES
 REQUESTED FY 84-85
 STATE FEDERAL OTHER TOTAL

10 PER. SERVICE

20 NO. POSITIONS

30 ALL OTHER

50,000

50,000

40 SUB TOTAL

50,000

50,000

TOTAL AMOUNT REQUESTED	1,454,583	178,541	267,862	1,940,986
TOTAL POSITIONS REQUESTED	60.86	6.25	1.45	68.56

004535

SCHEDULE OF ADDITIONAL
1984-85 INCREASES

AGENCY NAME WIL LOU GRAY OPPORTUNITY SCHOOL
PROGRAM NAME Agency Summary

AGENCY CODE H71
PROGRAM CODE 00 1,00 1,00

PRIORITY # N/A

004536

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs					
020	No. of Positions	()	()	()	()	
030	All Other	50,000			50,000	
040	Total	50,000			50,000	
<p>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</p>						

PROGRAM REQUEST SUMMARY

AGENCY NAME WIL LOU GRAY OPPORTUNITY SCHOOLAGENCY CODE H71

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
4	ADMINISTRATION	01 00 00		1,000			1,000
4	ADMINISTRATION	01 00 00		4,000			4,000
3	REGULAR EDUCATION	05 10 00		10,000			10,000
2	VOCATIONAL EDUCATION	05 15 00		18,000			18,000
1	STUDENT SERVICES	30 00 00		5,500			5,500
6	SUPPORT SERVICES	35 00 00		5,500			5,500
5	SUPPORT SERVICES	35 00 00		6,000			6,000
				50,000			50,000

004537

MAINTENANCE REQUEST				STATE		FY 84 - 85 REQUEST		TOTAL
				STATE	FEDERAL	OTHER	TOTAL	
PERSONAL SERVICE				44,398,034	1,034,219	2,226,798	47,659,051	
NUMBER OF POSITIONS				2,541.48	47.00	108.92	2,697.40	
ALL OTHER				23,246,843	147,679	4,062,275	27,456,797	
SUB TOTAL MAINT. REQ.				67,644,877	1,181,898	6,289,073	75,115,848	
ADDITIONAL INCREASE REQUEST				STATE		TOTAL		
PRIORITY	PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL			
001	HOUSING CARE SECURITY SUPER			1,500,000	1,500,000			
002	HOUSING CARE SECURITY SUPER			2,041,677	2,041,677			
003	HOUSING CARE SECURITY SUPER	176.00	176.00	3,020,605	3,020,605			
004	HOUSING CARE SECURITY SUPER			3,440,800	3,590,800			
005	HOUSING CARE SECURITY SUPER	158.00	158.00	2,302,912	2,302,912			
006	HOUSING CARE SECURITY SUPER	24.00	24.00	511,294	511,294			
007	HOUSING CARE SECURITY SUPER	24.00	24.00	616,474	616,474			
008	HOUSING CARE SECURITY SUPER			1,270,500	1,270,500			
009	HOUSING CARE SECURITY SUPER			560,000	560,000			
010	HOUSING CARE SECURITY SUPER			775,000	775,000			
011	HOUSING CARE SECURITY SUPER			1,560,000	1,560,000			
012	HOUSING CARE SECURITY SUPER			454,000	454,000			
013	PALMETTO UNIFIED SCH DIST 1	2.00	2.00	46,337	46,337			
014	PALMETTO UNIFIED SCH DIST 1	2.00	2.00	64,037	64,037			
015	PALMETTO UNIFIED SCH DIST 1	3.00	3.00	80,044	80,044			
016	PALMETTO UNIFIED SCH DIST 1	7.00	7.00	175,459	175,459			
017	INDIVIDUAL GROWTH & MOTIVAT	2.00	2.00	44,999	44,999			
018	PALMETTO UNIFIED SCH DIST 1	5.00	5.00	105,073	105,073			
SUB TOTAL-ADDITIONAL INCREASE				403.00	403.00	19,569,211	19,719,211	
TOTAL AGENCY REQUEST FY 84-85				2544.48	3100.40	86,214,088	93,835,059	

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004538

DATE: 09/12/83
 TIME: 11:15:38

BUDGET REQUEST
 AGENCY TOTALS

PAGE 109
 PRGM:AVY280CR

AGENCY NO4 CORRECTIONS DEPARTMENT
 LINE ITEM
 NO.

PROGRAM MAINTENANCE SCHEDULE
 ESTIMATED 8 2 - 8 3
 STATE TOTAL

APPROPRIATION 8 3 - 8 4
 STATE TOTAL

REQUESTED 8 4 - 8 5
 FEDERAL OTHER

TOTAL

LINE NO.	ITEM	ESTIMATED 8 2 - 8 3 STATE	TOTAL	APPROPRIATION 8 3 - 8 4 STATE	TOTAL	REQUESTED 8 4 - 8 5 FEDERAL	OTHER	TOTAL	
010	PER. SERVICE	40,863,701	43,770,081	44,398,034	47,659,051	44,398,034	1,034,219	2,226,798	47,659,051
020	NO. POSITIONS	2,375.48	2,531.40	2,541.48	2,697.40	2,541.48	47.00	108.92	2,697.40
030	ALL OTHERS	16,354,543	19,581,519	23,246,843	27,456,797	23,246,843	147,679	4,062,275	27,456,797
040	SUB TOTAL	57,218,244	63,351,600	67,644,877	75,115,848	67,644,877	1,181,898	6,289,073	75,115,848

