MINUTES OF
Budget and
Control Board
Meeting
April 28, 1981

19978

State of South Carolina

State Budget and Control Board

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

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

Box 12444
Columbia
29211

April 28, 1981

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary WAM

SUBJECT: Budget and Control Board Actions at April 28, 1981 Meeting

At the April 28, 1981 meeting, the Budget and Control Board took the following actions:

1. Approved the minutes of meetings held on February 26, March 10, March 18, and March 24; of a poll conducted on March 19 and an executive session poll conducted on March 16; and approved a corrected version of the executive session portion of the minutes of February 10;

2, Ratified actions taken in (a) an executive session poll completed on March 16 in which the Board approved a merit and promotional salary increase for an unclassified executive assistant with the Governor's Office; and (b) a poll dated March 19, 1981 in which the Board approved the transfer of $91,125.67 of personal service funds of the Forestry Commission to other operating accounts of the Commission to provide funds to fight and control forest fires;

3. Approved the following county proposals to issue revenue bonds, on the condition that the required reviews by the Attorney General's Office and the Auditor's Office be completed with satisfactory results: (a) Barnwell County, $2,000,000 Industrial Revenue Bonds on behalf of the Dayco Corporation project; (b) Marion County, $2,000,000 Industrial Revenue Notes on behalf of AVM of South Carolina, Inc., project; and (c) Spartanburg County, not exceeding $3,000,000 Pollution Control Revenue Notes on behalf of ABCO Industries, Inc., project;

4. Approved the Clemson University selection of Peritus Engineering Company, Inc., to perform consulting mechanical and electrical engineering services relating to Godfrey Hall, plant and animal science building, computer center, Moorman House conversion, Freeman Hall, Rhoads Engineering Research Center, Olin Hall, Long Hall and campus lighting system;

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5. Approved the Department of Corrections selection of Post, Buckley, Schuh and Jernigan, Inc., to plan an improved security and control system for facilities located at the Broad River Road complex for a fee not to exceed $3,750, under the small projects procedure;

6. Approved the amendment of an existing contract between the Department of Corrections and CH2M Hill relating to the Wateree dairy project to provide architectural services on the Wateree dairy and dairy support buildings as follows: design development, construction document preparation and construction phase services for a lump sum fee of $38,939;

7. Approved the Clarks Hill-Russell Authority selection of Russell and Axon to survey and stake the center line of a road and to estimate amounts of cut and fill for a fee of $3,000, under the small projects procedure;

8. Released the Criminal Justice Academy weapons range project and approved the use of $525,000, which will come from forfeitures and fines, for this project, after being advised that the Joint Bond Review Committee had approved this request;

9. Received as information a Finance Division (Engineering) report on the following projects which were released by staff, following their review by the Joint Bond Review Committee: (a) University of South Carolina - Beaufort, Dowling property purchase project (Summary 43-81, item 7); and (b) Wildlife and Marine Resources, Union district office complex and Greenwood office complex projects (Summary 51-81, items a and b);

10. Approved easements (a) for water and sewer lines for the County of Lexington, City of Cayce, to serve the South Carolina Fire Academy; and (b) for Southern Bell to place and maintain buried plant on and through the Fire Academy to serve the Fire Academy and the new Wing Civil Air Patrol building;

11. Approved consultant services contracts between (a) Parks, Recreation and Tourism and ERLA Associates; and (b) Clemson University and Owen Ayres and Associates, Inc.;

12. Received as information a Finance Division (Grants Services) summary report for the 1980-81 third quarter showing that twenty-nine state agencies received 593 research awards and 95 student aid awards involving $38,216,823 during the fiscal year through March;

13. Received as information proposed regulations for the State Fire Commission;

14. Received as information legislation proposed by the State Fire Commission relating to powers of the fire authority in emergency situations, after directing Executive Director Putnam to coordinate the interests of the disaster preparedness function within the Adjutant General's Office and those of the Fire Commission as expressed in the proposed legislation;

15. Approved the concept of entering the National Incident Reporting System, subject to making application for and receiving a three-year grant from the U. S. Fire Administration to help offset the costs of the program and subject to the transfer of two positions from the Division of General Services to the Fire Marshal Division which transfer was approved;

16. Approved a one dollar per square foot increase in the rental rates charged by the Division of General Services for fiscal year 1982-83 and agreed to consider further the Division of General Services request for an additional increase of thirty cents per square foot to support the restoration of custodial services to the pre-1980 service level;

17. Approved the concept of a revolving fund for the procurement of office equipment on the understanding that the Division of General Services would work out a detailed proposal for Board consideration;

18. Received as information a request by the Division of General Services for approval of the transfer of one position from that Division to the Clarks Hill-Russell Authority, after agreeing that this request must be considered first by the Joint Committee on Personal Service;

19. Authorized the Division of General Services to contract with additional consultants for the preparation of requests for proposals for telecommunications systems at amounts not to exceed $10,000 per quarter;

20. Reconsidered and approved a Medical University request to amend an existing A&E contract with GMK/Ellerbe to provide for a detailed value engineering study of the east wing hospital addition for a lump sum fee of $44,625;

21. Approved an amendment of the A&E contract between the Medical University and Rosenblum and Associates to increase the original scope of the project to a multi-purpose facility for schematic design phase only and to increase the fee for schematic design only by a total of $18,392;

22. Authorized State Auditor Vaughn to approve the Department of Mental Retardation request to transfer $500,000 of personal service funds available in 1980-81 for use in 1981-82, subject to legislative approval of the carry forward, as follows: $183,600 for classified positions, $36,810 for employer contributions; $79,590 for contractual services, and $200,000 for equipment, and authorized State Auditor Vaughn to furcher analyze the funds proposed to be carried forward; and authorized State Auditor Vaughn to approve the Department of Mental Retardation request to transfer $116,400 of personal service funds to contractual services ($79,590) and employer contributions ($36,810)to cover costs related to the Saleeby Center operation during the remainder of fiscal year 1980-81;

23. Authorized State Auditor Vaughn to approve a request by the Division of State Fire Marshal to transfer $18,000 of personal service funds to support the travel costs of the inspection services of that Division during the remainder of the current fiscal year;

24. Authorized State Auditor Vaughn to approve the State Development Board request to transfer $39,241 of personal service and fringe benefit funds to the Development Board's advertising account to be used to help finance an advertising campaign in Europe;

25. Approved the travel of two representatives of the PRT Tourism Division to London, England during the November 30 - December 7, 1981 period to participate in the World Travel Mart at an estimated cost of $5,500 to be paid from State funds appropriated for development and promotion;

26. Agreed to hold its next regular meeting at 10:00 a.m., Tuesday, May 12, 1981, and to hold a special, all-day meeting on the 1982-83 budget cycle on Monday, May 25, 1981, at Wampee;

27. Agreed that the State Personnel Division should support the pending legislation designed to tighten up various aspects of the State's unemployment compensation insurance program;

28. To correct an obvious inequity, approved a Retirement System recommendation that the wife of a deceased System member act as his beneficiary;

29. Authorized the Department of Mental Retardation to lease/purchase thirty Burroughs MT983 CRT's for a total five-year cost of $159,900;

30. Authorized the Employment Security Commission to procure up to 150 teletype terminals and 50 portable terminals over a five-year period from D. J. Carlysle for a total five-year cost of $253,550;

31. Authorized the Finance Division of the Board to lease/purchase one controller and eight tape drives from STC for a total five-year cost of $173,340;

32. Discussed a proposed policy and procedure on State-owned real property under the purview of the Division of General Services but deferred any action on it until the next meeting;

33. Granted an extension of service until June 30, 1982 to Ms. Sarah O. Powers of the Division of General Services;

34. Approved the inclusion of a pre-existing conditions clause, a revision of eligibility requirements and premium rates recommended by the Personnel Division for 1981-82, relating to the health insurance program;

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35. Agreed to receive as information and to let the time expire on State Employee Grievance Committee findings and decision in a case involving the Department of Highways and Public Transportation; and

36. Ratified actions taken in executive session.

WAM:dw

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

APRIL 28, 1981 9:00 A. M.

The Budget and Control Board met at 9:00 A. M. on Tuesday, April 28, 1981, in the Governor's conference room with the following members in attendance:

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

Staff members attending included Executive Director W. T. Putnam; Board Secretary William A. McInnis; Governor's Executive Assistant Katherine M. Clarke; Finance Division Director Edgar A. Vaughn, Jr., and staff members Charles Burr and John McPherson; General Services Division Director T. Michael Copeland and staff member Fred Saverance; Personnel Division Deputy Director Joseph A. Mack; Retirement System Division Director Purvis W. Collins; Senate Finance Committee staff members Nettie Bryan and William Jordan; and Administrative Assistant Donna K. Williams.

MINUTES OF PREVIOUS MEETINGS - A draft version of the minutes of meetings held on February 26, March 10, March 18, and March 24, of a poll conducted on March 19, of an executive session poll conducted on March 16, and a corrected verions of the executive session portion of the minutes of the February 10 meeting previously had been furnished to Board members.

Upon a motion by Mr. Morris, seconded by Mr. Morris, the Budget and Control Board approved the referenced minutes as written.

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BLUE AGENDA - After being advised the the required reviews by the Attorney General's Office and by the Auditor's Office had not yet been completed in connection with blue agenda items 2, 3, and 4, relating to county proposals to issue industrial and pollution control revenue bonds, the Board approved these three items on the condition that the required reviews be completed with satisfactory results and approved all other items on the blue agenda.

Blue agenda items are identified as such in these minutes.

RATIFICATION OF ACTIONS PREVIOUSLY APPROVED (BLUE AGENDA #1) - In keeping with the spirit of the Freedom of Information Act, the Budget and Control Board, upon a motion by Mr. Patterson, seconded by Mr. Morris, ratified actions taken in (a) an executive session poll completed on March 16 in which the Board approved a merit and promotional salary increase for an unclassified executive assistant with the Governor's Office; and (b) a poll dated March 19, 1981 in which the Board approved the transfer of $91,125.67 of personal service funds of the Forestry Commission to other operating accounts of the Commission to provide funds to fight and control forest fires.

Additional detail may be found in the referenced minutes.

Mr. Putnam noted that these polls were conducted prior to the release of the Attorney General's opinion to the Land Resources Conservation Commission outlining the conditions under which telephonic meetings (polls) may be conducted legally under the Freedom of Information Act.

REVENUE BONDS AND/OR NOTES (BLUE AGENDA #2, #3, AND #4) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the following county proposals to issue industrial revenue bonds or notes and pollution control revenue notes, on the condition that the required reviews by the Attorney General's Office and by the Auditor's Office be completed with satisfactory results:

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Exhibit	County	Amount and Type		Name of Project
1	Barnwell	$2,000,000	Industrial Revenue	Dayco Corporation
2	Marion	$2,000,000	Industrial Revenue	AVM of South Carolina, Inc.
3	Spartanburg	not exceeding $3,000,000	Pollution Control	ABCO Industries, Inc.

Information relating to this matter has been retained in these files and is identified as Exhibits 1, 2, and 3, respectively.

CLEMSON UNIVERSITY - A&E SELECTION APPROVAL REQUEST (BLUE AGENDA #5) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the Clemson University selection of Peritus Engineering Company, Inc., to perform consulting mechanical and electrical engineering services relating to Godfrey Hall, plant and animal science building, computer center, Moorman House conversion, Freeman Hall, Rhoads Engineering Research Center, Olin Hall, Long Hall and campus lighting system.

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

DEPARTMENT OF CORRECTIONS - A&E SELECTION, SMALL PROJECTS (BLUE AGENDA #6) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the Department of Corrections selection of Post, Buckley, Schuh and Jernigan, Inc., to plan an improved security and control system for facilities located at the Broad River Road complex for a fee not to exceed $3,750, under the small projects procedure.

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

DEPARTMENT OF CORRECTIONS - AMENDMENT OF A&E CONTRACT (BLUE AGENDA #7) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved an amendment of an existing contract between the Department of Corrections and CH2M Hill relating to the Wateree dairy project to provide architectural services on the Wateree dairy and dairy support buildings as follows: design development, construction document preparation and construction phase services for a lump sum fee of $38,939.

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

CLARKS HILL-RUSSELL AUTHORITY - A&E SELECTION, SMALL PROJECTS (BLUE AGENDA #8) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the Clarks Hill-Russell Authority selection of Russell and Axon to survey and stake the center line of a road and to estimate amounts of cut and fill for a fee of $3,000, under the small projects procedure.

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

FINANCE DIVISION (ENGINEERING) - RELEASE OF CRIMINAL JUSTICE ACADEMY WEAPONS RANGE PROJECT (BLUE AGENDA #9) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board released the Criminal Justice Academy weapons range project and approved the use of $525,000, which will come from forfeitures and fines, for this project, after being advised that the Joint Bond Review Committee had approved this request.

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

FINANCE DIVISION (ENGINEERING) - PERMANENT IMPROVEMENT PROJECTS RELEASED BY STAFF (BLUE AGENDA #10) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board received as information a Finance Division (Engineering) report on the following projects which were released by staff following their review by the Joint Bond Review Committee: (a) University of South Carolina - Beaufort, Dowling property purchase project (Summary 43-81, item 7); and (b) Wildlife and Marine Resources, Union district office complex and Greenwood office complex projects (Summary 51-81, items a and b).

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

GENERAL SERVICES - EASEMENTS (BLUE AGENDA #11) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved easements for (a) water and sewer lines for the County of Lexington, City of Cayce, to serve the South Carolina Fire Academy; and (b) Southern Bell to place and maintain buried plant on and through the Fire Academy to serve the Fire Academy and the new Wing Civil Air Patrol building.

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

CONSULTANT SERVICES CONTRACTS (BLUE AGENDA #12) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the following consultant services contracts: (a) Parks, Recreation and Tourism: consultant: ERLA Associates, Atlanta, Georgia; maximum amount: $54,000, 100% state funds; time period: 5/1/81 - 9/30/81; purpose: to perform a special study on the effectiveness of the SCORP Exchange Council, PRT's citizen participation mechanism for the State Comprehensive Outdoor Recreation Plan which is the State's official planning document which keeps South Carolina eligible for federal funding through the Land and Water Conservation Program; and (b) Clemson University: consultant: Owen Ayres and Associates, Inc., Columbia, SC; maximum amount: $98,000, 100% state funds; purpose: to provide aerial photography, field control and topographic mapping for Clemson University Comprehensive Master Plan projects.

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

FINANCE DIVISION (GRANT SERVICES) - REPORT ON RESEARCH AND STUDENT AID AWARDS (BLUE AGENDA # 13) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board received as information a Finance Division (Grant Services) summary report for the 1980-81 third quarter showing that twenty-nine state agencies received 593 research awards and 95 student aid awards involving $38,216,823 during the fiscal year through March.

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

STATE FIRE COMMISSION - PROPOSED REGULATIONS - Executive Director Putnam advised the Board that the law requires Board approval of regulations of the Fire Commission prior to their presentation to the General Assembly for approval. He indicated that the proposed regulations had been published in the State Register on April 24. He suggested that the Board study these regulations between now and the May 25 meeting at which time the Board will be asked to take final action on these regulations.

Following a brief discussion, the Board received as information the referenced proposed regulations.

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

STATE FIRE COMMISSION - PROPOSED LEGISLATION - Executive Director Putnam briefly reviewed legislation proposed by Chief MacLellan of the Fire Commission dealing with emergency powers of the fire chief or senior officer on the scene of an emergency. He noted that a question had been raised about the relationship of this proposed legislation to the authority of the Disaster Preparedness Office and Governor Riley asked Executive Director Putnam to coordinate the interests of that function within the Adjutant General's Office and those of the Fire Commission as expressed in the proposed legilsation.

Following a brief discussion, the Board received as information the legislation proposed by the State Fire Commission.

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

STATE FIRE COMMISSION - NATIONAL INCIDENT REPORTING SYSTEM - Mr. Putnam advised the Board that Fire Commission Chairman MacLellan is extremely interested in getting the state involved in the National Incident Reporting System and that he recommends that the state make application to the U. S. Fire Administration for a three-year grant to help finance the implementation of this program. Mr. Putnam suggested that the Board consider approving the concept of getting involved in this program and that it authorize making a request for the federal grant funds. He indicated that two employees would be required and that these slots can be transferred from the Division of General Services which would mean no net additional state employee would be involved.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the concept of entering the National Incident Reporting System, subject to making application for and receiving a three-year grant from the U. S. Fire Administration to help offset the costs of the program and subject to the transfer of two positions from the Division of General Services to the Fire Marshal Division and approved the transfer of those two positions.

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

GENERAL SERVICES - PROPOSED RENTAL INCREASE FOR 1982-83 - As background for a request that a minimum increase in the average rental rate of one dollar per square foot be approved for 1982-83, Division Director Copeland recalled that the Board had directed General Services to hold its rental charge level for a three-year period. He indicated that the 1981-82 fiscal year is the last year of that period and that during this time the Division has had to absorb the increased costs as a result.

He pointed out that, in order to meet that situation, the Division had to lay off about fifty custodial workers and had to resort to an every other day cleanup schedule.

Mr. Copeland indicated that a one dollar per square foot increase in 1982-83 is needed to maintain custodial service at the present level and that an additional thirty cents per square foot would be required to restore that program to the pre-1980 service level.

Messrs. Putnam and Copeland agreed that a Board reaction is needed so that the 1982-83 budget preparation can proceed on the appropriate basis.

Following a discussion, upon a motion by Mr. Patterson, seconded by Representative Mangum, the Board approved a one dollar per square foot increase in the rental rates charged by the Division of General Services for fiscal year 1982-83 and agreed to consider further the Division's request for an additional increase of thirty cents per square foot to support the restoration of custodial services to the pre-1980 service level.

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

GENERAL SERVICES - OFFICE EQUIPMENT PROCUREMENT POLICY PROPOSAL - Division Director Copeland presented a proposal to establish a revolving fund to finance the acquisition of equipment for state agencies and for any local governmental bodies which might choose to participate. The proposal would provide that participants would borrow from the revolving fund an amount sufficient to cover the costs of purchasing equipment outright and that interest on these loans would be paid at a rate and a schedule to be established by the Board. Mr. Copeland noted that, if such a policy were adopted and the revolving fund established, the state would acquire office equipment only by outright purchase and that agencies desiring equipment on other than an outright purchase basis would borrow the funds needed in the internal financing arrangement proposed. Mr. Copeland also noted that an analysis of existing contracts between state agencies and three major office equipment vendors (Savin, IBM, and Xerox) shows the possibility of a savings of some $4.3 million over the five-year life of such equipment.

Mr. Copeland suggested that the proposed revolving fund could be established by appropriating the funds for it; by means of a bond issue; or legislation could be sought which would allow loans to be made from the Insurance Reserve Fund. He indicated that he is seeking the sense of the Board on this issue at this time.

Following a discussion of the matter, the Board without objection approved the concept of a revolving fund for the procurement of office equipment on the understanding that the Division of General Services would work out a detailed proposal for Board consideration at a future meeting.

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

GENERAL SERVICES - TRANSFER OF POSITIONS - The Division requested Board approval of the transfer of two custodial positions to the Fire Marshal Division and the transfer of one position to the Clarks Hill-Russell Authority. Mr. Putnam expressed doubt that the transfer within the Board would require approval by the Joint Committee on Personal Service Financing and Budgeting and noted that the Board, at an earlier point in this meeting, had approved the transfer of the two positions to the Fire Marshal Division.

Following a brief discussion, the Board received as information the Division's request for approval of the transfer of one position to the Clarks Hill-Russell Authority, after agreeing that this request must be considered first by the Joint Committee on Personal Service Financing and Budgeting.

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

GENERAL SERVICES - TELECOMMUNICATIONS CONSULTANT SERVICES - Upon a motion by Mr. Morris, seconded by Representative Mangum, the Board authorized the Division of General Services to contract with additional consultants for the preparation of requests for proposals for telecommunications systems at amounts not exceed $10,000 per quarter.

FINANCE DIVISION (ENGINEERING) - MEDICAL UNIVERSITY EAST WING ADDITION A&E CONTRACT AMENDMENT - State Auditor Vaughn advised the Board that, after reviewing the action taken by the Board at its April 24 meeting which denied the Medical University request to amend the referenced contract, he has concluded that the recommended value engineering study could possibly result in savings on the east wing addition hospital project and recommended that the Board reconsider its previous action and approve the Medical University request.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board reconsidered its April 24 action and approved the Medical University request to amend the existing architectural and engineering contract with GMK/Ellerbe to provide for a detailed value engineering study of the east wing hospital addition for a lump sum fee of $44,625.

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

FINANCE DIVISION (ENGINEERING) - PROPOSED MEDICAL UNIVERSITY A&E CONTRACT AMENDMENT (WAREHOUSE PROJECT) - Acting Vice President for Finance Marion Woodbury, by letter, asked for Board approval of an amendment of the existing contract between the Medical University and Rosenblum and Associates for the design of a warehouse. The proposed amendment would expand the project to become a multi-purpose building which would include the following additional features: 5,000 square feet of office space; tennis and volley ball courts on the roof of the structure; shower and locker rooms and a jogging track with exercise stations along the periphery of the project site. Mr. Woodbury advised that the scope of the work on this project was increased primarily to overcome the objections from the Mayor of the City of Charleston and to bring the proposed structure into compliance with zoning regulations.

Following a brief discussion, upon a motion by Representative Mangum, seconded by Mr. Patterson, the Board approved an amendment of the contract between the Medical University and Rosenblum and Associates to provide for an increase in the scope of the project to a multi-purpose facility for schematic design phase only and to increase the fee for the schematic design only by a total of $18,392.

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

FINANCE DIVISION (BUDGET DEVELOPMENT) - MENTAL RETARDATION PERSONAL SERVICE TRANSFER REQUEST - Mental Retardation Commissioner Barnett, by letter, advised the Board that approximately $800,000 of suprlus personal service funds probably will be accumulated by his department during the remainder of the current fiscal year and he asked for authorization to use approximately $300,000 of these funds to operate a 44-bed addition to the Saleeby Center for the remainder of the current fiscal year and for Board support for legislative authorization to carry forward $500,000 of those funds. In Commissioner Barnett's proposal, $300,000 of the $500,000 proposed to be carried forward would be applied to the operation of the Saleeby Center during the July, August and September period of 1981 with the $200,000 balance being applied to the purchase of equipment.

State Auditor Vaughn advised the Board that the Saleeby Center project had been completed ahead of schedule and expressed the view that the proposed use of these funds would be a good one since the project is ready to go although he indicated a reluctance to recommend approval of the request because of his interest in maximizing the amount of funds to be lapsed.

Following this discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Board authorized State Auditor Vaughn to approve the Department of Mental Retardation request to transfer $500,000 of personal service funds available in 1980-81 for use in 1981-82, subject to legislative approval of that carry forward, as follows: $183,600 for classified positions,

$36,810 for employer contributions, $79,590 for contractual services, and $200,000 for equipment; and authorized State Auditor Vaughn to further analyze the funds proposed to be carried forward; and authorized him to approve the Department of Mental Retardation request to transfer $116,400 of personal service funds to contractual services ($79,590) and employer contributions ($36,810) to cover costs related to the operation of the Saleeby Center during the remainder of fiscal year 1980-81.

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

FINANCE DIVISION (BUDGET DEVELOPMENT) - FIRE MARSHAL PERSONAL SERVICE FUNDS TRANSFER REQUEST - Upon a motion by Mr. Patterson, seconded by Representative Mangum, the Board authorized State Auditor Vaughn to approve a request by the Division of State Fire Marshal to transfer $18,000 of personal service funds to support the cost of travel by the inspection services portion of that division during the remainder of the current fiscal year.

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

FINANCE DIVISION (BUDGET DEVELOPMENT) - DEVELOPMENT BOARD TRANSFER REQUEST - Development Board Director Robert Leak advised the Board that, in the process of preparing for the seven percent reduction in personal services, his agency has generated lapsed salaries in the amount of $35,000 plus $4,241 in fringe benefits and he requested approval of the transfer of these funds to his agency's advertising account to help finance an advertising campaign in Europe.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Board authorized State Auditor Vaughn to approve the Development Board request to transfer $39,241 of personal service and fringe benefit funds for the purpose indicated.

Information relating to this matter has been retained in these files and is identified as Exhibit 23.

PARKS, RECREATION AND TOURISM - FOREIGN TRAVEL - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the Department of Parks, Recreation and Tourism request relating to the travel of two representatives of the Tourism Division to London, England during the November 30 - December 7, 1981 period to participate in the World Travel Mart at an estimated cost of $5,500 to be paid from state funds appropriated for development and promotion.

Information relating to this matter has been retained in these files and is identified as Exhibit 24.

BUDGET AND CONTROL BOARD - FUTURE MEETINGS - The Board agreed to hold its next regular meeting at 10:00 a.m., Tuesday, May 12, 1981 and to hold a special, all-day meeting on the 1982-83 budget cylce on Monday, May 25, 1981, at Wampee.

EXECUTIVE SESSION - Upon a motion by Representative Mangum, seconded by Mr. Patterson, the Board agreed to consider four personnel matters and six contractual items 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 matters, the meeting was opened, and upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board ratified the following actions taken in executive session:

(1) Agreed that the State Personnel Division should support the pending legislation designed to tighten up various aspects of the state's unemployment compensation insurance program;

(2) To correct an obvious inequity, approved a Retirement System recommendation that the wife of a deceased System member act as his beneficiary;

(3) Authorized the Department of Mental Retardation to lease/purchase thirty Burroughs MT983 CRT's for a total five-year cost of $159,900;

(4) Authorized the Employment Security Commission to procure up to 150 teletype terminals and 50 portable terminals over a five-year period from D. J. Carlysle for a total five-year cost of $253,550;

(5) Authorized the Finance Division of the Board to lease/purchase one controller and eight tape drives from STC for a total five-year cost of $173,340;

(6) Discussed a proposed policy and procedure on state-owned real property under the purview of the Division of General Services but deferred action on it until the next meeting;

(7) Granted an extension of service until June 30, 1982 to Ms. Sarah O. Powers of the Division of General Services;

(8) Approved the inclusion of a pre-existing conditions clause, a revision of eligibility requirements, and premium rates recommended by the Personnel Division for 1981-82, relating to the health insurance program; and

(9) Agreed to receive as information and to let the time expire on a State Employee Grievance Committee decision in a case involving the Department of Highways and Public Transporation.

The meeting was adjourned at 11:20 a.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 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 8:30 a.m. on Monday, April 27, 1981.]

20000

The State of South Carolina

Office of the Attorney General

MAY 12 1981

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-8667

May 6, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: $2,000,000 Barnwell County, South Carolina, Industrial Revenue Bonds, Series B (Dayco Corporation Project)

Dear Mr. Putnam:

Regarding the above-referenced bonds, 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.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

20001

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 4/28/81]

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

1. Local Government: Barnwell County

2. Bond Counsel:

   (a) Firm McNair (Barbara McQuillen)

   (b) Contact Person Brenton D. Jeffcoat Phone 799-9800

   (c) Address Box 11390, Columbia SC 29211

3. Project Name: Dayco Corporation

4. Issue Amount: $4,500,000 ($2,000,000) Bonds Type: Industrial Revenue

5. Employment Impact of Project: maintain existing employment

6. Type/Nature of Business of Firm Involved: ?

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	BJ 4/23	KH 4/24
(b) Documents on issuance/securing of bonds	BJ 4/23	
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: _____)	BJ 4/23	Floyd Powell 4/23 ✓
(3) Review by State Auditor's Office (memo)	Floyd Powell 4/29/81	xxxxxxxx
(d) Health and Environmental Control certification	n/a	
(e) B&C Board Resolution and Notice (10 copies for certification for bond counsel)	BJ 4/23	1 copy to KH 4/24 BJ 5/12 ✓
(f) Review by Attorney General's Office (letter) s/c	KH 5/12 ✓	xxxxxxxx

20002

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
803-799-9800

ENCLOSURE MEMO

TO: Mr. William A. McInnis
South Carolina State Budget and
Control Board
Wade Hampton Office Bldg, Room 209
Columbia, SC 29202

RE: Barnwell County, South Carolina
Industrial Revenue Bonds, Series B
(Dayco Corporation Project)

Date: April 23, 1981

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

Herewith the following:

for approval by the Budget and Control Board:

A Resolution and Inducement Contract

A Petition to the State Budget and Control Board

10 copies for Budget and Control Board approval of a Resolution approving the issuance of the above noted Series of Bonds

Financial Information

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

20003

By _____
Brenton D. Jeffcoat

TO

William A. McInnis

Deputy Executive Director

State Budget and Control Board

FROM

APR 29 1981

AUDITING DIVISION

State Auditor's Office

P.O. BOX 11333 COLUMBIA, SOUTH CAROLINA 29211

Phone (803) 758-8406

SUBJECT

Date 4 / 29 / 81

MESSAGE

The attached memo summarizes our review of the financial statements of Dayco Corp. and Subsidiaries in connection with the proposed issuance of industrial revenue bonds by Barnwell County in the amount of $2,000,000.

Signed Floyd C Powell

REPLY

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

20004

Signed

Date / /

Ennis 04-E472

3 PART

SEND PARTS 1 AND 3 WITH CARBON INTACT - PART 3 WILL BE RETURNED WITH REPLY

APR 2 9 1981

April 29, 1981

Dayco Corp. and Subsidiaries
Financial Statement Review

Re: Industrial Revenue Bond Issue
Barnwell County, $2,000,000

1. There is no reason to disapprove this bond issue based upon our review of Dayco Corp. and Subsidiaries audited consolidated financial statements for the years ended October 31, 1980, 1979 and 1978.

2. Independent auditors (Ernst & Whinney, Dayton, Ohio) have issued unqualified opinions on each of the financial statements noted above.

3. Dayco Corp. is a publicly-owned corporation whose capital stock is listed on the New York Stock Exchange.

4. The financial position of the company appears adequate to support the proposed and existing debt.

Floyd E. Powell

Floyd E. Powell, CPA
Audit Manager
Auditing Division

20005

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

RESOLUTION

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore the County Council of Barnwell County (the "County Board") did, pursuant to S. C. Code sec. 4-29-10 et seq., as amended, (the "Act"), petition the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act; and

WHEREAS, the County Board has heretofore issued its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation Project) in the aggregate principal amount of $4,500,000 pursuant to a Mortgage and Trust Indenture, dated as of August 1, 1977 (the "Original Indenture") and has utilized the proceeds thereof to acquire, construct and equip a certain manufacturing plant (the "Manufacturing Plant") and has leased the Manufacturing Plant to Dayco Corporation, a Delaware corporation (the "Company"), pursuant to a Lease Agreement dated as of August 1, 1977 (the "Original Lease"); and

WHEREAS, the proposed undertaking consists of the acquisition and installation by the County Board of certain additional machinery and equipment (the "Equipment") in the Manufacturing Plant operated by the Company in Barnwell County, South Carolina; the County Board proposes to finance the costs incurred in the acquisition and installation of the Equipment by the issuance of Series B Bonds pursuant to the Act, and to lease the same to the Company; and

WHEREAS, the Equipment is to be leased to the Company at a rental sufficient to provide for the payment of the Series B Bonds of Barnwell County hereafter referred to, and costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the Equipment, the County Board proposes to provide for an issue of $2,000,000 Barnwell County, South Carolina First Mortgage Industrial Revenue Bonds, Series B pursuant to the Act; payable from the rentals derived from the lease of the Equipment and additionally secured by a First Supplemental Indenture (the "First Supplemental Indenture") to the Original Indenture between Barnwell County and the Trustee under the Original Indenture; and

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

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

(a) That the 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 to the State Board establishing a reasonable estimate of the cost of the Equipment, a general summary of the terms and conditions of the First Supplemental Lease to the Original Lease and the First Supplemental Indenture and has established that the Company will pay as additional rentals, in lieu of taxes, the sum prescribed by Section 4-29-60 of the Act.

(c) That the Equipment will protect and maintain employment at the Manufacturing Plant operated by the Company in Barnwell County, and will be of benefit to Barnwell County and adjacent areas.

20007

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

2. On the basis of the foregoing findings the proposed undertakings of the County Board to acquire and install the additional machinery and equipment and to lease the Equipment to the Company and to finance the cost of acquiring and installing the Equipment, including the repayment of funds advanced and loans incurred by the Company for that purpose, through the issuance of $2,000,000 Barnwell County, South Carolina First Mortgage Industrial Revenue Bonds, Series B, payable from the revenues to be derived from the leasing of the Equipment, and additionally secured by the said First Supplemental Indenture, 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 of Barnwell County above described in paragraph 2, supra, shall be published in THE STATE _____, a newspaper having general circulation in Barnwell County.

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

EXHIBIT

APR 2 8 1981 NO. 1

STATE BUDGET & CONTROL BOARD

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EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

EXHIBIT "A"

NOTICE PURSUANT TO S. C. CODE SEC. 4-29-10 ET SEQ., AS AMENDED WITH RESPECT TO APPROVAL OF THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA OF A PROJECT AND THE ISSUANCE OF SERIES B REVENUE BONDS BY BARNWELL COUNTY, SOUTH CAROLINA

Notice is hereby given that following the filing of a Petition by the County Council of Barnwell County, South Carolina (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 (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.:

Barnwell County, South Carolina proposes to acquire and install certain additional machinery and equipment (the "Equipment") in the manufacturing plant operated by Dayco Corporation, a Delaware corporation (the "Lessee"), in Barnwell County, South Carolina. To finance the costs incurred in the acquisition and installation of the Equipment, the County Board will issue $2,000,000 of Barnwell County, South Carolina First Mortgage Industrial Revenue Bonds, Series B (the "Series B Bonds") pursuant to S. C. Code sec. 4-29-10 et seq., as amended. The County Board will lease the Equipment to the Lessee, under a First Supplemental Lease and the Series B Bonds of Barnwell County will be payable solely from the rentals to be paid by the Lessee to the County. The Series B Bonds will be additionally secured by a First Supplemental Indenture which will constitute a forecloseable lien upon the Equipment.

In addition, the Lessee has agreed to pay as additional rentals to Barnwell County, the School District, and all other political units wherein the Equipment is located, in lieu of taxes, such amounts as would result from taxes levied on the Equipment by Barnwell County, the said School District, and the said other political units wherein the Equipment is situate, if the Equipment were owned by the Lessee, but with appropriate reduction similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Equipment.

The First Supplemental Lease pursuant to which Barnwell County will lease the Equipment to the Lessee provides that the Lessee shall purchase the Equipment for Ten Dollars ($10.00) upon the payment in full of the Series B Bonds.

It is estimated that the Equipment will protect and maintain employment opportunities.

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 Barnwell County.

THE STATE BUDGET AND CONTROL BOARD

By: William A. McInnis

PUBLICATION DATE:

_____, 1981.

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

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EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, _____, 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 _____, _____, March __, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

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

FOR MOTION AGAINST MOTION

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.

_____
Secretary

April __, 1981.

5/12/81

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EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUTNY OF BARNWELL)

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

P E T I T I O N

The Petition of the County Council of Barnwell County, South Carolina (the "County Board"), pursuant to S. C. Code sec. 4-29-10 et seq., as amended (the "Act"), respectfully shows:

1. The County Council is the governing body of Barnwell County as established under S. C. Code sec. 4-9-10 et seq., and as such it is the "County Board" referred to in the Act.

2. The Act authorizes and empowers the County Board, if it shall comply with the provisions set forth in the Act, to acquire machinery and equipment and other improvements deemed necessary, suitable and useful by any enterprise engaged in manufacturing, processing or assembling of any agricultural or manufactured products; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such machinery and equipment and other improvements.

3. The County Board has heretofore issued its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation Project) in the aggregate principal amount of $4,500,000 pursuant to a Mort-

gage and Trust Indenture dated as of August 1, 1977 (the "Original Indenture") and has utilized the proceeds thereof to acquire, construct and equip a certain manufacturing plant (the "Manufacturing Plant") and has leased the Manufacturing Plant to Dayco Corporation, a Delaware corporation (the "Company"), pursuant to a Lease Agreement dated as of August 1, 1977 (the "Original Lease").

4. The County Board has agreed with the Company that the County Board will undertake to finance the acquisition and installation of certain additional machinery and equipment (the "Equipment") in the Manufacturing Plant located in Barnwell County, including the repayment of funds advanced and loans incurred by the Company for that purpose through the issuance of First Mortgage Industrial Revenue Bonds, Series B, pursuant to the Act.

5. The County Board is advised by the Company that the cost of acquiring and installing the Equipment is approximately $2,000,000 and that, therefore, in order to finance the Equipment and the costs and charges incident to the issuance and sale of the bonds hereinafter described, it will be necessary that the County Board issue Two Million Dollars ($2,000,000) Barnwell County, South Carolina First Mortgage Industrial Revenue Bonds, Series B (the "Series B Bonds").

6. It is anticipated that the Equipment will protect and maintain the existing employment at the manufacturing facilities located in Barnwell County.

7. For the reasons set forth above and hereafter disclosed, the County Board has found:

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

20013

(a) The proposed Equipment will subserve the purposes of the Act.

(b) Neither the Equipment nor the Series B Bonds to be issued to finance the Equipment will give rise to any pecuniary liability of Barnwell County or a charge against its general credit or taxing power.

(c) The proposed First Supplemental Lease (the "First Supplemental Lease") to the Original Lease between the County Board and the Company will unconditionally obligate the Company to pay rent in an amount adequate to provide for payment of the principal and interest on the Series B Bonds, which shall mature or be subject to mandatory redemption not more than 20 years from the date thereof.

(d) The Company is a corporation with a well established credit and, therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) The terms of the First Supplemental Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Equipment in good repair.

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

(a) The Equipment consists of additional machinery and equipment which are necessary for, and part of, a manufacturing facility.

EXHIBIT
APR 28 1981 NO. 1
STATE BUDGET & CONTROL BOARD
20014

(b) It is presently anticipated that the Equipment is necessary to protect and maintain the levels of employment of the Company at its manufacturing operations located in Barnwell County, South Carolina. It is, therefore, believed that the Equipment will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Equipment is approximately Two Million Dollars ($2,000,000) including the acquisition and installation of the additional machinery and equipment, and all financing costs and all other expenses to be incurred in connection therewith.

9. The proposed First Supplemental Lease will provide, among other things, the following:

(a) To finance the costs of the acquisition and installation of the Equipment, the County will issue $2,000,000 of Barnwell County First Mortgage Industrial Revenue Bonds, Series B. All Series B Bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a First Supplemental Indenture (the "First Supplemental Indenture") to the Original Indenture as authorized by Section 4-29-40 of the Act.

(b) The proceeds derived from the sale of the Series B Bonds will be deposited with the Trustee and will be withdrawn on requisition of the Company and applied for the payment of costs incident to the acquisition and installation of the Equipment, and the issuance of the Series B Bonds.

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(c) The First Supplemental Lease will contain a specific provision by which the Company will unconditionally agree to make payments to Barnwell County, to any School District in Barnwell County, and to all other political units in which the Equipment is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Equipment by Barnwell County, by any such School District, and by said political units if the Equipment were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Company were it the owner of the Equipment.

(d) The First Supplemental Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

10. The proposed First Supplemental Indenture is in conventional form and constitutes a forecloseable mortgage upon the Equipment. Included in the granting clause of the mortgage will be:

(a) All personal property, and interests therein, acquired or to be acquired for the Equipment.

(b) The right, title and interest of the County in the First Supplemental Lease.

(c) All rentals and revenues derived by the County under the First Supplemental Lease, except those payments to be made in lieu of taxes or by way of indemnification.

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The First Supplemental Indenture makes provisions for the issuance of Two Million Dollars ($2,000,000) of Series B Bonds to be secured thereunder. It provides for the payment and redemption of the Series B Bonds, the payment into a Bond Fund of the proceeds of the rents payable by the Company are placed, and the use of said fund for the payment of the Series B Bonds. It imposes upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal and interest on the Series B Bonds, all other costs and expenses resulting from the execution and delivery of the First Supplemental Indenture and the issuance of the Series B Bonds pursuant thereto.

11. The proposed First Supplemental Lease, First Supplemental Indenture and the Guaranty Agreement of the Company will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act.

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

That the State Budget and Control Board accept the filing of this Petition and that as soon as practicable, make its independent investigation of the Equipment and the terms and provisions of the First Supplemental Lease, the First Supplemental Indenture and the Guaranty Agreement, as it deems advisable, and that thereafter the said State Board makes a finding that the proposed Equipment will 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 does approve the Equipment,

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including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Dated: April 7, 1981.

Respectfully submitted,

BARNWELL COUNTY, SOUTH CAROLINA

By L. E. Richardson
Chairman, County Council of
Barnwell County, South Carolina

(SEAL)

ATTEST:

Peggy D. Rhinehart
Clerk, County Council of
Barnwell County, South Carolina

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

20018

A RESOLUTION

APPROVING THE FINANCING OF CERTAIN ADDITIONAL MACHINERY AND EQUIPMENT FOR INSTALLATION IN CERTAIN MANUFACTURING FACILITIES IN BARNWELL COUNTY, SOUTH CAROLINA THROUGH THE ISSUANCE OF APPROXIMATELY TWO MILLION DOLLARS ($2,000,000) BARNWELL COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES B: AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO S. C. CODE SEC. 4-29-140, AS AMENDED.

As an incident to the adoption of this Resolution, the County Council of Barnwell County (the "County Board") has made the following findings:

1. Subject to obtaining the approval from the State Budget and Control Board of South Carolina, the Issuer is authorized pursuant to the provisions of S. C. Code sec. 4-29-10 et seq., as amended (the "Act") (1) to acquire, 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; (2) to enter into a financing agreement with any industry prescribing the terms and conditions of the payments to be made by the industry to the county, to meet the payments that shall become due on bonds; and (3) to issue revenue bonds 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 provided in the Act.

2. The County Board has heretofore issued its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation Project) in the aggregate principal amount of $4,500,000 pursuant to a Mortgage and Trust Indenture, dated as of August 1, 1977, and has util-

ized the proceeds thereof to acquire, construct and equip a certain manufacturing plant in Barnwell County, South Carolina (the "Manufacturing Plant") and has leased the Manufacturing Plant to Dayco Corporation, a Delaware corporation (the "Company") pursuant to a Lease Agreement dated as of August 1, 1977 (the "Original Lease").

3. The Company has proposed that the County Board undertake to finance the acquisition and installation of certain additional machinery and equipment in the Manufacturing Plant operated by the Company in Barnwell County, South Carolina at an estimated cost of $2,000,000 through the issuance of First Mortgage Industrial Revenue Bonds, Series B, pursuant to the authorization granted under the Act and to lease the additional machinery and equipment to the Company. The County Board has agreed to finance the acquisition and installation of the additional machinery and equipment (the "Equipment"), including the repayment of funds advanced by the Company for that purpose through the issuance of $2,000,000 industrial revenue bonds pursuant to the Act; and adopts this Resolution to evidence its approval of the issuance of bonds as aforesaid and to authorize the submission of a petition to the State Budget and Control Board of South Carolina (the "State Board") setting forth the facts required by Section 4-29-140 of the Act.

4. The County Board has determined that the Equipment will subserve the purposes of the Act and neither the Equipment nor the bonds to be issued to finance the Equipment will give rise to any

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pecuniary liability of Barnwell County or a charge against its general credit or taxing power. The bonds shall be limited obligations of Barnwell County, the principal, interest and redemption premium, if any, on which shall be payable solely out of the revenues to be derived by Barnwell County pursuant to the lease agreement relating to the Equipment which the bonds are issued to finance. The bonds and interest thereon shall never constitute an indebtedness of Barnwell County within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of Barnwell County or a charge against its general credit or taxing power.

5. The amount of bonds necessary to finance the Equipment is Two Million Dollars ($2,000,000).

6. The Company has submitted to the County Board the terms of the proposed First Supplemental Lease (the "First Supplemental Lease") to the Original Lease, under which the Company will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the bonds, which will mature or be subject to mandatory redemption not more than 20 years from the date thereof.