 TOTAL SCHEDULE OF ADDITIONAL INCREASES
 REQUESTED FY 84-85
 STATE FEDERAL OTHER TOTAL

10	PER. SERVICE	9,429,101		150,000	9,579,101			
20	NO. POSITIONS	403.00			403.00			
30	ALL OTHER	9,140,110			9,140,110			
40	SUB TOTAL	18,569,211		150,000	18,719,211			

TOTAL AMOUNT REQUESTED	86,214,088	1,181,698	6,439,073	93,835,059
TOTAL POSITIONS REQUESTED	2,544.48	47.00	108.92	3,100.40

004539

SCHEDULE OF ADDITIONAL
INCREASES

1984-85

AGENCY NAME South Carolina Department of Corrections

AGENCY CODE N04

PROGRAM NAME Summary of Additional Increases

PROGRAM CODE 00 / 000 / 000

PRIORITY # _____

004540

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	9,429,101		150,000	9,579,101	
020	No. of Positions	(403)	()	()	(403)	
030	All Other	9,140,110			9,140,110	
040	Total	18,569,211			18,719,211	
<p>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</p>						

PROGRAM REQUEST SUMMARY

AGENCY NAME South Carolina Department of CorrectionsAGENCY CODE N04

004541

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	Housing, Care, Security, and Supervision	05000000		1,500,000			1,500,000
2	Housing, Care, Security, and Supervision	05000000		2,041,677			2,041,677
3	Housing, Care, Security, and Supervision	05000000	176	3,020,605			3,020,605
4	Housing, Care, Security, and Supervision	05000000		3,440,800		150,000	3,590,800
5	Housing, Care, Security, and Supervision	05000000	158	2,302,912			2,302,912
6	Housing, Care, Security, and Supervision	05000000	24	511,294			511,294
7	Housing, Care, Security, and Supervision	05000000	24	616,474			616,474
8	Housing, Care, Security, and Supervision	05000000		1,270,500			1,270,500
10	Housing, Care, Security, and Supervision	05000000		775,000			775,000
11	Housing, Care, Security, and Supervision	05000000		1,560,000			1,560,000
12	Housing, Care, Security, and Supervision	05000000		454,000			454,000
17	Individual Growth and Motivation	15000000	2	44,999			44,999
13	Palmetto Unified School District No. 1	35000000	2	46,337			46,337
14	Palmetto Unified School District No. 1	35000000	2	64,037			64,037
15	Palmetto Unified School District No. 1	35000000	3	80,044			80,044
16	Palmetto Unified School District No. 1	35000000	7	175,459			175,459
18	Palmetto Unified School District No. 1	35000000	5	105,073			105,073
9	Employer Contributions	95000000		560,000			560,000
			403	18,569,211		150,000	18,719,211

MAINTENANCE REQUEST			FY 84 - 85 REQUEST	
	STATE	FEDERAL	OTHER	TOTAL
PERSONAL SERVICE	40,210,392	20,091,942	13,643,845	73,946,179
NUMBER OF POSITIONS	2,034.96	995.54	674.84	3,705.34
ALL OTHER	16,571,841	31,488,957	10,737,718	58,798,516
SUB TOTAL MAINT. REQ.			56,782,233	132,744,695
ADDITIONAL INCREASE REQUEST PRIORITY PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL
001 COMMUNITY HEALTH SERVICES	51.00	51.00	1,278,511	1,278,511
002 LABORATORIES	1.00	1.00	431,470	431,470
003 DISTRICT SERVICES ECC			347,994	347,994
004 ENVIRONMENTAL SANITATION	15.00	15.00	510,973	510,973
005 DISEASE SURVEILLANCE & INVE	18.00	18.00	696,007	696,007
006 VENEREAL DISEASE CONTROL	25.00	25.00	1,642,189	1,642,189
007 ***NOT ON FILE***	15.00	19.00	598,840	598,840
008 RADIOLOGICAL HEALTH	6.00	6.00	148,928	148,928
009 MANAGEMENT	65.50	65.50	1,402,938	1,402,938
010 ***NOT ON FILE***	5.00	9.00	751,374	751,374
011 MEDICAL & DENTAL SCHLARSHI			124,000	124,000
012 DRUG CONTROL	6.00	6.00	384,877	384,877
013 GENERAL ADMINISTRATION			395,030	395,030
014 ***NOT ON FILE***		19.00		1,471,862
015 ***NOT ON FILE***	1.00	1.00	297,883	297,883
088 ***NOT ON FILE***			194,415	194,415
SUB TOTAL-ADDITIONAL INCREASE			9,205,429	10,677,291
TOTAL AGENCY REQUEST FY 84-85			65,987,662	143,421,986

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004542

DATE: 09/12/83
 TIME: 11:15:30

LINE NO.	ITEM	ESTIMATED 8 2 - 8 3		APPROPRIATION 8 3 - 8 4		R E Q U E S T E D 8 4 - 8 5			TOTAL
		STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER	
010	PER. SERVICE	41,709,577	69,150,455	40,210,392	73,946,179	40,210,392	20,091,942	13,643,845	73,946,179
020	NO. POSITIONS	2,155.48	3,843.59	2,034.96	3,705.34	2,034.96	995.54	674.84	3,705.34
030	ALL OTHERS	15,133,103	57,104,417	16,571,841	58,798,516	16,571,841	31,488,957	10,737,718	58,798,516
040	SUB TOTAL	56,842,680	126,254,872	56,782,233	132,744,695	56,782,233	51,580,899	24,381,563	132,744,695
=====									
TOTAL SCHEDULE OF ADDITIONAL INCREASES									
----- REQUESTED FY 84-85 -----									
		STATE	FEDERAL	OTHER	TOTAL				
10	PER. SERVICE	3,957,242		455,061	4,412,303				
20	NO. POSITIONS	216.50		19.00	235.50				
30	ALL OTHER	5,246,187		1,016,801	6,264,988				
40	SUB TOTAL	9,205,429		1,471,862	10,677,291				
=====									
TOTAL AMOUNT REQUESTED			51,580,899		143,421,986				
TOTAL POSITIONS REQUESTED		65,987,662		25,853,425					
		2,251.46	555.54	693.84	3,940.84				

004543

1984-85 SCHEDULE OF ADDITIONAL INCREASES

AGENCY NAME DHEC
 PROGRAM NAME AGENCY SUMMARY

AGENCY CODE J04
 PROGRAM CODE 00 / 00 / 00 / 00

PRIORITY # AGENCY SUMMARY

004544

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	3,957,242	0	455,061	4,412,303	NOT APPLICABLE
020	No. of Positions	(216.50)	(0)	(19)	(235.50)	
030	All Other	5,248,187	0	1,016,801	6,264,988	
040	Total	9,205,429	0	1,471,862	10,677,291	
IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED NOT APPLICABLE						

1984-85

PROGRAM REQUEST SUMMARY

AGENCY NAME DHECAGENCY CODE J04

004545

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
01	Community Health Services	05 25 05 00	51.00	1,278,511			1,278,511
02	Laboratories	05 35 00 00	1.00	431,470			431,470
03	District Services/EQC	78 87 00 00	0	347,994			347,994
04	Environmental Sanitation	05 40 00 00	15.00	510,973			510,973
05	Family Planning	05 10 05 00	18.00	696,007			696,007
06	Maternal and Child Health	05 10 10 00	25.00	1,642,189			1,642,189
07	VD Control	05 05 10 01	19.00	598,840			598,840
08	Radiological Health	05 55 00 00	6.00	148,928			148,928
09	Home Health Services - General	05 20 01 00	65.50	1,402,938			1,402,938
10	Crippled Children - General	05 10 20 01	9.00	751,374			751,374
11	Medical and Dental Scholarships	05 45 05 00	0	124,000			124,000
12	Drug Control	05 30 00 00	6.00	384,877			384,877
13	General Administration	01 05 00 00	0	395,030			395,030
88	Rent Increase	88 88 88 88	0	194,415			194,415
Request for	Savannah River Plant Monitoring		19.00			1,471,862	1,471,862
Special Funds	S. C. Rural Water and Sewer Grants	78 83 05 00	1.00	297,883			297,883
TOTALS:			235.50	9,205,429		1,471,862	10,677,291

MAINTENANCE REQUEST		FY 84 - 85 REQUEST			
		STATE	FEDERAL	OTHER	TOTAL
PERSONAL SERVICE		6,969,758		6,000	6,975,758
NUMBER OF POSITIONS		401.00			401.00
ALL OTHER		964,038		144,000	1,108,038
SUB TOTAL MAINT. REQ.		7,933,796		150,000	8,083,796
ADDITIONAL INCREASE REQUEST		STATE		TOTAL	
PRIORITY	PROGRAM	POSITIONS	POSITIONS		
001	COMMUNITY CORRECTIONS			131,505	131,505
002	***NOT ON FILE***			195,000	195,000
003	COMMUNITY CORRECTIONS	55.00	55.00	945,160	945,160
004	COMMUNITY CORRECTIONS		15.00		257,506
005	ADMINISTRATIVE	7.00	7.00	122,466	122,466
006	COMMUNITY CORRECTIONS			147,200	147,200
007	COMMUNITY CORRECTIONS			41,889	41,889
008	COMMUNITY CORRECTIONS			28,200	28,200
088	***NOT ON FILE***			8,642	8,642
SUB TOTAL-ADDITIONAL INCREASE		62.00	77.00	1,620,062	1,877,568
TOTAL AGENCY REQUEST FY 84-85		463.00	478.00	9,553,858	9,961,364