7. The proposed First Supplemental Lease obligates the Company unconditionally to pay the amount necessary to provide the payments of principal and interest, and premium, if any, to become due on the bonds and to pay other costs in connection therewith

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and contains an appropriate provision requiring the Company to pay in lieu of taxes, such amounts as would otherwise be paid if the Company owned the Equipment. The First Supplemental Lease contains a covenant obligating the Company to effect the completion of the Equipment if the proceeds of the bonds prove insufficient, and obligates the Company to make payments which shall be sufficient (a) to pay the principal of and interest on the bonds issued for such Equipment, and (b) to pay the costs of maintaining the Equipment in good repair and the cost of keeping it properly insured.

8. The Company has advised the County Board that the Company will arrange for the sale of the bonds to a purchaser.

9. The bonds will be issued as tax exempt bonds pursuant to the provisions of Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF BARNWELL COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis determines to finance the Equipment above described, and to authorize the sale of the bonds by Barnwell County as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached hereto be presented to the State Board to seek the approval required by Section 4-29-140 of the Act; and that said Petition shall be duly executed by the Chairman of the County Council and attested by its Clerk.

20022

BARNWELL COUNTY, SOUTH CAROLINA

By D. E. Richardson
Chairman, County Council of
Barnwell County, South Carolina

(SEAL)

ATTEST:

Peggy B. Rhinehart
Clerk, County Council of
Barnwell County, South Carolina

20023

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF BARNWELL

I, the undersigned, Clerk of the County Council of Barnwell County, South Carolina, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a Resolution adopted by the County Council of Barnwell County, South Carolina (the "Issuer") at a regular public meeting duly called and held on the 7th day of April, 1981, at which the following constituting all/a majority of the County Council were present and voted unanimously in favor of the adoption thereof: L. C. Richardson, DeWitt D. Norwood, Jr., W. W. Moore, G. Larry Inabinet, Robert D. Coleman

That the said Resolution was offered by G. Larry Inabinet was seconded by DeWitt D. Norwood, Jr., and unanimously adopted by those present; that the original of said Resolution is duly entered in the permanent records of the County Council of the Issuer; in my custody as such Clerk.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of Barnwell County, South Carolina this 7th day of April, 1981.

Peggy D. Steinbart

Clerk, County Council of Barnwell County, South Carolina

(SEAL)

20024

INDUCEMENT CONTRACT

This Contract made and entered into this 7th day of April, 1981, by and between Barnwell County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer") and Dayco Corporation (Dayco Corporation, its successors and assigns being herein referred to as the "Corporation"), a corporation duly qualified to conduct business in the State of South Carolina.

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

Section 1.01.

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

1. Subject to obtaining the approval from the State Budget and Control Board of South Carolina, the Issuer is authorized pursuant to the provisions of S. C. Code sec. 4-29-10 et seq., as amended (the "Act") (1) to acquire, 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; (2) to enter into a financing agreement with any industry prescribing the terms and conditions of the payments to be made by the industry to the county, to meet the payments that shall become due on bonds; and (3) to issue revenue bonds 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 provided in the Act.

2. The Issuer is further authorized by the Act to issue revenue bonds for the purpose of defraying the cost of acquiring any project, and to secure the payment of such bonds.

3. The revenue bonds issued pursuant to the Act shall be limited obligations of the Issuer payable solely out of the revenues derived by the Issuer pursuant to the financing agreement with respect to such a project which the bonds are used to finance; the bonds shall never constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

4. The Issuer has heretofore issued its First Mortgage Industrial Revenue Bonds, Series A (Dayco Corporation Project) in the aggregate principal amount of $4,500,000 pursuant to a Mortgage and Trust Indenture dated as of August 1, 1977 (the "Original Indenture") and has utilized the proceeds thereof to acquire, construct and equip a certain manufacturing plant (the "Manufacturing Plant") and has leased the Manufacturing Plant to the Corporation pursuant to a Lease Agreement dated as of August 1, 1977 (the "Original Lease").

20026

5. The Corporation has requested that the Issuer finance the acquisition and installation of additional machinery and equipment (the "Equipment") in the Manufacturing Plant (the Manufacturing Plant and the Equipment to be installed therein are herein collectively referred to as the "Project"). The cost of the Equipment to be financed pursuant to the provisions of this Contract, is estimated to be approximately $2,000,000. When complete and in operation the Equipment will provide additional employment for approximately ___ persons.

6. The Corporation has advised the Issuer that its contemplated program is dependent upon the assistance which the Issuer might render through the sale of First Mortgage Industrial Revenue Bonds, Series B (Dayco Corporation Project) (the "Series B Bonds") pursuant to the Act, and that if such assistance is rendered and if the Issuer will make possible the financing of the Equipment and make the Equipment available to the Corporation, then the Corporation will undertake the operation of the Equipment.

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

ARTICLE II

UNDERTAKINGS ON THE PART OF THE ISSUER

The Issuer agrees subject to the limitations and requirements of the Act as follows:

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Section 2.01.

That it will authorize the issuance under the Act of First Mortgage Industrial Revenue Bonds, Series B (Dayco Corporation Project) in an amount sufficient to finance the cost of the Equipment, presently estimated to be approximately $2,000,000. The Series B Bonds shall be payable solely from the revenues and receipts derived by the Issuer from the Project as required by the Act.

Section 2.02.

That it will permit the Corporation to select a purchaser of the Series B Bonds for the Issuer, and it will adopt such proceedings as are necessary for the entering into of the First Supplemental Lease referred to in Section 2.05 and the issuance and securing of the Series B Bonds.

Section 2.03.

That based upon the representations by the Corporation to the Issuer that it is necessary to proceed immediately with the acquisition and installation of the Equipment, the Issuer agrees that the Corporation may proceed with plans for the Equipment, enter into contracts for acquisition and installation of the Equipment, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Corporation to obligate the Issuer in any manner to the payment of any moneys or the performance of any acts in connection with the Equipment, except as otherwise set forth herein. The Issuer agrees that the Corporation may be reimbursed from the proceeds of the Series B Bonds for all costs so incurred by it from and after the date hereof.

20028

Section 2.04.

That prior to the issuance of the Series B Bonds it will enter into a First Supplemental Indenture (the "First Supplemental Indenture") to the Original Indenture, to secure the Series B Bonds to be issued to finance the Equipment. Such First Supplemental Indenture shall be in the form substantially used in connection with the issuance of industrial revenue bonds in South Carolina.

Section 2.05.

That simultaneously with the issuance of the Series B Bonds, it will lease the Equipment to the Corporation pursuant to the provisions of a First Supplemental Lease (the "First Supplemental Lease") to the Original Lease, for a term commensurate with the life of the Series B Bonds at a rental which will provide the Issuer with sums sufficient to pay the principal of and interest on the Series B Bonds, as and when the same become due and payable and with options in favor of the Corporation when the Series B Bonds have been paid to purchase the Project for $10.00.

Section 2.06.

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

ARTICLE III

UNDERTAKINGS ON THE PART OF THE CORPORATION

Section 3.01.

The Corporation has obtained the services of Marvin W. Leiter, Esq., Bond Counsel of Chicago, Illinois to prepare the necessary proceedings for the authorization, issuance and sale of the Bonds.

20029

Section 3.02.

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

(a) To enter into a First Supplemental Lease with the Issuer, under the terms of which it will obligate itself to pay to the Issuer sums sufficient to pay the principal of and interest on the Series B Bonds, as and when the same become due and payable, said First Supplemental Lease to be in form and contain such provisions as shall be satisfactory to the Issuer and the Corporation.

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

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

Section 3.03.

The Corporation represents and warrants that as of the date of execution hereof by the Issuer, the Corporation has not commenced the acquisition or installation of the Equipment and that the Equipment has not yet been acquired.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01.

All commitments of the Issuer under Article II hereof are subject to all the provisions of the Act and are further subject

to the condition that the Series B Bonds and the interest thereon shall be limited obligations of the Issuer and shall be payable by the Issuer solely out of the revenues and receipts derived from the leasing or sale of the Equipment which has been financed through the issuance of the Series B Bonds. The Series B Bonds and the interest thereon, are not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

Section 4.02.

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

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Contract.

BARNWELL COUNTY, SOUTH CAROLINA

By _____
Chairman, County Council

DAYCO CORPORATION

By _____
Vice President

EXHIBIT

APR 28 1981 NO. 1

STATE BUDGET & CONTROL BOARD

20031

The State of South Carolina

APR 27 1981

EXHIBIT

APR 28 1981 NO. 2

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-8667

DANIEL R. McLEOD
ATTORNEY GENERAL

April 24, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: $2,000,000 Marion County, South Carolina
Industrial Revenue Notes, Series 1981
(AVM of South Carolina, Inc. Project)

Dear Mr. Putnam:

Regarding the above-referenced notes, 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.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

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REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 4/28/81]

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

1. Local Government: Marion County
2. Bond Counsel:
   (a) Firm Guerard & Applegate
   (b) Contact Person Sam Howell Phone 722-7606
   (c) Address Box 1119, Charleston SC 29402
3. Project Name: AVM of South Carolina, Inc.
4. Issue Amount: $2,000,000 Notes Type: Industrial Revenue
5. Employment Impact of Project: increase of 30
6. Type/Nature of Business of Firm Involved: manufacture of pneumatic control devices

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	KH 4/27/81	
(b) Documents on issuance/securing of bonds	KH 4/27/81	
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: Mellon Bank, N.A.) (3) Review by State Auditor's Office (memo)	Bank 4/30	EAV 4/30 OK xxxxxxxx
(d) Health and Environmental Control certification		
(e) B&C Board Resolution and Notice (10 copies for certification for bond counsel)	1 KH 4/27/81	G+A 5/1/81 ✓
(f) Review by Attorney General's Office (letter)	✓KH 4/27/81	xxxxxxxx

20033

APR 30 1981

4-30-81

Mellon Bank N.A.

Mellon Square
Pittsburgh, Pennsylvania 15230

April 27, 1981

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

HARRY F. KUSICK, JR.
VICE PRESIDENT

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

Re: $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc. - Project)

Dear Mr. McInnis:

Please be advised that Mellon Bank, N.A. (the Bank) has investigated the financial strength of AVM of South Carolina, Inc. and AVM Corporation. Based on this investigation, the Bank has agreed to purchase the above referenced note (the Note), subject to the execution of definitive documents acceptable to the Bank relating to the purchase, and further subject to the satisfaction of the conditions set forth therein on or before the date of purchase.

The Bank will purchase the Note for investment and not with a view to distribution. Although the Bank will reserve the right to assign the Note, please be advised that the Bank has no present intention of assigning the Note.

Very truly yours,

MELLON BANK, N.A.

By: _____

Its: VICE PRESIDENT

lms

cc: Edgar A. Vaughn, State Auditor
Messrs. Guerard and Applegate, Bond Counsel

Samuel W. Howell, IV
Messrs. Guerard and Applegate

John H. White
Messrs. Reed, Smith, Shaw & McClay

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EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

A RESOLUTION

APPROVING AN UNDERTAKING BY THE COUNTY COUNCIL OF MARION COUNTY PURSUANT TO CHAPTER 29, TITLE 4, VOLUME 1, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED BY ACT NO. 518, OF THE ACTS AND JOINT RESOLUTIONS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA, REGULAR SESSION OF 1980, TO EQUIP AN INDUSTRIAL PROJECT THROUGH THE ISSUANCE OF A $2,000,000 MARION COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE, SERIES 1981 (AVM OF SOUTH CAROLINA, INC. - PROJECT)

ORIGINAL

WHEREAS, heretofore the County Council of Marion County (County Council) did, pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the Enabling Statute), petition the State Budget and Control Board seeking approval of the State Board of an undertaking by the County Council pursuant to the Enabling Statute; and

WHEREAS, the undertaking provides for the issuance of a $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc., Project) pursuant to the Enabling Statute (the Note), and the loan of the proceeds thereof to AVM of South Carolina, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), under the terms of a loan agreement between the County and the Company (the Loan Agreement), to finance the acquisition and installation of machinery and equipment in and on the Company's existing manufacturing plant located in Marion County, South Carolina (the said machinery

EXHIBIT
APR 28 1981 NO. 2
STATE BUDGET & CONTROL BOARD

and equipment, as so acquired and installed, being hereinafter referred to as the Project), as a Project under the Enabling Statute; and

WHEREAS, upon delivery of the Note, the proceeds of the Note shall be deposited into a Construction Fund established by the Loan Agreement for payment of the costs of the Project, as provided in the Construction Fund Agreement between the County, the Company, Mellon Bank, N.A., and Mellon Bank, N.A., as Escrow Agent (the Construction Fund Agreement); and

WHEREAS, the Project is to be used by the Company as an industrial facility for the manufacture of pneumatic control devices for sale to the American auto and other industries, and under the Loan Agreement, loan payments sufficient to provide for the payment of the Note of Marion County heretofore referred to and costs and expenses resulting from the issuance thereof will be made by the County; and

WHEREAS, the Note will be secured by a perfected security interest in the machinery and equipment included in the Project under the terms of a Security Agreement on the Project from the Company to the County (the Security Agreement), which will be assigned by the County to the purchaser of the Note, Mellon Bank, N.A., a banking corporation under the Laws of the United States of America (the Bank), the pledge of the loan payments under the Loan Agreement, and by the unconditional guarantee of the Company and AVM Corporation, a Delaware Corporation, under a Guaranty

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

Agreement with the Bank (the Guaranty Agreement); and

WHEREAS, the form of the Loan Agreement, the Construction Fund Agreement, the Security Agreement, the Guaranty Agreement, and the Note have been reviewed by the Attorney General of South Carolina, on behalf of the State Board; and

WHEREAS, the State Board has made such independent investigation as it deems advisable,

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

1. That it has been found and determined by the State Board as follows:

a. The statement of facts set forth in the recitals of this Resolution are in all respects true and correct;

b. County Council has filed a proper Petition to the State Board, establishing a reasonable estimate of the cost of the Project and a general summary of the terms and conditions of the Loan Agreement to be made by the County.

c. The Project, when completed, will result in an ultimate increase in permanent employment of at least thirty (30) persons, and will be of benefit to Marion County and adjoining areas; and

d. The Project is intended to promote the purposes of the Enabling Statute and is reasonably anticipated to effect such results.

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EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

2. That, on the basis of the foregoing findings, the proposed undertaking of the County Council to finance the acquisition and installation of machinery and equipment in and on the Company's existing manufacturing plant will constitute a Project under the Enabling Statute, through the issuance of the $2,000,000 Marion County, South Carolina, Industrial Revenue Note, payable from the loan payments to be derived under the Loan Agreement, and additionally, to be secured by a perfected security interest in the Project, the pledge of loan payments to be paid under the Loan Agreement, and by the unconditional guarantee of the Company and AVM Corporation under a Guaranty Agreement with the Bank, all pursuant to the Enabling Statute (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 of Marion County above described in Paragraph 2, supra, shall be published one time in The Marion Star and The Mullins Enterprise, weekly newspapers published respectively in Marion and Mullins, South Carolina, having general circulation in Marion County.

4. That the notice to be published shall be in the form substantially as set forth as Exhibit A of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO
CHAPTER 29, TITLE 4, VOLUME 1,
CODE OF LAWS OF SOUTH CAROLINA 1976
AS AMENDED BY ACT NO. 518 OF THE
ACTS AND JOINT RESOLUTIONS
OF THE GENERAL ASSEMBLY OF THE
STATE OF SOUTH CAROLINA,
REGULAR SESSION OF 1980

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

Notice is hereby given that, following the filing of a Petition by the County Council of Marion County (the County Council) 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 (including any changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz:

The financing by County Council of the acquisition and installation of machinery and equipment in and on the existing manufacturing plant located in Marion County and owned by AVM of South Carolina, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), (the said machinery and equipment, as so acquired and installed, being hereinafter called the Project), for use as an industrial facility for the manufacture of pneumatic control devices for sale to the American auto and other industries. To finance the Project, the County Council will issue a $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (the Note), pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina

1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980, under the terms of a Loan Agreement between the County and the Company (the Loan Agreement), and the Note of Marion County will be payable by the County solely from the loan payments to be paid under the Loan Agreement to the County by the Company, which has irrevocably covenanted and agreed to pay, when due, all sums required for the principal, premium, if any, and interest thereon, and the Note will be secured by the unconditional guarantee of the Company and AVM Corporation, a Delaware corporation. The Note shall not constitute a charge against the general credit or taxing power of Marion County.

It is estimated that the Project, when completed, will result in an ultimate increase in permanent employment of at least thirty (30) persons.

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

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

By: William A. McInnis, Secretary

Publication Date:

_____, 1981

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

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EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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 9:00 A. M., Tuesday, April 28, 1981, 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:

Senator Dennis (during consideration of this item)

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
4	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.

_____

Secretary

20041

May 4, 1981

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 4-29-140 OF THE
CODE OF LAWS OF SOUTH CAROLINA 1976

RE: $2,000,000 MARION COUNTY, SOUTH CAROLINA
INDUSTRIAL REVENUE NOTE, SERIES 1981
(AVM OF SOUTH CAROLINA, INC. - PROJECT)

EX PARTE:

COUNTY COUNCIL OF MARION COUNTY,
SOUTH CAROLINA

20042

TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr. State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom G. Mangum, Chairman
House Ways and Means Committee

Constituting the State Budget and Control Board of
the State of South Carolina

Your Petitioner, the County Council of Marion County, South Carolina (County Council), respectfully shows:

1. Marion County (the County) proposes to issue its $2,000,000 Marion County Industrial Revenue Note, Series 1981, (AVM of South Carolina, Inc. - Project) (the Note), pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the Enabling Statute), and loan the proceeds thereof to AVM of South Carolina, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), under the terms of a loan agreement between the County and the Company (the Loan Agreement), to finance the acquisition and installation of machinery and equipment in and on the Company's existing manufacturing plant located in Marion County, South Carolina. The said machinery and equipment, as so acquired and installed (the Project), will constitute a project under the Enabling Statute for use as an industrial facility for the manufacture of pneumatic control devices for sale to the American

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auto and other industries.

2. The Company has advised County Council that cost of the acquisition and installation of the Project, together with the costs of issuing the Note, will be approximately $2,050,000 and the Company will pay from its own funds all costs in excess of the amount of the proceeds of the Note.

3. The Company has further advised County Council that the Project, when completed, will result in an ultimate increase in permanent employment of at least thirty (30) persons. As a result of the increased employment in the County following completion of the Project, the economy of the County will be benefited by the increased payroll and, as a result of the proposed acquisition and installation of equipment and machinery, the tax base of the County will be increased. Thus, the proposed Project is anticipated to have a beneficial effect upon the economy of Marion County and of the areas adjacent thereto.

4. The Company has advised County Council that Mellon Bank, N.A., a banking corporation under the Laws of the United States of America (the Bank), has committed to purchase the Note, which will be issued as a single note, payable to the order of the Bank, in the principal amount of $2,000,000, with interest thereon from the date of delivery at the rate of Seventy per centum (70%) of the prime rate as announced from time to time by the Bank, payable in the following manner, to-wit: interest only as aforesaid on the outstanding principal balance, on July 1, 1981, October 1, 1981, January 1, 1982, and April 1, 1982. Thereafter,

principal and interest shall be payable in twenty-seven (27) equal, successive, quarterly installments commencing July 1, 1982, and on each October 1, January 1, April 1, and July 1 thereafter, to and including January 1, 1989, and a twenty-eighth (28th) and final payment on April 1, 1989, of the entire balance of the principal and interest then unpaid.

5. The proposed Loan Agreement between the County and the Company will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its $2,000,000 Industrial Revenue Note, pursuant to the Enabling Statute and loan the proceeds thereof to the Company; the Note will be secured by a pledge of the loan repayments to be paid under the Loan Agreement and by the lien of a first security interest in the Project under the terms of a security agreement from the Company to the County (the Security Agreement), which will be assigned by the County to the Bank.

(b) The Loan Agreement will impose upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal of, premium, if any, and interest on the Note, all other costs and expenses resulting from the execution and delivery of the Loan Agreement and of the Security Agreement and the issuance of the Note pursuant thereto.

(c) The proceeds derived from the sale of the Note will be deposited with the Bank and will be withdrawn on requisition of the Company and applied solely to the payment of costs incident to the Project and the issuance of the Note.

(d) The Loan Agreement shall contain an agreement obligating the Company to pay from its own funds all costs in connection with the acquisition and installation of the Project in excess of the proceeds of the Note, and obligating the Company to pay loan payments which, upon the basis of the determinations heretofore made by County Council, will be sufficient to pay the principal of, premium, if any, and interest on the Note. Inasmuch as no reserve will be established in connection with the Project or the Note, no loan payments are required for that purpose.

(e) The Loan Agreement shall contain the agreement of the Company to pay for the maintenance and insurance of the Project and to pay the cost of maintaining the Project in good repair and keeping it properly insured.

(f) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon the County's general credit or taxing power.

6. The proposed Security Agreement on the Project, securing the Note in the amount of Two Million ($2,000,000) Dollars, will be in conventional form and constitute a first security interest in the Project. Included in the granting clause of the Security Agreement will be all equipment and machinery, and all right, title, and interest therein, acquired or to be acquired for the Project.

7. The payment of the Note will be unconditionally guaranteed by the Company and AVM Corporation, a Delaware corporation (the Guarantor), under the terms of a guaranty agreement between the Company and the Guarantor and the Bank (the Guaranty Agreement).

8. Drafts of the proposed Loan Agreement, Security Agreement, and Guaranty Agreement, in form satisfactory to the County Attorney, are being submitted to the office of the Attorney General for South Carolina.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, as as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Loan Agreement, Security Agreement, and Guaranty Agreement, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Enabling Statute, and that it is reasonably anticipated to effect such result, and, on the basis of such finding, that it does approve the Project, including changes in details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Code Section 4-29-140.

Respectfully submitted,

MARION COUNTY, SOUTH CAROLINA

(SEAL)

By: Bobby Gerald
Chairman
County Council of
Marion County, South Carolina

By: W. Gaud Bruce
County Administrator
Marion County, South Carolina

20047

ATTEST:

Mary Lynn Hood
Clerk
County Council of
Marion County, South Carolina

APPROVED as to Form and Content:

William H. Seals
County Attorney
Marion County, South Carolina

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

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GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 24, 1980

Mr. William A. McInnis
Secretary
State Budget and Control Board
P.O. Box 12444
Columbia, South Carolina 29211

In Re: $2,000,000 Marion County, South Carolina Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc. - Project)

Dear Mr. McInnis:

Enclosed, please find a proposed State Board Resolution in connection with the above captioned bond issue, which I ask that you place on the State Board's Agenda for its next meeting on April 28th. I have forwarded to Karen Henderson's office a copy of the same, together with drafts of the basic documents for her review and comment. In addition, I expect that the purchaser of the Note, the Mellon Bank, N.A. will furnish the State Budget and Control Board an Investment Letter in the usual form, but if not, I will have the company submit the requisite financials in sufficient time for review by the State Auditor. If the resolution meets with the Board's approval, I ask that the enclosed copies be certified and forwarded to this office.

Thank you for your assistance in this matter. With kindest regards, I am,

Sincerely,

Samuel W. Howell, IV

SWH/ksf

20049

GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 24, 1981

Mrs. Karen LeCraft Henderson
Assistant Senior Attorney General
P.O. Box 11549
Columbia, South Carolina 29211

In Re: $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc. - Project)

Dear Mrs. Henderson:

I am enclosing the following documents for your review in connection with the captioned bond issue.

1. Marion County Council - Resolution authorizing petition to the State Budget and Control Board, with a petition attached thereto.

2. Resolution of the State Budget and Control Board, approving the captioned issue and approving publication of notice of said approval.

3. Copy of the basic documents, including loan agreement, security agreement, and construction fund agreement..

I hope that this matter will be on the State Budget and Control Board's agenda for its meeting on Tuesday, April 28, 1981, and therefor would appreciate your immediate attention to this matter. If you have any questions, please do not hesitate to give me a call.

Thank you for all your assistance in this matter. With kind regards, I am,

Sincerely,

Sam Howell

Samuel W. Howell, IV

SWH/ksf
Enclosures

CC: Mr. William A. McInnis

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GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 24, 1981

Mrs. Karen LeCraft Henderson
Assistant Senior Attorney General
P.O. Box 11549
Columbia, South Carolina 29211

In Re: $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc. - Project)

Dear Mrs. Henderson:

I am enclosing the following documents for your review in connection with the captioned bond issue.

1. Marion County Council - Resolution authorizing petition to the State Budget and Control Board, with a petition attached thereto.

2. Resolution of the State Budget and Control Board, approving the captioned issue and approving publication of notice of said approval.

3. Copy of the basic documents, including loan agreement, security agreement, and construction fund agreement.

I hope that this matter will be on the State Budget and Control Board's agenda for its meeting on Tuesday, April 28, 1981, and therefor would appreciate your immediate attention to this matter. If you have any questions, please do not hesitate to give me a call.

Thank you for all your assistance in this matter. With kind regards, I am,

Sincerely,

Sam Howell

Samuel W. Howell, IV

SWH/ksf
Enclosures

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EXHIBIT

STATE OF SOUTH CAROLINA)
) RESOLUTION NO.
COUNTY OF MARION)

APR 2 8 1981 NO. 2
STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING CERTAIN DETERMINATIONS AND FINDINGS PRIOR TO UNDERTAKING A PROPOSED PROJECT TO BE FINANCED THRHOUGH THE ISSUANCE OF A $2,000,000 MARION COUNTY INDUSTRIAL REVENUE NOTE, APPROVING THE UNDERTAKING OF THE PROJECT AND THE ISSUANCE OF THE NOTE, AND AUTHORIZING THE FILING OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, SEEKING ITS APPROVAL OF THE PROJECT AND OF THE ISSUANCE OF THE NOTE.

BE IT RESOLVED BY THE COUNTY COUNCIL OF MARION COUNTY, in meeting duly assembled, that the County Council hereby determines and finds as follows:

1. Marion County has entered into an Inducement Contract with AVM of South Carolina, Inc., a South Carolina corporation (the Industry), whereby the County agrees, under the conditions set forth in the Assistance Contract, inter alia, to issue not exceeding $2,050,000 Marion County Industrial Revenue Bonds (or Notes) pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the Enabling Statute), to finance the acquisition, construction and equipping of industrial facilities in and on the Industry's existing manufacturing plant located in Marion County; and the Inducement Contract further provides that such facilities, as so acquired, constructed, and equipped, will constitute a project to be used by the Industry as an industrial facility for the manufacture of pneumatic control devices for sale to the American auto and other industries.

2. The Industry has advised County Council that it is in the process of completing the first phase of the project which was financed by the issuance of the $1,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1980 (AVM of South Carolina, Inc., Project).

3. The Industry has now advised County Council that the cost of the second and third phases of the project, consisting of the acquisition and installation of machinery and equipment in and on the Industry's existing manufacturing plant (such equipment, as so acquired and installed, being hereinafter referred to as the Project), will be approximately $2,050,000, and has requested that the County issue its industrial revenue note, in the principal amount of $2,000,000 (the Note), and loan the proceeds thereof to the Company to finance a portion of the cost of the Project, including the costs incident to the issuance of the Note.

4. The Industry has further advised County Council that the Project, when completed, will result in an ultimate increase in permanent employment of at least thirty (30) persons.

5. The financing of the Project as proposed would render assistance to the Industry in financing the expansion of an existing manufacturing enterprise and thereby promote the industrial development of the State and develop trade and thus utilize and employ the manpower, agricultural products, and natural resources for the State. The Project, thus, will subserve the purposes of the Enabling Statute.

EXHIBIT

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6. The cost of the Project will be entirely paid out of the proceeds of the Note and, if any additional funds are required, they will be provided by the Industry under its proposed loan agreement with the County and, under its proposed loan agreement with the County, the Industry will also be required, at its expense, to maintain the Project in good repair and to keep the Project propery insured; and to make loan repayments sufficient to pay the principal, premium, if any, and interest on the Note as they become due. Neither the Project nor any charges in connection with the Project or the acquisition, installation, construction, operation, and maintenance of the Project or in connection with the Note, including the payment of principal, premium, if any, or interest, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

7. The Industry has advised County Council that Mellon Bank, N.A., a banking corporation under the Laws of the United States of America (the Purchaser), has committed to buy the Note, which will be issued as a single note, payable to the order of the Purchaser, in the principal amount of $2,000,000, with interest thereon from the date of delivery at the rate of Seventy per centum (70%) of the prime rate announced from time to time by the Purchaser, payable in the following manner, to-wit: interest only as aforesaid on the outstanding principal balance, on July 1, 1981, October 1, 1981, January 1, 1982, and April 1, 1982. Thereafter, principal and interest shall be payable in twenty-seven (27) equal, successive,

quarterly installments, commencing July 1, 1982, and on each October 1, January 1, April 1, and July 1 thereafter, to and including January 1, 1989, and a twenty-eighth (28th) and final payment on April 1, 1989, of the entire balance of the principal and interest then unpaid.

8. The payment of the Note will be unconditionally guaranteed by the Industry and AVM Corporation, a Delaware corporation.

9. As further security for the Note, the Industry will give the County a security interest in the Project, which interest will be assigned by the County to the Purchaser.

10. In view of the established credit of the Industry, the Purchaser is not requiring the establishment of a reserve fund for the retirement of the Note.

AND, BE IT FURTHER RESOLVED that the County Council of Marion County hereby approves the undertaking of the Project and the issuance of the industrial revenue note as aforesaid, the filing of its petition in accordance with Section 4-29-140 of the Code of Laws of South Carolina 1976 to the State Budget and Control Board of South Carolina, in substantially the form of the Petition attached hereto as Exhibit A (or with such changes as shall be approved by the Attorney for Marion County), and the execution by the Chairman (or, in his absence, the Vice Chairman) of the County Council, to the same and the affixation of the County Seal thereto, and further, authorizes and empowers the Chairman

(or, in his absence, the Vice Chairman) of the County Council and the County Administrator, to take all other action necessary or incidental to the execution and filing of such Petition.

This Resolution shall take effect upon its adoption.

ADOPTED THIS _____DAY OF APRIL, 1981.

_____
Chairman of Council

ATTEST:

_____
Administrator of Council

I certify that this constitutes a true and exact copy of the original on file in Council's Office, Courthouse, Marion, South Carolina.

_____
Clerk to Council

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EXHIBIT A

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 4-29-140 OF THE
CODE OF LAWS OF SOUTH CAROLINA 1976

RE: $2,000,000 MARION COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE NOTE, SERIES 1981, (AVM OF SOUTH CAROLINA, INC. - PROJECT)

EX PARTE:

COUNTY COUNCIL OF MARION COUNTY,
SOUTH CAROLINA

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TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr. State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom G. Mangum, Chairman
House Ways and Means Committee

Constituting the State Budget and Control Board of
the State of South Carolina

Your Petitioner, the County Council of Marion County, South Carolina (County Council), respectfully shows:

1. Marion County (the County) proposes to issue its $2,000,000 Marion County Industrial Revenue Note, Series 1981, (AVM of South Carolina, Inc. - Project) (the Note), pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the Enabling Statute), and loan the proceeds thereof to AVM of South Carolina, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), under the terms of a loan agreement between the County and the Company (the Loan Agreement), to finance the acquisition and installation of machinery and equipment in and on the Company's existing manufacturing plant located in Marion County, South Carolina. The said machinery and equipment, as so acquired and installed (the Project), will constitute a project under the Enabling Statute for use as an industrial facility for the manufacture of pneumatic control devices for sale to the American

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auto and other industries.

2. The Company has advised County Council that cost of the acquisition and installation of the Project, together with the costs of issuing the Note, will be approximately $2,050,000 and the Company will pay from its own funds all costs in excess of the amount of the proceeds of the Note.

3. The Company has further advised County Council that the Project, when completed, will result in an ultimate increase in permanent employment of at least thirty (30) persons. As a result of the increased employment in the County following completion of the Project, the economy of the County will be benefited by the increased payroll and, as a result of the proposed acquisition and installation of equipment and machinery, the tax base of the County will be increased. Thus, the proposed Project is anticipated to have a beneficial effect upon the economy of Marion County and of the areas adjacent thereto.

4. The Company has advised County Council that Mellon Bank, N.A., a banking corporation under the Laws of the United States of America (the Bank), has committed to purchase the Note, which will be issued as a single note, payable to the order of the Bank, in the principal amount of $2,000,000, with interest thereon from the date of delivery at the rate of Seventy per centum (70%) of the prime rate as announced from time to time by the Bank, payable in the following manner, to-wit: interest only as aforesaid on the outstanding principal balance, on July 1, 1981, October 1, 1981, January 1, 1982, and April 1, 1982. Thereafter,

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principal and interest shall be payable in twenty-seven (27) equal, successive, quarterly installments commencing July 1, 1982, and on each October 1, January 1, April 1, and July 1 thereafter, to and including January 1, 1989, and a twenty-eighth (28th) and final payment on April 1, 1989, of the entire balance of the principal and interest then unpaid.

5. The proposed Loan Agreement between the County and the Company will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its $2,000,000 Industrial Revenue Note, pursuant to the Enabling Statute and loan the proceeds thereof to the Company; the Note will be secured by a pledge of the loan repayments to be paid under the Loan Agreement and by the lien of a first security interest in the Project under the terms of a security agreement from the Company to the County (the Security Agreement), which will be assigned by the County to the Bank.

(b) The Loan Agreement will impose upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal of, premium, if any, and interest on the Note, all other costs and expenses resulting from the execution and delivery of the Loan Agreement and of the Security Agreement and the issuance of the Note pursuant thereto.

(c) The proceeds derived from the sale of the Note will be deposited with the Bank and will be withdrawn on requisition of the Company and applied solely to the payment of costs incident to the Project and the issuance of the Note.

(d) The Loan Agreement shall contain an agreement obligating the Company to pay from its own funds all costs in connection with the acquisition and installation of the Project in excess of the proceeds of the Note, and obligating the Company to pay loan payments which, upon the basis of the determinations heretofore made by County Council, will be sufficient to pay the principal of, premium, if any, and interest on the Note. Inasmuch as no reserve will be established in connection with the Project or the Note, no loan payments are required for that purpose.

(e) The Loan Agreement shall contain the agreement of the Company to pay for the maintenance and insurance of the Project and to pay the cost of maintaining the Project in good repair and keeping it properly insured.

(f) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon the County's general credit or taxing power.

6. The proposed Security Agreement on the Project, securing the Note in the amount of Two Million ($2,000,000) Dollars, will be in conventional form and constitute a first security interest in the Project. Included in the granting clause of the Security Agreement will be all equipment and machinery, and all right, title, and interest therein, acquired or to be acquired for the Project.

7. The payment of the Note will be unconditionally guaranteed by the Company and AVM Corporation, a Delaware corporation (the Guarantor), under the terms of a guaranty agreement between the Company and the Guarantor and the Bank (the Guaranty Agreement).

8. Drafts of the proposed Loan Agreement, Security Agreement, and Guaranty Agreement, in form satisfactory to the County Attorney, are being submitted to the office of the Attorney General for South Carolina.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, as as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Loan Agreement, Security Agreement, and Guaranty Agreement, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Enabling Statute, and that it is reasonably anticipated to effect such result, and, on the basis of such finding, that it does approve the Project, including changes in details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Code Section 4-29-140.

Respectfully submitted,

MARION COUNTY, SOUTH CAROLINA

(SEAL)

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chairman
County Council of
Marion County, South Carolina

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
County Administrator
Marion County, South Carolina

EXHIBIT
APR 28 1981 NO. 2
STATE BUDGET & CONTROL BOARD 20062

ATTEST:

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Clerk
County Council of
Marion County, South Carolina

APPROVED as to Form and Content:

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
County Attorney
Marion County, South Carolina

Exhibit A - 7

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

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Draft of 4/22/81

EXHIBIT

APR 2 8 1981 NO. 2

STATE BUDGET & CONTROL BOARD

LOAN AGREEMENT

between

MARION COUNTY, SOUTH CAROLINA

and

AVM OF SOUTH CAROLINA, INC.

DATED AS OF MAY 1, 1981

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ASSIGNMENT OF LOAN AGREEMENT	

THIS LOAN AGREEMENT, dated as of May 1, 1981, between MARION COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Marion County, South Carolina, which is the governing body of said County, party of the first part, and AVM OF SOUTH CAROLINA, INC., a corporation organized and existing under the Laws of the State of South Carolina, party of the second part,

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements 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 a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Loan Agreement, the sale of the Note, as hereinafter defined, the insurance proceeds, and proceeds from released property and condemnation awards as herein provided):

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ARTICLE I

DEFINITIONS

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

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

"ADDITIONS" or "ALTERATIONS" means improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project, if designated by the Company as such.

"AGREEMENT" or "LOAN AGREEMENT" means the within Loan Agreement between the County and the Company as the same may be amended from time to time in accordance with the provisions hereof.

"ASSIGNEE" means the Mellon Bank, N.A., Pittsburgh, Pennsylvania, a national banking association organized under the Laws of the United States of America, its successors and assigns.

"ASSIGNMENT" or "ASSIGNMENT OF LOAN AGREEMENT" means the instrument of assignment of this Loan Agreement to Mellon Bank, N.A., Pittsburgh, Pennsylvania, a national banking association organized under the Laws of the United States of America, its successors and assigns.

"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 Assignee, containing the specimen signature of such person and signed by the Company. Such certificates may designate an alternate or alternates.

"AUTHORIZED COUNTY REPRESENTATIVE" means the person at the time designated to act in behalf of the County by written certificate furnished to the Company and the Assignee containing the specimen signature of such person and signed on behalf of the County by the Chairman of the County Board. Such certificate may designate an alternate or alternates.

"CHAIRMAN" means the chief executive officer of the County Board. The term shall also include the Vice Chairman of the County Board whenever, by reason of absence, illness, or other reason, the person who is Chairman is unable to act.

"CLERK" means the Clerk of the County Board. The term shall also include the Assistant or Acting Clerk of the County Board whenever, by reason of absence, illness, or other reason, the person who is the Clerk is unable to act.

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

"COMPANY" means the party of the second part hereto and its successors and assigns.

"COMPLETION DATE" means the date of completion of the installation of the Equipment and all other facilities in connection with the Project as that date shall be certified as provided in Section 4.4 hereof.

"CONSTRUCTION FUND" means the Construction Fund created in Section 4.2 herein.

"CONSTRUCTION FUND AGREEMENT" means the Construction Fund Agreement, dated as of May 1, 1981, between the County, the Company, Mellon Bank, N.A., Pittsburgh, Pennsylvania, and Mellon Bank, N.A., Pittsburgh, Pennsylvania, as Escrow Agent.

"CONSTRUCTION PERIOD" means the period between the beginning of construction or the date on which the Note is first delivered to the purchaser thereof (whichever is earlier) and the Completion Date.

"COUNTY" means Marion County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"COUNTY BOARD" means the County Council of Marion County, and any successor body.

"ENABLING STATUTE" means Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980.

"EQUIPMENT" means those items of machinery, equipment, and related property described in Exhibit A incorporated herein, required herein to be acquired and installed in the Existing Facilities with proceeds from the sale of the Note, or the proceeds of any payment by the Company pursuant to Section 4.5 hereof and any item of machinery, equipment, and related property acquired and installed in the Existing Facilities in substitution for the item(s) described in Exhibit A and renewals and replacements thereof pursuant to the provisions of Sections 6.1, 6.2(a), 7.1, and 7.2 hereof, but does not include additional machinery and equipment identified as such and installed under the provisions of Section 9.6 hereof.

"EXISTING FACILITIES" means the Company's existing plant located in Marion County, South Carolina.

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

"NET PROCEEDS", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and reasonable fees and expenses of the Assignee) incurred in the collection of such gross proceeds.

"NOTE" means the $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc., Project), of the County, the proceeds of which will be loaned to the Company to be used to finance the acquisition and installation of the Project. The Note shall be substantially in the form of the attached Exhibit B.

"PENALTY RATE" means interest at the rate per annum announced from time to time by Mellon Bank, N.A., for 90-day unsecured loans made at its principal office in Pittsburgh, Pennsylvania, to commercial customers of the highest credit rating (the prime rate), or such lesser rate as may be the maximum permitted by applicable usury laws.

"PROJECT" means the Equipment.

"SECURITY AGREEMENT" means the Security Agreement upon Equipment given by the Company to the County, securing the obligation of the Company under this Agreement and assigned by the County to the Assignee.

SECTION 1.3 The words "hereof", "herein", "hereunder", and other words of similar import refer to this Loan Agreement as a whole.

SECTION 1.4 References to Articles, Sections, and other subdivisions of this Loan Agreement are to the designated Articles, Sections, and other subdivisions of this Loan Agreement.

SECTION 1.5 The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

SECTION 2.1 Representations by the County.

The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) 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 the Enabling Statute to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Enabling Statute. By proper action of the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County has all of the necessary powers, authorizations, consents, and approvals and has, by proper corporate action, agreed to enter into, execute, deliver, and perform (i) this Loan Agreement, (ii) the Assignment of Loan Agreement, dated as of the date hereof, (iii) the Assignment of the Security Agreement, dated as of the date hereof, and (iv) the Note; and further, to apply the proceeds from the issuance of the Note as set forth in this Agreement.

(c) Heretofore, the County, on March 26, 1981, and the Company, on March 26, 1981, did agree that the County would assist the Company in financing the cost of acquiring, constructing, and equipping the Project. The Company has estimated that such cost will be $2,000,000. On that basis, the County now proposes to issue the Note, in the principal amount of $2,000,000, which will be dated the date of its delivery, and which will mature and bear interest and will be subject to prepayment with premium at the prices and on the occasions as set forth in the form of the Note attached hereto as Exhibit B, and loan the proceeds to the Company to pay the cost of acquiring and installing the Project.

(d) The County does hereby agree to assign this Agreement and the Security Agreement to the Mellon Bank, N.A., the initial purchaser of the Note.

SECTION 2.2 Representations by the Company.

The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Company is a corporation duly incorporated under the Laws of the State of South Carolina, is in good standing under its Charter and the Laws of the State of South Carolina, and has power to enter into this Agreement and, by proper corporate action, has been duly authorized to execute and deliver this Agreement. This Agreement is a legal, valid, and binding obligation of the Company, and is enforceable in accordance with its terms, except to the extent that the enforcement of remedies provided herein is limited by bankruptcy, moratorium, or other laws generally affecting the enforcement of creditors' rights, and subject to usual equity principles.

(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, conflicts with or results in a breach of the Company's Charter or By-Laws or any of the terms, conditions, or provisions of any corporate restriction or any agreement or instrument to which the Company is now a party or by which it is bound or its properties affected, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance, except as permitted hereby, of any nature whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement.

(c) The intention of the County to issue the Note and loan the proceeds thereof to the Company to finance the acquisition and installation of the Project has assisted the Company in establishing the Project in the County.

(d) The Company intends to operate the Project, from the Completion Date to the expiration or earlier termination of this Agreement as a facility for the manufacture of pneumatic control devices for sale to the American auto and other industries.

(e) All proceeds derived from the sale of the Note will be used to acquire property of a character subject to the allowance for depreciation as prescribed in Section 103(b)(6)(A) and (D) of the Code, and no part of the proceeds of the Note will be used to finance inventory or for working capital.

(f) Prior to the adoption by the County of the resolution referred to in Section 2.1(c) hereof, no expenses related to the Project were paid or incurred by the Company or any "related person" to the Company as that term is defined in Section 103(b)(6)(C) of the Code.

(g) No state, territory, or possession of the United States of America, nor any political subdivision of any such state, territory, or possesion, nor the District of Columbia, nor any entity acting on behalf of any of the foregoing, has, since April 30, 1968, issued any obligations the proceeds of which are to be or have been used primarily with with respect to any facilities (i) that are located within the corporate limits of Marion County, South Carolina, and (ii) a "principal user" of which facilities was, is, or will be the Company or any "related person" (as the terms "principal user" and "related person" are defined and used in Section 103(b)(6) of the Code), and for the purposes of this subparagraph (g), a contiguous or integrated facility located on both sides of the border between any two or more political jurisdictions shall be considered as being located wholly within each such political jurisdiction.

ARTICLE III

ACQUISITION AND INSTALLATION
OF THE PROJECT

SECTION 3.1 Agreement to Acquire and Install the Project.

The Company agrees to complete the acquisition and installation of the Project as promptly as practicable after the issue and sale of the Note.

The Company agrees that it will obtain all governmental permits, approvals, or certifications required in connection with the acquisition, installation, and operation of the Project.