004546

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

DATE: 09/12/83

TIME: 11:15:38

AGENCY NO8 PARGLE AND COMMUNITY CORRECTIC

BUDGET REQUEST

AGENCY TOTALS

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PRGM:AVY28OCR

LINE NO.	ITEM	ESTIMATED 8 2 - 8 3		APPROPRATION 8 3 - 8 4		R E Q U E S T E D 8 4 - 8 5			TOTAL
		STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER	
010	PER. SERVICE	6,215,862	6,221,862	6,969,758	6,975,758	6,969,758		6,000	6,975,758
020	NO. POSITIONS	372.00	372.00	401.00	401.00	401.00			401.00
030	ALL OTHERS	758,815	1,073,283	964,038	1,108,038	964,038		144,000	1,108,038
040	SUB TOTAL	6,974,677	7,295,145	7,933,796	8,083,796	7,933,796		150,000	8,083,796

TOTAL SCHEDULE OF ADDITIONAL INCREASES

----- REQUESTED FY 84-85 -----

	STATE	FEDERAL	OTHER	TOTAL
10 PER. SERVICE	1,328,431		257,506	1,585,937
20 NO. POSITIONS	62.00		15.00	77.00
30 ALL OTHER	291,631			291,631
40 SUB TOTAL	1,620,062		257,506	1,877,568
TOTAL AMOUNT REQUESTED	9,552,858		407,506	9,961,364
TOTAL POSITIONS REQUESTED	463.00		15.00	478.00

004547

SCHEDULE OF ADDITIONAL
1984-85 INCREASES

AGENCY NAME PAROLE AND COMMUNITY CORRECTIONS

AGENCY CODE N08

PROGRAM NAME _____

PROGRAM CODE 00 / 000 / 000

SUMMARY OF ADDITIONAL INCREASES

PRIORITY # _____

004548

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	1,328,431	-	257,506	1,585,937	
020	No. of Positions	(62)	()	(15)	(77)	
030	All Other	291,631	-	-	291,631	
040	Total	1,620,062	-	257,506	1,877,568	
<p><i>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</i></p>						

PROGRAM REQUEST SUMMARY

AGENCY NAME PAROLE AND COMMUNITY CORRECTIONS

AGENCY CODE N08

004549

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
2	Agency-Wide	88 888 888	-	195,000	-	-	195,000
9	Agency-Wide	88 888 888	-	8,642	-	-	8,642
5	Administration	01 000 000	7 (PPT)	122,466	-	-	122,466
1	Community Corrections	05 000 000	-	131,505	-	-	131,505
3	Community Corrections	05 000 000	55	945,160	-	-	945,160
4	Community Corrections	05 000 000	15	-	-	257,506	257,506
6	Community Corrections	05 000 000	-	147,200	-	-	147,200
7	Community Corrections	05 000 000	-	41,889	-	-	41,889
8	Community Corrections	05 000 000	-	28,200	-	-	28,200
			77	1,620,062		257,506	1,877,568

MAINTENANCE REQUEST		FY 84 - 85 REQUEST			
		STATE	FEDERAL	OTHER	TOTAL
PERSONAL SERVICE		1,721,815	26,360		1,748,175
NUMBER OF POSITIONS		70.85	.66		71.51
ALL OTHER		2,263,312	2,211,614	14,100	4,489,026
SUB TOTAL MAINT. REQ.		3,985,127	2,237,974	14,100	6,237,201
ADDITIONAL INCREASE REQUEST	PRIORITY PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL
001	COMMUNITY SUPPORT SERVICES			400,000	400,000
002	COMMUNITY SUPPORT SERVICES			30,000	30,000
003	COMMUNITY SUPPORT SERVICES				
003	INTERVENTION			300,000	300,000
004	COMMUNITY SUPPORT SERVICES				
004	INTERVENTION			200,000	200,000
005	COMMUNITY SUPPORT SERVICES				
005	PREVENTION			150,000	150,000
006	COMMUNITY SUPPORT SERVICES			280,000	280,000
007	COMMUNITY SUPPORT SERVICES				
007	PREVENTION			120,000	120,000
008	COMMUNITY SUPPORT SERVICES			200,000	200,000
009	COMMUNITY SUPPORT SERVICES			200,000	200,000
SUB TOTAL-ADDITIONAL INCREASE				1,880,000	1,880,000
TOTAL AGENCY REQUEST FY 84-85		70.85	71.51	5,865,127	8,117,201

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004550

DATE: 09/12/83
 TIME: 11:15:38

AGENCY J20 ALCOHOL & DRUG ABUSE CMM
 LINE ITEM ESTIMATED 8 2 - 8 3
 NO. STATE TOTAL

BUDGET REQUEST
 AGENCY TOTALS
 PROGRAM MAINTENANCE SCHEDULE
 APPROPRIATION 8 3 - 8 4
 STATE TOTAL

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R E Q U E S T E D 8 4 - 8 5
 STATE FEDERAL OTHER TOTAL

010 PER. SERVICE	1,680,303	1,711,611	1,721,815	1,748,175	1,721,815	26,360		1,748,175
020 NO. POSITIONS	65.85	70.51	70.85	71.51	70.85	.66		71.51
030 ALL OTHERS	2,192,184	5,042,127	2,263,312	4,489,026	2,263,312	2,211,614	14,100	4,489,026
040 SUB TOTAL	3,872,487	6,753,738	3,985,127	6,237,201	3,985,127	2,237,974	14,100	6,237,201