ARTICLE IV

ISSUACE OF THE NOTE; CONSTRUCTION FUND

SECTION 4.1 Agreement to Issue Note; Application of Note Proceeds.

In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the _____ day of _____, 1981, sell and cause to be delivered to the initial purchaser the Note, in the principal amount of $2,000,000, and will thereupon deposit in the Construction Fund hereinafter established the proceeds received from said sale.

SECTION 4.2 Establishment of the Construction Fund; Disbursements from the Construction Fund.

Not later than the occasion of the delivery of the Note, the County will establish the Construction Fund at the principal office of Mellon Bank, N.A., in the City of Pittsburgh, Pennsylvania. Moneys in the Construction Fund shall be paid out for the purposes and in the manner set forth in the Construction Fund Agreement.

SECTION 4.3 Reliance on Directions, Requisitions, and Certifications.

In making any payment from the Construction Fund, Mellon Bank, N.A., may rely on any such orders and certifications delivered to it pursuant to the Construction Fund Agreement, and Mellon Bank, N.A., shall be relieved of all liability with respect to making such payments in accordance with the Construction Fund Agreement, and with such orders and certifications, except liability arising out of its negligence or willful misconduct.

SECTION 4.4 Establishment of Completion Date.

The Completion Date shall be evidenced to Mellon Bank, N.A., by a certificate signed by the Authorized Company Representative stating that, except for amounts retained by Mellon Bank, N.A., for Project costs incurred but not then due and payable as provided in the Construction Fund Agreement, (i) the Equipment has been installed to its satisfaction, the Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Article II hereof, and the costs and expenses incurred in the acquisition and installation of the Equipment have been paid, and (ii) all approvals or permits required by any governmental authority for the occupancy and use of the Project for its intended purposes have been obtained. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties

which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Company to cause the certificate contemplated by this Section 4.4 to be furnished as soon as the Project shall have been completed.

SECTION 4.5 Company Required to Pay Construction Costs in Event Construction Fund Insufficient.

In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Company agrees to complete, or cause to be completed, the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of the Construction Fund Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Company agrees that if, after exhaustion of the moneys in the Construction Fund, the Company shall pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the holder of the Note, nor shall it be entitled to any diminution of its obligation to repay the loan pursuant to Section 5.2 hereof. The obligation of the Company to complete the Project shall survive any termination of this Agreement.

SECTION 4.6 Authorized Company and County Representatives and Successors.

The Company and the County Board shall designate, in the manner prescribed in Section 1.2, the Authorized Company Representative and the Authorized County Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.7 Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties.

The Company covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Company in connection with the performance of its obligations under this Section 4.7 to be considered part of the Project costs referred to in Section 2(b)(x) of the Construction Fund

Agreement. Any amounts recovered by way of damage, refunds, adjustments, or otherwise in connection with the foregoing, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be held by Mellon Bank, N.A., and applied to the payment of principal installments on the Note in inverse order of their maturity.

SECTION 4.8 Investment of Construction Fund Moneys Permitted - Limitation on Investments.

Any moneys held as part of the Construction Fund shall be invested, reinvested, or held uninvested, as provided in the Construction Fund Agreement.

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF TERM;
REPAYMENT OF LOAN; AND
UNCONDITIONAL OBLIGATIONS OF COMPANY

SECTION 5.1 Effective Date of this Agreement; Duration of Term.

This Agreement shall become effective upon its delivery and, subject to the provisions of this Agreement (including particularly Articles X, XI and XII), shall expire _____ 1, _____, or, if the Note has not been paid in full and retired, then such date as such payment shall have been made or provided for.

SECTION 5.2 Repayment of Loan and Other Amounts Payable.

The County has made available to the Company in the form of loan the proceeds derived from the sale of the Note, and the Company shall repay such loan in accordance with the provisions of this Section 5.2, by paying to the Assignee (on the date such payment is due, in Federal or other funds immediately available at the time and place of such payments) as follows:

(b) On _____, 19__, and on each _____, _____, _____, and _____ thereafter, to and including _____, 19___, a sum equal to the principal on the Note coming due on such date; and

(b) on _____, 1982, and on each _____, _____, _____, and _____ thereafter, and continuing through and including _____, 19__, a sum equal to the interest on the Note coming due on such date; and unless sooner paid, the entire unpaid principal balance, together with accrued interest, shall become due and payable on _____, 19___.

The Company may prepay the amounts due in subparagraph (b) and (c) above, as provided in the Note.

In the event the Company shall 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 Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon at the Penalty Rate until paid.

The payments provided for in this Section shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the County for moneys payable upon the Note.

SECTION 5.3 Obligations of Company Hereunder Unconditional.

Until such time as payment in full of the Note shall have been made, the obligations of the Company to make the payments required to be made under Section 5.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement, or otherwise. Until such time as payment in full of the Note shall have been made, the Company (i) will not suspend or discontinue any payments required to be made herein, except to the extent the same have been prepaid, (ii) will perform and observe and observe all its other agreements contained in this Agreement, and (iii) except as provided in Article XI hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, sale, loss, destruction, or condemnation of or damage to the Project, any change in the tax or other laws of the United States of America or of the State of South Carolina or any political subdivision of either, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or in connection with this Agreement. Nothing contained in the Section shall be construed to release the County from the performance of any of the agreements on its part contained herein; and, in the event the County should fail to perform any such agreement on its part, the Company may institute such action against the County as the Company may deem necessary to compel such performance, so long as such action shall not do violence to the agreement on the part of the Company contained in the preceding sentence.

Nothing contained herein shall be construed to be a waiver of any rights which the Company may have against the County under this Agreement, or against other persons under this Agreement, or under any provision of law.

SECTION 5.4 Place of Payments.

The payments provided for in Section 5.2 hereof shall be paid directly to the Assignee at its principal office in Pittsburgh, Pennsylvania, for the account of the County.

ARTICLE VI

MAINTENANCE, TAXES, AND INSURANCE

SECTION 6.1 Maintenance and Modifications of Project by the Company.

The Company agrees that during the term of this Agreement it will at its own expense (i) keep the Project and related facilities in as reasonably safe condition as its operations shall permit and (ii) keep the Project and related facilities in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. The Company may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the structural integrity of the Project, or the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified) or materially impair the use of the Project or materially decrease its value. Subject to the provisions of Section 9.6 hereof, such Additions and Alterations so made by the Company shall become a part of the Project.

SECTION 6.2 Removal of Equipment.

If no event of default under this Agreement shall have happened and be continuing, in any instance where the Company in its discretion determines that any items of Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Company may remove such items of Equipment from the Existing Facilities and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Assignee therefor, provided that the Company shall either:

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Existing Facilities other machinery, equipment or related property (i) having equal or greater utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, (ii) equal or greater market value, and (iii) an equal or greater remaining useful life than the replaced Equipment, provided such removal and substitution shall not impair operating unity, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (except as permitted hereby) and shall become part of the Equipment; or

(b) Not make any such substitution and installation, provided (i) that, in the case of the sale of any such Equipment to anyone other than itself or a person under common control or, in the case of the scrapping thereof, the Company shall pay to the Assignee, to be applied forthwith to principal on the Note in inverse order of maturity, the proceeds of such sale or the scrap value thereof, as the case may be, (ii) that, in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be installed in the Existing Facilities, the Company shall pay to the Assignee, to be forthwith applied to principal on the Note in inverse order of maturity, the amount of credit received on such trade-in, and (iii) that in the case of the sale of any such Equipment to the Company or in the case of any other disposition thereof the Company shall pay to the Assignee, to be forthwith applied to principal on the Note in inverse order of maturity, an amount equal to the original cost thereof less depreciation on a straight-line basis calculated in accordance with generally accepted accounting practices.

If such removal causes damage to existing property not being removed, restoration and repair of such damage shall be made at the cost and expense of the Company.

The removal from the Project of any portion of the Equipment pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the amounts due under Section 5.2 hereof.

The Company shall promptly report to the Assignee each such removal, substitution, sale, trade-in, exchange, and other disposition; provided that, no such report need be made until the amount on account of all such sales, trade-ins, or other dispositions not previously reported aggregates at least $100,000, and the Company shall pay to the Assignee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid to the Assignee promptly after the sale, trade-in, or other disposition requiring such payment; provided, that no such payment need be made until the amount to be paid to the Assignee on account of all such sales, trade-ins, or other dispositions not previously reported aggregates at least $100,000. The Company shall not remove, or permit the removal of, any of the Equipment from the Existing Facilities except in accordance with the provisions of this Section.

SECTION 6.3 Taxes, Other Governmental Charges, and Utility Charges.

The Company will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be

lawfully assessed or levied against or with respect to the Project or any machinery, equipment, or other property installed or brought by the Company therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income, revnues, or receipts of the County from this Agreement which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Security Agreement or a charge on the income, revenues, or receipts from this Agreement prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Security Agreement, and including all ad valorem taxes lawfully assessed upon the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as are required to be paid during the term of this Agreement.

If the Company shall first notify the Assignee of its intention so to do, the Company may, at its expense and in its own name and behalf, in good faith contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if the Company shall furnish the Assignee (i) an opinion of Independent Counsel that the lien of the Security Agreement as to any part of the Project will not be materially endangered and no part of the Project will be subject to loss or forfeiture by nonpayment of any such items and (ii) a reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles, shall have been made therefor; otherwise such taxes, assessments, or charges shall be paid as and when due and payable. In the event that the Company shall fail to pay any of the foregoing items required by this Section to be paid by the Company, the Assignee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Assignee shall become an additional obligation of the Company to the Assignee, which amounts, together with interest thereon at the Penalty Rate from the date thereof until paid, the Company agrees to pay.

SECTION 6.4 Insurance Required.

Throughout the term of this Agreement, the Company shall keep the Project continuously insured against such risks as are at the time customarily insured against by businesses of like size and type (other than business interruption insurance), paying, as the same become due, all premiums in respect thereto. Such insurance shall include but not necessarily be limited to:

(a) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable cash value of the Project as determined by an insurer selected by the Company and satisfactory to the Assignee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in South Carolina; provided that the insurance required by this subsection may contain a deductible provision of not in excess of $_____ direct damage applicable to each separate instance of loss or damage insured against or such higher amount as the Assignee shall approve.

(b) Boiler and pressure vessel (including pressure pipes) explosion insurance in an amount at least equal to $_____, with deductible provisions not to exceed $_____, with respect to all boilers and pressure vessels installed in the Project, or such higher or lower amount as the Assignee shall approve.

(c) General public liability insurance against claims for bodily injury, death, or property damage occurring on, in, or about the Project and the adjoining streets, sidewalks, and passageways, such insurance to afford protection of not less than $_____, with respect to bodily injury to any one person, not less than $_____ with respect to bodily injury to two or more persons in any one accident, and not less than $_____ with respect to property damage.

(d) Insurance (or authorization by the appropriate officials of the State of South Carolina to self insure) covering any liability under the Workmen's Compensation laws of South Carolina for deaths of or injuries to persons arising out of any act or omission during the term of this Agreement.

SECTION 6.5 Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.4(a) and (b) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required in Section 6.4(c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance is carried.

SECTION 6.6 Additional Provisions Respecting Insurance.

All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Company. All policies evidencing such insurance shall

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provide for payment of the losses to the Company and the Assignee, as their respective interests may appear, and the policies required by Section 6.4(a) and (b) shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of $_____ for loss or damage covered thereby be paid to the Assignee; provided, however, that all claims regardless of amount may be adjusted by the Company with the insurers, subject to approval of the Assignee as to settlement of any claim in excess of $_____. In rendering any approval hereunder, the Assignee may rely upon an opinion of Independent Counsel. The insurance hereby required may be contained in blanket policies now or hereafter maintained by the Company, including blanket policies for general public liability insurance.

All such policies shall contain a provision that any such policy may not be cancelled unless the Assignee is notified at least thirty (30) days prior to cancellation; and at least thirty (30) days prior to expiration of any such policy, the Company shall furnish the Assignee with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Loan Agreement.

The Company shall furnish the Assignee annually with a certificate, in form and substance satisfactory to the Assignee, signed by the Authorized Company Representative, stating and demonstrating that the Company is in compliance with the insurance requirements of this Article VI.

SECTION 6.7 Advances by Assignee.

In the event the Company shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Project and related facilities in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Project in good repair and good operating condition, the Assignee, after fifteen (15) days' prior written notice to the Company of its intent to take such action, may, if satisfactorily indemnified, endeavor to take out the required policies of insurance and pay the premium on the same or make the required repairs, renewals, and replacements; and all amounts so advanced therefor by the Assignee shall become an additional obligation of the Company to the Assignee, which amounts, together with interest thereon at the Penalty Rate, from the date thereof, the Company agrees to pay on demand; provided that the Assignee shall not be liable if it is unable, despite its reasonable efforts so to do, to take out such insurance or make such repairs, renewals, and replacements.

ARTICLE VII

DAMAGE, DESTRUCTION, AND CONDEMNATION

SECTION 7.1 Damage and Destruction.

(a) If, prior to full payment of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note), the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damage, is not greater than $_____, the Company (i) shall promptly repair, rebuild, or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the value or the character of the Project, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of $_____ shall be paid to the Company, subject to the provisions of Section 7.1(e).

(b) If, prior to full payment of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note), the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such damage is in excess of $_____, the Company shall promptly give written notice thereof to the Assignee. All Net Proceeds of insurance resulting from such claims for losses in excess of $_____ shall be paid to and held by the Assignee in a separate trust account, whereupon the Company shall proceed promptly to repair, rebuild, or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the value or the character of the Project. The Company is authorized to direct the Assignee to disburse so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, and such disbursement shall be made by the Assignee upon receipt of instructions and other documents, as provided in Section 4.2 hereof, as in the case of disbursements from the Construction Fund.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, or restoration, the Company shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Company shall not, by reason of the payment of such excess costs made pursuant to Section 7.1(c), be entitled to any reimbursement from the County, the Assignee, or the holder of the Note or any abatement or dimunition of the payments made under Section 5.2 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding, or restoration made pursuant to Section 7.1(a) and (b) shall be paid forthwith to the Assignee as a prepayment of principal of the Note in inverse order of maturity. If the Note has been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Note), all Net Proceeds shall be paid to the Company.

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when the Note is not outstanding and unpaid, there shall be no obligation on the part of the Company to restore the Project.

SECTION 7.2 Condemnation.

In the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the Company shall be obligated to continue to make the payments specified in Section 5.2 hereof. The County, the Company, and the Assignee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings to be paid to and held by the Assignee in a separate trust account, to be disbursed for application by the Company in one or more of the following ways as shall be directed in writing by the Company:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the Company, of improvements consisting of a building or buildings, facilities, machinery, equipment, or other properties suitable for the Company's operations at the Project, which improvements shall be deemed a part of the

Project; provided, that such improvements or acquisitions by the Company shall be approximately equivalent in value to the part of the Project so taken or lost and shall not be subject to any liens or encumbrances prior to or on a parity with the lien of the Security Agreement.

(c) To prepayment of principal of the Note in inverse order of maturity, provided that the Company shall furnish to the County and the Assignee a certificate of an Independent Engineer stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Company's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings, or (iii) that improvements have been acquired which are suitable for the Company's operations at the Project as contemplated by the foregoing subsection (b) of this Section and which give the Project the ratio of value to the outstanding Note not less than that which existed immediately prior to such condemnation proceedings.

The Company shall direct the County and the Assignee in writing within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, as to which of the ways specified in this Section the Company elects to have the condemnation award applied. Disbursement of Net Proceeds, as contemplated by the foregoing subsections (a) and (b), shall be made by the Assignee upon receipt from the Company of instructions and other documents, as provided in Section 4.2 hereof as in the case of disbursements from the Construction Fund.

In the event the Net Proceeds are applied pursuant to subsection (a) or (b) and are not sufficient to pay in full the costs of such restoration or acquisition of improvements, as the case may be, the Company shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of the Net Proceeds. The Company shall not, by reason of the payment of any such excess costs, be entitled to any reimbursement from the County, the Assignee, or the holders or owners of the Note or any abatement or diminution of the rents payable under Section 5.2 hereof.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be forthwith paid to the Assignee to be applied to prepayment of principal of the Note in inverse order of maturity. If the Note has been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Note), all Net Proceeds shall be paid to the Company.

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1 No Warranty of Condition or Suitability by the County.

The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Company's purposes or needs.

SECTION 8.2 County's and Assignee's Right of Access to the Project.

The Company agrees that the County, the Assignee, and the duly authorized agents of each of them shall have the right at all reasonable times during normal business hours to enter upon the Land and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project (including such rights of access as may be reasonably necessary in the event of failure by the Company to perform its obligations under Section 6.1 hereof).

SECTION 8.3 Company to Maintain its Corporate Existence, Conditions under which Exceptions Permitted.

The Company agrees that during the term of this Agreement it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations (other than a subsidiary) to consolidate with or merge into it; provided, however, that the Company may, without violating the agreements contained in this Agreement, consolidate with or merge into another corporation, or permit one or more 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 the successor corporation or transferee assumes in writing all of the obligations of the Company under this Agreement and is duly qualified to do business in the State of South Carolina.

SECTION 8.4 Qualification in South Carolina.

The Company warrants that it is, and throughout the term of this Agreement it will continue to be, duly qualified to do business in South Carolina.

SECTION 8.5 Indemnification Covenants.

(a) The Company shall and agrees to indemnify and save the County and the Assignee harmless against and from

all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the term of this Agreement and, the Company further shall indemnify and save the County and the Assignee harmless against and from all claims relating to the Project and arising during the term of this Agreement from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act of negligence of the Company or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act of negligence of any assignee or subcompany of the Company, or of any agents, contractors, servants, employees, or licensees of any assignee or subcompany of the Company. The Company shall indemnify and save the County and the Assignee harmless from and against all costs and expenses incurred 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 County or the Assignee, the Company shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Agreement or the undertakings required of the County hereunder by reason of the issuance of the Note or by release or the Assignment of this Loan Agreement, by reason of the performance of any act requested of it by the Company, or by the operation of the Project by the Company, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the County should incur any such pecuniary liability, then in such event the Company shall indemnify and hold harmless the County against all claims by or on behalf of any person, firm, or corporation, arising out of the same, and all reasonable costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County, the Company shall defend the County in any such action or proceeding.

SECTION 8.6 Covenants of Company with Respect to Tax Exemption of Note.

The County is issuing the Note pursuant to an election made by it under Section 103(b)(6)(D) of the Code. In order to ensure that interest on the Note is not and will not become subject to Federal income taxes as a result of failure of the Note to qualify as an exempt

small issue under Sections 103(b)(6)(A) and (D) of the Code or as a result of a violation of the capital expenditures limitation prescribed in said Section 103(b)(6)(D), the Company covenants with the County and the Purchaser as follows:

(a) That all rights and privileges granted to the Company hereunder shall be exercised in such manner that the covenants made by this Section 8.7 shall be observed, and if any conflict between Section 8.6 and any other provisions in this Agreement shall arise, then, in such case, Section 8.6 shall control;

(b) That the Company has not committed nor permitted and will not commit nor permit the commission of any act which would cause the Note not to qualify as, or not to continue to be qualified as, an exempt small issue under the provisions of Sections 103(b)(6)(A) and (D) of the Code;

(c) That the Company will not fail to take any action necessary to be taken in order that the Note shall qualify as, and continue to be, an exempt small issue under the provisions of said Sections 103(b)(6)(A) and (D) of the Code;

(d) That annually, concurrent with its filing thereof with the Internal Revenue Service, the Company will furnish to the County a true and correct copy of statements filed by the Company pursuant to Section 1.103-10(b)(2)(vi)(C) of the Income Tax Regulations application to Section 103 of the Code, together with a certificate of its chief financial officer or treasurer to the effect that cumulative Section 103(b)(6)(D) capital expenditures, together with the outstanding principal amount of the Note and the principal amount outstanding of any other obligations which are includible in the limitation prescribed by said Sections 103(b)(6)(A) and (D) have not exceeded said prescribed limitation; and

(e) That it will comply with Section 103 of the Code and with the governing regulations applicable to Section 103 of the Code, including, without limitation, those set forth in Section 8.7(3) hereof and Sections 1.103-13, 1.103-15, and 1.103-15 of the Income Tax Regulations applicable to Section 103 of the Code, to the extent tha compliance therewith is inecessary in order that interest on the Note shall remain exempt from Federal income taxes.

Nothing contained in this Section 8.6 shall create any obligation upon the Company or the County as a result of interest on the Note becoming taxable by virtue of the provisions of Section 103(b)(9) of the Code.

ARTICLE IX

ASSIGNMENT, LEASING, ENCUMBERING, AND SELLING; REDEMPTION; INSTALLATION OF ADDITIONAL MACHINERY AND EQUIPMENT

SECTION 9.1 Assignment and Leasing.

This Agreement may be assigned, and the Project may be leased, sold, or otherwise disposed of, as a whole or in part, by the Company without the necessity of obtaining the consent of either the County or the Assignee, subject, however, to each of the following conditions:

(a) No lease, sale, or other disposition shall relieve the Company from primary liability for any of its obligations hereunder, and, in the event of any such lease, sale, or other disposition, the Company shall continue to remain primarily liable for payment of the amounts specified in Section 5.2 hereof and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The lessee or transferee shall assume in writing the obligations of the Company hereunder to the extent of the interest leased or transfered.

(c) The Company shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the County and to the Assignee a true and complete copy of each such lease, deed, or other instrument of transfer, as the case may be.

SECTION 9.2 Assignment of Loan Agreement by the County.

The County will assign its interest in this Agreement and all income, revenues, or receipts to be derived by the County hereunder to the Assignee, as security for for the payment of principal of, premium, if any, and interest on the Note, as the same become due. The Company hereby acknowledges and consents to such Assignment.

SECTION 9.3 Security Interest of the County and Assignment of the Security Agreement to the Assignee.

The Company will grant, as security for its obligations under this Agreement, a perfected security interest in the Project under the Security Agreement which the County will assign to the Assignee.

SECTION 9.4 Restrictions on Sale or Other Disposition of the Project.

The County and the Company agree that except as set forth in Sections 9.1 and 9.3 hereof, or other provisions of this Agreement, the Company will not sell, convey, mortgage, encumber, or otherwise dispose of any part of, or interest in, the Project during the term of this Agreement without the prior written consent of the Assignee.

SECTION 9.5 Prepayment of Note.

The County, at the prior written request at any time of the Company, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Note to effect prepayment of all or part of the outstanding balance of the Note as may be specified by the Company on the earliest prepayment date on which such prepayment may be made under such applicable provisions.

SECTION 9.6 Installation of Additional Machinery and Equipment.

The Company may from time to time, in its sole discretion and at its own expense, install additional machinery, equipment, and other personal property which may be attached or affixed to the Project. All such additional machinery, equipment, and other personal property which was not directly or indirectly purchased with the proceeds of the Note and which is not in replacement or substitution for Equipment under Section 6.2 hereof shall remain the sole property of the Company and the Company may, upon identification of such additional machinery, equipment, or personal property to the Assignee, remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Company at the expense of the Company. The Company may create any mortgage, encumbrance, lien, or charge on any such additional machinery, equipment, and other personal property, provided that the same will not diminish or impair the security intended to be given by or under the Mortgage.

SECTION 9.7 Reference to Note Ineffective After Note Paid.

Upon payment in full of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note) and all fees and charges of the Assignee, all references in this Agreement to the Note and the Assignee shall be ineffective and neither the Assignee nor the holders of the Note shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested or those that shall be expressly provided herein.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 Events of Default Defined.

The following events shall be "events of default" under this Agreement and the terms "event of default" or "default", whenever such terms are used herein, shall mean:

(a) Failure of the Company to make the payments required by Section 5.2 hereof, as and when due.

(b) Failure of the Company to pay when due (at stated maturity, by acceleration, or otherwise) any indebtedness respectively for borrowed money, or the occurrence of any event of default or other event specified in any agreement, note, or other instrument evidencing or relating to the indebtedness of the Company respectively for borrowed money, the effect of which is to cause or to permit the holder or holders of such indebtedness to cause such indebtedness to become due prior to its stated maturity, or any other event which, with notice and/or lapse of time, would become such an event and provided that such debt, when accelerated, would exceed $500,000;

(c) Any material representation or warranty made by the Company herein or made by the Company in any written statement or certificate furnished in connection with this Agreement, the Note, or the Security Agreement shall prove to have materially misrepresented the Company's capacity or financial ability to perform its obligations hereunder;

(d) Failure by the Company to perform any covenant, condition, or agreement in this Agreement on the part of the Company to be observed or performed, other than as referred to in subsections (a), (b), and (c) of this Section for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Company by the County or the Assignee; provided, however, in the case of any such default specified in this Section 10.1(d) which cannot with due diligence be cured within such 30-day period, it shall not constitute an event of default if corrective action is instituted by the Company within such 30-day period, is diligently pursued, and the default is corrected within ninety (90) days after the written notice hereinabove specified has been given.

(e) The entry of a decree or order for relief against the Company by a court having jurisdiction in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(f) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency, or any other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of corporate action by the Company in furtherance of any of the foregoing, or the occurrence as to the Company of any of the following: the Company shall admit in writing its inability to pay its debts; the Company shall conceal, remove, or permit to be concealed or removed any part of its property with intent to hinder, delay, or defraud its creditors or any of them; the Company shall make or suffer a transfer of any of its property with intent to hinder, delay, or defraud its creditors or any of them; or the Company shall make or suffer a transfer of any part of its property within four (4) months of insolvency for less than full and adequate consideration; or the Company shall suffer or permit, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint and shall not vacate or discharge such lien within thirty (30) days from the date thereof, or at least five (5) days before the date set for any sale or other disposition of such property.

The provisions of paragraph (d) of this Section are subject to the following limitations: if, by reason of force majeure, the Company is unable in whole or in part to carry out the agreements of the Company on its part herein contained (other than the obligations on the part of the Company contained in Article V and Sections 6.3 and 8.5 hereof, to which this paragraph shall have no application), the Company shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the

following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; storms; floods; washouts; droughts, arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes, or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company, in each case which has the effect of making it legally, physically, or financially impossible (as distinguished from impracticable) for the Company to perform, it being agreed that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Company, and the Company shall not be required to make settlement of strikes, lockouts, and other industrial disburbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Company, unfavorable to the Company.

SECTION 10.2 Remedies on Default.

Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County or the Assignee may take any one or more of the following remedial steps:

(a) The County or the Assignee may, at its option, declare all amounts payable under Section 5.2 hereof for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, and which amounts the Company hereby agrees to pay.

(b) In the event any amount shall at the time be outstanding and unpaid on the Note, the County or the Assignee may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Company.

(c) The County and the Assignee may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of the Company under this Agreement.

(d) The Assignee or the County, with the prior written consent of the Assignee, may (or, upon the written direction of the Assignee, the County shall) exercise any remedies available under the Uniform Commercial Code.

Any amounts collected pursuant to action taken under this Section shall be paid to the Assignee and applied to the payment of, first, any costs incurred by the County or the Assignee in taking such action; second, the payment of the accrued interest on the Note; and third, the unpaid principal of the Note in the inverse order in which installments thereof become due and, if the Note has been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Note) and the Company shall have paid the County and the Assignee all other sums due and owing hereunder, such amounts shall be paid to the Company.

No action taken pursuant to this Section shall relieve the Company from the Company's obligations pursuant to Section 5.2 and Section 10.2(a) hereof, all of which shall survive any such action, and the County or the Assignee may take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement, or covenant of the Company hereunder.

SECTION 10.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the County or the Assignee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County or the Assignee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Assignee, and the Assignee and the holders of the Note shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4 Agreement to Pay Attorneys' Fees and Expenses.

In the event the Company should default under any of the provisions of this Agreement and the County or the Assignee 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 Company herein contained, the Company agrees that it will, on demand therefor, pay to the County or the Assignee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the County or the Assignee.

SECTION 10.5 No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived, and shall not be deemed to waive any other breach hereunder.

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

ARTICLE XI

OPTIONS IN FAVOR OF THE COMPANY

SECTION 11.1 Options to Terminate this Agreement.

The Company shall have, and is hereby granted, the following options to terminate this Agreement:

(a) At any time prior to full payment of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note), the Company may terminate this Agreement by paying to the Assignee an amount which will be sufficient to pay and retire the Note (including, without limiting the generality of the foregoing, principal, premium, if any, interest to maturity or earliest applicable prepayment date, as the case may be, expenses of prepayment, and Assignee's fees and expenses).

(b) At any time after full payment of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note) and of any and all sums then due to the County and the Assignee under this Agreement, the Company may terminate this Agreement by giving the County notice in writing of the termination, the termination shall forthwith become effective, and the County will execute and deliver to the Company such documentation as the Company, at its cost, shall reasonably require to evidence the termination of the Company's obligations hereunder and publicly to record such evidence.

SECTION 11.2 Relative Position of Options and Security Agreement.

The options respectively granted to the Company in this Article shall be and remain prior and superior to the Security Agreement and may be exercised whether or not the Company is in default hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF COMPANY AND COUNTY

SECTION 12.1 Company's Obligation to Pay Taxable Rate under Certain Circumstances.

If, subject to the proviso in the following paragraph of this Section 12.1,

(a) interest on the Note becomes subject to Federal income taxation as a result of a change in the Federal tax laws (for the purposes of this clause (a), interest on the Note becomes subject to Federal income taxation when the President of the United States of America signs into law legislation which, in the opinion of nationally recognized bond counsel, assuming the validity of the legislation, requires that interest on the Note be included in the gross income of the holder thereof for Federal income tax purposes), or

(b) interest on the Note be determined to be subject to Federal income taxation by:

(i) the National Office of the Internal Revenue Service of the United States Treasury Department, or

(ii) the District Director of Internal Revenue for the District in which the Company or any noteholder files its Federal income tax returns, or

(iii) any court of competent jurisdiction except as a result of the Note being held by a substantial user of the financed facilities or a related person, as defined in Section 103(b)(6)(c) of the Internal Revenue Code of 1954, as amended, or

(c) interest on the Note is asserted to be subject to Federal income taxation by the Internal Revenue Service, and such assertion is determined to be reasonable by an opinion of counsel selected by the Assignee and acceptable to the Company (each such event described in Paragraph (a), (b), or (c) hereof being hereinafter referred to in this Section 12.1 as the "Official Determination"),

the Company agrees to pay interest on the Note at a rate of interest which, after making provision for the payment of income taxes at the highest corporate tax rate will yield an amount equivalent to the yield

on a tax exempt obligation bearing interest at the Taxable Rate hereinafter mentioned from the date on which interest on the Note became, or was determined to have become, taxable, to the date of payment of the Note in order that the owner of the Note during the period when interest thereon was subject to Federal income taxation as a result of an Official Determination shall be entitled to receive interest thereon at the Taxable Rate during such period; provided that, the Company shall be entitled to a credit against such interest at the Taxable Rate in the amount of any interest previously paid on the Note during the period when interest thereon was not subject to Federal income taxation. The obligation of the Company under this Section 12.1 shall survive any termination of this Agreement.

The Taxable Rate shall be the annual rate (based on a year of 365 or 366 days per year, as the case may be) which shall be one and one-half per centum (1-1/2%) above the prime interest rate per annum announced from time to time by Mellon Bank, N.A., at its principal office in Pittsburgh, Pennsylvania, for 90-day loans to commercial borrowers of substantial size and high credit standing, such rate fo change automatically from time to time, effective as of the effective date of each change in said prime rate.

Notwithstanding the foregoing, the Company may, in good faith to the extent permitted by law, contest, at Company's expense, any such Official Determination for a period not to exceed twenty-four (24) months. If such Official Determination is reversed or withdrawn by competent authority, the Company shall be relieved of such obligation to pay interest at the Taxable Rate.

Nothing herein contained shall create any obligation upon the Company or the County as a result of interest on the Note becoming taxable by virtue of the provisions of Section 103(b)(9) of the Code or any successor provision thereto.

SECTION 12.2 Company's Option to Pay Note in Full As a Result of Official Determination.

If an Official Determination shall be made, the Company may, by giving written notice to the holder of the Note within 180 days of the occurrence of an Official Determination, elect to pay the Note in full, for an amount equal to the outstanding principal balance of and accrued interest on the Note, together with any additional amounts required to be paid by Section 12.1 to the earliest redemption date, and to redeem, in whole and not in part, the Note. Such written notice to the holder of the Note shall specify therein the date of such payment in full and redemption, which date shall be not less than sixty (60) nor more than ninety (90) days from the date such notice is mailed.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 Notices.

All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows: if to the County, to the County Council of Marion County, Post Office Box 183, Marion, South Carolina 29531; if to the Company, at AVM of South Carolina, Inc., c/o AVM Corporation, Suite 3729, Mellon Bank Building, Pittsburgh, Pennsylvania 15230, Attention: Vice President/Finance; if to the Assignee, at Mellon Bank, N.A., Mellon Square, Pittsburgh, Pennsylvania 15230. The County, the Company, and the Assignee may, by notice given to all parties to this Agreement and the Security Agreement, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

SECTION 13.2 Recording and Filing.

The security interest of the County created in the Security Agreement as to any personal property, equipment, machinery, and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions, in the appropriate office of the County in which the Project is located, and in the Office of the Secretary of State in the City of Columbia, South Carolina. The parties further agree that all necessary continuation statements shall be filed by the Company within the time prescribed by the South Carolina Uniform Commercial Code--Secured Transactions, in order to continue the security interests created by the Security Agreement, to the end that the rights of the County in the Project shall be fully preserved as against creditors of, or purchasers for value from, the Company.

SECTION 13.3 Other Instruments.

(a) The Company covenants to deliver to the County and the Assignee within sixty (60) days: after _____, 198_, after each _____ thereafter until the Completion Date, after the Completion Date, and after the close of each fiscal year of the Company following the Completion Date, a description of the Project on such _____. Completion Date, or such last day of a fiscal year, as appropriate, if the Project is not adequately described, in the opinion of the Company and the Assignee, in the granting clauses of the Security Agreement, as then supplemented, and in this Agreement as then amended. Within thirty (30) days after delivery of such description, the Company covenants that it will:

(1) prepare a supplement to the Security Agreement and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Security Agreement to the Assignee and the County and the supplement to this Agreement to the County for execution;

(3) deliver the fully executed supplement to the Security Agreement to the appropriate recording or filing officer for recording and filing or re-recording and re-filing in all required places.

SECTION 13.4 Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon the County, the Company, and their respective successors and assigns, subject, however, to the provisions of Sections 8.3, 9.1, 9.2, and 9.3 hereof.

SECTION 13.5 Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.6 Amounts Held by the Assignee.

It is agreed by the parties hereto that any amounts held by the Assignee upon expiration or sooner termination of the term of this Agreement, as provided in this Agreement, after payment in full of the Note (whether at maturity or by prepayment or otherwise, as provided in the Note) and the fees, charges, and expenses of the Assignee, in accordance with this Agreement, shall belong to and be paid to the Company by the Assignee as overpayment of amounts due hereunder.

SECTION 13.7 Integration, Amendments, Changes, and Modifications.

This Agreement constitutes the entire agreement of the parties in respect of the subject matter hereof and all prior agreements and understandings thereof, whether written or oral, are merged in and superseded hereby. No purported amendment or modification hereof shall be effective unless in writing executed by the duly authorized signatories of the Company, County, and Assignee.

SECTION 13.8 Execution of Counterparts.

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

SECTION 13.9 Law Governing Construction of Agreement.

This Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction.

SECTION 13.10 Subsequent Financings.

The Company intends to request the County to undertake subsequent project financings in respect of improvements to the Existing Facilities during _____. Nothing herein contained shall prevent the Company or the County from mortgaging or otherwise encumbering a subsequent project(s) undertaken pursuant to such request, nor, in connection with such project financings, shall anything herein contained prevent the Company or the County from mortgaging or otherwise encumbering the Project subject to the provisions of Section 9.4(b) hereof.

IN WITNESS WHEREOF, MARION COUNTY, SOUTH CAROLINA, has executed this Loan Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Marion County and the County Administrator of Marion County, and the Official Seal of Marion County to be impressed hereon and attested by the Clerk of said County Council of Marion County; and AVM OF SOUTH CAROLINA, INC., has executed this Loan Agreement by causing its corporate name to be hereunto subscribed by its _____, and its Corporate Seal to be impressed hereon and attested by its _____, all being done as of the day and year first above written.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

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

By: _____
County Administrator
Marion County, South Carolina

ATTEST:

_____
Clerk
County Council of
Marion County, South Carolina

Signed, Sealed, and Delivered in
the Presence of:

_____ _____

_____

Draft of 4/22/81

20105

AVM OF SOUTH CAROLINA, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

EXHIBIT A

(Attached to Loan Agreement between Marion County, South Carolina, and AVM of South Carolina, Inc., dated as of May 1, 1981).

DESCRIPTION OF EQUIPMENT ACQUIRED AND
TO BE ACQUIRED OUT OF PROCEEDS OF THE NOTE

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
COUNTY OF MARION
INDUSTRIAL REVENUE NOTE, SERIES 1981
(AVM OF SOUTH CAROLINA, INC., PROJECT)

$_____

KNOW ALL MEN BY THESE PRESENTS, that Marion County, a body politic and corporate, and a political subdivision of the State of South Carolina (the County), for value received, promises to pay, but only from the source and as hereinafter provided, in immediately available funds, to the order of MELLCN BANK, N.A., Pittsburgh, Pennsylvania, a national banking association organized under the Laws of the United States of America (the Assignee), at its principal office in the City of Pittsburgh, State of Pennsylvania (or at such other place as the holder hereof shall designate in writing to the Company hereinafter mentioned), the sum of TWO MILLION and no/100 ($2,000,000.00) Dollars, in _____ (_____) equal, successive, quarterly installments of _____ ($_____) DOLLARS each, commencing _____, 198__, and on each _____, _____, _____, and _____ thereafter, to and including _____, 19___, and to pay in like funds interest from the dat hereof on the principal amount from time to time outstanding at the rate per annum equal to Seventy per centum (70%) of the prime rate charged by the Assignee for the period during which the interest on this Note has accrued, such interest to be payable in quarterly installments, commencing on _____, 1982, and on each _____, _____, _____, and _____ thereafter, to and including _____, 19____, and unless sooner paid, the entire unpaid principal balance with accrued interest shall become due and payable on _____, 19_____.

If an Official Determination, as defined in Section 12.1 of the Loan Agreement, shall occur, the County agrees to pay, but only from the revenues and receipts specified in Section 5.2 and Section 12.1 of the Loan Agreement, additional payments, as described in Section 12.1 of the Loan Agreement.

This Note is the "Note" referred to in the Loan Agreement (the Loan Agreement), dated as of May 1, 1981, between the County and AVM of South Carolina, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), and is secured by the terms of a Security Agreement, dated as of May 1, 1981, given by the Company to the County (the Security Agreement)

and assigned by the County to the Assignee. This Note is issued for the purpose of financing the acquisition and installation of the Project, as such term is defined in the Loan Agreement, and to thereby promote industry and develop trade in South Carolina. Under the Loan Agreement, the Company must pay to the Assignee, for the account of the County (the Loan Agreement having been assigned and pledged to the Assignee by the County by the Assignment of the Loan Agreement, dated as of May 1, 1981 [the Assignment], for that purpose), such payments as will be fully sufficient to pay the principal of, premium, if any, and interest on this Note as the same matures and becomes due. Copies of the Loan Agreement, the Assignment, and the Security Agreement are on file at the principal office of the Assignee in the City of Pittsburgh, State of Pennsylvania, and reference is made to the Loan Agreement and the Security Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the rights and remedies of the holder of this Note, the rights, duties, and obligations of the County, the Company, and the Assignee and the terms upon which this Note is issued and secured.

This Note is issued pursuant to the authorization of and for the purposes prescribed by Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended by Act No. 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1981, and pursuant to an Ordinance duly enacted by the County Council of Marion County and with the approval of the State Budget and Control Board of the State of South Carolina. This Note is a limited obligation of the County and is payable by the County solely from loan repayments received under the Loan Agreement (excluding amounts paid by the Company to the County pursuant to Sections 6.3, 8.5, or 10.4 of the Loan Agreement). The full faith, credit, and taxing powers of the County are not pledged to the payment of principal of, premium, if any, or interest on this Note.

This Note 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.

Pursuant to the Loan Agreement, payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the Note are to be paid by the Company to the Assignee for the account of the County and have been pledged for that purpose, and, in addition, the Project has been subjected to the first security interest of the Security Agreement to secure payment of such principal and interest.

This Note is subject to prepayment, in whole or in part, by the County at the request of the Company, at its option, without premium

or penalty, on any quarterly installment payment date (upon three business days' prior notice to the Assignee or other holder hereof) after May 1, 1987. Payment in whole shall have been made upon payment of the entire principal balance plus accrued interest to the prepayment date. Any prepayments of less than the entire outstanding principal balance then due shall be applied in inverse order of maturity and the quarterly installments shall continue to be paid in the amount and on the dates hereinabove set forth until this Note is fully paid, both principal and interest.

This Note may be called for prepayment, in whole, at any time without premium at the principal amount thereof plus accrued interest to the prepayment date in the event of the exercise by the Company of its option to prepay the Note and terminate the Loan Agreement, as provided in Section 11.1 of the Loan Agreement.

Under certain circumstances, as provided in Sections 6.2(b), 7.1(e), and 7.2(c) of the Loan Agreement, and in Section 3 of the Construction Fund Agreement, moneys received by the Company shall be applied to the payment of principal installments on the Note in inverse order of their maturities.

If an Official Determination, as defined in Section 12.1 of the Loan Agreement, shall occur, the Note may be called for prepayment at the election of the Company in the principal amount thereof, plus accrued interest, plus additional payments, as described in Section 12.1 of the Loan Agreement, to the prepayment date, as provided in Section 12.2.

Upon the happening of an event of default, as defined in the Loan Agreement or the Security Agreement, or upon failure to pay principal or interest hereunder, the principal of the Note then outstanding may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

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 Security Agreement 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, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, MARION COUNTY, SOUTH CAROLINA, has caused this Note to be executed by the Chairman of the County Council of Marion County, South Carolina, and the County Administrator of Marion County, South Carolina, by their manual signatures, and its corporate seal to be impressed or reproduced hereon, and attested by

the Clerk of the County Council of Marion County, South Carolina, by her manual signature, all on the _____ day of May, A.D. 1981.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chairman
County Council of
Marion County, South Carolina

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXX
County Administrator
Marion County, South Carolina

ATTEST:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Clerk
County Council of
Marion County, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF MARION)

ASSIGNMENT OF LOAN AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that MARION COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Marion County, in consideration of the sum of ONE and no/100 ($1.00) DOLLAR to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, does hereby assign, transfer, and set over unto MELLON BANK, N.A., Pittsburgh, Pennsylvania, a national banking association organized under the Laws of the United States of America, its successors and assigns, as the holder of the $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc.) (the Note), as security for (i) the payment of the principal of and interest on the Note, dated the date of its delivery, issued pursuant to this Agreement, and (ii) the due performance and observance by the County of all of its covenants and agreements in the Note and the Loan Agreement (hereinafter defined), the following:

> All of the right, title, and interest of the said Marion County in and to the foregoing Loan Agreement, dated as of May 1, 1981, between said Marion County, South Carolina, and AVM of South Carolina, Inc.

The parties hereto agree that the pledge and assignment made hereby shall not subject the said Mellon Bank, N.A., to, or transfer or pass, or in any way affect or modify, any obligations of the County under the Loan Agreement, it being understood and agreed that all such obligations of the County shall be and remain enforceable only against the County.

IN WITNESS WHEREOF, MARION COUNTY, SOUTH CAROLINA, has executed this Assignment by causing its name to be subscribed by the Chairman of the County Council of Marion County, South Carolina, and the County Administrator of Marion County, South Carolina, and the Official Seal of Marion County, South Carolina, to be impressed hereon and attested by the Clerk of the County Council of Marion County, all being done as of the first day of May, A.D. 1981.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

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

By: _____
County Administrator
Marion County, South Carolina

ATTEST:

_____
Clerk
County Council of
Marion County, South Carolina

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

The Company hereby consents to the within Assignment.

AVM OF SOUTH CAROLINA, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

Draft of 4/22/81

20114

EXHIBIT
APR 2 8 1981 NO. 2
STATE BUDGET & CONTROL BOARD

SECURITY AGREEMENT

This Security Agreement, made and entered into as of the 1st day of May, 1981, by and between AVM OF SOUTH CAROLINA, INC., a corporation organized and existing under the Laws of the State of South Carolina (the Company), and MARION COUNTY, SOUTH CAROLINA (the County),

W I T N E S S E T H:

WHEREAS, the Company has entered into a Loan Agreement with the County, dated as of May 1, 1981 (the Loan Agreement), pursuant to which the County agrees to loan to the Company TWO MILLION and no/100 ($2,000,000.00) DOLLARS, representing the proceeds from the issuance by the County of its Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc.), in the face amount of $2,000,000 (the Note); and

WHEREAS, the Loan Agreement requires the Company to enter into this Security Agreement, granting a security interest in certain personal property to secure its obligations under the Loan Agreement; and

WHEREAS, the Company has consented to the immediate assignment by the County of its rights under this Security Agreement to Mellon Bank, N.A., Pittsburgh, Pennsylvania, a national banking association organized under the Laws of the United States of America (the Assignee), to secure the County's obligations under the Note.

NOW, THEREFORE, in consideration of the execution of the Loan Agreement by the County and other good and valuable consideration, receipt of which is hereby acknowledged, it is agreed by and between the parties as follows:

1. SECURITY INTEREST. The Company hereby grants to the County a security interest in and to the following property (collectively, the Collateral): all equipment (exclusive of motor vehicles), described on Exhibit A to the Loan Agreement and any replacements or substitutions thereof or additions thereto at any time installed on or used in connection with the Project, and the proceeds of the foregoing.

2. INDEBTEDNESS SECURED. The security interest herein granted shall secure all obligations and indebtedness of the Company to the County under the Loan Agreement, as amended from time to time, including, but not limited to, the obligation to make loan repayments in amounts and at the times provided therein, and all court costs, attorneys' fees, and expenses of whatever kind incident to the

Draft of 4/22/81

EXHIBIT
APR 2 8 1981 NO. 2
STATE BUDGET & CONTROL BOARD 20115

enforcement or collection of such obligations and indebtedness and the enforcement and protection of the security interest created by this Security Agreement.

3. WARRANTIES AND COVENANTS AS TO COLLATERAL:

(a) The Company represents to the County and covenants that the Collateral is now owned solely by the Company (except for those items of equipment not yet acquired by the Company but to be acquired pursuant to the Loan Agreement or otherwise), that no other person, firm, or corporation has any right, title, interest, claim, or lien therein or thereto, and that the Collateral is free and clear of all encumbrances, liens, and prior security interests and will remain free and clear of any and all encumbrances, liens, and security interests except (i) the security interest granted to the County hereby, (ii) liens and security interests expressly permitted by the Loan Agreement, and (iii) inchoate vendors' and mechanics' liens and the liens of taxes and governmental charges not yet due and payable.

(b) The Company covenants that the Collateral covered by this Security Agreement will not be removed from the Project or sold or exchanged, except as expressly permitted by the Loan Agreement.

(c) The Company's covenants and warranties with respect to the Collateral contained in the Loan Agreement are hereby incorporated herein by reference.

4. NO OBLIGATION OF COUNTY TO PERFORM COMPANY'S OBLIGATIONS. By the execution of this Security Agreement, the County shall not be obligated to do and perform any of the acts or things provided in the contracts covered hereby to be done or performed by the Company, but, if there is a default by the Company under the Loan Agreement or this Security Agreement, then the County may, at its election, perform some or all of the obligations provided in said contracts to be performed by the Company, and, if the County incurs any liability or expenses by reason thereof, the same shall be payable by the Company upon demand and same shall also be secured by this Agreement.

5. DEFAULT. An Event of Default, as defined in the Loan Agreement, or the failure of the Company to observe or perform any of its agreements herein contained, shall constitute a default hereunder. Upon default, the County may exercise any or all rights and remedies provided by the Uniform Commercial Code in effect in the State of South Carolina, or other applicable law, as well as all other rights and remedies possessed by the County, all of which shall be

cumulative. Whenever the Company is in default hereunder, and upon demand by the County, the Company shall assemble the Collateral and make it available to the County at a place reasonably convenient to the Company and the County. After final disposition of and realization on the Collateral, the Company shall be obligated to pay any indebtedness secured hereby and remaining unpaid and shall be entitled to any surplus remaining after the satisfaction of all indebtedness secured hereby. Any notice of sale, lease, or other intended disposition of or realization on the Collateral by the County sent to the Company at the address indicated in the Loan Agreement, at least five (5) days prior to such action, shall constitute reasonable notice to the Company.

6. WAIVER OF DEFAULT. The County may waive any default before or after the same has been declared without impairing its right to declare a subsequent default hereunder, this right being a continuing one.

7. ASSIGNMENT. This Agreement shall inure to the benefit of the County's successors and assigns, and shall bind the Company's successors and assigns. It is contemplated by the parties that the County shall immediately assign its rights hereunder to the Assignee, and, in such event, the Assignee shall succeed to all of the rights of the County hereunder as fully as if named herein. The Company hereby consents to such assignment.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by their duly authorized officers as of the date first above written.

AVM OF SOUTH CAROLINA, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

SIGNED, SEALED, AND DELIVERED
in the Presence of:

_____

_____

Draft of 4/22/81

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MARION COUNTY, SOUTH CAROLINA

(SEAL)

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

By: _____
County Administrator
Marion County, South Carolina

ATTEST:

_____
Clerk
County Council of
Marion County, South Carolina

SIGNED, SEALED, AND DELIVERED
in the Presence of:

_____

_____

EXHIBIT
APR 2 8 1981 NO. 2
STATE BUDGET & CONTROL BOARD

CONSTRUCTION FUND AGREEMENT

THIS CONSTRUCTION FUND AGREEMENT, dated as of May 1 1981, by MARION COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Marion County, South Carolina, which is the governing body of said County (hereinafter referred to as the County), AVM OF SOUTH CAROLINA, INC., a corporation organized and existing under the Laws of the State of South Carolina (hereinafter referred to as the Company), MELLON BANK, N.A., Pittsburgh, Pennsylvania, a national banking association (hereinafter referred to as the Bank), and MELLON BANK, N.A., Pittsburgh, Pennsylvania, as Escrow Agent hereunder (hereinafter sometimes referred to as the Escrow Agent),

W I T N E S S E T H:

WHEREAS, the Bank has agreed to purchase from the County the County's $2,000,000 Marion County, South Carolina, Industrial Revenue Note, Series 1981 (AVM of South Carolina, Inc., Project) (hereinafter referred to as the Note), the proceeds of which will be loaned by the County to the Company under the terms of a Loan Agreement between the County and the Company, dated as of May 1, 1981 (hereinafter referred to as the Loan Agreement), to finance for the Company the Project referred to in the Loan Agreement and the Note; and

WHEREAS, the parties hereto wish to provide in this Agreement the terms and conditions under which such $2,000,000 will be disbursed to or upon the order of the County and the Company, and to provide for temporary investment or deposit of such $2,000,000 pending such disbursement.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. The County and the Company hereby authorize and direct the Bank, upon the satisfaction of all conditions precedent to the obligation of the Bank to make the loan contemplated, to pay the said $2,000,000 directly to the Escrow Agent pursuant to this Agreement. The amount so held by the Escrow Agent hereunder from time to time is herein called the Construction Fund.

EXHIBIT
APR 2 8 1981 NO. 2
STATE BUDGET & CONTROL BOARD

Draft of 4/22/81

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2. From time to time, the Company may request the Escrow Agent to disburse funds from the Construction Fund by causing the Escrow Agent to receive, not less than three (3) days' prior to the date of the proposed disbursement, a Company Requisition relating to such disbursement. As soon as practical after receipt of such Company Requisition, the Escrow Agent shall make the amount to be disbursed available at the principal office of the Escrow Agent, Mellon Square, Pittsburgh, Pennsylvania. The Escrow Agent shall pay or deliver such amount to the Company or otherwise, in accordance with the Company Requisition.

a. For the purposes of this Agreement, "Company Requisition" shall mean a written request by the Company to the Escrow Agent for a disbursement pursuant to this Agreement, in the form attached hereto as Exhibit A, signed by an Authorized Company Representative of the Company and stating:

(i) the specific amount requested to be disbursed;

(ii) the manner in which such amount, or any portion thereof, is to be paid, if other than to the Company or to its order;

(iii) in reasonable detail, the costs incurred or to be incurred by the Company for which the proceeds of such disbursement are to be expended;

(iv) that no part of such costs has been paid from the proceeds of any previous disbursement made pursuant to this Agreement;

(v) that such costs may properly be paid by the Company pursuant to subparagraph (b) of this Paragraph 2;

(vi) that there has not been filed with or served upon the Company notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the proceeds of such disbursement; and

(vii) that substantially all of the moneys in the Construction Fund will be used to acquire property of an character subject to the allowance for depreciation as prescribed in Section 103(b)(6)(A) and (D) of the Internal Revenue Code of 1954, as

amended, and no part of the moneys in the Construction Fund will be used to finance inventory or for working capital.

b. Moneys disbursed to or to the order of the Company from the Construction Fund may be used by the Company for the following purposes and no other (Certain terms used in this subparagraph b of Paragraph 2 of this Construction Fund Agreement are defined in the Loan Agreement. When such defined terms are used in this subparagraph b, such defined terms shall have the meanings given to them in Article I of the Loan Agreement, unless the context clearly indicates otherwise.):

(i) Payment of the initial service, agency, or acceptance fee, if any, of the Mellon Bank, N.A.; the fees for recording the financing statements, and any title curative documents that either Mellon Bank, N.A., the Company, or Independent Counsel may deem desirable to file for record in order to perfect or protect the lien or security interest of the Security Agreement on the Project; and the fees and expenses in connection with any actions or proceedings that either Mellon Bank, N.A., the Company, or Independent Counsel may reasonably deem desirable to bring in order to perfect or protect the title of the Company to the Project or to perfect or protect the lien or security interest of the Security Agreement on the Project.

(ii) Payment of such amounts, if any, as shall be necessary to make reimbursement in full for all advances and payments made prior to or after the delivery of the Note for expenditures in connection with (a) the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), (b) the acquisition and installation of the Equipment, and all construction, acquisition, and installation expenses required to provide utility services or other facilities, and all personal properties deemed necessary in connection with the Project (including architectural, engineering, and supervisory services with respect to any of the foregoing), and (c) any other costs and expenses relating to the Project.

(iii) Payment of the cost of legal, accounting, and financing fees and expenses, title insurance premiums, and printing and engraving

costs incurred in connection with the authorization, sale, and issuance of the Note, the preparation of this Agreement, the Security Agreement, and all other documents in connection therewith, and in connection with the acquisition of title to the Equipment.

(iv) Payment for all costs incident to the acquisition and installation of the Equipment, payment for the cost of the construction, acquisition, and installation of utility services or other facilities, and all personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items, including the premium on any surety bond.

(v) Payment of the fees, or out-of-pocket expenses, if any, for architectural, engineering, and supervisory services with respect to the Project.

(vi) Payment to Mellon Bank, N.A., as such payments become due, of the fees and expenses of the Mellon Bank, N.A., including reasonable fees and expenses of Mellon Bank, N.A.'s, counsel, that may become due during the Construction Period.

(vii) To such extent as they shall not have been paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period.

(viii) Payment of the taxes, assessments, and other charges, if any, referred to in Section 6.3 of the Loan Agreement, that may become payable during the Construction Period or reimbursement thereof, if paid by the Company.

(ix) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(x) Payment of interest on the Note to the extent provided by the Enabling Statute and payment of any other costs and expenses relating to the Project authorized by the Enabling Statute.

c. "Authorized Company Representative", when used with respect to the Company, shall mean an Authorized Company Representative at the time designated to act on behalf of the Company hereunder. Until changed by the Company in writing, the person named below, whose signature is set forth opposite his name, is designated as Authorized Company Representative:

Name	Signature
_____	_____

d. The County hereby authorizes the Escrow Agent to disburse moneys from the Construction Fund in accordance with the terms of any Company Requisition and hereby forever waives, release, and absolves the Escrow Agent from any and all claims now or hereafter arising which the County or any person claiming through the County may have against the Escrow Agent by reason of any disbursement so made.

3. Any moneys held as a part of the Constructin Fund may be retained uninvested or may be, and, upon the direction of the Company confirmed in writing by an Authorized Company Representative, shall be, invested or reinvested by the Escrow Agent to the extent permitted by law in the manner set forth below, but with maturities consonant for anticipated expenditures to be made from the Construction Fund:

a. obligations issued or guaranteed by the United States of America, or to the payment of which the full faith and credit of the United States of America is pledged;

b. general obligations of the State of South Carolina;

c. interest bearing deposits in Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; or

d. certificates of deposit issued by a bank or trust company (including Mellon Bank, N.A.) where such certificates of deposit are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

The Company shall not direct the Escrow Agent to make any such investments which, if such investments had been reasonably expected on the date of the issuance of the Note, would cause the Note to be an

"arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and any regulations promulgated or proposed thereunder, as the same may presently exist or may from time to time hereafter be amended, supplemented, or revised. Any such investment shall be held by or under the control of the Escrow Agent and shall be deemed at all times a part of the Construction Fund. The interest accruing on and any profit realized from such investments shall be credited to the Construction Fund and any loss resulting from such investments shall be charged to the Construction Fund. The Escrow Agent will furnish to the County accurate information to enable the appropriate County officers and bond counsel to make all necessary certifications required by the Internal Revenue Code of 1954, as amended, and any regulations promulgated or proposed thereunder, as the same may presently exist or may from time to time hereafter be amended, supplemented, or revised.

The Escrow Agent shall not be liable or responsible for any loss resulting from the redemption or sale of any such investment as herein authorized. If, at any time, it shall become necessary that some or all of the obligations 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 Agreement, the Escrow Agent shall, without further authorization than is herein contained, effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

All moneys remaining in the Construction Fund, including any excess Construction Fund earnings, after (i) the Equipment has been substantially installed to the satisfaction of the Authorized Company Representiative, the Equipment so installed is substantially suitable and sufficient for the efficent operation of the Project for the purposes specified in Section 2.2 of the Loan Agreement, and the costs and expenses incurred in the acquisition and installation of the Equipment have been paid, (ii) all other facilities necessary in connection with the Project have been substantially constructed, acquired, and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, and (iii) a certificate of occupancy, if required, and any other approvals or permits required by any governmental authority for the occupancy and use of the Project for its intended purposes have been obtained and that the Project is operational, and after payment of all other items provided for in the preceding subsections (i) to (x), inclusive, of Paragraph 2b hereof, shall be held by the Escrow Agent and applied to the payment of principal installments on the Note in inverse order of their maturities, except for amounts remaining in the Construction Fund with the approval of the Authorized Company Representative for payment of Project costs incurred but not then due and payable.

4. The Escrow Agent shall keep proper account of all moneys received and disbursed by it. The Escrow Agent shall prepare and deliver to the Company and the County a monthly statement of the Construction Fund. The Escrow Agent's books relating to the Construction Fund shall, at all reasonable times during business hours, be open to inspection by the Company and/or the County.

5. The Company, on behalf of the County, shall pay all fees and expenses of the Escrow Agent.

6. The Company agrees to fully protect and hold harmless the Escrow Agent and the County for any action taken pursuant to this Agreement, and the Escrow Agent shall be liable only for willful default or gross negligence in the performance of its duties hereunder. This Agreement may be modified only in writing.

7. Mellon Bank, N.A., may be the holder of the Note with the same rights it would have if it were not the Escrow Agent. Mellon Bank, N.A., may also engage in, or be interested in, any financial or other transaction with the County or the Company.

8. Any bank or trust company qualified to act as custodian with or into which the Escrow Agent may be merged or consolidated or any such bank or trust company resulting from any merger or consolidation to which the Escrow Agent shall be a party shall be the successor escrow agent hereunder, without the execution or filing or any paper or the performance of any further act on the part of any other parties hereto.

9. Except as otherwise provided in Paragraph 2 hereof, all notices, statements, requests, and demands given to or made upon any party hereto in accordance with the provisions of this Agreement, shall be deemed to have been given or made when delivered by hand or when deposited in the mail, postage prepaid, or, in the case of telegraphic notice, when delivered to the telegraph company, charges prepaid, addressed to all the parties hereto at the following address:

a. If to the Bank:

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230
Attention: National Department

b. if to the County:

Marion County, South Carolina
c/o County Council of Marion County
Post Office Box 183
Marion, South Carolina 29571

EXHIBIT
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STATE BUDGET & CONTROL BOARD

c. if to the Company:

AVM of South Carolina, Inc.
c/o AVM Corporation
Suite 3729, Mellon Bank, Building
Pittsburgh, Pennsylvania 15230
Attention: Vice President/Finance

d. if to the Escrow Agent:

Mellon Bank, N.A.
Mellon Square
Pittsburgh, Pennsylvania 15230
Attention: Corporate Trust Division,

or in accordance with the latest unrevoked written direction from any party to the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

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

By: _____
County Administrator
Marion County, South Carolina

ATTEST:

_____
Clerk
County Council of
Marion County, South Carolina

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AVM OF SOUTH CAROLINA, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

MELLON BANK, N.A.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

MELLON BANK, N.A., as ESCROW AGENT

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

EXHIBIT
APR 28 1981 NO. 2
STATE BUDGET & CONTROL BOARD

EXHIBIT

The State of South Carolina APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD
MAY 12 1981

Office of the Attorney General

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-8667

DANIEL R. McLEOD
ATTORNEY GENERAL

May 6, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: Not Exceeding $3,000,000 Spartanburg, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc. Project)

Dear Mr. Putnam:

Regarding the above-referenced notes, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 48-3-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

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The State of South Carolina

APR 27 1981

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-8667

DANIEL R. McLEOD
ATTORNEY GENERAL

April 24, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Industrial Revenue Notes (ABCO Industries, Inc. Project)

Dear Mr. Putnam:

Regarding the above-referenced notes, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 48-3-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

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REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 4/28/81]

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

1. Local Government: Spartanburg County
2. Bond Counsel:
   (a) Firm Guerard & Applegate
   (b) Contact Person Paul Troche Phone 722-7606
   (c) Address Box 1119, Charleston SC 29402
3. Project Name: ABCO Industries, Inc.
4. Issue Amount: $ not exceeding 3,000,000 Notes Type: Pollution Control
5. Employment Impact of Project: _____
6. Type/Nature of Business of Firm Involved: _____

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	Petition County 4/23	KH 4/24
(b) Documents on issuance/securing of bonds	✓KH 4/27	
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: North Carolina Natl Bank	✓EAV 4/28	EAV 4/28
(3) Review by State Auditor's Office (memo)		xxxxxxxx
(d) Health and Environmental Control certification	KH 4/27	
(e) B&C Board Resolution and Notice (10 copies for certification for bond counsel)	G+A 4/24	G+A 4/28
(f) Review by Attorney General's Office (letter)	✓4/27/81	xxxxxxxx

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North Carolina National Bank
Charlotte, NC 28255
Telephone 704 | 374-5000

APR 28 1981

NCNB

ok EW
4-28-81

April 27, 1981

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

State Budget and Control Board
P.O. Box 12444
Columbia, SC 29202

Attention: Mr. William A. McInnis, Secretary

Re: Not exceeding $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc. Project)

Dear Mr. McInnis:

Please be advised that North Carolina National Bank, Charlotte, North Carolina (the Bank), has investigated the financial strength of ABCO Industries, Inc., a South Carolina corporation. Based on this investigation, the Bank has agreed to purchase the above referenced Notes (the Notes), subject to the execution of definitive documents acceptable to the Bank relating to the purchase, and further subject to the satisfaction of the conditions set forth therein on or before the date of purchase.

The Bank will purchase the Notes for investment and may sell a participation interest in the Notes to Bankers Trust of South Carolina. Although the Bank will reserve the right to assign the Notes, please be advised that the Bank has no present intention of assigning or distributing the Notes, except with regard to the participation interest stated above.

Yours truly,

NORTH CAROLINA NATIONAL BANK

Thomas W. Bunn
Assistant Vice President

TWB/sbg

cc: Mr. Edgar A. Vaughn, State Auditor
Mr. J. Paul Trosch, Attorney

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EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

ORIGINAL

A RESOLUTION APPROVING THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING $3,000,000 POLLUTION CONTROL FACILITIES REVENUE NOTES, SERIES 1981 (ABCO INDUSTRIES, INC., PROJECT), PURSUANT TO THE PROVISIONS OF CHAPTER 3, TITLE 48, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

WHEREAS, the County Council of Spartanburg County, South Carolina (the County Board) has heretofore, by submitting a petition (the Petition), under and pursuant to the provisions of Chapter 3, Title 48, Code of Laws of South Carolina 1976, as amended (the Enabling Statute), requested the approval by the State Budget and Control Board of the issuance by Spartanburg County (the County), pursuant to the Enabling Statute, of its Pollution Control Facilities Revenue Notes (as defined in the Enabling Statute), Series 1981 (ABCO Industries, Inc., Project), in an aggregate principal amount of not exceeding $3,000,000 (the Notes); and

WHEREAS, the County now proposes to issue the Notes, in the aggregate principal amount of not exceeding $3,000,000, and loan the proceeds thereof to ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), under the terms of a loan agreement between the County and the Company (the Loan Agreement), for the purpose of defraying the cost of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the

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Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the Pollution Control Facilities); and

WHEREAS, it is proposed that the Notes will be payable solely from the loan repayments to be made by the Company under the Loan Agreement, and will be secured by the first mortgage lien of a mortgage from the Company to the County (the Mortgage), and a security agreement between the Company and the County (the Security Agreement), which Mortgage and Security Agreement will be assigned by the County to the Bank, and by a guaranty agreement between A. B. Bullington, Jr., and Carol P. Bullington and North Carolina National Bank (the Bank), the purchaser of the Notes, (the Guaranty Agreement); and

WHEREAS, the County has submitted (i) drafts of the documents to be entered into by the County in connection with the issuance of the Notes for review by the State Budget and Control Board, (ii) a copy of the letter of the South Carolina Department of Health and Environmental Control, dated March 9, 1981, certifying that the Pollution Control Facilities are necessary and will result in the elimination, mitigation, and prevention of air and water pollution by the Company, and (iii) an investment letter of the Bank, 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 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 County 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 the Enabling Statute;

(c) the Pollution Control Facilities, which are the subject of the Petition of the County Board, are intended to promote the purposes of the Enabling Statute and it is reasonably anticipated to effect such result; and

(d) the proposed financing is economically feasible.

SECTION 2

In consequence of the foregoing, the proposal of the County to issue the Notes and loan the proceeds thereof to the Company for the purpose of defraying the cost of acquiring, constructing, and equipping the Pollution Control Facilities, said Notes to be payable solely from the from the loan repayments to be made by the Company under the Loan

Agreement, to be secured by the lien of the Mortgage and security interest of the Security Agreement, and the Guaranty Agreement, be, and the same hereby is, hereby, in all respects, approved.

SECTION 3

Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in The Spartanburg Herald-Journal, a daily newspaper having general circulation in Spartanburg County.

SECTION 4

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

SECTION 5

This Resolution shall take effect immediately.

EXHIBIT A

NOTICE
PURSUANT TO THE PROVISIONS OF
SECTION 48-3-140
CODE OF LAWS OF SOUTH CAROLINA 1976

NOTICE is hereby given, pursuant to the provisions and requirements of Chapter 3, Title 48, Code of Laws of South Carolina 1976 (the Enabling Statute), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Spartanburg County, South Carolina, has given its approval to the following undertaking by Spartanburg County, South Carolina:

The issuance by Spartanburg County, South Carolina, of its Pollution Control Facilities Revenue Notes (as defined in the Enabling Statute), Series 1981 (ABCO Industries, Inc., Project), in the aggregate principal amount of not exceeding $3,000,000 (the Notes); the loaning of the proceeds of the Notes to ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), for the purpose of defraying the cost of acquiring, constructing, and equipping certain Pollution Control Facilities (the Pollution Control Facilities). The Notes are to be payable solely from the loan repayments made by the Company under the terms of a loan agreement between the County and the Company (the Loan Agreement), and will be secured by the lien of a mortgage from the Company to the County (the Mortgage); by a guaranty agreement between A.

B. Bullington, Jr., and Carol P. Bullington (the Guarantors), and North Carolina National Bank, Charlotte, North Carolina (the Bank) (the Guaranty Agreement); by a mortgage from the Company to the County (the Mortgage); and by a security agreement between the Company and the County (the Security Agreement). The Mortgage and Security Agreement will be assigned by the County to the Bank.

The County Council of Spartanburg County has made the following findings:

(i) The facilities to be acquired, constructed, and equipped are "pollution control facilities", as defined in the Enabling Statute.

(ii) There is a need for the Pollution Control Facilities for the Company.

(iii) The Company is a corporation with established credit and is financially responsible and the Guarantors are individuals with established credit and are financially responsible and are capable of fulfilling their obligations and discharging their responsibilities which may be imposed under the Loan Agreement and the Guaranty Agreement.

(iv) Adequate provisions shall be made for the payment of principal and interest on the Notes and any necessary reserves therefor and for the operation, repair, and maintenance of the Pollution Control Facilities at the expense

of the Company.

The South Carolina Department of Health and Environmental Control, on March 9, 1981, certified that the Pollution Control Facilities are necessary and will result in the elimination, mitigation, and prevention of air and water pollution by the Company.

NOTICE IS FURTHER GIVEN that any interested party may, within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action taken by the State Budget and Control Board, the County Council of Spartanburg County, or the Department of Health and Environmental Control of South Carolina, by action de novo, instituted in the Court of Common Pleas for Spartanburg County, South Carolina.

STATE BUDGET AND CONTROL BOARD

By: William A. McInnis
Secretary

Dated: April ___, 1981

Publication Date:

_____

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EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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 9:00 A. M., Tuesday, April 28, 1981, 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:

Senator Dennis (during consideration of this item)

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
4	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.

_____

Secretary

May 12, 1981

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EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 48-3-140 OF THE
CODE OF LAWS OF SOUTH CAROLINA 1976

RE: NOT EXCEEDING $3,000,000 SPARTANBURG COUNTY, SOUTH CAROLINA POLLUTION CONTROL FACILITIES REVENUE NOTES, SERIES 1981 (ABCO INDUSTRIES, INC., PROJECT)

EX PARTE:

COUNTY COUNCIL OF SPARTANBURG COUNTY,
SOUTH CAROLINA

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TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr.
State Treasurer
The Honorable Earle E. Morris, Jr.
Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom E. Mangum, Chairman
House Ways and Means Committee

Your Petitioner, the County Council of Spartanburg County, South Carolina, pursuant to Chapter 3, Title 48, Code of Laws of South Carolina 1976 (the Enabling Statute), and specifically, Section 48-3-140 thereof, respectfully shows:

1. The County Council of Spartanburg County is the governing body of Spartanburg County and, as such, constitutes a "County Board", as referred to in the Enabling Statute, with respect to pollution control facilities located in South Carolina.

2. The Enabling Statute, among other things, empowers Spartanburg County (the County), functioning through its County Board (the County Board), subject to obtaining approval from the State Budget and Control Board (the State Board) required by Section 48-3-140 of the Enabling Statute and from the Department of Health and Environmental Control, required by Section 48-3-60 of the Enabling Statute, to enter into agreements with any industry necessary or incidental to the issuance of bonds; to enter into loan agreements with any industry, prescribing the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on the bonds, including terms and conditions relative to the

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acquisition and use of pollution control facilities and the issuance of bonds; to issue bonds for the purpose of defraying the cost of providing pollution control facilities and to secure the payment of such bonds; and to make the proceeds of any bonds available by way of a loan to an industry pursuant to a loan agreement.

3. The County Board has agreed to issue not exceeding $3,000,000 Pollution Control Facilities Revenue Notes of Spartanburg County pursuant to the Enabling Statute and to loan the proceeds thereof to ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), pursuant to the terms of a Loan Agreement between the County and the Company (the Loan Agreement), to finance the cost of acquiring and constructing pollution control facilities, as defined in the Enabling Statute, consisting of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the said pollution control facilities, as so acquired and constructed, being hereinafter referred to as the Pollution Control Facilities).

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4. The County Board is advised by the Company that the cost of acquiring the land and constructing the new Pollution Control Facilities, including interest during construction and the costs of issuing the bonds, will be not exceeding $3,000,000; and that, therefore, in order to defray a major portion of the cost of the Pollution Control Facilities, including interest during construction and the cost of the financing, it will be necessary that the County Board issue not exceeding THREE MILLION ($3,000,000) DOLLARS Spartanburg County, South Carolina, Pollution Control Facilties Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (the Notes).

5. The Company has advised County Council that the Notes will bear interest at the rate of Sixty-eight per centum (68%) per annum of the rate of interest per annum charged and announced by North Carolina National Bank, Charlotte, North Carolina (the Bank), on ninety (90) day obligations of commercial customers having the highest credit standing, as in effect from time to time, and that the Notes will be payable as follows: (i) Interest only on the principal balance from time to time outstanding payable on December 31, 1981; (ii) principal payable in thirty-five (35) equal, successive, quarterly installments, in the amount of $83,333.33, plus interest, beginning March 31, 1982, and continuing through September 30, 1990; and (iii) a thirty-sixth and final installment of both principal and interest due and payable on December 31, 1990.

6. The Company has advised the County Board that the payment of the Notes, both principal and interest, will be unconditionally guaranteed by A. B. Bullington, Jr., and Carol P. Bullington, under a

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note guaranty agreement (the Guaranty Agreement).

7. As further security for the Notes, the Company has advised the County that the Company will give the County a first mortgage on the Pollution Control Facilities (the Mortgage), which Mortgage will be assigned by the County to the Bank, and a security agreement on the machinery and equipment in the Pollution Control Facilities (the Security Agreement), which Security Agreement will be assigned by the County to the Bank. The Mortgage and Security Agreement will also secure all other debt owed by the Company to the Bank, and all property securing other debt owed by the Company to the Bank will be pledged as additional security for the Notes.

8. The County Board has found and determined that:

a. The facilities to be acquired, constructed, and equipped are "pollution control facilities", as defined in the Enabling Statute.

b. There is a need for the Pollution Control Facilities in the County to provide modern and efficient pollution control facilities at the lowest possible expense to the Company.

c. The Company is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the Loan Agreement to be entered into between the County and the Company, including the obligations to make the payments required thereunder, to operate, repair, and maintain, at its own expense, the

Pollution Control Facilities, and to discharge such other responsibilities as may be imposed under the Loan Agreement.

d. The Loan Agreement shall contain covenants obligating the Company to effect the completion of the Pollution Control Facilities if the proceeds of the Notes prove insufficient, and obligating the Company to pay the principal of and interest on the Notes and any necessary reserves therefor and the costs of maintaining the Pollution Control Facilities in good repair and keeping the Pollution Control Facilities properly insured.

e. The issuance of the Notes will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Statute.

f. Neither the Pollution Control Facilities, the Notes, nor any documents or agreements entered into by the County in connection therewith, will constitute an indebtedness of the County within the meaning of any State constitutional provisions 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.

9. Pursuant to Section 48-3-140 of the Enabling Statute, the County Board sets forth the following information:

a. The Pollution Control Facilities to be undertaken consist of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1)

mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the Pollution Control Facilities).

b. In connection with the Pollution Control Facilities, the Department of Health and Environmental Control has issued its Certificate of Need, dated March 9, 1981 (Exhibit A).

c. The cost of the Pollution Control Facilities will be not exceeding THREE MILLION ($3,000,000) DOLLARS, including interest during construction, financing cost, and all other expenses to be incurred in connection therewith.

d. In general, the terms and conditions of the proposed Loan Agreement, a draft copy of which is being submitted to the Attorney General of South Carolina, provide that:

(i) To finance the cost of the Pollution Control Facilities, the County will, at the request of the Company, issue not exceeding $3,000,000 Pollution Control Facilities Revenue Notes, Series

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1981, of Spartanburg County, South Carolina, and loan the proceeds thereof to the Company for the purpose of defraying the major cost of the Pollution Control Facilities, including interest during construction and the costs of the financing.

(ii) The Loan Agreement contains no provisions imposing an indebtedness on 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 credit or taxing powers.

e. A draft copy of the proposed Mortgage, Security Agreement, and Guaranty Agreement are being submitted to the Attorney General for the State of South Carolina.

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

That the State Budget and Control Board (i) accept the filing of the Petition presented herewith, (ii) as soon as practicable, make its independent investigation of the Pollution Control Facilities and the terms and provisions of the Loan Agreement, Mortgage, Security Agreement, and Guaranty Agreement as it deems advisable, (iii) thereafter, make a finding that the proposed Pollution Control Facilities

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are intended to promote the purposes of the Enabling Statute and that it is reasonably anticipated that the Pollution Control Facilities will effect such result, (iv) make a finding that the proposed financing is economically feasible, and, on the basis of such finding, approve the issuance of not exceeding $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), and the loan of the proceeds thereof to the Company for the purpose of defraying the cost of the acquisition, construction, and installation of the Pollution Control Facilities, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and (v) give published notice of its approval in the manner set forth in Section 48-3-140 of the Enabling Statute.

Respectfully submitted,
SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: Kenneth L. Wedmoreland
County Administrator
Spartanburg County, South Carolina

ATTEST:

Carolyn P. Farris
Clerk
County Council of
Spartanburg County, South Carolina

Dated: April 22, 1981

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APPROVED as to Form and Content:

_____

County Attorney
Spartanburg County, South Carolina

EXHIBIT A TO PETITION TO
STATE BUDGET AND CONTROL BOARD

CERTIFICATE

WHEREAS, the South Carolina Department of Health and Environmental Control (the Department) has been advised by ABCO Industries, Inc., a South Carolina corporation, (the Company) that Spartanburg County, South Carolina proposes to finance (1) the acquisition, construction and installation of all materials necessary to effect the modification of the thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the town of Roebuck, Spartanburg County, as more fully set forth in Construction Permit No. I-42-035 dated February 6, 1981 issued by the Department's Bureau of Air Quality Control; (2) the acquisition, construction and installation of a wastewater treatment plant located on the Company's property approximately one (1) mile southwest of the town of Roebuck, Spartanburg County, together with the necessary pipeline to transport said treated wastewater to a NPDES permitted discharge point in the North Tyger River as more fully set forth in the Company's Engineering Report and Environmental Impact Statement dated January 15, 1981 submitted to the Department's Industrial Wastewater Division on January 19, 1981; and (3) the acquisition of necessary land incidental to the construction of said pipeline from the Company's wastewater treatment plant to the North Tyger River, which land lies on both sides of Interstate Highway 26 south of the Transcontinental Gas Pipe Line Company right-of-way and east of the North Tyger River in Spartanburg County; through the issuance of Pollution Control Revenue Bonds in an amount not exceeding three million dollars pursuant to the authorization of Title 48, Chapter 3, Code of Laws of South Carolina, 1976 as amended, and in that connection must obtain, in accordance with Section 48-3-60 of said Code, a finding from the Department that said

proposed air and water pollution control facilities and land incidental thereto are necessary and that the design thereof will result in the elimination, mitigation and prevention of air and water pollution; and

WHEREAS, the Commissioner of the Department has been duly authorized by the Department to determine whether or not the findings required by Section 48-3-60 of said Code be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner has made a determination in this instance that such findings can be made and is further empowered by the Department to issue its Certificate to that effect;

NOW, THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the said air and water pollution control facilities and land incidental thereto described herein (i) are necessary, and (ii) that the design thereof will result in the elimination, mitigation and prevention of air and water pollution. It is to be clearly understood that this certification is for bonding purposes only, and shall not be construed as a certification for the establishment of any property tax exemptions whatsoever.

DONE at Columbia, South Carolina, this 9 day of March, 1981.

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

By: Robert S. Jackson M.D.
Robert S. Jackson, M.D., Commissioner

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APR 23 1981
EXHIBIT
APR 28 1981 NO. 3
STATE BUDGET & CONTROL BOARD

OFFICE OF
Spartanburg County Attorney
Suite 415 Montgomery Building
P. O. Box 5306
Telephone (803) 582-6727
SPARTANBURG, SOUTH CAROLINA 29304

County Attorney
ROY McBEE SMITH

Assistant County Attorney
CHARLES P. EDWARDS

April 22, 1981

Mr. William A. McInis, Secretary
State Budget and Control Board
P.O. Box 12444
Columbia, SC 29211

RE: Spartanburg County Pollution Control Facilities Revenue Bonds (ABCO Industries, Inc., Project)

Dear Mr. McInis:

Enclosed is the original petition to the State Budget and Control Board in the above adopted by Spartanburg County, duly executed and dated April 22, 1981.

Sincerely,

Roy McBee Smith
RMS:pm
Enclosure
cc: Mr. John Paul Trouche

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EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 14, 1981

Roy McBee Smith, Esquire
County Attorney
Post Office Box 5306
Spartanburg, South Carolina 29301

Re: Spartanburg County Pollution Control Facilities Revenue Bonds (ABCO Industries, Inc., Project)

Dear Mr. Smith:

Enclosed are ten copies of a Resolution authorizing the Petition to the State Budget and Control Board, the original Petition, and the Bond Ordinance in connection with the captioned issue. I would appreciate your having Council adopt the Resolution and give first reading to the Bond Ordinance at Council's meeting scheduled for Wednesday, April 22, so that we may present the Petition to the State Budget and Control Board in time for its meeting on April 28. By separate letter I am sending copies of these documents to Bob Shelor, counsel for ABCO, and John Fennebresque, counsel for NCNB.

Thank you for your continued assistance in this matter.

With kind personal regards,

Sincerely,

Paul Trouche

jam

John Paul Trouche

JPT/jam
Enclosures

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GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 24, 1981

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

Re: Spartanburg County Pollution Control Facilities Revenue Notes (ABCO Industries, Inc., Project)

Dear Mr. McInnis:

Enclosed please find ten (10) copies of a proposed State Budget and Control Board Resolution in connection with the above captioned issue. I ask that you please put this issue on your agenda for the Board's meeting scheduled for Tuesday, April 28, and if the Resolution meets with the Board's approval, please return ten (10) certified copy of the same to this office in the stamped, self-addressed envelope provided for your convenience.

Thank you for your assistance in this matter, and with kind personal regards,

Yours very truly,

Paul Trouche

John Paul Trouche

JPT/jam
Enclosures

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EXHIBIT

APR 28 1981 NO. 2

STATE BUDGET & CONTROL BOARD

GUÉRARD AND APPLEGATE, P.A.
ATTORNEYS AND COUNSELLORS AT LAW
125 CHURCH STREET
CHARLESTON, SOUTH CAROLINA 29401
TELEPHONE (803) 722-7606

Theodore B. Guérard
W. E. Applegate, III

John Paul Trouche
Samuel W. Howell, IV

P. O. Box 1119
Zip Code 29402

April 24, 1981

Mrs. Karen LeCraft Henderson
Senior Assistant Attorney General
Room 709
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201

Re: Spartanburg County Pollution Control Facilities Revenue Notes (ABCO Industries, Inc., Project)

Dear Karen:

Enclosed for your review are drafts of the Loan Agreement, Mortgage, Security Agreement and Guaranty Agreement, together with a copy of the County's Resolution, in connection with the issuance of the Notes. The Petition to the State Budget and Control Board is on the agenda for the Board's meeting on Tuesday, April 28.

I certainly appreciate your cooperation in this matter, and please do not hesitate to call me if you have any questions.

With kind personal regards,

Yours very truly,

John Paul Trouche

JPT/jam
Enclosures

cc: Mr. William A. McInnis

P. S. Also enclosed is a copy of the State Budget and Control Board's Resolution.

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EXHIBIT

APR 2 8 1981 NO. 3

STATE BUDGET & CONTROL BOARD

A RESOLUTION

MAKING CERTAIN DETERMINATIONS AND FINDINGS PRIOR TO THE ISSUANCE OF NOT EXCEEDING $3,000,000 SPARTANBURG COUNTY, SOUTH CAROLINA, POLLUTION CONTROL FACILITIES REVENUE NOTES, SERIES 1981 (ABCO INDUSTRIES, INC., PROJECT); AND AUTHORIZING THE FILING OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, SEEKING ITS APPROVAL FOR THE ISSUANCE OF THE NOTES.

WHEREAS, Spartanburg County, South Carolina (the County), acting by and through its County Council (the County Council), is authorized and empowered, under and pursuant to the provisions of Chapter 3, Title 48, Code of Laws of South Carolina 1976 (the Enabling Statute), to issue pollution control facilities revenue bonds for the purpose of defraying the cost of acquiring and constructing facilities which are designed for the elimination, mitigation, or prevention of air or water pollution; and

WHEREAS, the County is further authorized by the Enabling Statute to make the proceeds of any pollution control facilities revenue bonds available by way of loan to an industry, pursuant to a loan agreement, for the purpose of acquiring and constructing "pollution control facilities", as defined in the Enabling Statute; and

WHEREAS, the County is further authorized to pledge or assign any moneys, rents, charges, fees, or other revenues, including any proceeds of insurance or condemnation awards pursuant to any loan agreement, to the payment of the bonds issued pursuant to such loan agreement; and

WHEREAS, the County and ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), entered into an Assistance Agreement, executed by the County on February 11, 1981, and executed by the Company on February 12, 1981 (the Assistance Agreement), whereby the County agrees, under the conditions set forth therein, inter alia, to issue not exceeding $3,000,000 pollution control facilities revenue bonds, pursuant to the Enabling Statute, and to loan the proceeds of such bonds to the Company to defray the cost of acquiring and constructing pollution control facilities consisting of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the Pollution Control Facilities); and

WHEREAS, the Department of Health and Environmental Control, by letter dated March 9, 1981, has certified that the Pollution Control Facilities are necessary and will result in the elimination, mitigation, and prevention of air and water pollution by the Company, and therefore, such Pollution Control Facilities are "pollution control facilities", as defined in the Enabling Statute; and

WHEREAS, the County Council now proposes to file with the State Budget and Control Board of South Carolina, in compliance with Section 48-3-140 of the Enabling Statute, the Petition of the County requesting approval of the proposed financing, in the amount of not exceeding $3,000,000, by the State Budget and Control Board.

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

SECTION 1

A. The County Council constitutes the "Governing Board", as that term is defined in the Enabling Statute.

B. The Pollution Control Facilities to be acquired, constructed, and equipped are "pollution control facilities", as defined in the Enabling Statute.

C. There is a need for the Pollution Control Facilities in the County to make accessible modern and efficient pollution control facilities at the lowest possible expense to the Company.

D. The Company is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the loan agreement to be entered into between the County and the Company, including the obligations to make the payments required thereunder, to operate, repair, and maintain, at its own expense, the Pollution Control Facilities, and discharging such other responsibilities as may be imposed under the loan agreement.

E. Adequate provisions shall be made for the payment of principal of and interest on the bonds and any necessary reserves therefor and for the operation, repair, maintenance, and insurance of the Pollution Control Facilities at the expense of the Company.

F. The issuance of not exceeding THREE MILLION ($3,000,000) DOLLARS Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (the Notes), will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Statute.

G. Neither the Pollution Control Facilities, the Notes, nor any documents or agreements entered into by the County in connection therewith will constitute an indebtedness of the County within the meaning of any State constitutional provisions 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.

H. The issuance of the Notes, in an aggregate principal amount of not exceeding $3,000,000, will be required in order to loan the proceeds thereof to the Company for the purpose of defraying the major portion of the cost of the Pollution Control Facilities.

I. The Company has advised County Council that the Notes will bear interest at the rate of Sixty-eight per centum (68%) per annum of the rate of interest per annum charged and announced by North Carolina National Bank, Charlotte, North Carolina (the Bank), on ninety (90) day obligations of commercial customers having the highest credit standing, as in effect from time to time, and that the Notes will

be payable as follows: (i) Interest only on the principal balance from time to time outstanding payable on December 31, 1981; (ii) principal payable in thirty-five (35) equal, successive, quarterly installments, in the amount of $83,333.33, plus interest, beginning March 31, 1982, and continuing through September 30, 1990; and (iii) a thirty-sixth and final installment of both principal and interest due and payable on December 31, 1990.