 TOTAL SCHEDULE OF ADDITIONAL INCREASES
 ----- REQUESTED FY 84-85 -----
 STATE FEDERAL OTHER TOTAL

10 PER. SERVICE

20 NO. POSITIONS

30 ALL OTHER

1,880,000

1,880,000

40 SUB TOTAL

1,880,000

1,880,000

 TOTAL AMOUNT REQUESTED

2,237,974

6,117,201

5,865,127

14,100

TOTAL POSITIONS REQUESTED

70.85

.66

71.51

004551

004552

SCHEDULE OF ADDITIONAL
INCREASES

1984-85

AGENCY NAME S.C. Commission On Alcohol & Drug Abuse
PROGRAM NAME Summary of Additional Increases

AGENCY CODE J20
PROGRAM CODE 000 / 000 / 00

PRIORITY # _____

LINE NO (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs					
020	No. of Positions	()	()	()	()	
030	All Other	1,880,000			1,880,000	
040	Total	1,880,000			1,880,000	
<p><i>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</i></p>						

MAINTENANCE REQUEST			FY 84 - 85 REQUEST			
			STATE	FEDERAL	OTHER	TOTAL
PERSONAL SERVICE			1,413,268	1,301,061	67,280	2,781,609
NUMBER OF POSITIONS			53.50	68.50	5.00	127.00
ALL OTHER			1,342,844	1,461,022	87,167	2,891,033
SUB TOTAL MAINT. REQ.			2,756,112	2,762,083	154,447	5,672,642
ADDITIONAL INCREASE REQUEST			STATE	TOTAL		
PRIORITY	PROGRAM		PCSITICNS	PCSITICNS	STATE	TOTAL
001	ADMINISTRATICN				100,000	100,000
002	MILITARY PERSONNEL	1.00	1.00		49,178	49,178
003	ADMINISTRATICN				10,000	10,000
004	EMERGENCY PREPAREDNESS				27,975	55,950
005	BUILDINGS & GROUNDS				35,000	35,000
006	MCENTIRE ANG BASE				13,390	53,560
007	ADMINISTRATICN				11,000	11,000
008	MCENTIRE ANG BASE	.25	1.00		4,157	16,788
009	EMERGENCY PREPAREDNESS				20,000	40,000
010	BUILDINGS & GROUNDS				25,000	25,000
011	NATIONAL GUARD CENTER				49,000	195,000
012	EMERGENCY PREPAREDNESS			3.00		51,066
013	EMERGENCY PREPAREDNESS				15,000	15,000
014	EMERGENCY PREPAREDNESS				10,700	10,700
015	NATIONAL GUARD CENTER	.25	1.00		7,567	22,763
016	ADMINISTRATICN				4,500	4,500
017	BUILDINGS & GROUNDS	2.00	2.00		24,035	24,035
018	ADMINISTRATICN				100,000	100,000
019	MCENTIRE ANG BASE				1,500	6,000
020	BUILDINGS & GROUNDS				30,000	30,000

004553

MAINTENANCE REQUEST			FY 84 - 85 REQUEST			
			STATE	FEDERAL	OTHER	TOTAL
ADDITIONAL INCREASE REQUEST PRIORITY PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL		
021 MCENTIRE ANG BASE			1,395	5,582		
022 MILITARY PERSONNEL	1.00	1.00	12,348	12,348		
023 OPERATIONS & TRAINING	1.00	1.00	18,795	18,795		
024 OPERATIONS & TRAINING	1.00	1.00	20,153	20,153		
025 OPERATIONS & TRAINING	1.00	1.00	10,379	10,379		
026 STATE EMPLOYER CONTRIBUTION			16,000 52,517	16,000 52,517		
088 ***NOT ON FILE***			18,888	23,754		
SUB TOTAL-ADDITIONAL INCREASE	7.50	12.00	66,000 672,517	982,556 999,073		
TOTAL AGENCY REQUEST FY 84-85	61.00	139.00	3,392,112 3,428,629	6,835,198 6,671,715		

004554

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

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 TIME: 11:15:38

AGENCY E24 ADJUTANT GENERAL

BUDGET REQUEST
 AGENCY TOTALS

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LINE NO.	ITEM	ESTIMATED 82 - 83		APPROPRIATION 83 - 84		REQUESTED 84 - 85			TOTAL
		STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER	
010	PER. SERVICE	1,360,532	2,531,430	1,413,268	2,781,609	1,413,268	1,301,061	67,280	2,781,609
020	NO. POSITIONS	55.25	120.00	53.50	127.00	53.50	68.50	5.00	127.00
030	ALL OTHERS	1,287,235	2,845,424	1,342,844	2,891,033	1,342,844	1,461,022	87,167	2,891,033
040	SUB TOTAL	2,647,767	5,376,854	2,756,112	5,672,642	2,756,112	2,762,083	154,447	5,672,642