J. The payment of the Notes, both principal and interest, will be unconditionally guaranteed by A. B. Bullington, Jr., and Carol P. Bullington, under a note guaranty agreement (the Guaranty Agreement).

K. As further security for the Notes, the Company will give the County a first mortgage on the Pollution Control Facilities (the Mortgage), which Mortgage will be assigned by the County to the Bank, and a security agreement on the machinery and equipment in the Pollution Control Facilities (the Security Agreement), which Security Agreement will be assigned by the County to the Bank. The Mortgage and Security Agreement will also secure all other debt owed by the Company to the Bank, and all property securing other debt owed by the Company to the Bank will be pledged as additional security for the Notes.

SECTION 2

There is hereby authorized and directed to be submitted, on behalf of the County, a Petition of this County Council, requesting the approval of the proposed financing by the State Budget and Control

Board of South Carolina, pursuant to the provisions of Section 48-3-140 of the Enabling Statute, said Petition to be in substantially the form attached hereto as Exhibit A, with such changes, insertions, and omissions as may be approved by the County Attorney for Spartanburg County, said execution being conclusive evidence of such approval.

SECTION 3

The County Administrator of Spartanburg County is hereby authorized and directed to execute said Petition in the name and on behalf of the County and the Clerk of the County Council (or, in her absence, the Acting Clerk) is hereby authorized and directed to affix the Seal of the said County Council to said Petition and to attest the same and thereafter submit an executed copy of this Resolution, along with said Petition, to the State Budget and Control Board of 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.

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EXHIBIT A

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 48-3-140 OF THE
CODE OF LAWS OF SOUTH CAROLINA 1976

RE: NOT EXCEEDING $3,000,000 SPARTANBURG COUNTY, SOUTH CAROLINA POLLUTION CONTROL FACILITIES REVENUE NOTES, SERIES 1981 (ABCO INDUSTRIES, INC., PROJECT)

EX PARTE:

COUNTY COUNCIL OF SPARTANBURG COUNTY,
SOUTH CAROLINA

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TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr.
State Treasurer
The Honorable Earle E. Morris, Jr.
Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom E. Mangum, Chairman
House Ways and Means Committee

Your Petitioner, the County Council of Spartanburg County, South Carolina, pursuant to Chapter 3, Title 48, Code of Laws of South Carolina 1976 (the Enabling Statute), and specifically, Section 48-3-140 thereof, respectfully shows:

1. The County Council of Spartanburg County is the governing body of Spartanburg County and, as such, constitutes a "County Board", as referred to in the Enabling Statute, with respect to pollution control facilities located in South Carolina.

2. The Enabling Statute, among other things, empowers Spartanburg County (the County), functioning through its County Board (the County Board), subject to obtaining approval from the State Budget and Control Board (the State Board) required by Section 48-3-140 of the Enabling Statute and from the Department of Health and Environmental Control, required by Section 48-3-60 of the Enabling Statute, to enter into agreements with any industry necessary or incidental to the issuance of bonds; to enter into loan agreements with any industry, prescribing the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on the bonds, including terms and conditions relative to the

acquisition and use of pollution control facilities and the issuance of bonds; to issue bonds for the purpose of defraying the cost of providing pollution control facilities and to secure the payment of such bonds; and to make the proceeds of any bonds available by way of a loan to an industry pursuant to a loan agreement.

3. The County Board has agreed to issue not exceeding $3,000,000 Pollution Control Facilities Revenue Notes of Spartanburg County pursuant to the Enabling Statute and to loan the proceeds thereof to ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company), pursuant to the terms of a Loan Agreement between the County and the Company (the Loan Agreement), to finance the cost of acquiring and constructing pollution control facilities, as defined in the Enabling Statute, consisting of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the said pollution control facilities, as so acquired and constructed, being hereinafter referred to as the Pollution Control Facilities).

4. The County Board is advised by the Company that the cost of acquiring the land and constructing the new Pollution Control Facilities, including interest during construction and the costs of issuing the bonds, will be not exceeding $3,000,000; and that, therefore, in order to defray a major portion of the cost of the Pollution Control Facilities, including interest during construction and the cost of the financing, it will be necessary that the County Board issue not exceeding THREE MILLION ($3,000,000) DOLLARS Spartanburg County, South Carolina, Pollution Control Facilties Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (the Notes).

5. The Company has advised County Council that the Notes will bear interest at the rate of Sixty-eight per centum (68%) per annum of the rate of interest per annum charged and announced by North Carolina National Bank, Charlotte, North Carolina (the Bank), on ninety (90) day obligations of commercial customers having the highest credit standing, as in effect from time to time, and that the Notes will be payable as follows: (i) Interest only on the principal balance from time to time outstanding payable on December 31, 1981; (ii) principal payable in thirty-five (35) equal, successive, quarterly installments, in the amount of $83,333.33, plus interest, beginning March 31, 1982, and continuing through September 30, 1990; and (iii) a thirty-sixth and final installment of both principal and interest due and payable on December 31, 1990.

6. The Company has advised the County Board that the payment of the Notes, both principal and interest, will be unconditionally guaranteed by A. B. Bullington, Jr., and Carol P. Bullington, under a

note guaranty agreement (the Guaranty Agreement).

7. As further security for the Notes, the Company has advised the County that the Company will give the County a first mortgage on the Pollution Control Facilities (the Mortgage), which Mortgage will be assigned by the County to the Bank, and a security agreement on the machinery and equipment in the Pollution Control Facilities (the Security Agreement), which Security Agreement will be assigned by the County to the Bank. The Mortgage and Security Agreement will also secure all other debt owed by the Company to the Bank, and all property securing other debt owed by the Company to the Bank will be pledged as additional security for the Notes.

8. The County Board has found and determined that:

a. The facilities to be acquired, constructed, and equipped are "pollution control facilities", as defined in the Enabling Statute.

b. There is a need for the Pollution Control Facilities in the County to provide modern and efficient pollution control facilities at the lowest possible expense to the Company.

c. The Company is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the Loan Agreement to be entered into between the County and the Company, including the obligations to make the payments required thereunder, to operate, repair, and maintain, at its own expense, the

Pollution Control Facilities, and to discharge such other responsibilities as may be imposed under the Loan Agreement.

d. The Loan Agreement shall contain covenants obligating the Company to effect the completion of the Pollution Control Facilities if the proceeds of the Notes prove insufficient, and obligating the Company to pay the principal of and interest on the Notes and any necessary reserves therefor and the costs of maintaining the Pollution Control Facilities in good repair and keeping the Pollution Control Facilities properly insured.

e. The issuance of the Notes will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Statute.

f. Neither the Pollution Control Facilities, the Notes, nor any documents or agreements entered into by the County in connection therewith, will constitute an indebtedness of the County within the meaning of any State constitutional provisions 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.

9. Pursuant to Section 48-3-140 of the Enabling Statute, the County Board sets forth the following information:

a. The Pollution Control Facilities to be undertaken consist of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1)

mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the Pollution Control Facilities).

b. In connection with the Pollution Control Facilities, the Department of Health and Environmental Control has issued its Certificate of Need, dated March 9, 1981 (Exhibit A).

c. The cost of the Pollution Control Facilities will be not exceeding THREE MILLION ($3,000,000) DOLLARS, including interest during construction, financing cost, and all other expenses to be incurred in connection therewith.

d. In general, the terms and conditions of the proposed Loan Agreement, a draft copy of which is being submitted to the Attorney General of South Carolina, provide that:

(i) To finance the cost of the Pollution Control Facilities, the County will, at the request of the Company, issue not exceeding $3,000,000 Pollution Control Facilities Revenue Notes, Series

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1981, of Spartanburg County, South Carolina, and loan the proceeds thereof to the Company for the purpose of defraying the major cost of the Pollution Control Facilities, including interest during construction and the costs of the financing.

(ii) The Loan Agreement contains no provisions imposing an indebtedness on 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 credit or taxing powers.

e. A draft copy of the proposed Mortgage, Security Agreement, and Guaranty Agreement are being submitted to the Attorney General for the State of South Carolina.

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

That the State Budget and Control Board (i) accept the filing of the Petition presented herewith, (ii) as soon as practicable, make its independent investigation of the Pollution Control Facilities and the terms and provisions of the Loan Agreement, Mortgage, Security Agreement, and Guaranty Agreement as it deems advisable, (iii) thereafter, make a finding that the proposed Pollution Control Facilities

are intended to promote the purposes of the Enabling Statute and that it is reasonably anticipated that the Pollution Control Facilities will effect such result, (iv) make a finding that the proposed financing is economically feasible, and, on the basis of such finding, approve the issuance of not exceeding $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), and the loan of the proceeds thereof to the Company for the purpose of defraying the cost of the acquisition, construction, and installation of the Pollution Control Facilities, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and (v) give published notice of its approval in the manner set forth in Section 48-3-140 of the Enabling Statute.

Respectfully submitted,
SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
County Administrator
Spartanburg County, South Carolina

ATTEST:

XXXXXXXXXXXXXXXXXXXXXXXXXX
Clerk
County Council of
Spartanburg County, South Carolina

Dated: _____, 1981

APPROVED as to Form and Content:

XXXXXXXXXXXXXXXXXXXXXXXXXXX
County Attorney
Spartanburg County, South Carolina

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EXHIBIT

APR 2 8 1981 NO. 3

STATE BUDGET & CONTROL BOARD

CERTIFICATE

WHEREAS, the South Carolina Department of Health and Environmental Control (the Department) has been advised by ABCO Industries, Inc., a South Carolina corporation, (the Company) that Spartanburg County, South Carolina proposes to finance (1) the acquisition, construction and installation of all materials necessary to effect the modification of the thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the town of Roebuck, Spartanburg County, as more fully set forth in Construction Permit No. I-42-035 dated February 6, 1981 issued by the Department's Bureau of Air Quality Control; (2) the acquisition, construction and installation of a wastewater treatment plant located on the Company's property approximately one (1) mile southwest of the town of Roebuck, Spartanburg County, together with the necessary pipeline to transport said treated wastewater to a NPDES permitted discharge point in the North Tyger River as more fully set forth in the Company's Engineering Report and Environmental Impact Statement dated January 15, 1981 submitted to the Department's Industrial Wastewater Division on January 19, 1981; and (3) the acquisition of necessary land incidental to the construction of said pipeline from the Company's wastewater treatment plant to the North Tyger River, which land lies on both sides of Interstate Highway 26 south of the Transcontinental Gas Pipe Line Company right-of-way and east of the North Tyger River in Spartanburg County; through the issuance of Pollution Control Revenue Bonds in an amount not exceeding three million dollars pursuant to the authorization of Title 48, Chapter 3, Code of Laws of South Carolina, 1976 as amended, and in that connection must obtain, in accordance with Section 48-3-60 of said Code, a finding from the Department that said

EXHIBIT

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STATE BUDGET & CONTROL BOARD

proposed air and water pollution control facilities and land incidental thereto are necessary and that the design thereof will result in the elimination, mitigation and prevention of air and water pollution; and

WHEREAS, the Commissioner of the Department has been duly authorized by the Department to determine whether or not the findings required by Section 48-3-60 of said Code be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner has made a determination in this instance that such findings can be made and is further empowered by the Department to issue its Certificate to that effect;

NOW, THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the said air and water pollution control facilities and land incidental thereto described herein (i) are necessary, and (ii) that the design thereof will result in the elimination, mitigation and prevention of air and water pollution. It is to be clearly understood that this certification is for bonding purposes only, and shall not be construed as a certification for the establishment of any property tax exemptions whatsoever.

DONE at Columbia, South Carolina, this 9 day of March, 1981.

SOUTH CAROLINA DEPARTMENT OF
HEALTH AND ENVIRONMENTAL CONTROL

By: Robert S. Jackson
Robert S. Jackson, M.D., Commissioner

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Draft of 4/22/81

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

LOAN AGREEMENT

between

SPARTANBURG COUNTY, SOUTH CAROLINA

and

ABCO INDUSTRIES, INC.

DATED AS OF MAY 1, 1981

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ASSIGNMENT OF LOAN AGREEMENT	

THIS LOAN AGREEMENT, dated as of May 1, 1981, between SPARTANBURG COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Spartanburg County, South Carolina, which is the governing body of said County, party of the first part, and ABCO INDUSTRIES, INC., a corporation to be organized under the Laws of the State of South Carolina, party of the second part,

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements 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 a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Loan Agreement, the sale of the Note, as hereinafter defined, the insurance proceeds, and proceeds from released property and condemnation awards as herein provided):

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ARTICLE I

DEFINITIONS

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

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

"ADDITIONS" or "ALTERATIONS" means improvements, replacements, alterations, additions, enlargements, or expansions in, on, or to the Project.

"AGREEMENT" or "LOAN AGREEMENT" means the within Loan Agreement between the County and the Company as the same may be amended from time to time in accordance with the provisions hereof.

"ASSIGNEE" means North Carolina National Bank, Charlotte, North Carolina, the assignee of this Agreement and the Mortgage, its successors and assigns.

"ASSIGNMENT" means the instrument of assignment to North Carolina National Bank, Charlotte, North Carolina, its successors and assigns.

"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 Assignee, containing the specimen signature of such person and signed by the Company. Such certificates may designate an alternate or alternates.

"AUTHORIZED COUNTY REPRESENTATIVE" means the person at the time designated to act in behalf of the County by written certificate furnished to the Company and the Assignee containing the specimen signature of such person and signed on behalf of the County by the Chairman of the County Board. Such certificate may designate an alternate or alternates.

"CHAIRMAN" means the chief executive officer of the County Board. The term shall also include the Vice Chairman of the County Board whenever, by reason of absence, illness, or other reason, the person who is Chairman is unable to act.

"CLERK" means the Clerk of the County Board. The term shall also include the Assistant or Acting Clerk of the County Board whenever, by reason of absence, illness, or other reason, the person who is the Clerk is unable to act.

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

"COMPANY" means the party of the second part hereto and its successors and assigns.

"COMPLETION DATE" means the date of completion of the construction of the Pollution Control Facilities and all other facilities and the installation therein of the Equipment in connection with the Project as that date shall be certified as provided in Section 4.5 hereof.

"CONSTRUCTION ACCOUNT" means the Construction Account created in Section 4.3 herein.

"CONSTRUCTION PERIOD" means the period between the beginning of construction or the date on which the Notes are first delivered to the purchaser thereof (whichever is earlier) and the Completion Date.

"COUNTY" means Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"COUNTY BOARD" means the County Council of Spartanburg County, and any successor body.

"ENABLING STATUTE" means Title 48, Chapter 3, Code of Laws of South Carolina 1976, as amended.

"EQUIPMENT" means those items of machinery and equipment and related property described in Exhibit B incorporated herein, required herein to be acquired and installed in the Pollution Control Facilities or elsewhere on the Land with proceeds from the sale of the Notes, or the proceeds of any payment by the Company pursuant to Section 4.6 hereof and any item of machinery, equipment, and related property acquired and installed in the Pollution Control Facilities or elsewhere on the Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 6.1, 6.2, 7.1, and 7.2 hereof, but does not include additional machinery and equipment identified as such and installed under the provisions of Section 9.7 hereof.

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

"INDEPENDENT ENGINEER" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina, satisfactory to the Assignee, and who or which is not a full-time employee of either the County or the Company.

"LAND" means the real property described in Exhibit A attached hereto which, by this reference thereto, is incorporated herein.

"MORTGAGE" means the mortgage upon the Land and Pollution Control Facilities given by the Company to the County, securing the obligations of the Company under this Agreement and all other obligations of the Company to North Carolina National Bank, and assigned by the County to the Assignee.

"NET PROCEEDS", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and reasonable fees and expenses of the Assignee) incurred in the collection of such gross proceeds.

"NOTES" means the $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), of the County to be issued and secured by the Mortgage, the proceeds of which will be loaned to the Company to be used to finance the acquisition, construction, and equipping of the Project. The Notes shall be substantially in the form of the attached Exhibit C.

"PENALTY RATE" means interest at the rate of _____ per centum (___%) per annum or such lesser rate as may be the maximum permitted by applicable usury laws.

"PERMITTED ENCUMBRANCES" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) the Mortgage and any other mortgages, liens, or security agreements from the Company to North Carolina National Bank, (iii) utility, access, and other easements and rights of way, flood rights, encroachments, leases, restrictions, and exceptions that an Independent Engineer and the Authorized Company Representative certify will not interfere with or impair the operations being conducted at the Project or in the Pollution Control Facilities (or, if the Pollution Control Facilities are not yet complete, the operations to be conducted in the Pollution Control Facilities or, if the Pollution Control Facilities have been completed and no operations are being conducted therein, the operations for which the Pollution Control Facilities were last designed or modified), (iv) such minor defects, irregularities, and encumbrances as normally exist with respect to properties similar in character to the Project and as do not, in the opinion of an Independent Counsel, materially impair the title to the Project for the purposes for which it was acquired or is held by the Company and which do not and will not interfere with the occupation, use, and enjoyment by the Company of the Project for the purposes hereby contemplated, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5, Title 29, Code of Laws of South Carolina 1976, as now or hereafter amended.

"POLLUTION CONTROL FACILITIES" means the pipeline to be constructed on the Land in accordance with applicable NPDES and other permits, with all appurtenant facilities and the modification of the thermal oxidation unit at the Company's existing manufacturing plant located approximately one mile southwest of the Town of Roebuck in Spartanburg County, including any renovations, improvements, and additions, as they may at any time exist.

"PROJECT" means the Land, Pollution Control Facilities, and Equipment.

SECTION 1.3 The words "hereof", "herein", "hereunder", and other words of similar import refer to this Loan Agreement as a whole.

SECTION 1.4 References to Articles, Sections, and other subdivisions of this Loan Agreement are to the designated Articles, Sections, and other subdivisions of this Loan Agreement.

SECTION 1.5 The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

SECTION 2.1 Representations by the County.

The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) 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 the Enabling Statute to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Enabling Statute. By proper action of the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County has all of the necessary powers, authorizations, consents, and approvals and has, by proper corporate action, agreed to enter into, execute, deliver, and perform (i) this Loan Agreement, (ii) the Assignment of Loan Agreement, dated as of the date hereof, (iii) the Assignment of the Mortgage, dated as of the date hereof, and (iv) the Notes; and further, to apply the proceeds from the issuance of the Notes as set forth in this Agreement.

(c) Heretofore, the County, on February 11, 1981, and the Company, on February 12, 1981, did agree, as set forth in an Assistance Agreement between the County and the Company, dated as of February 11, 1981, that the County would assist the Company in financing the cost of acquiring constructing, and equipping the Project. The Company has estimated that such cost will be $3,000,000. On that basis, the County now proposes to issue the Notes, in the aggregate principal amount of $3,000,000, which will be dated the date of their delivery, and which will mature and bear interest and will be subject to prepayment with premium at the prices and on the occasions as set forth in the form of the Notes attached hereto as Exhibit C, and loan the proceeds to the Company to pay the cost of acquiring, constructing, and equipping the Project.

(d) The County does hereby agree to assign this Agreement and the Mortgage to North Carolina National Bank, Charlotte, North Carolina, the initial purchaser of the Notes.

SECTION 2.2 Representations by the Company.

The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Company is a corporation which is to be duly incorporated under the Laws of the State of South Carolina, is in good standing under its Articles of Incorporation and the Laws of the State of South Carolina, and has power to enter into this Agreement, and, by proper corporate action, has been duly authorized to execute and deliver this Agreement.

(b) Neither the the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of the Company's Articles of Incorporation or By-Laws or any of the terms, conditions, or provisions of any corporate restriction or any agreement or instrument to which the Company is now a party or by which it is bound, or the constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement.

(c) The South Carolina Department of Health and Environmental Control, by letter dated March 9, 1981, has certified that the Pollution Control Facilities are necessary and will result in the elimination, mitigation, and prevention of air and water pollution.

(d) Relying upon the agreement of the County to finance the cost of the acquiring, constructing, and equipping of the Project as aforesaid, the Company has commenced construction of the Pollution Control Facilities and acquisition and installation of the Equipment.

(e) The intention of the County to issue the Notes and loan the proceeds thereof to the Company to finance the acquisition, construction, and equipping of the Project has assisted the Company in constructing the Pollution Control Facilities in the County.

(f) Substantially all proceeds derived from the sale of the Notes will be used to provide pollution control facilities, as defined in Section 103(b)(4)(F) of the Code.

ARTICLE III

TITLE INSURANCE

SECTION 3.1 Title Insurance.

At the time of the delivery of the Notes, the Company will provide, at Company's expense, a Mortgagee Title Insurance Policy (or appropriate Binder) upon the Land and Pollution Control Facilties, issued by a Company approved by the Assignee, insuring the lien of the Mortgage upon the Land and Pollution Control Facilities, subject to no encumbrances other than Permitted Encumbrances, in the amount of $_____.

ARTICLE IV

ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE NOTES; CONSTRUCTION ACCOUNT

SECTION 4.1 Agreement to Acquire, Construct, and Equip the Pollution Control Facilities.

The Company has acquired (or covenants and agrees promptly to acquire) the Land by deed duly recorded. The Company agrees to complete the construction of the Pollution Control Facilties as promptly as practicable after receipt of proceeds from the sale of the Notes and to continue the said construction with all reasonable dispatch, and to effect the acquisition and installation of the Equipment in the Pollution Control Facilities or on the Land as promptly as practicable.

The Company agrees that it will obtain all governmental permits, approvals, or certifications required in connection with the acquisition, construction, and equipping and operation of the Project.

SECTION 4.2 Agreement to Issue Notes; Application of Proceeds of the Notes.

In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the first day of July, 1981, sell and cause to be delivered to North Carolina National Bank, Charlotte, North Carolina, the initial purchaser, the Notes, in the aggregate principal amount of $3,000,000, and will thereupon deposit in the Construction Account hereinafter established the proceeds received from said sale.

SECTION 4.3 Establishment of the Construction Account; Disbursements from the Construction Account.

Not later than the occasion of the delivery of the Notes, the County will establish the Construction Account at the principal office of North Carolina National Bank, in the City of Charlotte, North Carolina. Withdrawals from the Construction Account shall be made only upon written certificate of the Authorized Company Representative, a copy of which shall be mailed to the Authorized County Representative. The County and the Company hereby authorize North Carolina National Bank to disburse the moneys in the Construction Account and to pay out the same to the persons entitled thereto in accordance with instructions of the Company in the form referred to below, and the Company is hereby authorized to instruct North Carolina National Bank to disburse funds from the Construction Account only for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

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(a) Payment of the initial or acceptance fee, if any, of North Carolina National Bank of the fees for recording the deed whereby the Land has been conveyed to the Company, the financing statements, and any title curative documents that either North Carolina National Bank, the Company, or Independent Counsel may deem desirable to file for record in order to perfect or protect the lien or security interest of the Mortgage on the Project; and the fees and expenses in connection with any actions or proceedings that either North Carolina National Bank, the Company, or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the Company to the Project or to perfect or protect the lien or security interest of the Mortgage on the Project.

(b) Payment of such amounts, if any, as shall be necessary to make reimbursement in full for all advances and payments made prior to or after the delivery of the Notes for expenditures in connection with (i) the acquisition by the Company of title to the Land and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof), (ii) clearing the Land, the construction of the Pollution Control Facilities, the acquisition and installation of the Equipment, and all construction, acquisition, and installation expenses required to provide utility services or other facilities, and all real and personal properties deemed necessary in connection with the Project (including architectural, engineering, and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project.

(c) Payment of the cost of legal, accounting, and financing fees and expenses, title insurance premiums, and printing and engraving costs incurred in connection with the authorization, sale, and issuance of the Notes, the preparation of this Agreement, the Mortgage, and all other documents in connection therewith, and in connection with the acquisition of title to the Land, Pollution Control Facilities, and Equipment.

(d) Payment for labor, services, materials, and supplies used or furnished in site improvement and in the construction of the Pollution Control Facilities, payment for all costs incident to the acquisition and installation of the Equipment, payment for the cost of the construction, acquisition, and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items, including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses, if any, for architectural, engineering, and supervisory services with respect to the Project.

(f) Payment to as such payments become due, of the fees and expenses of the North Carolina National Bank, including reasonable fees and expenses of North Carolina National Bank's counsel, that may become due during the Construction Period.

(g) To such extent as they shall not have been paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Agreement.

(h) Payment of the taxes, assessments, and other charges, if any, referred to in Section 6.3 hereof, that may become payable during the Construction Period or reimbursement thereof, if paid by the Company.

(i) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of interest on the Notes to the extent provided by the Enabling Statute and payment of any other costs and expenses relating to the Project authorized by the Enabling Statute.

(k) All moneys remaining in the Construction Account after completion of the construction of the Pollution Control Facilities, improvement of the Land, and acquisition and installation of the Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall be held by North Carolina National Bank and applied to the payment of principal on the Notes in inverse order of maturity, except for amounts remaining in the Construction Account with the approval of the Authorized Company Representative for payment of Project costs incurred but not then due and payable.

The payments specified in subsections (a) through (j) of this Section shall be made by North Carolina National Bank only upon receipt of the following:

(1) A requisition signed by the Authorized Company Representative, a copy of which shall be mailed to the Authorized County Representative, stating, with respect to each payment: (i) the amount to be paid; (ii) the nature and purpose of the obligation for which such payment is requested; (iii) the person, firm, or corporation to whom such obligation is owed, or to whom a reimbursable advance has been made; (iv) that such obligation has been properly incurred, is a proper charge against the Construction Account, and has not been the basis of any previous withdrawal; (v) that it has no written notice of any mechanics', materialmen's, or other liens or rights to liens, or other obligations (other than those being contested in good faith, as permitted by Section 6.3 hereof) which should be satisfied or discharged before payment of such obligation is made; (vi) that such payment does not include any amount which is then entitled to be retained under any holdbacks or retainages provided for in any agreement; and (vii) such payment, when added to all other payments previously made from the Construction Account, will not result in less than substantially all of the proceeds of the Notes having been expended for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(D) of the Code; and

(2) With respect to any such requisition for payment for work, materials, or supplies, or Equipment, a certificate, signed by the Authorized Company Representative, a copy of which shall be mailed to the Authorized County Representative, certifying that, insofar as such obligation was incurred for work, material, supplies, or Equipment in connection with the acquisition, construction, or installation of the Project, such work was actually performed in a satisfactory manner and such materials, supplies, or Equipment were actually used in or for such acquisition, construction, or installation or delivered to the Pollution Control Facilities or elsewhere on the Land for that purpose.

SECTION 4.4 Reliance on Directions, Requisitions, and Certifications.

In making any such payment from the Construction Account, North Carolina National Bank may rely on such directions, requisitions, and certifications delivered to it pursuant to Section 4.3, and North Carolina National Bank shall not have any liability with respect to making such payments in accordance with such directions, requisitions, and certifications or any liability with respect to the proper application hereof by the Company. North Carolina National Bank shall be liable only for its own negligence and willful misconduct.

SECTION 4.5 Establishment of Completion Date.

The Completion Date shall be evidenced to North Carolina National Bank by a certificate signed by the Authorized Company Representative stating that, except for amounts retained by North Carolina National Bank for Project costs incurred but not then due and payable as provided in Section 4.3(k), (i) construction of the Pollution Control Facilities and improvement of the Land have been completed in accordance with the specifications therefor and all labor, services, materials, and supplies used in such construction and improvement have been paid for, (ii) all other facilities necessary in connection with the Project have been constructed, acquired, and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, (iii) the Equipment has been installed to his satisfaction, the Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Article II hereof, and the costs and expenses incurred in the acquisition and installation of the Equipment have been paid, and (iv) a certificate of occupancy, if required, and any other approvals or permits required by any governmental authority for the occupancy and use of the Project for its intended purposes have been obtained. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Company to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

SECTION 4.6 Company Required to Pay Construction Costs in Event Construction Account Insufficient.

In the event the moneys in the Construction Account available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Company agrees to complete, or cause to be completed, the Project and to pay all that portion of the costs of the Project in excess of the moneys available therefor in the Construction Account. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Account and which, under the provisions of this Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Company agrees that payment by the Company after exhaustion of the moneys in the Construction Account of a portion of the said costs of the Project pursuant to the provisions of this Section, shall not entitle the Company to any reimbursement therefor from the County or from the holders of the Note, nor to any diminution of its obligation to repay the loan pursuant to Section 5.2 hereof. The obligation of the Company to complete the Project and to pay the costs thereof in excess of the moneys available therefor in the Construction Account shall survive any termination of this Agreement.

SECTION 4.7 Authorized Company and County Representatives and Successors.

The Company and the County Board shall designate, in the manner prescribed in Section 1.2, the Authorized Company Representative and the Authorized County Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8 Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties.

The Company covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Company in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3(k). Any amounts recovered by way of damage, refunds, adjustments, or otherwise in connection with the foregoing, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Account and after the Completion Date shall be held by North Carolina National Bank and applied to the payment of principal on the Notes in inverse order of maturity.

SECTION 4.9 Investment of Construction Account Moneys and Other Funds Permitted - Limitation on Investments.

Any moneys held as part of the Construction Account or any special trust account or collateral account established pursuant to this Agreement shall, at the written request of the Authorized Company Representative, be invested or reinvested by North Carolina National Bank for the account of the Company to the extent permitted by law in the manner set forth below but with maturities consonant with anticipated expenditures to be made from the Construction Account or such other accounts:

(i) obligations issued or guaranteed by the United States of America, or to the payment of which the full faith and credit of the United States of America is pledged;

(ii) general obligations of the State of South Carolina;

(iii) interest bearing deposits in Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; or

(iv) certificates of deposit issued by a bank or trust company (including North Carolina National Bank) which have combined capital and surplus of at least $10,000,000, and where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

Such investments shall be as directed in writing by the Authorized Company Representative.

The Company covenants that it will not direct the investment of any moneys held as a part of the Construction Account which are estimated to be required on a date earlier than two (2) business days from the date on which such moneys are held unless the amount of such moneys exceeds $_____.

Any interest accruing on or profit realized from the investment of any moneys held as part of the Construction Account shall be credited to the Construction Account and any loss resulting from such investment shall be charged to such Account. Any interest accruing or profit realized from the investment of any moneys held as part of any such special trust account or collateral account shall be credited to such trust account or collateral account and any loss resulting from such investment shall be charged to such trust account or collateral account.

ARTICLE V

EFFECTIVE DATE OF THIS AGREEMENT, DURATION OF TERM;
REPAYMENT OF LOAN; AND
UNCONDITIONAL OBLIGATIONS OF COMPANY

SECTION 5.1 Effective Date of this Agreement; Duration of Term.

This Agreement shall become effective upon its delivery and, subject to the provisions of this Agreement shall expire upon full payment of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes) and amounts then due to the County and the Assignee under this Agreement.

SECTION 5.2 Repayment of Loan and Other Amounts Payable.

The County has made available to the Company in the form of a loan, the proceeds derived from the sale of the Notes, and the Company shall repay such loan in accordance with the provisions of this Section 5.2, by paying to the Assignee (such payment to be made not later than 11:00 A.M. Assignee's local time, on the date such payment is due, in Federal or other funds immediately available at the time and place of such payments) as follows:

(a) on the last day of each March, June, September, and December, commencing March 31, 1982, and continuing through and including December 31, 1990, a sum which will equal the principal and interest on the Notes coming due on such date; and

(b) on any redemption date for the Notes, a sum equal to the principal of, and redemption premium (if any), and interest on the Notes or on the portion of the Notes which is to be redeemed on such date.

The amount of (i) interest and (ii) principal and interest due on the Note from time to time will be the amounts set forth therein and, upon the happening of an Event of Taxability, as defined in Section 11.1, the amount of interest and of principal and interest due shall be adjusted in accordance with the provisions of Section 11.1.

In any event, each loan payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by prepayment, or otherwise, as provided in the Notes) and premium, if any, payable on the payment date, and, if at any payment date the loan payment is insufficient to make required payments of principal (whether at maturity or by prepayment, or otherwise, as provided in the Notes), premium, if any, and interest on

such date, the Company will forthwith pay any such deficiency; provided that, should any loan payment exceed the amount payable on the payment date, then such excess shall be held by the Assignee in a special trust account or collateral account and credited against the next loan payment when such payment is due; and provided further, that if at any time the amount held by the Assignee for application as aforesaid should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Notes then remaining unpaid, then the Company shall not be obligated to make any further payments under this Section.

The Company agrees to pay to the Assignee, until the principal of, premium, if any, and interest on the Notes shall have been paid: (i) an amount equal to the annual fee of the Assignee for the ordinary expenses of the Assignee, as Assignee, rendered, and its ordinary expense, as Assignee, incurred under the Mortgage, as and when the same become due; (ii) reasonable fees and charges of the Assignee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Mortgage, as and when the same become due; provided, that the Company may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges, or expenses.

In the event the Company shall 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 Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon at the Penalty Rate until paid.

The payments provided for in this Section shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the County for moneys payable upon the Notes.

SECTION 5.3 Obligations of Company Hereunder Unconditional.

The obligations of the Company to make the payments required to be made under Section 5.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement, or otherwise. Until such time as Payment in Full of the Notes shall have been made, the Company (i) will not suspend or discontinue any payments required to be made herein, except to the extent the same have been prepaid, (ii) will perform and observe all its other agreements contained in this Agreement, and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, sale, loss, destruction, or condemnation of or damage to the Project, any change in the tax or

other laws of the United States of America or of the State of South Carolina or any political subdivision of either, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or in connection with this Agreement. Nothing contained in the Section shall be construed to release the County from the performance of any of the agreements on its part contained herein; and, in the event the County should fail to perform any such agreement on its part, the Company may institute such action against the County as the Company may deem necessary to compel such performance, so long as such action shall not do violence to the agreement on the part of the Company contained in the preceding sentence.

Nothing contained herein shall be construed to be a waiver of any rights which the Company may have against the County under this Agreement, or against other persons under this Agreement, or under any provision of law.

SECTION 5.4 Place of Payments.

The payments provided for in Section 5.2 hereof shall be paid directly to the Assignee at its principal office in North Carolina National Bank, Charlotte, North Carolina, for the account of the County.

ARTICLE VI

MAINTENANCE, TAXES, AND INSURANCE

SECTION 6.1 Maintenance and Modifications of Project by the Company.

The Company agrees that during the term of this Agreement it will at its own expense (i) keep the Project and related facilities in as reasonably safe condition as its operations shall permit and (ii) keep the Project and related facilities in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. The Company may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the structural integrity of the Pollution Control Facilities, or the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified) or materially impair the use of the Project or materially decrease its value. Subject to the provisions of Section 6.2 hereof, such Additions and Alterations so made by the Company shall become a part of the Project.

SECTION 6.2 Removal of Equipment.

If no event of default under this Agreement shall have happened and be continuing, in any instance where the Company in its discretion determines that any items of Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, the Company may remove such items of Equipment from the Pollution Control Facilities and the Land and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Assignee therefor, provided that the Company shall either:

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Pollution Control Facilities or on the Land other machinery, equipment or related property (i) having equal or greater utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, (ii) equal or greater market value, and (iii) an equal or greater remaining useful life than the replaced Equipment, provided such removal and substitution shall not impair operating unity, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (except as permitted hereby) and shall become part of the Equipment; or

(b) Not make any such substitution and installation, provided (i) that, in the case of the sale of any such Equipment to anyone other than itself or a person under common control or, in the case of the scrapping thereof, the Company shall pay to the Assignee, to be applied forthwith to principal on the Notes in inverse order of maturity, the proceeds of such sale or the scrap value thereof, as the case may be, (ii) that, in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be installed in the Pollution Control Facilities or on the Land, the Company shall pay to the Assignee, to be forthwith applied to principal on the Notes in inverse order of maturity, the amount of credit received on such trade-in, and (iii) that in the case of the sale of any such Equipment to the Company or in the case of any other disposition thereof the Company shall pay to the Assignee, to be forthwith applied to principal on the Notes in inverse order of maturity, an amount equal to the original cost thereof less depreciation on a straight-line basis calculated in accordance with generally accepted accounting practices.

If such removal causes damage to existing property not being removed, restoration and repair of such damage shall be made at the cost and expense of the Company.

The removal from the Project of any portion of the Equipment pursuant to the provisions of this Section shall not entitle the Company to any abatement or diminution of the amounts due under Section 5.2 hereof.

The Company shall promptly report to the Assignee each such removal, substitution, sale, trade-in, exchange, and other disposition; provided that, no such report need be made until the amount on account of all such sales, trade-ins, or other dispositions not previously reported aggregates at least $_____, and the Company shall pay to the Assignee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid to the Assignee promptly after the sale, trade-in, or other disposition requiring such payment; provided, that no such payment need be made until the amount to be paid to the Assignee on account of all such sales, trade-ins, or other dispositions not previously reported aggregates at least $_____. The Company shall not remove, or permit the removal of, any of the Equipment from the Land except in accordance with the provisions of this Section.

SECTION 6.3 Taxes, Other Governmental Charges, and Utility Charges.

The Company will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be

lawfully assessed or levied against or with respect to the Project or any furnishings, equipment, or other property installed or brought by the Company therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income, revenues, or receipts of the County from this Agreement which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Mortgage or a charge on the income, revenues, or receipts from this Agreement prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Mortgage and including all ad valorem taxes lawfully assessed upon the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as are required to be paid during the term of this Agreement.

If the Company shall first notify the Assignee of its intention so to do, the Company may, at its expense and in its own name and behalf, in good faith contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if the Company shall furnish the Assignee (i) an opinion of Independent Counsel that the lien of the Mortgage as to any part of the Project will not be materially endangered and no part of the Project will be subject to loss or forfeiture by nonpayment of any such items and (ii) a reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles, shall have been made therefor; otherwise such taxes, assessments, or charges shall be paid promptly. In the event that the Company shall fail to pay any of the foregoing items required by this Section to be paid by the Company, the Assignee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Assignee shall become an additional obligation of the Company to the Assignee, which amounts, together with interest thereon at the Penalty Rate from the date thereof until paid, the Company agrees to pay.

SECTION 6.4 Insurance Required.

Throughout the term of this Agreement, the Company shall keep the Project continuously insured against such risks as are at the time customarily insured against by businesses of like size and type (other than business interruption insurance), paying, as the same become due, all premiums in respect thereto. Such insurance shall include but not necessarily be limited to:

(a) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable cash value of the Project as determined by an insurer selected by the Company and satisfactory to the Assignee, against loss or damage by fire and lightning, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in South Carolina; provided that the insurance required by this subsection may contain a deductible provision of not in excess of $_____ direct damage applicable to each separate instance of loss or damage insured against or such higher amount as the Assignee shall approve.

(b) Boiler and pressure vessel (including pressure pipes) explosion insurance in an amount at least equal to $_____, with deductible provisions not to exceed $_____, with respect to all boilers and pressure vessels and pressure pipes installed in the Project, or such higher or lower amount as the Assignee shall approve.

(c) General public liability insurance against claims for bodily injury, death, or property damage occurring on, in, or about the Project and the adjoining streets, sidewalks, and passageways, such insurance to afford protection of not less than $_____ with respect to bodily injury to any one person, not less than $_____ with respect to bodily injury to two or more persons in any one accident, and not less than $_____ with respect to property damage.

(d) Insurance (or authorization by the appropriate officials of the State of South Carolina to self insure) covering any liability under the Workmen's Compensation laws of South Carolina for deaths of or injuries to persons arising out of any act or omission during the term of this Agreement.

SECTION 6.5 Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.4(a) and (b) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required in Section 6.4(c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance is carried.

SECTION 6.6 Additional Provisions Respecting Insurance.

All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Company. All policies evidencing such insurance shall

provide for payment of the losses to the Company and the Assignee, as their respective interests may appear, and the policies required by Section 6.4(a) and (b) shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of $_____ for loss or damage covered thereby be paid to the Assignee; provided, however, that all claims regardless of amount may be adjusted by the Company with the insurers, subject to approval of the Assignee as to settlement of any claim in excess of $_____. In rendering any approval hereunder, the Assignee may rely upon an opinion of Independent Counsel. The insurance hereby required may be contained in blanket policies now or hereafter maintained by the Company, including blanket policies for general public liability insurance.

All such policies shall contain a provision that any such policy may not be cancelled unless the Assignee is notified at least thirty (30) days prior to cancellation; and at least thirty (30) days prior to expiration of any such policy, the Company shall furnish the Assignee with evidence satisfactory to the latter, that the policy has been renewed or replaced or is no longer required by this Loan Agreement.

The Company shall furnish the Assignee annually with a certificate, in form and substance satisfactory to the Assignee, signed by the Authorized Company Representative, stating and demonstrating that the Company is in compliance with the insurance requirements of this Article VI.

SECTION 6.7 Advances by Assignee.

In the event the Company shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Project and related facilities in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Project in good repair and good operating condition, the Assignee, after written notice to the Company of its intent to take such action, may, if satisfactorily indemnified and requested to do so by the holder at the time of the Notes, endeavor to take out the required policies of insurance and pay the premium on the same or make the required repairs, renewals, and replacements; and all amounts so advanced therefor by the Assignee shall become an additional obligation of the Company to the Assignee, which amounts, together with interest thereon at the Penalty Rate, from the date thereof, the Company agrees to pay on demand; provided that the Assignee shall not be liable if it is unable, despite its reasonable efforts so to do, to take out such insurance or make such repairs, renewals, and replacements.

ARTICLE VII

DAMAGE, DESTRUCTION, AND CONDEMNATION

SECTION 7.1 Damage and Destruction.

(a) If, prior to full payment of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes), the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damage, is not greater than $_____, the Company (i) shall promptly repair, rebuild, or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the value or the character of the Project, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of $_____ shall be paid to the Company, subject to the provisions of Section 7.1(e).

(b) If, prior to full payment of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes), the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such damage is in excess of $_____, the Company shall promptly give written notice thereof to the Assignee. All Net Proceeds of insurance resulting from such claims for losses in excess of $_____ shall be paid to and held by the Assignee in a separate trust account, whereupon the Company shall proceed promptly to repair, rebuild, or restore the Project to substantially the same condition thereof as existed prior to the event causing such damage, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company and as will not impair the value or the character of the Project. The Company is authorized to direct the Assignee to disburse so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding, or restoration, and such disbursement shall be made by the Assignee upon receipt of instructions and other documents, as provided in Section 4.3 hereof, as in the case of disbursements from the Construction Account.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding, or restoration, the Company shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Company shall not, by reason of the payment of such excess costs made pursuant to Section 7.1(c), be entitled to any reimbursement from the County, the Assignee, or the holders or owners of any the Notes or any abatement or dimunition of the payments made under Section 5.2 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding, or restoration made pursuant to Section 7.1(a) and (b) shall be paid forthwith to the Assignee as a prepayment of principal of the Notes in inverse order of maturity. If the Notes have been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Notes), all Net Proceeds shall be paid to the Company.

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when the Notes are not outstanding and unpaid, there shall be no obligation on the part of the Company to restore the Project.

SECTION 7.2 Condemnation.

In the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority, the Company shall be obligated to continue to make the payments specified in Section 5.2 hereof. The County, the Company, and the Assignee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings to be paid to and held by the Assignee in a separate trust account, to be disbursed for application by the Company in one or more of the following ways as shall be directed in writing by the Company:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the Company, of improvements consisting of a building or buildings, facilities, furnishings, equipment, or other properties suitable for the Company's operations at the Project, which improvements shall be deemed a part of the

Project and subjected to the lien of the Mortgage; provided that such improvements or acquisitions by the Company shall be approximately equivalent in value to the part of the Project so taken or lost and shall not be subject to any liens or encumbrances prior to or on a parity with the lien of the Mortgage, other than Permitted Encumbrances.

(c) To prepayment of principal of the Notes in inverse order of maturity, provided that the Company shall furnish to the County and the Assignee a certificate of an Independent Engineer stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Company's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings, or (iii) that improvements have been acquired which are suitable for the Company's operations at the Project as contemplated by the foregoing subsection (b) of this Section and which give the Project the ratio of value to the outstanding Notes not less than that which existed immediately prior to such condemnation proceedings.

The Company shall direct the County and the Assignee in writing within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, as to which of the ways specified in this Section the Company elects to have the condemnation award applied. Disbursement of Net Proceeds, as contemplated by the foregoing subsections (a) and (b), shall be made by the Assignee upon receipt from the Company of instructions and other documents, as provided in Section 4.3 hereof as in the case of disbursements from the Construction Account.

In the event the Net Proceeds are applied pursuant to subsection (a) or (b) and are not sufficient to pay in full the costs of such restoration or acquisition of improvements, as the case may be, the Company shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of the Net Proceeds. The Company shall not, by reason of the payment of any such excess costs, be entitled to any reimbursement from the County, the Assignee, or the holders or owners of any of the Notes or any abatement or diminution of the amounts payable under Section 5.2 hereof.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be forthwith paid to the Assignee to be applied to prepayment of principal of the Notes in inverse order of maturity. If the Notes have been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Notes), all Net Proceeds shall be paid to the Company.

Notwithstanding any other provision of this Section, in any event of condemnation when the Notes are not outstanding and unpaid, there shall be no obligation on the part of Company to restore or repair the Project.

EXHIBIT

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ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1 No Warranty of Condition or Suitability by the County.

The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Company's purposes or needs.

SECTION 8.2 County's and Assignee's Right of Access to the Project.

The Company agrees that the County, the Assignee, and the duly authorized agents of each of them shall have the right at all reasonable times during normal business hours to enter upon the Land and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project (including such rights of access as may be reasonably necessary in the event of failure by the Company to perform its obligations under Section 6.1 hereof).

SECTION 8.3 Company to Maintain its Corporate Existence, Conditions under which Exceptions Permitted.

The Company agrees that during the term of this Agreement it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations (other than a subsidiary) to consolidate with or merge into it; provided, hoever, that the Company may, without violating the agreements contained in this Agreement, consolidate with or merge into another corporation, or permit one or more 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 the successor corporation or transferree assumes in writing all of the obligations of the Company under this Agreement and is duly qualified to do business in the State of South Carolina.

SECTION 8.4 Qualification in South Carolina.

The Company warrants that it is, and throughout the term of this Agreement it will continue to be, duly qualified to do business in South Carolina.

SECTION 8.5 Indemnification Covenants.

(a) The Company agrees to indemnify and save the County and the Assignee harmless against and from all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the term of this Agreement and, the Company further shall indemnify and save the County and the Assignee harmless against and from all claims arising during the loan term from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act of negligence of the Company or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act of negligence of any assignee or subcompany of the Company, or of any agents, contractors, servants, employees, or licensees of any assignee or subcompany of the Company. The Company shall indemnify and save the County and the Assignee harmless from and against all costs and expenses incurred 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 County or the Assignee, the Company shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Agreement or the undertakings required of the County hereunder by reason of the issuance of the Note or by release or the Assignment of this Loan Agreement, by reason of the performance of any act requested of it by the Company, or by the operation of the Project by the Company, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the County should incur any pecuniary liability, then in such event the Company shall indemnify and hold harmless the County against all claims by or on behalf of any person, firm, or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County, the Company shall defend the County in any such action or proceeding.

ARTICLE IX

ASSIGNMENT, LEASING, SALE, OR OTHER DISPOSITION

SECTION 9.1 Assignment, Leasing, Sale, and Other Disposition.

This Agreement may be assigned, and the Project may be leased, sold, or otherwise disposed of, as a whole or in part, by the Company without the necessity of obtaining the consent of either the County or the Assignee, subject, however, to each of the following conditions:

(a) No assignment, lease, sale, or other disposition of the Project shall relieve the Company from primary liability for any of its obligations hereunder, and, in the event of any such assignment, lease, sale, or other disposition, the Company shall continue to remain primarily liable for payment of the amounts specified in Section 5.2 hereof and for the payment, performance, and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The assignee, lessee, or transferee shall assume in writing the obligations of the Company hereunder to the extent of the interest assigned, leased, or transfered; provided that this subsection (b) shall not apply to the leasing of the Project by the Company to the Lessee, as set forth in Section 2.2(b).

(c) The Company shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the County and to the Assignee a true and complete copy of each such assignment, lease, deed, or other instrument of transfer, as the case may be.

SECTION 9.2 Assignment of Loan Agreement by the County.

The County will assign its interest in this Agreement and all income, revenues, or receipts to be derived by the County hereunder to the Assignee, for the payment of principal of, premium, if any, and interest on the Note, as the same become due. The Company hereby acknowledges and consents to such Assignments.

SECTION 9.3 Mortgage of Project by Company and Assignment of the Mortgage by the County.

The Company will grant, as security for its obligations under this Agreement, a first mortgage on the Project to the County, which the County will assign to the Assignee. The Company hereby acknowledges and consents to such Assignment of the Mortgage.

SECTION 9.4 Restrictions on Sale or Other Disposition of the Project.

The Company agrees that it will not sell, convey, mortgage, encumber, or otherwise dispose of any part of, or interest in, the Project during the term of this Agreement, except as set forth in Sections 9.1, and 9.3 hereof.

SECTION 9.5 Prepayment of Notes.

The County, at the prior written request at any time of the Company, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Notes to effect prepayment of all or part of the outstanding balance of the Notes as may be specified by the Company on the earliest prepayment date on which such prepayment may be made under such applicable provisions.

SECTION 9.6 Reference to Notes Ineffective After Notes Paid.

Upon payment in full of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes) and all fees and charges of the Assignee, all references in this Agreement to the Notes and the Assignee shall be ineffective and neither the Assignee nor the holders of any of the Notes shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested or those that shall be expressly provided herein.

SECTION 9.7 Installation of Additional Machinery and Equipment by the Company.

The Company may from time to time, in its sole discretion and at its own expense, install additional machinery, equipment, and other personal property which may be attached or affixed to the Project. All such additional machinery, equipment, and other personal property which was not directly or indirectly purchased with the proceeds of the Notes and which is not in replacement or substitution for Equipment under Section 6.2 hereof shall remain the sole property of the Company and the Company may, upon identification of such additional machinery, equipment, or personal property to the Assignee, remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Company at the expense of the Company. The Company may create any mortgage, encumbrance, lien, or charge on any such additional machinery, equipment, and other personal property, provided that the same will not diminish or impair the security intended to be given by or under the Mortgage.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 Events of Default Defined.

The following events shall be "events of default" under this Agreement and the terms "event of default" or "default", whenever such terms are used herein, shall mean:

(a) Failure of the Company to make the payments required by Section 5.2 hereof.

(b) Any material representation or warranty made by the Company herein, or made by the Company in any written statement or certificate furnished in connection with this Agreement, the Notes, or the Mortgage, which proves to have been incorrect in any material respect when made;

(c) Failure by the Company to perform any covenant, condition, or agreement in this Agreement on the part of the Company to be observed or performed, other than as referred to in subsections (a) and (b) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Company by the County or the Assignee; provided, however, in the case of any such default specified in this Section 10.1(c) which cannot with due diligence be cured within such 30-day period, it shall not constitute an event of default if corrective action is instituted by the Company within such 30-day period, is diligently pursued, and the default is corrected within ninety (90) days after the written notice hereinabove specified has been given.

(d) The entry of a decree or order for relief against the Company by a court having jurisdiction in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(e) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state

bankruptcy, insolvency, or any other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of corporate action by the Company in furtherance of any of the foregoing, or the occurrence of any of the following: the Company shall admit in writing its inability to pay its debts; the Company shall conceal, remove, or permit to be concealed or removed any part of its property with intent to hinder, delay, or defraud its creditors or any of them; the Company shall make or suffer a transfer of any of its property with intent to hinder, delay, or defraud its creditors or any of them; or the Company shall make or suffer a transfer of any part of its property within four (4) months of insolvency for less than full and adequate consideration; or the Company shall suffer or permit, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint and shall not vacate or discharge such lien within thirty (30) days from the date thereof, or at least five (5) days before the date set for any sale or other disposition of such property.

(f) Any default by the Company under any other mortgage, indenture, security agreement, or other obligation from the Company to North Carolina National Bank.

The provisions of subsection (c) of this Section are subject to the following limitations: if, by reason of force majeure, the Company is unable in whole or in part to carry out the agreements of the Company on its part herein contained (other than the obligations on the part of the Company contained in Article V and Sections 6.3, 6.4, and 8.5 hereof, to which this paragraph shall have no application), the Company shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; storms; floods; washouts; droughts, arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes, or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company, in each case which has the effect of making it impossible (as distinguished from impracticable) for the Company to perform, it being agreed that the

settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Company, and the Company shall not be required to make settlement of strikes, lockouts, and other industrial disburbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Company, unfavorable to the Company.

SECTION 10.2 Remedies on Default.

Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County or the Assignee may take any one or more of the following remedial steps:

(a) The County or the Assignee may, at its option, declare all amounts payable under Section 5.2 hereof for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, and which amounts the Company hereby agrees to pay.

(b) In the event any amount shall at the time be outstanding and unpaid on the Notes, the County or the Assignee may have access to and inspect, examine, and make copies of the books and records and any and all accounts, similar data, and income tax and other tax returns of the Company.

(c) The County and the Assignee may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of the Company under this Agreement.

(d) The Assignee or the County, with the prior written consent of the Assignee, may (or, upon the written direction of the Assignee, the County shall) exercise any remedies available under the Uniform Commercial Code.

Any amounts collected pursuant to action taken under this Section shall be paid to the Assignee and applied to the payment of, first, any costs incurred by the County or the Assignee in taking such action; second, the payment of the accrued interest on the Notes; and third, the unpaid principal of the Note in the inverse order in which installments thereof become due and, if the Notes have been fully paid (whether at maturity or by prepayment or otherwise, as provided in the Notes) and the Company is then in good standing with respect to the payment of amounts due hereunder and shall have paid the County and the Assignee all other sums due and owing hereunder, such amount shall be paid to the Company.

No action taken pursuant to this Section shall relieve the Company from the Company's obligations pursuant to Section 5.2 and Section 10.2(a) hereof, all of which shall survive any such action, and the County or the Assignee may take whatever action at law or in equity as may appear necessary and desirable to collect the amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement, or covenant of the Company hereunder.

SECTION 10.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the County or the Assignee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County or the Assignee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Assignee, and the Assignee and the holders of any of the Notes shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4 Agreement to Pay Attorneys' Fees and Expenses.

In the event the Company should default under any of the provisions of this Agreement and the County or the Assignee 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 Company herein contained, the Company agrees that it will, on demand therefor, pay to the County or the Assignee the reasonable fees of such attorneys and such other expenses so incurred by the County or the Assignee.

SECTION 10.5 No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived, and shall not be deemed to waive any other breach hereunder.

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

ARTICLE XI

OPTIONS IN FAVOR OF THE COMPANY

SECTION 11.1 Options to Terminate this Agreement.

The Company shall have, and is hereby granted, the following options to terminate this Agreement:

(a) At any time prior to full payment of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes), the Company may terminate this Agreement by paying to the Assignee an amount which will be sufficient to pay and retire the Notes (including, without limiting the generality of the foregoing, principal, premium, if any, interest to maturity or earliest applicable prepayment date, as the case may be, expenses of prepayment, and Assignee's fees and expenses).

(b) At any time after full payment of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes) and of any and all sums then due to the County and the Assignee under this Agreement, the Company may terminate this Agreement by giving the County notice in writing of the termination, the termination shall forthwith become effective, and the County will execute and deliver to the Company such documentation as the Company, at its cost, shall reasonably require to evidence the termination of the Company's obligations hereunder and publicly to record such evidence.

SECTION 11.2 Relative Position of Options and Mortgage and Security Agreement.

The options respectively granted to the Company in this Article shall be and remain prior and superior to the Mortgage and the Security Agreement and may be exercised whether or not the Company is in default hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF COMPANY AND COUNTY

SECTION 12.1 Company's Obligation to Pay Taxable Rate under Certain Circumstances.

If, subject to the proviso in the following paragraph of this Section 12.1,

(a) interest on the Notes becomes subject to Federal income taxation as a result of a change in the Federal tax laws (for the purposes of this clause (a), interest on the Notes becomes subject to Federal income taxation when the President of the United States of America signs into law legislation which, in the opinion of nationally recognized bond counsel, assuming the validity of the legislation, requires that interest on the Note be included in the gross income of the holder thereof for Federal income tax purposes), or

(b) interest on the Notes be determined to be subject to Federal income taxation by:

(i) the National Office of the Internal Revenue Service of the United States Treasury Department, or

(ii) the District Director of Internal Revenue for the District in which the Company or any noteholder files its Federal income tax returns, or

(iii) any court of competent jurisdiction except as a result of the Notes being held by a "substantial user" of the financed facilities or a "related person", as those terms are defined in Section 103(b)(6)(c) of the Internal Revenue Code of 1954, as amended, or

(c) interest on the Notes is asserted to be subject to Federal income taxation by the Internal Revenue Service, and such assertion is determined to be reasonable by an opinion of counsel selected by the Assignee (each such event described in Paragraph (a), (b), or (c) hereof being hereinafter referred to in this Section 12.1 as the "Official Determination"),

the Company agrees to pay interest on the Notes at the Taxable Rate hereinafter mentioned from the date on which interest on the Notes became, or was determined to have become, taxable, to the date of

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payment of the Notes in order that the any owner of the Notes during the period when interest thereon was subject to Federal income taxation as a result of an Official Determination shall be entitled to receive interest thereon at the Taxable Rate during such period; provided that, the Company shall be entitled to a credit against such interest at the Taxable Rate in the amount of any interest previously paid on the Notes during the period when interest thereon was subject to Federal income taxation. The obligation of the Company under this Section 12.1 shall survive any termination of this Agreement. In addition, the Company shall pay to any owner of the Notes during the period when interest thereon was subject to Federal income taxation as a result of an Official Determination promptly, upon written demand therefor, all penalties and interest claimed from such owner of the Notes by the Internal Revenue Service because of nonpayment of income tax upon the interest received by such owner of the Notes.

The Taxable Rate shall be the annual rate (based on a year of 365 or 366 days per year, as the case may be) which shall be _____ per centum (____%) above the prime interest rate per annum announced from time to time by North Carolina National Bank, at its principal office in Charlotte, North Carolina, for 90-day loans to commercial borrowers of substantial size and high credit standing, such rate fo change automatically from time to time, effective as of the effective date of each change in said prime rate.

Notwithstanding the foregoing, the Company may, in good faith to the extent permitted by law, contest, at Company's expense, any such Official Determination for a period not to exceed twenty-four (24) months. If such Official Determination is reversed or withdrawn by competent authority, the Company shall be relieved of such obligation to pay interest at the Taxable Rate.

Nothing herein contained shall create any obligation upon the Company or the County as a result of interest on the Notes becoming taxable by virtue of the provisions of Section 103(b)(9) of the Code or any successor provision thereto.

SECTION 12.2 Company's Option to Pay Notes in Full As a Result of Official Determination.

If an Official Determination shall be made, the Company may, by giving written notice to the holder of the Notes within one hundred eighty (180) days of the occurrence of an Official Determination, elect to pay the Notes in full, for an amount equal to the outstanding principal balance of and accrued interest on the Notes, together with any additional amounts required to be paid by Section 12.1 to the earliest redemption date, and to redeem, in whole and not in part, the Notes. Such written notice to the holder(s) of the Notes shall specify therein the date of such payment in full and redemption, which date shall be not less than sixty (60) nor more than ninety (90) days from the date such notice is mailed.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1 Notices.

All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows: if to the County, to the County Council of Spartanburg County, Post Office Box 5666, Spartanburg, South Carolina 29301; if to the Company, at _____, _____, _____ _____; if to the Assignee, at _____, _____, _____ _____, Attention: _____. The County, the Company, and the Assignee may, by notice given to all parties to this Agreement and the Mortgage, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

SECTION 13.2 Recording and Filing.

(a) The Mortgage shall be recorded and indexed as a mortgage in the appropriate office of the County in which the Project is located and/or such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created in the Mortgage as to any fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions, in the appropriate office of the County in which the Project is located, and in the Office of the Secretary of State in the City of Columbia, South Carolina. The parties further agree that all necessary continuation statements shall be filed by the Company within the time prescribed by the South Carolina Uniform Commercial Code--Secured Transactions, in order to continue the security interest created by the Mortgage, to the end that the rights of the County in the Project shall be fully preserved as against creditors of, or purchasers for value from, the Company.

(b) The Mortgage may be recorded prior to the delivery of the Notes. If subsequent to such recording, the Notes shall not be delivered on or before the date prescribed in Section 4.2 hereof, or such later date as the Company may agree upon in writing, then this Agreement and the Mortgage shall be of no force and effect and, in such event, the County and the Company do hereby mutually release and discharge each other from any and all claims of any character

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which either may have against the other by reason of or arising from a failure to deliver the Notes. All parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.2.

SECTION 13.3 Other Instruments.

(a) The Company covenants to deliver to the County and the Assignee within sixty (60) days: after May 1, 1982, after each May 1 thereafter until the Completion Date, after the Completion Date, and after the close of each fiscal year of the Company following the Completion Date, a description of the Project on such May 1, Completion Date, or such last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Mortgage as then supplemented, and in this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within thirty (30) days after delivery of such description, the Company covenants that it will:

(1) prepare a supplement to the Mortgage and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Mortgage to the Assignee and the County and the supplement to this Agreement to the County for execution;

(3) deliver the fully executed supplement to the Mortgage to the appropriate recording or filing officer for recording and filing or re-recording and re-filing in all places required by the opinion of counsel referred to in Clause (4) of this subsection (a) of this Section 13.3; and

(4) deliver to the Assignee a written opinion of counsel (who may be counsel for the County or the Company) addressed to the Assignee that the description of the Mortgaged Property (being the property described under Paragraphs I, II, III, IV, and V of the Mortgage), contained in the granting clauses of the Mortgage, as supplemented, and the description of the Project contained in this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date, that such descriptions include descriptions of the entire

Project; that the Mortgage as supplemented, constitutes a valid first mortgage lien in the said Project, subject only to Permitted Encumbrances other than the Mortgage; that the Mortgage, as supplemented, and all financing statements, continuation statements, notices, and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders or owners of the Notes and the Mortgage in the Project (and in the assignment to the Assignee of income, receipts, or revenues payable under this Agreement) as against creditors of, or purchasers for value from, the Company.

(b) The Company, the County, and the Assignee shall execute and deliver all instruments and shall furnish all information and evidence reasonably deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a)(4) of this Section 13.3. The Company shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Notes shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.4 Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon the County, the Company, and their respective successors and assigns, subject, however, to the provisions of Sections 8.5, 9.1, 9.2, and 9.3 hereof.

SECTION 13.5 Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.6 Amounts Held by the Assignee.

It is agreed by the parties hereto that any amounts held by the Assignee upon expiration or sooner termination of the term of this Agreement, as provided in this Agreement, after payment in full of the Notes (whether at maturity or by prepayment or otherwise, as provided in the Notes) and the fees, charges, and expenses of the Assignee, in

accordance with this Agreement, shall belong to and be paid to the Company by the Assignee as overpayment of amounts due hereunder.

SECTION 13.7 Amendments, Changes, and Modifications.

This Agreement may not be amended, changed, modified, altered, or terminated without in each instance the prior written consent of the County, the Company, and the Assignee.

SECTION 13.8 Execution of Counterparts.

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

SECTION 13.9 Law Governing Construction of Agreement.

This Agreement is prepared and entered into with the intention that the Laws of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA, has executed this Loan Agreement by causing its name to be hereunto subscribed by the County Administrator of Spartanburg County, and the Official Seal of Spartanburg County to be impressed hereon and attested by the Clerk of the County Council of Spartanburg County; and ABCO INDUSTRIES, INC., has executed this Loan Agreement by its _____ attested by its _____, under its Seal, all being done as of the day and year first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
County Administrator
Spartanburg County, South Carolina

ATTEST:

_____
Clerk
County Council of
Spartanburg County, South Carolina

Signed, Sealed, and Delivered in
the Presence of:

_____

_____

ABCO INDUSTRIES, INC.

By: _____

Its: _____

ATTEST:

_____

Its: _____

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

EXHIBIT A

(Attached to Loan Agreement between Spartanburg County, South Carolina, and ABCO Industries, Inc., dated as of May 1, 1981).

DESCRIPTION OF LAND

Draft of 4/22/81

20225

EXHIBIT B

(Attached to Loan Agreement between Spartanburg County, South Carolina, and ABCO Industries, Inc., dated as of May 1, 1981).

DESCRIPTION OF EQUIPMENT ACQUIRED AND
TO BE ACQUIRED OUT OF PROCEEDS OF THE NOTES

20226

EXHIBIT C

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
COUNTY OF SPARTANBURG
POLLUTION CONTROL FACILITIES REVENUE NOTE, SERIES 1981
(ABCO INDUSTRIES, INC., PROJECT)

NO. _____ $_____

KNOW ALL MEN BY THESE PRESENTS, that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (the County), for value received, promises to pay, but only from the source and as hereinafter provided, in immediately available funds, to the order of NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina, (the Assignee), at its principal office in the City of Charlotte, State of North Carolina, (or at such other place as the holder hereof shall designate in writing to the County), the sum of _____ and no/100 ($_____.00) Dollars, together with interest from the date hereof on the principal amount from time to time outstanding, at the rate per annum equal to Sixty-eight per centum (68%) of the prime rate charged by the Assignee for the period during which the interest on this Note has accured, in the following manner, to-wit: Interest only on the principal balance from time to time outstanding payable commencing December 31, 1981, and on each March 31, June 30, September 30, and December 31 thereafter, to and including September 30, 1990, with principal payable in thirty-five (35) equal, successive, quarterly installments of EIGHT-THREE THOUSAND THREE HUNDRED THIRTY-THREE and 33/100 ($83,333.33) DOLLARS each, beginning March 31, 1982, and on each June 30, September 30, December 31, and March 31 thereafter, to and including September 30, 1990, and a thirty-sixth (36th) and final installment of both principal and interest due and payable on December 31, 1990.

If an Official Determination, as defined in Section 12.1 of the Loan Agreement, dated as of May 1, 1981, between the County and ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (the Company) (the Loan Agreement), shall occur, the County agrees to pay, but only from the revenues and receipts specified in Section 5.2 and Section 12.1 of the Loan Agreement, additional payments, as described in Section 12.1 of the Loan Agreement.

This Note is the one of the series of $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (the Notes), referred to

in the Loan Agreement and is additionally secured by the terms of a mortgage and security agreement, dated as of May 1, 1981, given by the Company to the County (the Mortgage), which Mortgage is assigned by an Assignment of Mortgage, dated as of May 1, 1981, by the County to the Assignee (the Assignment of the Mortgage), and by a Security Agreement between the Company and the County, dated as of May 1, 1981 (the Security Agreement), which has been assigned by the County to the Assignee by an Assignment of Security Agreement, dated as of May 1, 1981 (the Assignment of the Security Agreement). Payment of the principal of, premium, if any, and interest on the Notes is guaranteed under the terms of a guaranty agreement between A. B. Bullington and Carol P. Bullington (hereinafter collectively referred to as the Guarantors) and the Assignee, dated as of May 1, 1981 (the Guaranty Agreement). This Note is issued for the purpose of financing the acquisition, construction, and equipping of the Project, as such term is defined in the Loan Agreement, and thereby to provide pollution control facilities for the Company. Under the Loan Agreement, the Company must pay to the Assignee, for the account of the County (the Loan Agreement and income, revenue, and receipts having been assigned and pledged to the Assignee by the County by the Assignment of the Loan Agreement, dated as of May 1, 1981 [the Assignment of the Loan Agreement], for that purpose), such payments as will be fully sufficient to pay the principal of, premium, if any, and interest on the Notes as the same mature and become due. Copies of the Mortgage and the Assignment of the Mortgage, the Loan Agreement, and the Assignment of the Loan Agreement, the Security Agreement, and the Assignment of the Security Agreement, and the Guaranty Agreement are on file at the principal office of the Assignee in the City of Charlotte, State of North Carolina, and the Mortgage and Assignment of the Mortgage are recorded in the Office of the Clerk of Court for Spartanburg County, South Carolina, and reference is made to the Mortgage, the Loan Agreement, the Security Agreement, and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the rights and remedies of the holder of the Notes, the rights, duties, and obligations of the County, the Company, the Guarantors, and the Assignee and the terms upon which the Notes are issued and secured.

This Note and the series of which it is one are issued pursuant to the authorization of and for the purposes prescribed by Title 48, Chapter 4, Code of Laws of South Carolina 1976, as amended, and pursuant to an Ordinance duly enacted by the County Council of Spartanburg County and with the approval of the State Budget and Control Board of the State of South Carolina. This Note is a limited obligation of the County and is payable by the County solely out of the income, revenues, and receipts received under the Loan Agreement (excluding amounts paid by the Company to the County pursuant to Sections 6.3, 8.5, or 10.4 of the Loan Agreement). The full faith, credit, and taxing powers of the County are not pledged to the payment of principal of, premium, if any, or interest on Notes.

This Note and the series of which is it one are 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.

Pursuant to the Loan Agreement, payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the Notes are to be paid by the Company to the Assignee for the account of the County and have been pledged for that purpose, and, in addition, the Project has been subjected to the lien of the Mortgage to secure payment of such principal and interest.

This Note is prepayable in whole or in part, without premium or penalty, any time (upon three business days' prior notice to the Assignee or other holder hereof) after May 1, 19__ (a) in the case of prepayment in whole, upon payment of the outstanding principal hereof with accrued interest to the date or prepayment, and (b) in each case of a prepayment in part, together with the amount of principal prepayment made, provided that no partial prepayment hereof shall affect the obligation of the Company to continue to make the regular monthly payments or principal and interest hereon and described above, until all outstanding principal and interest hereon shall have been paid in full.

This Note may be called for prepayment, in whole, at any time without premium at the principal amount thereof plus accrued interest to the prepayment date in the event of the exercise by the Company of its option to prepay the Notes and terminate the Loan Agreement, as provided in Section 11.2 of the Loan Agreement.

Under certain circumstances, as provided in Sections 4.3(k), 6.2(b), 7.1(e), and 7.2(c) of the Loan Agreement, moneys received by the Company shall be applied to the payment of principal installments on the Notes in inverse order of their maturities.

If an Official Determination, as defined in Section 12.1 of the Loan Agreement, shall occur, the Notes may be called for prepayment at the election of the Company in the principal amount thereof, plus accured interest, plus additional payments, as described in Section 12.1 of the Loan Agreement, to the prepayment date.

Upon the happening of an event of default, as defined in the Loan Agreement or the Mortgage, or upon failure to pay principal or interest hereunder, the principal of the Notes then outstanding may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

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 and the series of which it is one 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 and the series of which it is one, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA, has caused this Note to be executed by the Chairman of the County Council of Spartanburg County, South Carolina, by his manual signature, and its corporate seal to be impressed or reproduced hereon, and attested by the Clerk of the County Council of Spartanburg County, South Carolina, by her manual signature, all on the _____ day of May, A.D. 1981.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: XXXXXXXXXXXXXXXXXXXXXXXXXXXX
County Administrator
Spartanburg County, South Carolina

ATTEST:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Clerk
County Council of
Spartanburg County, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

ASSIGNMENT OF LOAN AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Spartanburg County, in consideration of the sum of ONE and no/100 ($1.00) DOLLAR to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, does hereby assign, transfer, and set over unto NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina, its successors and assigns, as the holder of the $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (the Notes), as security for (i) the payment of the principal of and interest on the Notes, dated the date of their delivery, issued pursuant to this Agreement, and (ii) the due performance and observance by the County of all of its covenants and agreements in the Notes and the Loan Agreement (hereinafter defined), the following:

> All of the right, title, and interest of the said Spartanburg County in and to the foregoing Loan Agreement, dated as of May 1, 1981, between said Spartanburg County, South Carolina, and ABCO Industries, Inc.

The parties hereto agree that the pledge and assignment made hereby shall not subject North Carolina National Bank, Charlotte North

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Carolina, to, or transfer or pass, or in any way affect or modify, any obligations of the County under the Loan Agreement, it being understood and agreed that all such obligations of the County shall be and remain enforceable only against the County.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA, has executed this Assignment by causing its name to be subscribed by the County Administrator of Spartanburg County, South Carolina, and the Official Seal of Spartanburg County, South Carolina, to be impressed hereon and attested by the Clerk of the County Council of Spartanburg County, all being done as of the first day of May, A.D. 1981.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
County Administrator of
Spartanburg County, South Carolina

ATTEST:

_____
Clerk
County Council of
Spartanburg County, South Carolina

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

The Company hereby consents to the within Assignment.

ABCO INDUSTRIES, INC.

By: _____

Its: _____

ATTEST:

_____

Its: _____

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

Draft of 4/22/81

MORTGAGE

from

ABCO INDUSTRIES, INC.

to

SPARTANBURG COUNTY, SOUTH CAROLINA

20234

THE STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

MORTGAGE

TO ALL WHOM THESE PRESENTS MAY CONCERN:
IN THE STATE AFORESAID, SEND GREETING:

WHEREAS, ABCO INDUSTRIES, INC., a corporation organized and existing under the Laws of the State of South Carolina (hereinafter sometimes referred to as the Mortgagor), SENDS GREETINGS:

WHEREAS, Spartanburg County, South Carolina (hereinafter sometimes referred to as the Mortgagee), pursuant to Title 48, Chapter 3, Code of Laws of South Carolina 1976, as amended (the Enabling Statute), proposes to issue its $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), payable to North Carolina National Bank, Charlotte, North Carolina, its successors and assigns (the Notes), and, pursuant to a Loan Agreement between the Mortgagor and the Mortgagee, dated as of May 1, 1981 (the Loan Agreement), loan the proceeds thereof to the Mortgagor, in order to defray the cost of (i) the modification of a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) the acquisition of necessary land

Draft of 4/22/81

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incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) the construction of the pipeline in accordance with applicable NPDES and other permits (the said land, equipment, and pipeline, as so modified, constructed, and equipped, being hereinafter called the Project); and

WHEREAS, the Mortgagor agrees to repay the said loan in accordance with the terms and provisions of the Notes and Loan Agreement; and

WHEREAS, the Mortgagor is now minded to secure its obligations under the Loan Agreement by giving the Mortgagee this mortgage and security agreement, dated as of May 1, 1981, (the Mortgage) which constitutes a first lien and security interest upon the Project, financed with the proceeds of the Notes, subject only to Permitted Encumbrances, as defined in the Loan Agreement; and

WHEREAS, the Mortgagee, in order to secure the payment of the Notes has assigned all of its right, title, and interest under the Loan Agreement, including the right to receive revenues and receipts thereunder, to North Carolina National Bank, Charlotte, North Carolina, the holder of the Notes, its successors and assigns (the Assignee), and proposes to assign this Mortgage to the Assignee in order to secure the repayment of the Notes; and

WHEREAS, the execution and delivery of this Mortgage have been authorized by an Ordinance, duly enacted by the County Council of

Spartanburg County, and, in accordance with the requirements of the the Enabling Statute, the County has submitted its Petition to the State Budget and Control Board of the State of South Carolina and the said Board has duly approved the said Project and thereby authorized the County Council of Spartanburg County to proceed with the financing of the Project as aforesaid, and notice of such approval was duly published in a newspaper having general circulation in Spartanburg County and, notwithstanding that more than twenty (20) days have elapsed from the date of such publication of such notice, no challenge has been made to the validity of such approval, as provided in the said Enabling Statute; and,

NOW, KNOW ALL MEN, that the Mortgagor, in consideration of the said debt and sum of money aforesaid, and for better securing the payment thereof to the Mortgagee, according to the conditions of the Notes and Loan Agreement, which, with all of their provisions are hereby made a part hereof; and also in consideration of the sum of THREE and no/100 ($3.00) DOLLARS to the Mortgagor in hand well and truly paid by the Mortgagee at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold, and released, and by these Presents does grant, bargain, sell, and release, subject to Permitted Encumbrances, unto SPARTANBURG COUNTY, SOUTH CAROLINA, its successors and assigns, the following described property, to-wit:

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I

ALL THAT CERTAIN PIECE, parcel, or tract of land, with all buildings, additions, improvements, and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges, and immunities thereunto belonging or appertaining which may from time to time be owned by the Mortgagor, situate, lying, and being on the in the County of Spartanburg, State of South Carolina, containing approximately _____ (____) acres, more or less, as shown on a Plat prepared by _____, dated _____, 1981, and recorded in the Office of the Clerk of Court for Spartanburg County, South Carolina, in Plat Book _____, at Page __, to which reference is hereby specifically made, and more particularly described as follows:

[Here insert legal description.]

The within conveyance is subject to such restrictions, setback lines, zoning ordinances, utility easements, and rights of way, if any, as may affect the above described property.

BEING THE SAME PROPERTY conveyed to ABCO Industries, Inc., a South Carolina corporation, by Deed, dated _____, 19___, of _____, recorded in the Office of the Clerk of Court for Spartanburg County, South Carolina, on _____, 19__, in Deed Book ____, at Page ___.

II

The machinery, equipment, or other property described in Exhibit B attached to the Loan Agreement, and substitutions or replacements therefor; all machinery, equipment, or other property acquired by the Company with the proceeds from the Notes secured by this Mortgage, and substitutions or replacements therefor; and machinery, equipment, or other property which, under the terms of the Loan Agreement, is to become the property of the Company or

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subject to the lien of this Mortgage; and, without limiting the foregoing, all of the property of the Company at any time installed or located on the land described herein, except as provided in Section 9.7 of the Loan Agreement, together with all proceeds of all of the foregoing.

III

All right, title, and interest of the Mortgagor in and to the Loan Agreement, dated as of May 1, 1981, between Spartanburg County, South Carolina, and ABCO Industries, Inc., and all revenues and receipts received or to be received under the Loan Agreement.

IV

The proceeds derived from the sale of the Notes; all funds from time to time in the Construction Account established pursuant to the Loan Agreement or any special trust account or collateral account established pursuant to the Loan Agreement, and any securities in which said funds are invested and the proceeds thereof.

V

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under this Mortgage by the Mortgagor or by anyone on its behalf or with its written consent to the Mortgagee, which is authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms of this Mortgage.

TOGETHER WITH all and singular the rights, members, hereditaments, and appurtenances to the said premises belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises unto the said SPARTANBURG COUNTY, SOUTH CAROLINA, its successors and assigns, forever.

AND, the Mortgagor does hereby bind itself and its successors and assigns to procure or execute any further necessary assurances of title to the said premises, the title to which is unencumbered, and also to warrant and forever defend all and singular the said Premises unto the said Mortgagee, its successors and assigns, from and against itself and its successors and assigns.

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AND IT IS AGREED, by and between the parties hereto, that the Mortgagor shall have the right at any time and from time to time to amend this Mortgage, as set forth in Section 9.1 of the Loan Agreement, subject to the approval of the Assignee, for the purpose of effecting the release of and removal from this Mortgage (i) any unimproved part of the Land, as defined in the Loan Agreement (on which neither the Pollution Control Facilities nor any Equipment is situated, but upon which transportation or utility facilities may be situated) on which the Mortgagor or any subsidiary or affiliated corporation thereof then proposes to construct, or cause to be constructed, improvements under another and different loan agreement or (ii) any part (or interest in such part) of the Land with respect to which the Mortgagor proposes to grant an easement or convey fee title to a railroad, public utility, or public body in order that railroad, utility services, or roads may be provided for the Project; provided, that if, at the time any such amendment is made, any amount is outstanding and unpaid on the Note, there shall, within thirty (30) days after the delivery of such amendment or release, be deposited with the Assignee the following:

(a) A copy of the said amendment as executed; and

(b) A resolution of the County Council of the Mortgagee (i) stating that the Mortgagee is not in default under any of the provisions of this Mortgage and the Mortgagor is not, to the knowledge of the Mortgagee, in default under any of the provisions of the Loan Agreement or the Mortgage, (ii) giving an adequate legal description of that portion of the Land to

be released, (iii) stating the purpose for which the Mortgagor desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued commerical development of South Carolina, and (v) requesting such release; and

(c) A certificate of the president or any vice president or treasurer of the Mortgagor approving such amendment and stating that the Mortgagor is not in default under any of the provisions of the Loan Agreement or the Mortgage, and the release so proposed to be made will not impair or materially endanger the lien of this Mortgage on that portion of the Project not so released; and

(d) A copy of any agreement wherein the Mortgagor agrees to construct, or cause to be constructed, improvements on the portion of the Land so requested to be released, or a copy of the instrument granting the easement or conveying the title to a railroad, public utility, or public body; and

(e) A certificate of an Independent Engineer, as defined in the Loan Agreement, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services, or roads to benefit the Project or is not otherwise needed for

the operation of the Project for the purposes hereinabove stated, and (ii) the release so proposed to be made will not impair the usefulness of the Project as manufacturing facilities and will not destroy the means of ingress thereto and egress therefrom.

AND, IT IS FURTHER PROVIDED, if such release relates to Land on which transportation or utility facilities are located, an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a facility for the purposes described in Article II of the Loan Agreement shall remain subject to the provisions of the Loan Agreement.

AND, IT IS AGREED, by and between the parties hereto, that if all of the above conditions are met, including Assignee's approval of the amendment to the Loan Agreement, the Mortgagee shall release any such property from the lien of the Mortgage.

AND IT IS AGREED, by and between the parties hereto, that no release effected under the provisions hereof shall entitle the Mortgagor to any abatement or diminution of the amounts payable under Section 5.2 of the Loan Agreement.

AND IT IS AGREED, by and between the parties hereto, that if no event of default under the Loan Agreement shall have happened and be continuing, the Mortgagor may at any time or times grant easements, licenses, rights of way (including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project free from the lien of the

Mortgage, or the Mortgagor may release existing easements, licenses, rights of way, and other rights or privileges with or without consideration, and the Mortgagee agrees that it shall execute and deliver and will cause and direct the Assignee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, or other right or privilege, upon receipt by the Assignee of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the president or any vice president or treasurer of the Mortgagor requesting such instrument, (iii) a certificate executed by the president or any vice president or treasurer of the Mortgagor stating (1) that such grant or release is not detrimental to the business being conducted at the Project, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish, or impair the security intended to be given by or under this Mortgage. No grant or release effected under the provisions of this Mortgage shall entitle the Mortgagor to any abatement or diminution of the amounts payable under Section 5.2 of the Loan Agreement.

AND IT IS AGREED, by and between the parties hereto, that if no event of default under the Loan Agreement shall have happened and then be continuing, the Mortgagor shall have, and is hereby granted, the option to release from the lien of this Mortgage any part of the Land on which neither the Pollution Control Facilities nor any Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for the purchase price

calculated at the rate of $_____ per acre, provided that it furnishes the Mortgagee and the Assignee with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Land with respect to which such option is to be exercised, (ii) a statement that the Mortgagor intends to exercise its option to release from the lien of this Mortgage such portion of the Land on a date stated, which shall not be less than forty-five (45) nor more than ninety (90) days from the date of such notice, (iii) a statement that the use to which the Mortgagor intends to devote such portion of the Land will promote the continued industrial development of South Carolina, and (iv) a statement that the release from the lien of this Mortgage of the land will not materially weaken, diminish, or impair the security intended to be given by or under this Mortgage; and

(b) A certificate of an Independent Engineer, dated not more than ninety (90) days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the release from the lien of this Mortgage will not impair the usefulness of the Project for the purposes for which it is intended and will not destroy the means of ingress thereto and egress therefrom; and

(c) An amount of money equal to the purchase price computed as hereinabove provided.

The Mortgagee agrees that, upon receipt of the notice, certificate, and money required in this paragraph to be furnished to it by the Mortgagor, the Mortgagee will promptly deliver such money to the Assignee, to be applied to the preprepayment of the Notes hereunder, and secure from the Assignee a release from the lien of this Mortgage of such portion of the Land with respect to which the Mortgagor shall have exercised the option granted to it in this paragraph. In the event the Mortgagor shall exercise the option granted to it under this paragraph, the Mortgagor shall not be entitled to any abatement or diminution of the amounts payable under Section 5.2 of the Loan Agreement.

AND IT IS AGREED, by and between that parties hereto, that within ninety (90) days following the exercise of the option to release unimproved Land, the Mortgagor shall deliver to the Mortgagee and the Assignee the appropriate documentation hereinabove, together with the release price computed as provided herein, and the Mortgagee and the Assignee shall execute and deliver to the Mortgagor appropriate documents releasing the said unimproved Land from the lien of this Mortgage.

AND IT IS AGREED, by and between the parties hereto, that reference is made to the provisions of the Loan Agreement, including, without limitation, Sections 6.4, 6.5, 6.6, and 6.7 of the Loan Agreement, whereby the Mortgagor, its successors or assigns, is

required to keep the buildings erected or to be erected on said premises insured against loss or damage by fire for the benefit of the said Mortgagee. In default thereof, the Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this Mortgage for the same, with interest thereon from the date of such payment at the rate of _____ per centum (____%) per annum or such lesser rate as may be the maximum permitted by applicable usury laws (the Penalty Rate).

AND IT IS AGREED, by and between the said parties, that reference is made to the provisions of the Loan Agreement, including, without limitation, Section 6.3 thereof, whereby the Mortgagor, its successors or assigns, is required to pay all taxes and other governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project. In default thereof, the Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this Mortgage for the same, with interest thereon from the date of such payment at the Penalty Rate.

AND IT IS AGREED, by and between the parties hereto, that (a) upon any default being made (i) in the due and punctual payment of any interest on the Notes; or (ii) in the due and punctual payment of the principal of the Notes (and premium, if any), whether at the stated

maturity thereof, or upon proceedings for prepayment thereof or otherwise; or (b) upon the occurrence of a default or an "event of default" under the Loan Agreement, this Mortgage, or the Notes, that then the entire amount of the debt secured, or intended to be secured hereby, shall forthwith become due, at the option of the Mortgagee, its successors or assigns, although the period for the payment of the said debt may not then have expired, and the lien on the above described premises created and vested by this Mortgage may be foreclosed either by sale at public outcry or by proceedings in equity and the Assignee may become the purchaser at any foreclosure sale if the highest bidder. No delay or omission by the Mortgagee 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 or power may be exercised from time to time and as often as may be deemed expedient; no waiver of any default hereunder shall be deemed to constitute a waiver of any other default or impair any right consequent thereon.

AND IT IS AGREED, by and between the parties hereto, that, should legal proceedings be instituted for the collection of the debt secured hereby, then, and in that event, the said Mortgagee, its successors or assigns, shall have the right to have a receiver appointed of the revenues and receipts of the above described premises, with power to forthwith lease out the said premises anew if he should so elect, who, after deducting all charges and expenses attending such proceedings, and the execution of the said trust as receiver, shall

apply the residue of the said revenues and receipts towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED, by and between the parties hereto, that should legal proceedings be instituted for the foreclosure of this Mortgage, or for any purpose involving this Mortgage, or should the debt hereby secured be placed in the hands of an attorney at law for collection, by suit or otherwise, that all costs and expenses incurred by the Mortgagee, its successors or assigns, including a reasonable counsel fee (of not less than ten per centum [10%] of the amount involved) shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED, ALWAYS, and it is the true intent and meaning of the parties to these Presents, that if the Mortgagor, its successors or assigns, shall pay or cause to be paid unto the Mortgagee, its successors or assigns, the said debt secured hereby, with the interest thereon, if any shall be due, and also all sums of money paid by the Mortgagee, its successors or assigns, on behalf of the Mortgagor, according to the conditions and agreements of the Notes and of this Mortgage, and shall perform all its obligations according to the true intent and meaning of the Notes and this Mortgage, and the conditions thereunder and hereunder written, then this deed of bargain and sale shall cease, determine, and be void; otherwise, it shall remain in full force and virtue.

AND IT IS LASTLY AGREED, by and between the parties hereto, that the Mortgagor is to hold and enjoy the said premises until default shall be made.

IN WITNESS WHEREOF, ABCO INDUSTRIES, INC., has executed this Mortgage by causing its name to be hereunto subscribed by its _____, and attested by its _____, under its corporate seal, all as of the 1st day of May, 1981, and in the two hundred and fifth year of the Sovereignty and Independence of the United States of America.

ABCO INDUSTRIES, INC.