TOTAL SCHEDULE CF ADDITIONAL INCREASES									
----- REQUESTED FY 84-85 -----									
		STATE	FEDERAL	OTHER	TOTAL				
10	PER. SERVICE		83,045		188,607				
		105,562							
20	NO. POSITIONS		4.50		12.00				
		7.50							
30	ALL OTHER		242,295		810,406				
		566,955			777,949				
		538,958		1,216					
40	SUB TOTAL		325,340		999,073				
		672,517			962,556				
		626,000		1,216					

TOTAL AMOUNT REQUESTED		3,428,629	3,087,423	155,663	6,671,715				
		3,352,112			6,635,198				
TOTAL POSITIONS REQUESTED		61.00	73.00	5.00	139.00				

004555

SCHEDULE OF ADDITIONAL
INCREASES

1984-85

AGENCY NAME ADJUTANT GENERAL'S OFFICE

AGENCY CODE E24

PROGRAM NAME Summary

PROGRAM CODE 00 / 00 / 00

PRIORITY # _____

004556

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	105,562	83,045		188,607	
020	No. of Positions	(7.50)	(4.50)	()	(12.00)	
030	All Other	566,955	242,295	1,216	810,466	
040	Total	672,517	325,340	1,216	999,073	
<p>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</p>						

PROGRAM REQUEST SUMMARY

AGENCY NAME ADJUTANT GENERAL'S OFFICE

AGENCY CODE E24

004557

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	Administration	01000000		100,000			100,000
3	Administration	01000000		10,000			10,000
7	Administration	01000000		11,000			11,000
16	Administration	01000000		4,500			4,500
18	Administration	01000000		100,000			100,000
88	Administration	88888800		18,888	3,650	1,216	23,754
2	Military Personnel	05000000	1.00	49,178			49,178
22	Military Personnel	05000000	1.00	12,348			12,348
23	Operations and Training	10000000	1.00	18,795			18,795
24	Operations and Training	10000000	1.00	20,153			20,153
25	Operations and Training	10000000	1.00	10,379			10,379
5	Buildings and Grounds	15000000		35,000			35,000
10	Buildings and Grounds	15000000		25,000			25,000
17	Buildings and Grounds	15000000	2.00	24,035			24,035
20	Buildings and Grounds	15000000		30,000			30,000
11	Army Contract Support	25000000		49,000	146,000		195,000
15	Army Contract Support	25000000	1.00	7,567	15,201		22,768
6	McEntire ANG Base	40000000		13,390	40,170		53,560
8	McEntire ANG Base	40000000	1.00	4,197	12,591		16,788
19	McEntire ANG Base	40000000		1,500	4,500		6,000
21	McEntire ANG Base	40000000		1,395	4,187		5,582
4	Emergency Preparedness	45000000		27,975	27,975		55,950
9	Emergency Preparedness	45000000		20,000	20,000		40,000
12	Emergency Preparedness	45000000	3.00	51,066	51,066		102,132
13	Emergency Preparedness	45000000		15,000			15,000
14	Emergency Preparedness	45000000		10,700			10,700
26	Employee Benefits	95050000		52,517			52,517
			12	672,517	325,340	1,216	999,073

MAINTENANCE REQUEST			FY 84 - 85 REQUEST		TOTAL
	STATE	FEDERAL	OTHER		
PERSONAL SERVICE	601,484	45,919			647,403
NUMBER OF POSITIONS	29.96	2.59			32.55
ALL OTHER	282,261				282,261
SUB TOTAL MAINT. REQ.			883,745	45,919	929,664
ADDITIONAL INCREASE REQUEST			FY 84 - 85 REQUEST		TOTAL
PRIORITY PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL	
001 ***NOT ON FILE***			24,772	24,772	
002 ADOPTION	15.40	15.40	18,157	18,157	
003 SPECIAL SERVICES	5.00	5.00	8,169	8,169	
004 STATE EMPLOYER CONTRIBUTION			4,206	4,206	
005 FOSTER CARE	1.00	1.00	1,712	1,712	
006 FOSTER CARE			7,902	7,902	
007 ADMINISTRATIVE			12,500	12,500	
008 ADOPTION			25,000	25,000	
SUB TOTAL-ADDITIONAL INCREASE			102,418	102,418	
TOTAL AGENCY REQUEST FY 84-85			986,163	1,032,082	

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004558

DATE: 09/12/83
 TIME: 11:15:38

AGENCY L20 CHILDRENS BUREAU
 LINE ITEM
 NO.