By: _____

Its: _____

ATTEST:

_____

Its: _____

Signed, Sealed, and Delivered in
the presence of:

_____

_____

STATE OF SOUTH CAROLINA)
)
COUNTY OF _____)

BEFORE ME personally appeared _____, who, being duly sworn, deposes and says that (s)he saw the within named ABCO INDUSTRIES, INC., by _____, its _____, sign, and _____, its _____, attest the within written Mortgage, and that (s)he with _____ witnessed the execution and delivery thereof as the act and deed of the said ABCO INDUSTRIES, INC.

_____

SWORN to before me, this _____
day of May, A.D. 1981.

_____(L.S.)

Notary Public for the
State of South Carolina.

My Commission Expires:

_____

20251

Draft of 4/22/81

STATE OF SOUTH CAROLINA)
) ASSIGNMENT OF MORTGAGE
COUNTY OF SPARTANBURG)

KNOW ALL MEN BY THESE PRESENTS, that Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Spartanburg County, in consideration of the sum of ONE and no/100 ($1.00) DOLLAR to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, and, in accordance with the provisions of the Loan Agreement between the County and ABCO Industries, Inc., dated as of May 1, 1981, and to secure the payment of the $_____ Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), dated May ___, 1981, does hereby assign, transfer, and set over unto NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina, its successors and assigns:

(a) All of the right, title and interest of said Spartanburg County in and to the foregoing Mortgage, dated as of May 1, 1981, between ABCO Industries, Inc., as Mortgagor, and Spartanburg County, as Mortgagee.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA, has executed this Assignment by causing its name to be subscribed by the County Administator of Spartanburg County and the

official seal of said Spartanburg County to be impressed hereon and attested by the Clerk of the said County Council of Spartanburg County all being done as of the 1st day of May, A. D. 1981.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
County Administrator
Spartanburg County, South Carolina

ATTEST:

_____
Clerk
County Council of
Spartanburg County, South Carolina

Signed, Sealed, and Delivered
in the Presence of:

_____

_____

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

PERSONALLY APPEARED before me _____ who, being duly sworn, says that (s)he saw the official Seal of Spartanburg County, South Carolina, affixed to the foregoing Assignment of Mortgage, and that (s)he also saw _____, as County Administrator of Spartanburg County, sign, and _____, as Clerk of the County Council of Spartanburg County, attest the same and that (s)he with _____ witnessed the execution and delivery thereof as the act and deed of the said Spartanburg County, South Carolina.

_____

SWORN to before me this _____

day of May, A. D. 1981.

_____(L.S.)

Notary Public for the
State of South Carolina.

My Commission expires:

_____

Draft of 4/22/81

20254

EXHIBIT

APR 2 8 1981 NO. 3

STATE BUDGET & CONTROL BOARD

SECURITY AGREEMENT

This Security Agreement, made and entered into as of the 1st day of May, 1981, by and between ABCO INDUSTRIES, INC., a corporation organized and existing under the Laws of the State of South Carolina (the Company), and SPARTANBURG COUNTY, SOUTH CAROLINA (the County),

W I T N E S S E T H:

WHEREAS, the Company has entered into a Loan Agreement with the County, dated as of May 1, 1981 (the Loan Agreement), pursuant to which the County agrees to loan to the Company THREE MILLION and no/100 ($3,000,000.00) DOLLARS, representing the proceeds from the issuance by the County of its Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project), in the aggregate principal amount of $3,000,000 (the Notes); and

WHEREAS, the Loan Agreement requires the Company to enter into this Security Agreement, granting a security interest in certain personal property to secure its obligations under the Loan Agreement; and

WHEREAS, the Company has consented to the immediate assignment by the County of its rights under this Security Agreement to North Carolina National Bank, Charlotte, North Carolina, a national banking association organized under the Laws of the United States of America (the Assignee), to secure the County's obligations under the Notes.

NOW, THEREFORE, in consideration of the execution of the Loan Agreement by the County and other good and valuable consideration, receipt of which is hereby acknowledged, it is agreed by and between the parties as follows:

1. SECURITY INTEREST. The Company hereby grants to the County a security interest in and to the following property (collectively, the Collateral): all equipment (exclusive of motor vehicles), described on Exhibit B to the Loan Agreement and any replacements or substitutions thereof or additions thereto at any time installed on or used in connection with the Project, and the proceeds of the foregoing.

2. INDEBTEDNESS SECURED. The security interest herein granted shall secure all obligations and indebtedness of the Company to the County, including the Company's obligations and indebtedness under the Loan Agreement, as amended from time to time, including, but not limited to, the obligation to make loan repayments in

amounts and at the times provided in the Loan Agreement, and all court costs, attorneys' fees, and expenses of whatever kind incident to the enforcement or collection of such obligations and indebtedness and the enforcement and protection of the security interest created by this Security Agreement.

3. WARRANTIES AND COVENANTS AS TO COLLATERAL:

(a) The Company represents to the County and covenants that the Collateral is now owned solely by the Company (except for those items of equipment not yet acquired by the Company but to be acquired pursuant to the Loan Agreement or otherwise), that no other person, firm, or corporation has any right, title, interest, claim, or lien therein or thereto, and that the Collateral is free and clear of all encumbrances, liens, and prior security interests and will remain free and clear of any and all encumbrances, liens, and security interests except (i) the security interest granted to the County hereby, (ii) liens and security interests expressly permitted by the Loan Agreement, and (iii) inchoate vendors' and mechanics' liens and the liens of taxes and governmental charges not yet due and payable.

(b) The Company covenants that the Collateral covered by this Security Agreement will not be removed from the Project or sold or exchanged, except as expressly permitted by the Loan Agreement.

(c) The Company's covenants and warranties with respect to the Collateral contained in the Loan Agreement are hereby incorporated herein by reference.

4. NO OBLIGATION OF COUNTY TO PERFORM COMPANY'S OBLIGATIONS. By the execution of this Security Agreement, the County shall not be obligated to do and perform any of the acts or things provided in the contracts covered hereby to be done or performed by the Company, but, if there is a default by the Company under the Loan Agreement or this Security Agreement, then the County may, at its election, perform some or all of the obligations provided in said contracts to be performed by the Company, and, if the County incurs any liability or expenses by reason thereof, the same shall be payable by the Company upon demand and same shall also be secured by this Agreement.

5. DEFAULT. An Event of Default, as defined in the Loan Agreement, or the failure of the Company to observe or perform any of its agreements herein contained, shall constitute a default hereunder. Upon default, the County may exercise any or all rights and remedies provided by the Uniform Commercial Code in effect in the

State of South Carolina, or other applicable law, as well as all other rights and remedies possessed by the County, all of which shall be cumulative. Whenever the Company is in default hereunder, and upon demand by the County, the Company shall assemble the Collateral and make it available to the County at a place reasonably convenient to the Company and the County. After final disposition of and realization on the Collateral, the Company shall be obligated to pay any indebtedness secured hereby and remaining unpaid and shall be entitled to any surplus remaining after the satisfaction of all indebtedness secured hereby. Any notice of sale, lease, or other intended disposition of or realization on the Collateral by the County sent to the Company at the address indicated in the Loan Agreement, at least five (5) days prior to such action, shall constitute reasonable notice to the Company.

6. WAIVER OF DEFAULT. The County may waive any default before or after the same has been declared without impairing its right to declare a subsequent default hereunder, this right being a continuing one.

7. ASSIGNMENT. This Agreement shall inure to the benefit of the County's successors and assigns, and shall bind the Company's successors and assigns. It is contemplated by the parties that the County shall immediately assign its rights hereunder to the Assignee, and, in such event, the Assignee shall succeed to all of the rights of the County hereunder as fully as if named herein. The Company hereby consents to such assignment.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by their duly authorized officers as of the date first above written.

ABCO INDUSTRIES, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

SIGNED, SEALED, AND DELIVERED
in the Presence of:

_____

_____

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
County Administrator
Spartanburg County, South Carolina

ATTEST:

_____
Clerk
County Council of
Spartanburg County, South Carolina

SIGNED, SEALED, AND DELIVERED
in the Presence of:

_____

_____

Draft of 4/22/81

20259

STATE OF SOUTH CAROLINA	)	ASSIGNMENT OF
	)	
COUNTY OF SPARTANBURG	)	SECURITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that SPARTANBURG COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Spartanburg County, in consideration of the sum of ONE and no/100 ($1.00) DOLLAR to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, does hereby assign, transfer, and set over unto NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina, a national banking association organized under the Laws of the United States of America, its successors and assigns:

> All of the right, title, and interest of said Spartanburg County in and to the foregoing Security Agreement, dated as of May 1, 1981, between ABCO Industries, Inc., and Spartanburg County, South Carolina.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA, has executed this Assignment by causing its name to be subscribed by the County Administrator of Spartanburg County and the

20260

official seal of said Spartanburg County to be impressed hereon and attested by the Clerk of the County Council of Spartanburg County, all being done as of the 1st day of May, A. D. 1981.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
County Administrator
Spartanburg County, South Carolina

ATTEST:

_____
Clerk
County Council of
Spartanburg County, South Carolina

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

_____

_____

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

Draft of 4/22/81

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

GUARANTY AGREEMENT

between

A. B. BULLINGTON, JR., and
CAROL P. BULLINGTON

and

NORTH CAROLINA NATIONAL BANK
Charlotte, North Carolina

DATED AS OF MAY 1, 1981

20262

THIS GUARANTY AGREEMENT, dated as of May 1, 1981, is by and between A. B. BULLINGTON, JR., and CAROL P. BULLINGTON (hereinafter collectively called the Guarantors), and NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina, and the holder from time to time of the Notes (as hereinafter defined) (hereinafter called the Purchaser).

W I T N E S S E T H:

WHEREAS, Spartanburg County, South Carolina, a body politic and corporate and a political subdivision organized and existing under and by virtue of the laws of the State of South Carolina (hereinafter, together with any successor to its functions, called the County) proposes to issue its $3,000,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Notes, Series 1981 (ABCO Industries, Inc., Project) (hereinafter called the Notes); and

WHEREAS, the proceeds of the sale of the Notes will be loaned to ABCO Industries, Inc., a corporation organized and existing under the Laws of the State of South Carolina (hereinafter referred to as the Company), under the terms of a Loan Agreement between the County and the Company, dated as of May 1, 1981 (hereinafter and as from time to time amended called the Loan Agreement), and used to defray the costs incurred to (i) modify a thermal oxidation unit at the Company's existing facilities located approximately one (1) mile southwest of the Town of Roebuck in Spartanburg County; (ii) acquire the necessary land incidental to the construction of a pipeline from the Company's existing facilities to the North Tyger River, which land lies on both sides of I-26 south of the Transcontinental Gas pipeline right-of-way and east of the North Tyger River in Spartanburg County; and (iii) construct the pipeline in accordance with applicable NPDES and other permits (such modification and the acquisition and construction of the pipeline hereinafter called the Project);

WHEREAS, the Guarantors desire that the County issue and sell the Notes and loan the proceeds thereof to the Company for the purpose described above and, in order to provide an inducement to the County to issue and sell the Notes and an inducement to the purchase of the Notes by the Purchaser and all who shall at any time become holder thereof, the Guarantors are willing to enter into this Guaranty Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantors do hereby covenant and agree with the Purchaser as follows:

ARTICLE I

GUARANTY

SECTION 1.1 The Guarantors hereby unconditionally and irrevocably guarantee to the Purchaser and to the holders from time to time of the Notes:

(a) the full and prompt payment of an amount equal to the principal of the Notes on the date the same is expressed to become due, whether at the stated maturity thereof or by prepayment, as provided in the Notes, or otherwise;

(b) the full and prompt payment of an amount equal to interest on the Notes when and as the same is expressed to become due; and

(c) the full and prompt payment when due of all other payments required to be made by the Company pursuant to the Loan Agreement.

All payments by the Guarantors under this Guaranty Agreement shall be made in lawful money of the United States of America.

SECTION 1.2 The obligations of the Guarantors under this Guaranty Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Notes shall have been paid in full (or provision for the prepayment of the Notes shall have been made in accordance with the terms of the Notes). Such obligations shall not be affected, modified, or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not such event shall occur with notice to, or the consent of, the Guarantors:

(a) the waiver, surrender, compromise, settlement, discharge, release, or termination of any or all of the obligations, covenants, or agreements of the Company contained in the mortgage from the Company to the County, dated as of May 1, 1981, covering the Project (hereinafter called the Mortgage), or in the Notes;

(b) the transfer, assignment, or mortgaging or the purported transfer, assignment, or mortgaging of all or any part of the interest of the Company in the Project or any failure of title with respect to the Company's interest in the Project or the invalidity, unenforceability, or termination of the Loan Agreement;

(c) the waiver, surrender, compromise, settlement, release, or termination of the County's obligations, covenants, or agreements contained in the Loan Agreement;

(d) the waiver, surrender, compromise, settlement, release, or termination of any of the obligations, covenants, or agreements of the Company under the Loan Agreement;

(e) the extension of the time for payment of any principal of, premium, if any, or interest owing or payable on the Notes or of the time for performance of any obligations, covenant, or agreement under or arising out of the Loan Agreement or the Mortgage or any extension or renewal of either thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant, or agreement set forth in the Loan Agreement, the Notes, or the Mortgage;

(g) the taking or the omission of any action referred to in the Loan Agreement or the Mortgage or of any action under this Guaranty Agreement;

(h) any failure, omission, delay, or lack of diligence on the part of the County or the Purchaser in the enforcement, assertion, or exercise of any right, power, or remedy conferred on the County or the Purchaser in the enforcement, assertion, or exercise of any right, power, or remedy conferred on the County or the Purchaser under the Loan Agreement or the Mortgage, or conferred on the Purchaser in this Guaranty Agreement, or the inability of the County or the Purchaser to enforce any provision of the Loan Agreement or the Mortgage or this Guaranty Agreement for any other reason, or any other act or omission on the part of the County, the Purchaser, or the holders from time to time of the Notes;

(i) the dissolution, sale, or other disposition of all or substantially all of the assets, liquidation, the marshalling of assets and liabilities, receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, arrangement, adjustment, composition, or other similar proceedings affecting the County or the Company under the Loan Agreement or any of the assets of either of them, or any allegation of invalidity or contest of the validity of this Guaranty Agreement or the Loan Agreement or the disaffirmance of the Loan Agreement in any such proceeding; or

(j) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Guarantors from the performance or observance of any obligation, covenant, or agreement contained in this Guaranty Agreement.

This guarantee is an absolute unconditional present and continuing guarantee of payment and not of collectability and is in no way conditioned or contingent upon any attempt to collect from the Guarantors or upon any other condition or contingency.

SECTION 1.3 The Guarantors waive notice of the issuance of the Notes and notice from the Purchaser of its acceptance and reliance on this Guaranty Agreement. The Guarantors also waive presentment, demand for payment, protest, and notice of nonpayment or dishonor and all other notices and demands whatsoever relating to the Notes.

SECTION 1.4 No set-off, counterclaim, reduction, or diminution of an obligation, or any defense of any kind or nature (other than performance by the Guarantors of its obligations hereunder) which the County may have or assert or which the Guarantors may have or assert against the County or the Purchaser shall be available hereunder to the Guarantors against the Purchaser.

ARTICLE II

DEFAULT AND REMEDIES

SECTION 2.1 The Purchaser shall have the right, power, and authority to do all things it deems necessary or advisable to enforce the provisions of this Guaranty Agreement and protect its interest and, in the event of a default in payment of the principal or premium, if any, of the Notes when and as the same shall become due, whether at the stated maturity thereof or by prepayment, as provided in the Notes, or otherwise, or in the event of a default in the payment of any interest on the Notes when and as the same shall become due, the Purchaser may institute or appear in such appropriate judicial proceedings as the Purchaser shall deem most effectual to protect and enforce any of its rights, whether for the specific enforcement of any covenant or agreement in this Guaranty Agreement or in aid of the exercise of any power granted herein, or to enforce any other proper remedy. Without limiting the generality of the foregoing, in the event of a default in payment of the principal of, premium, if any, or interest on the Notes when due, the Purchaser may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Guarantors and collect the moneys adjudged or decree to be payable in the manner provided by law out of the property of the Guarantors, wherever situated.

SECTION 2.2 No remedy conferred upon or reserved to the Purchaser herein 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 Guaranty Agreement or now or hereafter existing at law or in equity.

SECTION 2.3 Each and every default in payment of the principal of, premium, if any, or interest on the Notes shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. In the event of such a default, the Purchaser shall have the right to proceed first and directly against the Guarantors under this Guaranty Agreement without proceeding against any other person or exhausting any other remedies which it may have and without resorting to any other security held by the County or the Purchaser.

SECTION 2.4 The Guarantors agree to pay all costs, expenses, and fees, including all reasonable attorneys' fees, which may be incurred by the Purchaser in enforcing or attempting to enforce this Guaranty Agreement or protecting the rights of the Purchaser hereunder following any default on the part of the Guarantors hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 2.5 No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE III

GENERAL

SECTION 3.1 The Guarantors agree that, as long as any of the Notes are outstanding, they will not dispose of all or substantially all of their assets.

SECTION 3.2 The obligations of the Guarantors under this Guaranty Agreement shall arise absolutely and unconditionally upon the issuance, sale, and delivery of the Notes. This Guaranty Agreement is executed prior to the execution of the Loan Agreement and is separate and independent of the Loan Agreement. Any modification, limitation, or discharge of the Company's liability under the Loan Agreement arising out of or by virtue of any bankruptcy, arrangement, reorganization, or similar proceeding shall not modify, limit, discharge, or otherwise affect the liability of the Guarantors under this Guaranty Agreement in any manner whatsoever.

SECTION 3.3 All moneys recovered by the Purchaser pursuant to this Guaranty Agreement (other than those provided for in Section 1.1(c) hereof) shall be applied to the payment of the principal of and interest on the Notes. This Guaranty Agreement is entered into by the Guarantors for the benefit of the Purchaser and 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 Purchaser, the Guarantors, and their respective heirs, executors, administrators, successors, and assigns.

SECTION 3.4 This Guaranty Agreement:

(a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof;

(b) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument;

(c) may not be modified except with the consent of the holders of the Notes; and

(d) shall be governed in all respects, including validity, interpretation, and effect, by, and shall be enforceable in accordance with, the law of the State of South Carolina. If any provision of this Guaranty Agreement shall be held to be invalid by any court of compentent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1 The rights and remedies provided under this Guaranty Agreement shall inure to the benefit of and be enforceable by the holders of the Notes.

IN WITNESS WHEREOF, A. B. BULLINGTON, JR., and CAROL P. BULLINGTON have hereunto set their Hands and Seal, and NORTH CAROLINA NATIONAL BANK, Charlotee, North Carolina, has accepted the same, as of the date first hereinabove written.

WITNESS:

_____

_____(L.S.)
A. B. Bullington, Jr.

_____

_____

_____(L.S.)
Carol P. Bullington

_____

EXHIBIT

APR 28 1981 NO. 3

STATE BUDGET & CONTROL BOARD

Draft of 4/22/81

20272

Accepted this _____ day of May,
A.D. 1981.

NORTH CAROLINA NATIONAL BANK

(SEAL)

By: _____

Its: _____

ATTEST:

_____

Its: _____

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF April 28, 1981

APR 28 1981 NO. 4

BLUE AGENDA ITEM NUMBER 5

STATE BUDGET & CONTROL BOARD

Agency: Clemson University

Subject: A&E Selection Approval Request

Please refer to attachments for details.

Board Action Requested:

Approve selection of Peritus Engineering Company, Inc., to perform consulting mechanical and electrical engineering services relating to Godfrey Hall, plant and animal science building, computer center, Moorman House conversion, Freeman Hall, Rhoads Engineering Research Center, Olin Hall, Long Hall and campus lighting system.

Staff Comment:

Attachments:

Form SE-1 plus attachments

20274

Form SE-1
1/12/81

State Budget and Control Board
Finance Division - State Engineer
A & E SELECTION APPROVAL REQUEST

EXHIBIT

APR 28 1981 NO. 4

(See instructions on back of this form.) STATE BUDGET & CONTROL BOARD

1. Agency/Institution: Clemson University

2. Contact Person: Melvin E. Barnette Phone: 656-2520

3. Project Name: Consulting Mechanical & Electrical Engineering

4. Project Number and Description: Consulting Mechanical & Electrical Engineering Services for Physical Plant Division

5. Estimated Cost: (a) A&E Fees: N/A NOTE: A&E Service to determine construction cost.
(b) Construction: N/A
(c) Total Project: N/A

6. Source of Funds for Project: Appropriation Act 1980-81, Section 18 Item VII Contractual Services

A/E FIRMS SELECTED:

Order of Preference	Firm		Reported State Work in Two Years Prior to Feb. 3, 1981 (Date this project first advertised)		
			A/E Contracts		Construction
	Name	Location	#	Fee Amount	Costs
1	Peritus Engineering, Inc.	Greenville	1	N/A	40,000
2	MBTB-Architects/Engineers, Inc.	Greenville	1	N/A	489,000
3	O'Neal Engineering Inc.	Greenville	0	None	None

* * * * * * * * * * * *

CERTIFICATION BY STATE ENGINEER:

I have reviewed the documents submitted in support of this request for approval of an A&E selection and have determined that the selection procedure required by law and by Budget and Control Board policy has been followed.

John M. Phelps Jr. 4-22-81

State Engineer Date

20275

Instruction to Agency/Institution

Letter of transmittal requesting approval shall include as attachments the following and in the following order:

A. Form SE-1: "A&E Selection Approval Request"

B. (1) Statement, signed by the chairman of the governing board of the Agency or Institution, that the amount of prior State work of each firm responding was taken into consideration in the selection of firms to be interviewed.

(2) Should the firm selected first in order of preference report having more A&E fees than the firms in second or third order of preference, a statement shall also be included giving the overriding reasons for selection of the firm in first order of preference.

C. Proposed contract executed only by firm in first order of preference.

D. Certificate of prior State work (with State Agencies of Institutions only) by firms 1, 2, and 3 in order of preference; and signed by a principal of the firm. Work shall be for number of contracts, total construction cost and total A&E fees for contracts executed by the firms for the past two years prior to the date this project was first advertised. (See Item E Below)

E. List of firms interviewed. This list shall show the number of contracts, total construction cost and total A&E fees on contracts the firm has executed on State work (work with State Agencies or Institutions) during the past two years prior to the date this project was first advertised.

NOTE: Prior to interview, write each firm selected for interview requesting information on past contracts. These letters can be used for Item D.

F. List of all firms responding to advertisement.

G. Affidavit from all newspapers in which adverstisement appeared.

NOTE: The following statement shall be included in the advertisement:

"Firms submitting resume of qualifications shall include a list of all contracts, including construction cost, the firm has executed on State work in the past two years".

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

CLEMSON
UNIVERSITY

VICE PRESIDENT FOR BUSINESS AND FINANCE

April 16, 1981

RECEIVED
APR 21 1981
S. C. BUDGET AND
CONTROL BOARD

Mr. William T. Putnam, Exec. Director
State Budget and Control Board
P. O. Box 11333
Columbia, S. C. 29211

Dear Mr. Putnam:

RE: Consulting Mechanical & Electrical Engineering Services for Physical Plant Division

In accordance with the memorandum dated September 21, 1978, we request approval to execute an Agreement Between Clemson University and Peritus Engineers, Inc.

During the review of all resumes submitted in response to our advertisement, consideration was given to the amount of state work each firm executed in the past two years.

During the interview process, we acquired a broad knowledge of each firm's capability. Even though all firms were essentially equal in the experience and capability, Peritus Engineers was selected because their previous projects indicated that their firm was very qualified to handle this type of work.

The following attachments are included:

1. Copy of suggested contract with Peritus Engineers, Inc. (Exhibit A)
2. Publisher's affidavit and copy of advertisement (Exhibit B)
3. List of firms submitting resumes for the project (Exhibit C)
4. List of firms interviewed, giving order of preference (Exhibit D)
5. List of construction projects since January 1, 1978 (Exhibit E)

Sincerely,

Melvin E. Barnette
Vice President for Business and Finance

MEB:JB:pdh

Atts. 5

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THE AMERICAN INSTITUTE OF ARCHITECTS

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

AIA Document B141

Standard Form of Agreement Between Owner and Architect

1977 EDITION

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION

AGREEMENT

made as of the Sixth day of April in the year of Nineteen Hundred and Eighty-one

BETWEEN the Owner: Board of Trustees
Clemson University
Clemson, South Carolina

and the Architect: The Firm of Peritus Engineers, Inc.
Greenville, South Carolina

For the following ~~Project:~~ buildings or systems provide consulting engineering
(Include detailed description of Project location and scope.)
services: Godfrey Hall, Plant & Animal Science Building (Computer Center) Moorman House Conversion, Freeman Hall, Rhodes Engineering Research Center Olin Hall, Long Hall, and Campus Lighting System.

The Owner and the Architect agree as set forth below.

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EXHIBIT A

Clawson Peters

TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT

ARTICLE 1

ARCHITECT'S SERVICES AND RESPONSIBILITIES

BASIC SERVICES

The Architect's Basic Services consist of the five phases described in Paragraphs 1.1 through 1.5 and include normal structural, mechanical and electrical engineering services and any other services included in Article 15 as part of Basic Services.

1.1 SCHEMATIC DESIGN PHASE

1.1.1 The Architect shall review the program furnished by the Owner to ascertain the requirements of the Project and shall review the understanding of such requirements with the Owner.

1.1.2 The Architect shall provide a preliminary evaluation of the program and the Project budget requirements, each in terms of the other, subject to the limitations set forth in Subparagraph 3.2.1.

1.1.3 The Architect shall review with the Owner alternative approaches to design and construction of the Project.

1.1.4 Based on the mutually agreed upon program and Project budget requirements, the Architect shall prepare, for approval by the Owner, Schematic Design Documents consisting of drawings and other documents illustrating the scale and relationship of Project components.

1.1.5 The Architect shall submit to the Owner a Statement of Probable Construction Cost based on current area, volume or other unit costs.

1.2 DESIGN DEVELOPMENT PHASE

1.2.1 Based on the approved Schematic Design Documents and any adjustments authorized by the Owner in the program or Project budget, the Architect shall prepare, for approval by the Owner, Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the entire Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate.

1.2.2 The Architect shall submit to the Owner a further Statement of Probable Construction Cost.

1.3 CONSTRUCTION DOCUMENTS PHASE

1.3.1 Based on the approved Design Development Documents and any further adjustments in the scope or quality of the Project or in the Project budget authorized by the Owner, the Architect shall prepare, for approval by the Owner, Construction Documents consisting of Drawings and Specifications setting forth in detail the requirements for the construction of the Project.

1.3.2 The Architect shall assist the Owner in the preparation of the necessary bidding information, bidding forms, the Conditions of the Contract, and the form of Agreement between the Owner and the Contractor.

1.3.3 The Architect shall advise the Owner of any adjustments to previous Statements of Probable Construction Cost indicated by changes in requirements or general market conditions.

1.3.4 The Architect shall assist the Owner in connection with the Owner's responsibility for filing documents required for the approval of governmental authorities having jurisdiction over the Project.

1.4 BIDDING OR NEGOTIATION PHASE

1.4.1 The Architect, following the Owner's approval of the Construction Documents and of the latest Statement of Probable Construction Cost, shall assist the Owner in obtaining bids or negotiated proposals, and assist in awarding and preparing contracts for construction.

1.5 CONSTRUCTION PHASE—ADMINISTRATION OF THE CONSTRUCTION CONTRACT

1.5.1 The Construction Phase will commence with the award of the Contract for Construction and, together with the Architect's obligation to provide Basic Services under this Agreement, will terminate when final payment to the Contractor is due, or in the absence of a final Certificate for Payment or of such due date, sixty days after the Date of Substantial Completion of the Work, whichever occurs first.

1.5.2 Unless otherwise provided in this Agreement and incorporated in the Contract Documents, the Architect shall provide administration of the Contract for Construction as set forth below and in the edition of AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement.

1.5.3 The Architect shall be a representative of the Owner during the Construction Phase, and shall advise and consult with the Owner. Instructions to the Contractor shall be forwarded through the Architect. The Architect shall have authority to act on behalf of the Owner only to the extent provided in the Contract Documents unless otherwise modified by written instrument in accordance with Subparagraph 1.5.16.

1.5.4 The Architect shall visit the site at intervals appropriate to the stage of construction or as otherwise agreed by the Architect in writing to become generally familiar with the progress and quality of the Work and to determine in general if the Work is proceeding in accordance with the Contract Documents. However, the Architect shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. On the basis of such on-site observations as an architect, the Architect shall keep the Owner informed of the progress and quality of the Work, and shall endeavor to guard the Owner against defects and deficiencies in the Work of the Contractor.

1.5.5 The Architect shall not have control or charge of and shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the Work, for the acts or omissions of the Contractor, Sub-

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contractors or any other persons performing any of the Work, or for the failure of any of them to carry out the Work in accordance with the Contract Documents.

1.5.6 The Architect shall at all times have access to the Work wherever it is in preparation or progress.

1.5.7 The Architect shall determine the amounts owing to the Contractor based on observations at the site and on evaluations of the Contractor's Applications for Payment, and shall issue Certificates for Payment in such amounts, as provided in the Contract Documents.

1.5.8 The issuance of a Certificate for Payment shall constitute a representation by the Architect to the Owner, based on the Architect's observations at the site as provided in Subparagraph 1.5.4 and on the data comprising the Contractor's Application for Payment, that the Work has progressed to the point indicated; that, to the best of the Architect's knowledge, information and belief, the quality of the Work is in accordance with the Contract Documents (subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to the results of any subsequent tests required by or performed under the Contract Documents, to minor deviations from the Contract Documents correctable prior to completion, and to any specific qualifications stated in the Certificate for Payment); and that the Contractor is entitled to payment in the amount certified. However, the issuance of a Certificate for Payment shall not be a representation that the Architect has made any examination to ascertain how and for what purpose the Contractor has used the moneys paid on account of the Contract Sum.

1.5.9 The Architect shall be the interpreter of the requirements of the Contract Documents and the judge of the performance thereunder by both the Owner and Contractor. The Architect shall render interpretations necessary for the proper execution or progress of the Work with reasonable promptness on written request of either the Owner or the Contractor, and shall render written decisions, within a reasonable time, on all claims, disputes and other matters in question between the Owner and the Contractor relating to the execution or progress of the Work or the interpretation of the Contract Documents.

1.5.10 Interpretations and decisions of the Architect shall be consistent with the intent of and reasonably inferable from the Contract Documents and shall be in written or graphic form. In the capacity of interpreter and judge, the Architect shall endeavor to secure faithful performance by both the Owner and the Contractor, shall not show partiality to either, and shall not be liable for the result of any interpretation or decision rendered in good faith in such capacity.

1.5.11 The Architect's decisions in matters relating to artistic effect shall be final if consistent with the intent of the Contract Documents. The Architect's decisions on any other claims, disputes or other matters, including those in question between the Owner and the Contractor, shall be subject to arbitration as provided in this Agreement and in the Contract Documents.

1.5.12 The Architect shall have authority to reject Work which does not conform to the Contract Documents. Whenever, in the Architect's reasonable opinion, it is necessary or advisable for the implementation of the intent of the Contract Documents, the Architect will have authority to require special inspection or testing of the Work in accordance with the provisions of the Contract Documents, whether or not such Work be then fabricated, installed or completed.

1.5.13 The Architect shall review and approve or take other appropriate action upon the Contractor's submittals such as Shop Drawings, Product Data and Samples, but only for conformance with the design concept of the Work and with the information given in the Contract Documents. Such action shall be taken with reasonable promptness so as to cause no delay. The Architect's approval of a specific item shall not indicate approval of an assembly of which the item is a component.

1.5.14 The Architect shall prepare Change Orders for the Owner's approval and execution in accordance with the Contract Documents, and shall have authority to order minor changes in the Work not involving an adjustment in the Contract Sum or an extension of the Contract Time which are not inconsistent with the intent of the Contract Documents.

1.5.15 The Architect shall conduct inspections to determine the Dates of Substantial Completion and final completion, shall receive and forward to the Owner for the Owner's review written warranties and related documents required by the Contract Documents and assembled by the Contractor, and shall issue a final Certificate for Payment.

1.5.16 The extent of the duties, responsibilities and limitations of authority of the Architect as the Owner's representative during construction shall not be modified or extended without written consent of the Owner, the Contractor and the Architect.

1.6 PROJECT REPRESENTATION BEYOND BASIC SERVICES

1.6.1 If the Owner and Architect agree that more extensive representation at the site than is described in Paragraph 1.5 shall be provided, the Architect shall provide one or more Project Representatives to assist the Architect in carrying out such responsibilities at the site.

1.6.2 Such Project Representatives shall be selected, employed and directed by the Architect, and the Architect shall be compensated therefor as mutually agreed between the Owner and the Architect as set forth in an exhibit appended to this Agreement, which shall describe the duties, responsibilities and limitations of authority of such Project Representatives.

1.6.3 Through the observations by such Project Representatives, the Architect shall endeavor to provide further protection for the Owner against defects and deficiencies in the Work, but the furnishing of such project representation shall not modify the rights, responsibilities or obligations of the Architect as described in Paragraph 1.5.

1.7 ADDITIONAL SERVICES

The following Services are not included in Basic Services unless so identified in Article 15. They shall be provided if authorized or confirmed in writing by the Owner, and they shall be paid for by the Owner as provided in this Agreement, in addition to the compensation for Basic Services.

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1.7.1 Providing analyses of the Owner's needs, and programming the requirements of the Project.

1.7.2 Providing financial feasibility or other special studies.

1.7.3 Providing planning surveys, site evaluations, environmental studies or comparative studies of prospective sites, and preparing special surveys, studies and submissions required for approvals of governmental authorities or others having jurisdiction over the Project.

1.7.4 Providing services relative to future facilities, systems and equipment which are not intended to be constructed during the Construction Phase.

1.7.5 Providing services to investigate existing conditions or facilities or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by the Owner.

1.7.6 Preparing documents of alternate, separate or sequential bids or providing extra services in connection with bidding, negotiation or construction prior to the completion of the Construction Documents Phase, when requested by the Owner.

1.7.7 Providing coordination of Work performed by separate contractors or by the Owner's own forces.

1.7.8 Providing services in connection with the work of a construction manager or separate consultants retained by the Owner.

1.7.9 Providing Detailed Estimates of Construction Cost, analyses of owning and operating costs, or detailed quantity surveys or inventories of material, equipment and labor.

1.7.10 Providing interior design and other similar services required for or in connection with the selection, procurement or installation of furniture, furnishings and related equipment.

1.7.11 Providing services for planning tenant or rental spaces.

1.7.12 Making revisions in Drawings, Specifications or other documents when such revisions are inconsistent with written approvals or instructions previously given, are required by the enactment or revision of codes, laws or regulations subsequent to the preparation of such documents or are due to other causes not solely within the control of the Architect.

1.7.13 Preparing Drawings, Specifications and supporting data and providing other services in connection with Change Orders to the extent that the adjustment in the Basic Compensation resulting from the adjusted Construction Cost is not commensurate with the services required of the Architect, provided such Change Orders are required by causes not solely within the control of the Architect.

1.7.14 Making investigations, surveys, valuations, inventories or detailed appraisals of existing facilities, and services required in connection with construction performed by the Owner.

1.7.15 Providing consultation concerning replacement of any Work damaged by fire or other cause during construction, and furnishing services as may be required in connection with the replacement of such Work.

1.7.16 Providing services made necessary by the default of the Contractor, or by major defects or deficiencies in the Work of the Contractor, or by failure of performance of either the Owner or Contractor under the Contract for Construction.

1.7.17 Preparing a set of reproducible record drawings showing significant changes in the Work made during construction based on marked-up prints, drawings and other data furnished by the Contractor to the Architect.

1.7.18 Providing extensive assistance in the utilization of any equipment or system such as initial start-up or testing, adjusting and balancing, preparation of operation and maintenance manuals, training personnel for operation and maintenance, and consultation during operation.

1.7.19 Providing services after issuance to the Owner of the final Certificate for Payment, or in the absence of a final Certificate for Payment, more than sixty days after the Date of Substantial Completion of the Work.

1.7.20 Preparing to serve or serving as an expert witness in connection with any public hearing, arbitration proceeding or legal proceeding.

1.7.21 Providing services of consultants for other than the normal architectural, structural, mechanical and electrical engineering services for the Project.

1.7.22 Providing any other services not otherwise included in this Agreement or not customarily furnished in accordance with generally accepted architectural practice.

1.8 TIME

1.8.1 The Architect shall perform Basic and Additional Services as expeditiously as is consistent with professional skill and care and the orderly progress of the Work. Upon request of the Owner, the Architect shall submit for the Owner's approval, a schedule for the performance of the Architect's services which shall be adjusted as required as the Project proceeds, and shall include allowances for periods of time required for the Owner's review and approval of submissions and for approvals of authorities having jurisdiction over the Project. This schedule, when approved by the Owner, shall not, except for reasonable cause, be exceeded by the Architect.

ARTICLE 2

THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information regarding requirements for the Project including a program, which shall set forth the Owner's design objectives, constraints and criteria, including space requirements and relationships, flexibility and expandability, special equipment and systems and site requirements.

2.2 If the Owner provides a budget for the Project it shall include contingencies for bidding, changes in the Work during construction, and other costs which are the responsibility of the Owner, including those described in this Article 2 and in Subparagraph 3.1.2. The Owner shall, at the request of the Architect, provide a statement of funds available for the Project, and their source.

2.3 The Owner shall designate, when necessary, a representative authorized to act in the Owner's behalf with respect to the Project. The Owner or such authorized representative shall examine the documents submitted by the Architect and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Architect's services.

2.4 The Owner shall furnish a legal description and a certified land survey of the site, giving, as applicable, grades and lines of streets, alleys, pavements and adjoining property; rights-of-way, restrictions, easements, encroachments, zoning, deed restrictions, boundaries and contours of the site; locations, dimensions and complete data pertaining to existing buildings, other improvements and trees; and full information concerning available service and utility lines both public and private, above and below grade, including inverts and depths.

2.5 The Owner shall furnish the services of soil engineers or other consultants when such services are deemed necessary by the Architect. Such services shall include test borings, test pits, soil bearing values, percolation tests, air and water pollution tests, ground corrosion and resistivity tests, including necessary operations for determining subsoil, air and water conditions, with reports and appropriate professional recommendations.

2.6 The Owner shall furnish structural, mechanical, chemical and other laboratory tests, inspections and reports as required by law or the Contract Documents.

2.7 The Owner shall furnish all legal, accounting and insurance counseling services as may be necessary at any time for the Project, including such auditing services as the Owner may require to verify the Contractor's Applications for Payment or to ascertain how or for what purposes the Contractor uses the moneys paid by or on behalf of the Owner.

2.8 The services, information, surveys and reports required by Paragraphs 2.4 through 2.7 inclusive shall be furnished at the Owner's expense, and the Architect shall be entitled to rely upon the accuracy and completeness thereof.

2.9 If the Owner observes or otherwise becomes aware of any fault or defect in the Project or nonconformance with the Contract Documents, prompt written notice thereof shall be given by the Owner to the Architect.

2.10 The Owner shall furnish required information and services and shall render approvals and decisions as expeditiously as necessary for the orderly progress of the Architect's services and of the Work.

ARTICLE 3

CONSTRUCTION COST

3.1 DEFINITION

3.1.1 The Construction Cost shall be the total cost or estimated cost to the Owner of all elements of the Project designed or specified by the Architect.

3.1.2 The Construction Cost shall include at current market rates, including a reasonable allowance for overhead and profit, the cost of labor and materials furnished by the Owner and any equipment which has been designed, specified, selected or specially provided for by the Architect.

3.1.3 Construction Cost does not include the compensation of the Architect and the Architect's consultants, the cost of the land, rights-of-way, or other costs which are the responsibility of the Owner as provided in Article 2.

3.2 RESPONSIBILITY FOR CONSTRUCTION COST

3.2.1 Evaluations of the Owner's Project budget, Statements of Probable Construction Cost and Detailed Estimates of Construction Cost, if any, prepared by the Architect, represent the Architect's best judgment as a design professional familiar with the construction industry. It is recognized, however, that neither the Architect nor the Owner has control over the cost of labor, materials or equipment, over the Contractor's methods of determining bid prices, or over competitive bidding, market or negotiating conditions. Accordingly, the Architect cannot and does not warrant or represent that bids or negotiated prices will not vary from the Project budget proposed, established or approved by the Owner, if any, or from any Statement of Probable Construction Cost or other cost estimate or evaluation prepared by the Architect.

3.2.2 No fixed limit of Construction Cost shall be established as a condition of this Agreement by the furnishing, proposal or establishment of a Project budget under Subparagraph 1.1.2 or Paragraph 2.2 or otherwise, unless such fixed limit has been agreed upon in writing and signed by the parties hereto. If such a fixed limit has been established, the Architect shall be permitted to include contingencies for design, bidding and price escalation, to determine what materials, equipment, component systems and types of construction are to be included in the Contract Documents, to make reasonable adjustments in the scope of the Project and to include in the Contract Documents alternate bids to adjust the Construction Cost to the fixed limit. Any such fixed limit shall be increased in the amount of any increase in the Contract Sum occurring after execution of the Contract for Construction.

3.2.3 If the Bidding or Negotiation Phase has not commenced within three months after the Architect submits the Construction Documents to the Owner, any Project budget or fixed limit of Construction Cost shall be adjusted to reflect any change in the general level of prices in the construction industry between the date of submission of the Construction Documents to the Owner and the date on which proposals are sought.

3.2.4 If a Project budget or fixed limit of Construction Cost (adjusted as provided in Subparagraph 3.2.3) is exceeded by the lowest bona fide bid or negotiated proposal, the Owner shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding or renegotiating of the Project within a reasonable time, (3) if the Project is abandoned, terminate in accordance with Paragraph 10.2, or (4) cooperate in revising the Project scope and quality as required to reduce the Construction Cost. In the case of (4), provided a fixed limit of Construction Cost has been established as a condition of this Agreement, the Architect, without additional charge, shall modify the Drawings and Specifications as necessary to comply

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with the fixed limit. The providing of such service shall be the limit of the Architect's responsibility arising from the establishment of such fixed limit, and having done so, the Architect shall be entitled to compensation for all services performed, in accordance with this Agreement, whether or not the Construction Phase is commenced.

ARTICLE 4

DIRECT PERSONNEL EXPENSE

4.1 Direct Personnel Expense is defined as the direct salaries of all the Architect's personnel engaged on the Project, and the portion of the cost of their mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions and similar contributions and benefits.

ARTICLE 5

REIMBURSABLE EXPENSES

5.1 Reimbursable Expenses are in addition to the Compensation for Basic and Additional Services and include actual expenditures made by the Architect and the Architect's employees and consultants in the interest of the Project for the expenses listed in the following Subparagraphs:

5.1.1 Expense of transportation in connection with the Project; living expenses in connection with out-of-town travel; long distance communications, and fees paid for securing approval of authorities having jurisdiction over the Project.

5.1.2 Expense of reproductions, postage and handling of Drawings, Specifications and other documents, excluding reproductions for the office use of the Architect and the Architect's consultants.

5.1.3 Expense of data processing and photographic production techniques when used in connection with Additional Services.

5.1.4 If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates.

5.1.5 Expense of renderings, models and mock-ups requested by the Owner.

5.1.6 Expense of any additional insurance coverage or limits, including professional liability insurance, requested by the Owner in excess of that normally carried by the Architect and the Architect's consultants.

ARTICLE 6

PAYMENTS TO THE ARCHITECT

6.1 PAYMENTS ON ACCOUNT OF BASIC SERVICES

6.1.1 An initial payment as set forth in Paragraph 14.1 is the minimum payment under this Agreement.

6.1.2 Subsequent payments for Basic Services shall be made monthly and shall be in proportion to services performed within each Phase of services, on the basis set forth in Article 14.

6.1.3 If and to the extent that the Contract Time initially established in the Contract for Construction is exceeded or extended through no fault of the Architect, compensation for any Basic Services required for such extended period of Administration of the Construction Contract shall be computed as set forth in Paragraph 14.4 for Additional Services.

6.1.4 When compensation is based on a percentage of Construction Cost, and any portions of the Project are deleted or otherwise not constructed, compensation for such portions of the Project shall be payable to the extent services are performed on such portions, in accordance with the schedule set forth in Subparagraph 14.2.2, based on (1) the lowest bona fide bid or negotiated proposal or, (2) if no such bid or proposal is received, the most recent Statement of Probable Construction Cost or Detailed Estimate of Construction Cost for such portions of the Project.