BUDGET REQUEST
 AGENCY TOTALS

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PROGRAM MAINTENANCE SCHEDULE

ESTIMATED	8 2 - 8 3		APPROPRIATION 8 3 - 8 4		R E Q U E S T E D 8 4 - 8 5			TOTAL
	STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER	
010 PER. SERVICE	575,273	616,391	601,484	647,403	601,484	45,919		647,403
020 NO. POSITIONS	29.96	32.55	29.96	32.55	29.96	2.59		32.55
030 ALL OTHERS	201,135	201,135	282,261	282,261	282,261			282,261
040 SUB TOTAL	776,408	817,526	883,745	929,664	883,745	45,919		929,664

 TOTAL SCHEDULE OF ADDITIONAL INCREASES

----- REQUESTED FY 84-85 -----

	STATE	FEDERAL	OTHER	TOTAL
10 PER. SERVICE				32,244
20 NO. POSITIONS				21.40
30 ALL OTHER				70,174
40 SUB TOTAL				102,418

TOTAL AMOUNT REQUESTED	586,163	45,519		1,032,082
TOTAL POSITIONS REQUESTED	51.36	2.59		53.95

004559

SCHEDULE OF ADDITIONAL
1984-85 INCREASES

AGENCY NAME Children's Bureau

AGENCY CODE L 20

PROGRAM NAME _____

PROGRAM CODE / /

SUMMARY

PRIORITY # _____

004560

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	32,244			32,244	
020	No. of Positions	()	()	()	()	
030	All Other	45,174		25,000	70,174	
040	Total	77,418		25,000	102,418	
<p>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</p>						

PROGRAM REQUEST SUMMARY

AGENCY NAME CHILDREN'S BUREAU OF S.C.

AGENCY CODE L20

004561

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	AGENCY WIDE INCREASES	---	--	24,772			24,772
2	FOSTER CARE PROGRAM ADOPTION PROGRAM SPECIAL SERVICES PROGRAM FRINGE BENEFITS	05-00-00-00 10-00-00-00 15-00-00-00 95-00-00-00	21.4	32,244			32,244
3	FOSTER CARE PROGRAM	05-00-00-00		7,902			7,902
4	ADMINISTRATION	01-00-00-00	-	12,500			12,500
5	ADOPTION	10-00-00-00				25,000	25,000
			21.4	77,418		25,000	102,418

SCHEDULE OF ADDITIONAL
1984-85 INCREASES

AGENCY NAME Highways and Public Transportation

AGENCY CODE U12

PROGRAM NAME Highway Construction

PROGRAM CODE 05 / 25 / 00

PRIORITY # 1

004562

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs					<p>Federal funding under the Surface Transportation Assistance Act 1982 provided an increase of Federal-Aid funds to the State by \$46.2 million in Federal Fiscal 1984 and again by \$55.8 million in Federal Fiscal 1985. The bulk of these funds are provided for the Interstate and Bridge Replacement programs and require additional State funds to match. Other main traffic arteries within the State need improvements. These primary system projects include many miles of existing highways that need to be upgraded to improve safety, reduce congestion and save operating costs. Upgrading includes adding lanes to provide additional capacity; the widening or replacing of deficient bridges; improving horizontal and vertical road alignments; intersection or other spot safety improvements; and, improvements in traffic signalization. Completing key links in the primary highway system is also an important priority where construction on new location will provide the relief for existing, severely overloaded sections. Many of these improvements will not be eligible for Federal-Aid while many have to compete with limited Federal apportionments for this work.</p> <p>The Department will present this problem to the Highways and Public Transportation Commission during the development of the detail budget to be submitted on November 1, 1983. Suitable legislation would have to be presented to the General Assembly in order to secure additional revenues to finance such a program.</p> <p>The need for such a program is our highest priority.</p> <p><i>Paul W. Cobb</i> Paul W. Cobb Chief Commissioner</p> <p>Date <u>August 15, 1983</u></p>
020	No. of Positions	()	()	()	()	
030	All Other					
040	Total					
IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED						

MAINTENANCE REQUEST			FY 84 - 85 REQUEST		
	STATE		FEDERAL	OTHER	TOTAL
PERSONAL SERVICE	21,556				21,556
NUMBER OF POSITIONS	1.00				1.00
ALL OTHER	16,720			800	17,520
SUB TOTAL MAINT. REQ.			38,276	800	39,076
ADDITIONAL INCREASE REQUEST					
PRIORITY PROGRAM	STATE POSITIONS	TOTAL POSITIONS	STATE	TOTAL	
001 ADMINISTRATIVE	.50	.50	18,000	18,000	
SUB TOTAL-ADDITIONAL INCREASE			.50	.50	18,000
TOTAL AGENCY REQUEST FY 84-85			1.50	1.50	57,076

004563

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

DATE: 09/12/83
 TIME: 11:15:38

AGENCY L44 COMMISSION ON WOMEN
 LINE ITEM
 NO.

BUDGET REQUEST
 AGENCY TOTALS
 PROGRAM MAINTENANCE SCHEDULE
 APPROPRIATION 83 - 84
 STATE TOTAL

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ESTIMATED 82 - 83	APPROPRIATION 83 - 84		REQUESTED 84 - 85		TOTAL
	STATE	TOTAL	STATE	FEDERAL OTHER	
010 PER. SERVICE	20,985	20,985	21,556	21,556	21,556
020 NO. POSITIONS	1.00	1.00	1.00	1.00	1.00
030 ALL OTHERS	16,720	17,520	16,720	16,720	17,520
040 SUB TOTAL	37,705	38,505	38,276	39,076	39,076

TOTAL SCHEDULE OF ADDITIONAL INCREASES					
----- REQUESTED FY 84-85 -----					
	STATE	FEDERAL	OTHER	TOTAL	
10 PER. SERVICE	11,000			11,000	
20 NO. POSITIONS	.50			.50	
30 ALL OTHER	7,000			7,000	
40 SUB TOTAL	18,000			18,000	

TOTAL AMOUNT REQUESTED	56,276		800	57,076	
TOTAL POSITIONS REQUESTED	1.50			1.50	

004564

1984-85 SCHEDULE OF ADDITIONAL INCREASES

AGENCY NAME Commission on Women
 PROGRAM NAME Summary

AGENCY CODE L44
 PROGRAM CODE 00100100

PRIORITY # _____

004565

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	11,000			11,000	
020	No. of Positions	(.5)	()	()	(.5)	
030	All Other	7,000			7,000	
040	Total	18,000			18,000	
IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED						

1984-85

PROGRAM REQUEST SUMMARY

AGENCY NAME SOUTH CAROLINA COMMISSION ON WOMENAGENCY CODE L44

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	ADMINISTRATION	01000000	(0.5)	\$18,000.			\$18,000.
			.5	18,000			18,000

004566

MAINTENANCE REQUEST	FY 84 - 85 REQUEST			TOTAL
	STATE	FEDERAL	OTHER	
PERSONAL SERVICE	88,918			88,918
NUMBER OF POSITIONS	4.00			4.00
ALL OTHER	32,846			32,846

SUB TOTAL MAINT. REQ.	121,764			121,764
ADDITIONAL INCREASE REQUEST	STATE	TOTAL	STATE	TOTAL
PRIORITY PROGRAM	POSITIONS	POSITIONS		
001 ADMINISTRATICN			10,336	10,336
002 ADMINISTRATICN			3,285	3,285
003 ADMINISTRATICN			12,200	12,200
004 ADMINISTRATICN	1.00	1.00	28,006	28,006

SUB TOTAL-ADDITIONAL INCREASE	1.00	1.00	53,827	53,827

TOTAL AGENCY REQUEST FY 84-85	5.00	5.00	175,591	175,591
=====				

NOTE: --- THE MAINTENANCE REQUEST REFLECTS THE FY 83-84 APPROPRIATED AMOUNTS. THE PERSONAL SERVICE AMOUNT AND EMPLOYER CONTRIBUTION AMOUNT MUST BE ADJUSTED UPWARD TO REFLECT THE FY 83-84 SALARY INCREASES. ADDITIONALLY, RATE INCREASES IN EMP. CONTR. ARE NOT REFLECTED BY AGENCY BUT ARE INCLUDED IN ST. TOTALS.

004567

DATE: 09/12/83
 TIME: 11:15:38

AGENCY LINE NO.	R52 STATE ETHICS COMMISSION ITEM	ESTIMATED 82 - 83		APPROPRIATION 83 - 84		REQUESTED 84 - 85		
		STATE	TOTAL	STATE	TOTAL	STATE	FEDERAL	OTHER
010	PER. SERVICE	86,569	86,569	88,918	88,918	88,918		
020	NO. POSITIONS	4.00	4.00	4.00	4.00	4.00		
030	ALL OTHERS	32,846	32,846	32,846	32,846	32,846		
040	SUB TOTAL	119,415	119,415	121,764	121,764	121,764		

 TOTAL SCHEDULE OF ADDITIONAL INCREASES
 ----- REQUESTED FY 84-85 -----
 STATE FEDERAL OTHER TOTAL

10	PER. SERVICE				25,442			
20	NO. POSITIONS				1.00			
30	ALL OTHER				28,385			
40	SUB TOTAL				53,827			

TOTAL AMOUNT REQUESTED				175,591				175,591
TOTAL POSITIONS REQUESTED				5.00				5.00

004568

1984-85 SCHEDULE OF ADDITIONAL INCREASES

AGENCY NAME State Ethics Commission AGENCY CODE R 52
 PROGRAM NAME Summary PROGRAM CODE 001 001 00

PRIORITY # _____

004569

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 84-85				EXPLANATION OF NEED AND PRIORITY ASSIGNMENT
		STATE (3)	FEDERAL (4)	OTHER (5)	TOTAL (6)	
010	Personnel Costs	25,442			25,442	
020	No. of Positions	(1)	()	()	(1)	
030	All Other	28,385			28,385	
040	Total	53,827			53,827	
<p>IMPACT IF NOT FUNDED AND OTHER ALTERNATIVES CONSIDERED</p>						

1984-85

PROGRAM REQUEST SUMMARY

AGENCY NAME STATE ETHICS COMMISSION

AGENCY CODE R52

PRIORITY NO.	PROGRAM NAME	PROGRAM CODE (8 DIGIT)	NO. OF POSITIONS	STATE	FEDERAL	OTHER	TOTAL
1	Administration	01 00 00 00		10,336			10,336
2	Administration	01 00 00 00		3,285			3,285
3	Administration	01 00 00 00		12,200			12,200
4	Administration	01 00 00 00	(1)	28,006			28,006
			(1)	53,827			53,827

EXHIBIT
 SEP 21 1983 NO. 16
 STATE BUDGET & CONTROL BOARD

004570