6.2 PAYMENTS ON ACCOUNT OF ADDITIONAL SERVICES

6.2.1 Payments on account of the Architect's Additional Services as defined in Paragraph 1.7 and for Reimbursable Expenses as defined in Article 5 shall be made monthly upon presentation of the Architect's statement of services rendered or expenses incurred.

6.3 PAYMENTS WITHHELD

6.3.1 No deductions shall be made from the Architect's compensation on account of penalty, liquidated damages or other sums withheld from payments to contractors, or on account of the cost of changes in the Work other than those for which the Architect is held legally liable.

6.4 PROJECT SUSPENSION OR TERMINATION

6.4.1 If the Project is suspended or abandoned in whole or in part for more than three months, the Architect shall be compensated for all services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 10.4. If the Project is resumed after being suspended for more than three months, the Architect's compensation shall be equitably adjusted.

ARTICLE 7

ARCHITECT'S ACCOUNTING RECORDS

7.1 Records of Reimbursable Expenses and expenses pertaining to Additional Services and services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on the basis of generally accepted accounting principles and shall be available to the Owner or the Owner's authorized representative at mutually convenient times.

ARTICLE 8

OWNERSHIP AND USE OF DOCUMENTS

8.1 Drawings and Specifications as instruments of service are and shall remain the property of the Architect whether the Project for which they are made is executed or not. The Owner shall be permitted to retain copies, including reproducible copies, of Drawings and Specifications for information and reference in connection with the Owner's use and occupancy of the Project. The Drawings and Specifications shall not be used by the Owner on

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other projects, for additions to this Project, or for completion of this Project by others provided the Architect is not in default under this Agreement, except by agreement in writing and with appropriate compensation to the Architect.

8.2 Submission or distribution to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of the Architect's rights.

ARTICLE 9

ARBITRATION

9.1 All claims, disputes and other matters in question between the parties to this Agreement, arising out of or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration, arising out of or relating to this Agreement, shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by the Architect, the Owner, and any other person sought to be joined. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein or with any person not named or described therein. This Agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented to by the parties to this Agreement shall be specifically enforceable under the prevailing arbitration law.

9.2 Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

9.3 The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

ARTICLE 10

TERMINATION OF AGREEMENT

10.1 This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

10.2 This Agreement may be terminated by the Owner upon at least seven days' written notice to the Architect in the event that the Project is permanently abandoned.

10.3 In the event of termination not the fault of the Architect, the Architect shall be compensated for all services performed to termination date, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 10.4.

10.4 Termination Expenses include expenses directly attributable to termination for which the Architect is not otherwise compensated, plus an amount computed as a percentage of the total Basic and Additional Compensation earned to the time of termination, as follows:

.1 20 percent if termination occurs during the Schematic Design Phase; or

.2 10 percent if termination occurs during the Design Development Phase; or

.3 5 percent if termination occurs during any subsequent phase.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Unless otherwise specified, this Agreement shall be governed by the law of the principal place of business of the Architect.

11.2 Terms in this Agreement shall have the same meaning as those in AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement.

11.3 As between the parties to this Agreement: as to all acts or failures to act by either party to this Agreement, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the relevant Date of Substantial Completion of the Work, and as to any acts or failures to act occurring after the relevant Date of Substantial Completion, not later than the date of issuance of the final Certificate for Payment.

11.4 The Owner and the Architect waive all rights against each other and against the contractors, consultants, agents and employees of the other for damages covered by any property insurance during construction as set forth in the edition of AIA Document A201, General Conditions, current as of the date of this Agreement. The Owner and the Architect each shall require appropriate similar waivers from their contractors, consultants and agents.

ARTICLE 12

SUCCESSORS AND ASSIGNS

12.1 The Owner and the Architect, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Architect shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

ARTICLE 13

EXTENT OF AGREEMENT

13.1 This Agreement represents the entire and integrated agreement between the Owner and the Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

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EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

ARTICLE 14

BASIS OF COMPENSATION

The Owner shall compensate the Architect for the Scope of Services provided, in accordance with Article 6, Payments to the Architect, and the other Terms and Conditions of this Agreement, as follows:

14.1 AN INITIAL PAYMENT of Not Applicable dollars ($)
shall be made upon execution of this Agreement and credited to the Owner's account as follows:

14.2 ~~BASIC~~ COMPENSATION

14.2.1 FOR ~~BASIC~~ SERVICES, as described in Paragraphs 1.1 through 1.5, and any other services included in Article 15 as part of ~~Basic~~ Services, ~~Basic~~ Compensation shall be computed as follows:

(Here insert basis of compensation, including fixed amounts, multiples or percentages, and identify Phases to which particular methods of compensation apply, if necessary.)

14.2.1.1 Employees' time computed at a multiple two and one-half (2.5) time the employees' direct personnel expense as defined in Article 4.

14.2.1.2 Extended Negotiations: The Owner, at his option, shall have the right to negotiate compensation on a stipulated basis in lieu of on a basis of multiple of direct personnel expense for any project listed on page one of this agreement for which an adequate scope of work can be defined.

14.2.2 Where compensation is based on a Stipulated Sum or Percentage of Construction Cost, payments for Basic Services shall be made as provided in Subparagraph 6.1.2, so that Basic Compensation for each Phase shall equal the following percentages of the total Basic Compensation payable:

(Include any additional Phases as appropriate.)

Schematic Design Phase:		percent (20 %)
Design Development Phase:		percent (45 %)
Construction Documents Phase:		percent 100 %)
Bidding or Negotiation Phase:	See Paragraph 14.2.1.1	percent (%)
Construction Phase:		percent (%)

14.3 FOR PROJECT REPRESENTATION BEYOND BASIC SERVICES, as described in Paragraph 1.6, Compensation shall be computed separately in accordance with Subparagraph 1.6.2.

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

14.4 COMPENSATION FOR ADDITIONAL SERVICES

14.4.1 FOR ADDITIONAL SERVICES OF THE ARCHITECT, as described in Paragraph 1.7, and any other services included in Article 15 as part of Additional Services, but excluding Additional Services of consultants, Compensation shall be computed as follows:

(Here insert basis of compensation, including rates and/or multiples of Direct Personnel Expense for Principals and employees, and identify Principals and classify employees, if required. Identify specific services to which particular methods of compensation apply, if necessary.)

Not Applicable

14.4.2 FOR ADDITIONAL SERVICES OF CONSULTANTS, including additional structural, mechanical and electrical engineering services and those provided under Subparagraph 1.7.21 or identified in Article 15 as part of Additional Services, a multiple of one (1.00) times the amounts billed to the Architect for such services.

(Identify specific types of consultants in Article 15, if required.)

14.5 FOR REIMBURSABLE EXPENSES, as described in Article 5, and any other items included in Article 15 as Reimbursable Expenses, a multiple of one (1.00) times the amounts expended by the Architect, the Architect's employees and consultants in the interest of the Project.

14.6 Payments due the Architect and unpaid under this Agreement shall bear interest from the date payment is due at the rate entered below, or in the absence thereof, at the legal rate prevailing at the principal place of business of the Architect.

(Here insert any rate of interest agreed upon.) See Article 15

(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Architect's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletion, modification, or other requirements such as written disclosures or waivers.)

14.7 The Owner and the Architect agree in accordance with the Terms and Conditions of this Agreement that:

14.7.1 IF THE SCOPE of the Project or of the Architect's Services is changed materially, the amounts of compensation shall be equitably adjusted.

14.7.2 IF THE SERVICES covered by this Agreement have not been completed within

( ) months of the date hereof, through no fault of the Architect, the amounts of compensation, rates and multiples set forth herein shall be equitably adjusted.

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EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

ARTICLE 15

OTHER CONDITIONS OR SERVICES

In the TERMS AND CONDITIONS OF AGREEMENT BETWEEN OWNER AND ARCHITECT AND/OR ENGINEER add to or delete from as follows:

15.1 GENERAL

Wherever the work "Architect" appears in the Document substitute therefore: "Architect and/or Engineer".

15.2 ARTICLE 1:

Architect and/or Engineer's services and responsiblility.

Add the following subparagraph:

1.1.5.1 Upon completion of the Schematic Design Phase, the Schematic Design Documents, including Probable Construction Cost shall be submitted to the Owner and State Engineer; and the Owner will approve the Probable Construction Cost in writing.

1.2 Delete in its entirety and substitute therefore the following.

1.2 Design Development Phase

1.2.1 Based on the Schematic Design Documents and any adjustments in the program for project budget, the Owner shall instruct the Architect, in writing, to prepare the Design Development Documents.

1.2.2 Design Development Documents shall include sufficient material to delineate the scope of project and to indicate the general design of the project. Design Development Documents, consisting of drawing, outline specifications, probable construction cost, and any other material or document necessary to prepare the Design Development Documents shall contain all architectural and/or engineering skills.

1.2.3 Design Development Documents shall include, but not limited to the following:

1.2.3.1 Drawings (if applicable to project):

a. Existing topographic features and improvements affecting or relating to the proposed work. Indicate revisions to be made to existing topographic features and improvements such as grading, construction of drainage facilities, etc. Where drainage facilities are to be provided, indicate direction to flow and point of discharge by appropriate symbol or notes.

1.2.3.1 Drawings: (continued)

b. Double-line drawings showing developed floor plans, proposed finished floor elevations, floor and roof framing, typical wall section, exterior elevations showing proposed floor-to-floor heights and basic details of any unusual features of construction.

c. Basic information necessary to establish space requirements and functional arrangement.

1.2.3.2 Outline Specifications and Probable Construction Cost shall be developed to a uniform level, reflecting the material, trades, mechanical and electrical system, and specialties required to reflect the project as a whole.

1.2.4 Upon completion of Design Development Phase, the Design Development Documents, including Outline Specification and Probable Construction Cost shall be submitted to the Owner and State Engineer and the Owner will approve the Probable Construction Cost in writing.

Add the following subparagraph:

1.3.4.1 Prior to advertising for bids for construction, the Architect and/or Engineer shall submit the Construction Documents and Probable Construction Cost and shall obtain written approval of the Probable Construction Cost from the Owner.

1.3.4.2 Submission of the Construction Documents and Probable Construction Cost to the Owner and State Engineer and the approval of the Probable Construction Cost do not relieve the Architect and/or Engineer of any responsibility for design deficiencies, omission or errors.

Add the following subparagraphs:

1.5.4.1 Periodic visits by the Architect and/or Engineer may vary with the progress of the work and other conditions, but shall average not less than one visit by the Architect and/or Engineer or his representative to the project per week during the course of the construction unless otherwise agreed upon between the Owner and Architect. The Architect and/or Engineer shall submit to the Owner a written report of his periodic visit, at least once a month, of his findings and progress of the project.

1.5.4.1.2 Should the Contractor fall behind in his construction schedule by more than four weeks, the Architect and/or Engineer shall notify the Owner in writing.

1.5.9 Delete in its entirety and substitute therefore the following:

20287

1.5.9 The Architect and/or Engineer shall be the interpreter of the requirements of the Contract Documents and judge of the performance thereunder by both the Owner and the Contractor. The Architect and/or Engineer shall render written interpretations necessary for the proper execution of progress of the work within fifteen days on written request of either the Owner or the Contractor, unless such interpretation can only be made after testing in which case an interpretation must be rendered within fifteen days after completion of such test, and shall render written decisions, within fifteen days, on all claims, disputes and other matters in question between Owner and the Contractor relating to the execution or progress of the work or the work or the interpretation of the Contract Documents.

Add the following subparagraph:

1.5.14.1 Where a Change Order is required due to field adjustment, design deficiency omission or error, the Change Order shall be prepared at no cost to the Owner.

Add the following subparagraph:

1.5.17 Upon completion of the Construction Phase, the Architect and/or Engineer shall correct the original drawing to "record drawings" showing all significant changes in the Work made during construction. Such changes to the drawings shall be made in a professional manner, and drawings shall be stamped and signed by the Architect and/or Engineer as said drawings being "record drawings", based on marked up prints, drawings and other data furnished by the Contractor and/or representative of the Owner and/or Architect.

1.5.18 One month prior to the expiration of the one-year warranty period as called for in the Construction Documents, the Architect and/or Engineer shall inspect the project for any deficiencies that may have developed under the one-year warranty. Upon completion of inspection a written report shall be furnished to the Owner, the State Engineer and the Contractor, and the Architect and/or Engineer shall assist the Owner in taking necessary action to see that the deficiencies are corrected.

1.6.1 Delete this subparagraph in its entirety.

1.6.2 Delete this subparagraph in its entirety.

1.6.3 Delete this subparagraph in its entirety.

1.7.17 Delete this subparagraph in its entirety.

15.3 ARTICLE 2 - THE OWNER'S RESPONSIBILITY:

2.4 First line following Owner - delete "shall furnish" and substitute therefore the following:

will furnish, if requested by the Architect and/or Engineer.

20288

15.4 ARTICLE 3 - CONSTRUCTION COST:

Add the following subparagraph:

3.1.3.1 Compensation to the Architect and/or Engineer shall be as set forth in Article 14. When compensation is based on "Percentage of Construction Cost" the establishing of the percentage shall be the amount of the Construction Contract awarded. Once established, the same percentage figure shall apply to any recomputation of fee occasioned bv Change Order, and only Change Orders that increase the contract amount shall be used in recomputation. Where a Change Order is required because of field adjustments, design deficiencies, omission or errors, the amount of that Change Order shall not apply toward computation of Architect and/or Engineer's compensation".

Add the following subparagraph:

3.2.2.1 Fixed limit of Construction Cost shall be the Probable Construction Cost as defined in Subparagraph 1.3.4.1.

15.5 ARTICLE 6 - PAYMENTS TO THE ARCHITECTS

6.1 Wherever the words "Basic Services" appear, replace with the word "services".

6.1.3 Delete in its entirety and substitute therefore the following:

6.1.3 If the Contract Time initially established in the Construction Contract is exceeded by more than thirty days through no fault of the Architect, compensation for Basic Services performed by Principals, Employees and Professional Consultants required to complete the Administration of the Construction Contract beyond the thirtieth day shall be computed as set forth in Paragraphs 14.4.1 and 14.4.2 for Additional Services. No additional compensation will be paid for services by the Architect in connection with semi-final and final inspection.

6.5 Final Payment - The Architect and or Engineer will deliver a final report, record prints, all warranties, operating manuals, materials list and other similar items as may be outlined in the contract specifications to Clemson University before application for final payment.

15.6 ARTICLE 8 - OWNERSHIP OF DOCUMENTS:

Article 8: Delete in its entirety and substitute therefore new Article 8 as follows:

20289

8.1 The Owner shall have unlimited rights in the ownership of all drawings, designs, specifications, notes and other work developed in the performance of the Agreement, including the right to use same on any other Owner's projects without additional cost to the Owner, and with respect thereto the Architect agrees to and does hereby grant to the Owner a royalty-free license to all such data which he may assert any rights or establish any claim under the design patent or copyright laws.

8.2 In the case of future reuse of the documents the Owner reserves the right to negotiate with the Architect for compensation for the acceptance of any professional liability.

8.3 In the event the Owner does not exercise the option to negotiate with the Architect for the Architect's acceptance of any professional liability, it is understood that the Architect is no longer liable in the reuse of the documents.

15.7 ARTICLE 9 - ARBITRATION

Delete ARTICLE 9 in its entirety.

15.8 ARTICLE 10 - TERMINATION OF AGREEMENT

10.3 Fourth line following "Expense" change comma "," to period "." and delete rest of sentence.

10.4 Delete in its entirety.

15.9 ARTICLE 11 - MISCELLANEOUS PROVISIONS

11.1 Second line following "laws of" delete remaining of sentence and substitute therefore the following:

"--South Carolina."

11.5 During the life of this agreement all site visits will be coordinated with the chairman of the building committee. A minimum of 24 hour notice will be expected except under emergency circumstances.

15.10 ARTICLE 14 - BASIS OF COMPENSATION:

14.6 Delete in its entirety and substitute therefore the following:

14.6 Payment due the Architect under this Agreement shall bear interest at six percent per annum commencing forty-five days after date of billing.

20290

14.7.2 Delete in its entirety.

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

This Agreement entered into as of the day and year first written above.

OWNER	ARCHITECT
Board of Trustees	Peritus Engineers, Inc.
Clemson University	
BY	BY
Melvin E. Barnette Vice President for Business and Finance	Raymond E. Putman, P.E. President

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20291

THE GREENVILLE NEWS—PIEDMONT COMPANY

POST OFFICE BOX 1688

GREENVILLE, SOUTH CAROLINA 29602

AFFIDAVIT

Allen Dedwyler, being duly sworn, says that he is the legal advertising representative of { THE GREENVILLE NEWS ~~THE GREENVILLE XXXXXXXXXX~~ newspaper printed and published in the City of Greenville, in the State of South Carolina. That the attached advertisement appearing in 2½ inches in the issue of February 1, 2, 3, 1981

Allen Dedwyler

Sworn to and subscribed before me

this 3rd day of February 19 81

Marsha B. Richardson Total Due $

Notary Public for State of S. C.

GNF 810168 12-77

Architects/Engineers Qualification Request

Clemson University requests resumes of qualifications from firms interested in providing consulting mechanical and electrical engineering services to the Physical Plant Division.

Essentially, the work will be to provide consulting mechanical and electrical services on various projects selected and developed by the Department of Planning and Engineering, Physical Plant Division.

Firms submitting resumes of qualifications shall include a list of all contracts, including construction cost, the firm has executed on site work in the past two years. Firms whose resumes do not include the list of contracts on site work, if any, will not be considered for interview.

Resumes must be received in the office of Vice President for Business and Finance, Clemson University, Clemson, South Carolina 29631, not later than February 17, 1981.

Melvin E. Barnette, Vice President for Business & Finance 69852

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

EXHIBIT B

20292

A/E FIRMS SUBMITTING RESUMES FOR
CONSULTING MECHANICAL & ELECTRICAL ENGINEERING SERVICES
TO PHYSICAL PLANT DIVISION

April 16, 1981

		Amt. State Work, 2 Yrs.
1.	O'Neal Engineering, Inc.	none
2.	Peritus Engineers, Inc.	$ 40,000.00
3.	MBTB Architects-Engineers, Inc.	$ 489,000.00
4.	Enwright Assocates, Inc.	$ 1,500,000.00
5.	Lockwood Greene	$27,378,000.00
6.	J. E. Sirrine Company	$ 574,983.00 (est.)

EXHIBIT

APR 28 1981 NO. 4

STATE BUDGET & CONTROL BOARD

PPD:J.B.

EXHIBIT C

20293

A/E FIRMS INTERVIEWED FOR
CONSULTING MECHANICAL & ELECTRICAL ENGINEERING SERVICES
TO PHYSICAL PLANT DIVISION

April 16, 1981

1. Peritus Engineers, Inc.
2. MBTB Architects-Engineers, Inc.
3. O'Neal Engineering, Inc.

NOTE: Numbered in order of preference.

EXHIBIT
APR 28 1981 NO. 4.
STATE BUDGET & CONTROL BOARD

PPD-J.B.

EXHIBIT D

20294

CLEMSON UNIVERSITY
CONSTRUCTION PROJECTS SINCE JANUARY 1, 1978

April 16, 1981

Year	Project	Firm	Construction Cost
1978	New Student Housing	Craig, Gaulden and Davis	$8,000,000
1978	Renov. of Tillman Hall	Westmoreland-McGarity-Pitts	$4,114,975
1978	Student Book Store Enlargement	Clark Associates	409,777
1979	Mod. of Campus for Compliance with Sec. 504 of Rehab. Act	Marshall Clarke	$1,361,000 1/
1979	Renov. of Sirrine Hall, Phase II	MBTB	$3,705,410
1979	Emergency Lighting, Dormitories	Lockwood Greene	75,000 (est.)
1979	Renov. of Brackett Hall, Phase I (Prelim.)	Freeman, Wells & Major	N/A
1980	Comp. Master Plan for Athletic Facilities	Freeman, Wells & Major	N/A
1980	Instrumentation for Water Filtration Plant	J. L. Rogers & Callcott Engineers, Inc.	$ 44,430
1980	Comprehensive Master Plan	Lockwood Greene	N/A
1980	Germ Plasm Research Facil.	McMillan Associates	$ 468,000

1/ Cost for Contract "A." Budget for additional contracts being developed.

EXHIBIT
APR 28 1981 NO. 4
STATE BUDGET & CONTROL BOARD

PPD-J.B.

EXHIBIT E

20295

EXHIBIT

STATE BUDGET AND CONTROL BOARD BLUE AGENDA

MEETING OF April 28, 1981 APR 28 1981 NO. 5 ITEM NUMBER 6

STATE BUDGET & CONTROL BOARD

Agency: Department of Corrections

Subject: A&E Selection, Small Projects

Please refer to attachments for details.

Board Action Requested:

Approve selection of Post, Buckley, Schuh and Jernigan, Inc., to plan an improved security and control system for facilities located at the Broad River Road complex for a fee not to exceed $3,750, under the small projects procedure.

Staff Comment:

Attachments:

State Engineer's form plus attachments

20296

State Budget and Control Board
Finance Division (Engineering)

REQUEST FOR APPROVAL OF SELECTION OF ARCHITECTURAL OR ENGINEERING FIRM UNDER "SMALL" PROJECTS PROCEDURE

1. Agency/Institution: (a) Name South Carolina Department of Corrections

(b) Request Prepared By Nelson W. Meek, P. E. (Phone 6272) Date 3/18/81

2. Certification By Chief Financial Officer:

I hereby certify that the agency/institution named in 1, above, has not paid and, including any payment under the contract described on this form, will not pay in excess of $12,000 to the firm named in 5, below, for services performed pursuant to the procedure in 1976 Code Sections 10-5-110 through 10-5-140 during any two consecutive fiscal year periods.

Typed Name and Signature of Chief Financial Officer
William D. Leeke, Commissioner

3. Project Name/Description/State Engineer's Project Number, If Applicable:

Renovations (General) N04-032 Traffic Control Study

4. Services To Be Performed:

Planning of an improved security and control system for the Department of Corrections' facilities located at Broad River Road.

EXHIBIT

APR 28 1981 NO. 5

STATE BUDGET & CONTROL BOARD

5. Firm Selected: (a) Name: Post, Buckley, Schuh & Jernigan, Inc.

(b) Address: P. O. Box 106, Bankers Trust Tower, Columbia, S. C. 29202

6. Contract Terms: (a) Beginning Date: March 20, 1981 Ending Date: June 1, 1981

(b) Fee: $ 3,750.00 (May not exceed $4,000 under Section 10-5-110.)

(c) Fee Payment Schedule: See Attached

(d) Source of Funds: 20400

7. How many firms were contacted regarding this project? One

8. Attach a copy of notices or advertisements, if any, used in this selection and a copy of the letter agreement or contract as negotiated.

9. Submit three copies of the completed form and attachments to Budget and Control Board.

20297

P B
S J
Post, Buckley, Schuh & Jernigan, Inc.
CONSULTING ENGINEERS and PLANNERS
BANKERS TRUST TOWER, POST OFFICE BOX 10C, COLUMBIA, SC 29202 • 803/256-7275

EXHIBIT

APR 28 1981 NO. 5

STATE BUDGET & CONTROL BOARD

January 8, 1981

Mr. Nelson W. Meek, P.E.
Director Division of Construction
South Carolina Department of Corrections
P. O. Box 21787/4444 Broad River Road
Columbia, South Carolina 29221

Dear Mr. Meek:

With reference to our meeting of January 2, 1981, Post, Buckley, Schuh & Jernigan is pleased to submit this proposal for professional services relative to the planning of an improved security and control system for the Department of Corrections' facilities located at 4444 Broad River Road in Columbia, South Carolina. The proposed work effort would involve discussions with the Department of Corrections officials to define the requirements for security and control at the existing facility, the identification of potential types of control facilities, preparation of alternative plans for review and evaluation, and selection and detailing of a recommended plan.

This proposal contains the proposed objectives and purpose of the study, the methodology and work to be undertaken and a schedule and fee for the proposed services.

Study Area

The study area for the project will include all of the administrative buildings and parking areas associated with the Department of Corrections as well as additional support facilities located to the north of the main administration building. In addition, the correctional facilities including the Campbell Pre-Release Center, the Walden Correctional Institution and the Women's Correctional Center will be identified as key locations with the study area.

Detailed mapping of the administrative, support and correctional facilities located in the area would be obtained from McNair, Gordon, Johnson and Karasiewicz and a base map outlining the existing buildings and parking areas would be developed. From this data, a detailed study area would be delineated from which the overall control plan would be prepared.

20298

An Overview

The existing Department of Corrections Main Administrative Office Building and the Engineering, Construction, Food Services and other support facilities are presently located at 4444 Broad River Road in Columbia, South Carolina. Access to these administrative and support areas is provided by a four-lane divided roadway which connects to Broad River Road. Parking areas for these facilities are located at various locations along this major four-lane access roadway.

In addition to the administrative and support facilities located along the main access roadway, there are a number of correctional facilities located in the same area. The Campbell Pre-Release Center, the Walden Correctional Institution, the Women's Correctional Center and the Pre-Release Center are all located in the same area.

At the end of the major access drive is a main guard house with gates controlling access to the central correctional facility.

Automobiles carrying employees and visitors to the administrative, support and correctional areas all enter the same driveway from Broad River Road. The lack of control on this major roadway results in poor security to the existing correctional facilities and limits control of unauthorized vehicles and persons at many of the administrative facilities.

In addition, inmate visitors on Saturdays and Sundays, and other representatives visiting the facilities on parole day create significant traffic congestion and problems to the other support facilities.

Study Objective

The objective of this work effort is to carefully review and evaluate the current number and type of vehicle trips to the various facilities and to develop an overall plan which would provide for maximum security for the existing areas and eliminate unauthorized vehicles within the area.

20299

Work Program

To accomplish this overall objective a comprehensive program has been developed. The work program includes four major areas of analysis. These four areas include:

1. Detailed interviews and disucssions with administrative, support and correctional representatives to identify specific requirements for the security system.

2. Analysis of existing traffic patterns and the delineation of alternative plans and operational procedures to meet the specific requirements.

3. Review and evaluation of the plans relative to the identified objectives and overall capital and manpower budgets.

4. Selection of a preferred plan and development of preliminary engineering drawings of the designated program.

Task 1 - Identify Security and Control Requirements - At the outset of the project, Post, Buckley, Schuh & Jernigan personnel would meet with the Department of Corrections' Commissioner, Deputy Commissioner and other administrative personnel to identify the requirements of the security program. In addition, meetings would be held with engineering, construction and food service representatives to understand their specific requirements for control and security.

Meetings would also be held with the wardens at the varying correctional facilities to also identify the types and nature of activity to be controlled.

It is anticipated a "shopping list" of requirements would be developed and reviewed with a committee designated to review and evaluate the project. A ranking system for each of the requirements would be developed.

For example, control of vehicles to the Work Release Center might be given an extremely high ranking while the control of vehicles entering the administration parking lot

may be given a less important value. In this manner, it would be possible to analyze the extent and nature of the various control systems and to identify the level of cost that will be required for each of the types of control.

Task 2 - Field Studies and Analysis of Travel Activity - Field studies will be undertaken on a parole day as well as on a Saturday and Sunday during an inmate visiting hours to identify the type and nature of traffic activity. The present method of recording the vehicle license number and other information at the main guard gate will be evaluated and the procedure for random searches and other specialized security measures will be reviewed. The time required for each vehicle to pass through the guard gate will be carefully analyzed and related to overall visitor activity.

Traffic peaking characteristics for parole hearings, Saturdays, Sundays and week days will be evaluated.

The present level of manpower effort associated with the existing security measures will be identified and related to the efficiency of the overall program.

From this review and analysis potential types of control measures will be identified. The types of control measures will be related to the goals and objectives identified in Task 1. Each type of control measure will be developed to respond to the various types of traffic activity and security required for each of the identified locations within the study area.

Task 3 - Development and Evaluation of Alternative Plans - The individual security measures and special components identified in Task 2 will be formulated into alternative plans. It is anticipated that a minimum of three to four alternative plans and operational procedures will be developed providing varying levels of control and security for the administrative, support and correctional areas.

It is anticipated the four alternatives will include various combinations of gates and locations of the guard house including optional programs for random searches and other types of screening methods.

Cost estimates and the relative efficiency in meeting the identified goals and objectives controlling security will be developed for each alternative. This data will be reviewed with the Committee and a recommended alternative will be developed.

Task 4 - Development of Selected Plan - The details of the selected alternative will be developed and a 1" = 100' drawing of the proposed plan prepared. Included in the proposed plan will be the proposed roadway signing, striping, lane control, location and type of guard house and type of mechancial equipment to be employed.

In addition, an operating plan including a manning schedule for the employees required to operate the selected plan will be prepared.

A cost estimate based upon new construction and manpower requirements will be developed.

A final report describing the work effort will be prepared and will be illustrated to document the entire process.

Study Schedule and Fee

We are prepared to undertake this work immediately upon notification to proceed and can complete the entire work program within two months. The work will be undertaken on a multiplier salary rate with the total cost not expected to exceed $3,750.00.

We would plan to submit an invoice at the end of the project documenting the total cost for the work effort.

* *

We are pleased to have the opportunity to submit our proposal for this important and challenging project for the South Carolina Department of Corrections.

20302

EXHIBIT

APR 28 1981 NO. 5

STATE BUDGET & CONTROL BOARD

We would be pleased to discuss our proposal with you in detail and make whatever modifications you may desire. If you have any questions or comments or need any additional information, please don't hesitate to let me know.

Respectfully submitted,

POST, BUCKLEY, SCHUH & JERNIGAN, INC.

William V. Sheppard
Director of Transportation Services

WVS/cms

APPROVED: _____
Nelson W. Meek, P. E., Director
Division of Construction

APPROVED: _____
Charles A. Leath
Deputy Commissioner/Operations

APPROVED: _____
William D. Leeke
Commissioner

APPROVED
South Carolina Department of Corrections
LEGAL ADVISOR'S OFFICE
Date: 2 Feb 81

20303

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF April 28, 1981

APR 28 1981

BLUE AGENDA NO. 6

ITEM NUMBER 7

STATE BUDGET & CONTROL BOARD

Agency: Department of Corrections

Subject: Amendment of A&E Contract (Project N04-021)

Please refer to attachments for details.

Board Action Requested:

Approve amendment of existing contract between the Department of Corrections and CH2M Hill relating to the Wateree dairy project to provide architectural services on the Wateree dairy and dairy support buildings as follows: design development, construction document preparation and construction phase services for a lump sum fee of $38,939.

Staff Comment:

Attachments:

20304

Meek April 15 letter to McPherson plus attachments

south carolina
department of corrections

P.O. BOX 21787/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221
TELEPHONE (803) 758-6444
WILLIAM D. LEEKE, Commissioner

EXHIBIT

APR 28 1981 NO. 6

STATE BUDGET & CONTROL BOARD

April 15, 1981

Mr. John A. McPherson,
Chief Engineer
State Auditor's Office
207 Wade Hampton Office Building
Post Office Box 11333
Columbia, South Carolina 29211

Re: Wateree River Correctional Institution
Project No. N04-021

Dear Mr. McPherson:

Attached is a quotation from CH2M Hill to add all architectural services for the Wateree River Correctional Institution's Dairy Project to their existing contract.

Please advise the necessary procedure to obtain approval of this matter.

Sincerely,

Nelson W. Meek/mh

Nelson W. Meek, P.E., Director
Division of Construction

NWM:kmh

Attachment

RECEIVED
APR 17 1981
S. C. BUDGET AND
CONTROL BOARD

BOARD OF CORRECTIONS
NORMAN KIRKLAND, Chairman, Bamberg, S. C.
W. M. CROMLEY, JR., Vice Chairman, Saluda, S. C.
CHARLES C. MOORE, Secretary, Spartanburg, S. C.
EUGENE N. ZEIGLER, Member, Florence, S. C.
CLARENCE E. WATKINS, Member, Camden, S. C.
BETTY M. CONDON, Member, Mt. Pleasant, S. C.
GOV. RICHARD W. RILEY, Member, Ex-Officio, Columbia, S. C.

20305

CH2M HILL
engineers
planners
economists
scientists

EXHIBIT

APR 28 1981 NO. 6

STATE BUDGET & CONTROL BOARD

RECEIVED
CONSTRUCTION
FILE

APR 1 1981

MEEK
LEITNER FETNER
HUBBARD REID

March 31, 1981

CA14347.A1

Mr. Nelson W. Meek, P.E.
Construction Manager
S.C. Department of Corrections
Division of Construction
P.O. Box 21787
Columbia, SC 29210

Dear Mr. Meek:

As discussed in our March 30, 1981 meeting, the following proposal is provided for expanding CH2M HILL's scope of work on the Wateree Dairy to include architectural services.

Architectural Services would be provided on the Wateree Dairy and Dairy Support Buildings, as follows:

1. DESIGN DEVELOPMENT to include review of preliminary/ conceptual design to date, finalize schematic design, and establish all major building systems and design features. Completion of the design development would include coordination with process equipment vendors. DOC approval would be obtained before proceeding with next phase.

2. CONSTRUCTION DOCUMENT PREPARATION to include completion of working drawings and specifications. Completion of this phase would include coordination with engineering design and finalization of material and color schedules. DOC approval would be obtained before final printing of construction documents.

3. CONSTRUCTION PHASE SERVICES would be provided in a manner similar to the services under the engineering scope of services. That is, services would include review of shop drawings, periodic visits to the site to observe progress and quality of work and completion of record plans based upon information supplied by the DOC.

The fee for these services is proposed to be a lump sum amount of $38,939.00. A cost breakdown to support this fee is attached.

CH2M HILL looks forward to working with DOC in the completion of the Wateree Dairy Project. Expanding our scope of services to include the architectural services would expedite the completion of the design stage which is considerably behind schedule.

We are prepared to start this work immediately and provide completed construction drawings for DOC approval by August 15, 1981. This coordinated design approach would provide savings to DOC in the cost of construction materials through the timely completion of construction documents.

Please advise if this proposal meets your approval so that we can provide you with a formal amendment to our contract. We appreciate this opportunity to offer further services to DOC. If there are any questions about this matter, please contact us.

Very truly yours,

Glenn W. Dukes, P.E.
Vice President and Regional Manager

eh

Attachment

20307

EXHIBIT

APR 28 1981 NO. 6

STATE BUDGET & CONTROL BOARD

WRCI DAIRY PROJECT
S.C. DEPARTMENT OF CORRECTIONS
COST PROPOSAL FOR ARCHITECTURAL SERVICES
MARCH 30, 1981

Employee Classification	Manhours	Billing Rate	Total Cost
Architect AR-1	400	25.00	$ 10,000.00
Technician T-3	480	27.00	12,960.00
Chief Architect AR-5	80	45.00	3,600.00
Word Processing	80	18.00	1,440.00
Project Manager E-4	80	37.00	2,960.00
TOTAL LABOR COST			$ 30,960.00
DIRECT COSTS			
Transportation		$1,000.00	
Telephone		150.00	
Postage, copying, and shipping		750.00	
Printing		1,000.00	
TOTAL DIRECT COSTS			2,900.00
PROFIT, RISK & MIC. (15%)			5,079.00
TOTAL PROJECT COST			$ 38,939.00

20308

STATE BUDGET AND CONTROL BOARD

EXHIBIT

BLUE AGENDA

MEETING OF April 28, 1981 APR 28 1981 NO. 7 ITEM NUMBER 8

STATE BUDGET & CONTROL BOARD

Agency: Clarks Hill-Russell Authority

Subject: A&E Selection, Small Projects

Please refer to attachments for details.

Board Action Requested:

Approve selection of Russell and Axon to survey and stake center line of road and to estimate amounts of cut and fill for a fee of $3,000, under the small projects procedure.

Staff Comment:

Attachments:

20309

State Engineer's form plus attachments

State Budget and Control Board
Finance Division (Engineering)

REQUEST FOR APPROVAL OF SELECTION OF ARCHITECTURAL OR ENGINEERING FIRM UNDER "SMALL" PROJECTS PROCEDURE

1. Agency/Institution: (a) Name Clarks Hill-Russell Authority

(b) Request Prepared By James N. Workman (Phone 443-2168) Date 4/21/81

2. Certification By Chief Financial Officer:

I hereby certify that the agency/institution named in 1, above, has not paid and, including any payment under the contract described on this form, will not pay in excess of $12,000 to the firm named in 5, below, for services performed pursuant to the procedure in 1976 Code Sections 10-5-110 through 10-5-140 during any two consecutive fiscal year periods.

James N. Workman
Typed Name and Signature of Chief Financial Officer

3. Project Name/Description/State Engineer's Project Number, If Applicable:

Little River Development

4. Services To Be Performed:

To survey and stake center line of road from Highway #7 to motel site.
Also to provide estimated amount of cut and fill.

EXHIBIT

APR 28 1981 NO. 7

STATE BUDGET & CONTROL BOARD

5. Firm Selected: (a) Name: Russell & Axon, P. O. Box 1305, Anderson, S.C. 29621

(b) Address:

6. Contract Terms: (a) Beginning Date: upon approval Ending Date: 30 days later

(b) Fee: $ 3,000.00 (May not exceed $4,000 under Section 10-5-110.)

(c) Fee Payment Schedule: upon completion

(d) Source of Funds: STATE

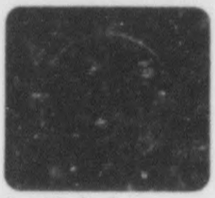
7. How many firms were contacted regarding this project? 2

8. Attach a copy of notices or advertisements, if any, used in this selection and a copy of the letter agreement or contract as negotiated.

9. Submit three copies of the completed form and attachments to Budget and Control Board.

20310

RUSSELL & AXON



Established in 1920

Engineers • Planners • Architects

Incorporated

EXHIBIT

APR 28 1981 NO. 7

STATE BUDGET & CONTROL BOARD

16 April 1981

Mr. Jim Workman
Executive Director
Clark Hill Authority
Drawer K
McCormick, South Carolina 29835

Dear Jim:

We have reviewed the information and material you provided regarding an access road to a portion of the Little River Project in McCormick County. It is our understanding that this access road will exit from South Carolina Highway S 33-7 and travel approximately parallel to U. S. Highway 378 in a southwesterly direction terminating in the motel and marina area of the project.

As discussed, Russell & Axon will field locate the proposed access road and place wooden centerline stakes at a distance not to exceed 100 feet for the purpose of clearing the road location. Russell & Axon will also provide the Authority with a drawing giving a bearings and distance description of road centerline. Compensation for these services provided by Russell & Axon will be Three Thousand Dollars ($3,000.00).

If this arrangement is acceptable, please sign one copy and return to me for our files. We are scheduled to begin work upon notification from you.

Sincerely yours,

RUSSELL & AXON

Robert C Palmer

ROBERT C. PALMER

RCP:m

Accepted: J Workman
Clark Hill Authority

Date: 4/21/81

20311

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF April 28, 1981

APR 28 1981 NO. 8

STATE BUDGET & CONTROL BOARD

BLUE AGENDA ITEM NUMBER 9

Agency: Finance Division (Engineering)

Subject: Release of Criminal Justice Academy Weapons Range Project

The Joint Bond Review Committee, in a poll conducted April 23, 1981, approved a $525,000 weapons range project for the Criminal Justice Academy. The funds will come from forfeitures and fines.

Board Action Requested:

Release project and approve use of referenced funds for this purpose.

Staff Comment:

Attachments:

Hodges April 23, 1981 letter to McInnis plus attachment

20312

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

Assembled by staff of State Budget and Control Board. Summary forwarded to Joint Bond Review Committee 9/10/80 (Date).

NUMBER 1-81

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING AMOUNT, SOURCE	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE
2. MENTAL RETARDATION (cont'd.) (d)	Revise budget (decrease)	$51,656.31 Debt Service Surplus	J16-040	Whitten Center - Energy Conservation Modifications to Buildings Transfer funds to J16-012 and J16-017 *JBR COMMITTEE APPROVAL 10/2/80*
(e)	Revise budget (increase)	$48,404.31 Debt Service Surplus (from J16-040)	J16-012	Whitten Center - Renovations of Buildings 7, 8, 9, 23 and 24 For Change Order #2 *JBR COMMITTEE APPROVAL 10/2/80*
(f)	Revise budget (increase)	$3,252 Debt Service Surplus (from J16-040)	J16-017	Seneca - Community Residence (Piedmont Region) For Change Order #6 and A&E fees. *JBR COMMITTEE APPROVAL 10/2/80*
3. CRIMINAL JUSTICE ACADEMY	Revise budget (increase)	$525,000 Forfeitures and Fines	N20-003	Weapons Range *JBR COMMITTEE CARRIED OVER 10/2/80; 12/3/80; & 2/10/81* *JBR COMMITTEE APPROVED PER POLL 4/23/81*
4. BUDGET AND CONTROL BOARD - GENERAL SERVICES	Revise budget (increase)	$17,078 Appropriated, transferred from Attorney General	F12-004	Dennis Building To finance partition work in excess of allowance *JBR COMMITTEE APPROVAL 10/2/80*
5. MENTAL HEALTH	Revise budget (increase)	$3,435.20 Paying Patient Fees	26-86	Warehouse Renovation To finance costs of additional renovation work *JBR COMMITTEE APPROVAL 10/2/80*

EXHIBIT NO. 8

APR 28 1981

STATE BUDGET & CONTROL BOARD

20313

APR 23 1981

House of Representatives - State of South Carolina

Charles E. Hodges
District No. 104-Horry County
4307 Broad Street
Loris, S.C. 29569

228 Blatt Building
Columbia, S.C. 29211

Tel. (803) 758-8316

Committees:
Ways and Means
Capital Improvements Bond Review Committee - Chairman
S.C. Committee on Tourism and Trade - Chairman
Public Transportation Study - Vice Chairman
State Reorganization Commission - Chairman
Majority Leader

April 23, 1981

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

In re: S1-81; Criminal Justice Academy - Weapons Range

Dear Mr. McInnis:

Transmitted herewith is Page 2 of Summary #1-81 indicating the Joint Bond Review Committee's approval, per Poll, of the establishment of the Criminal Justice Academy Weapons Range project at a cost of $525,000 to be funded from the Academy's Forfeitures and Fines Account.

With kind regards,

Sincerely,

Charles E Hodges

Charles E. Hodges, Chairman
Joint Bond Review Committee

CEH:lc

Enc. - #S1-81; pg. 2

20314

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 9 BLUE AGENDA

MEETING OF April 28, 1981 ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Engineering)

Subject: Permanent Improvement Projects Released by Staff

The following projects are reported by State Engineer McPherson as having been released by staff, following their review by the Joint Bond Review Committee:

(1) On Summary 43-81, item 7, University of South Carolina - Beaufort, Dowling property purchase project; and

(2) On Summary 51-81, items (a) and (b), relating to Union District Office Complex and Greenwood Office Complex projects.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Extracts from Summary 43-81 and Summary 51-81

20315

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 43-81

Assembled by staff of State Budget and Control Board. Summary forwarded to Joint Bond Review Committee 3/3/81 .
Date

Page 3 of 3 .

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
7. UNIVERSITY OF SOUTH CAROLINA - BEAUFORT Supporting document pp. 34-43	Establish source of funds	$7,500 Operating Funds	Not yet assigned	Purchase of Dowling Foundation Property - To acquire a 36' x 118' parcel of property on Duke Street adjacent to the campus. The property will be used for student parking.	JBR COMMITTEE APPROVED PER POLL 4/8/81	Staff App 4-28-81
8. YOUTH SERVICES (a) Supporting document pp. 44	Revise budget (increase) to $12,298.22	Add $298.22 Capital Improvement Bond Funds to be transferred from 8b below	N12-006	Water System Renovation - Broad River Complex (Columbia) - To install water meters at various locations		
(b) Supporting document pp. 45	Revise budget (decrease) to $3,994	Deduct $298.22 Capital Improvement Bond Funds to be transferred to 8a above	N12-011	Emergency Generator Installation - To reflect actual costs and close project		
(c) Supporting document pp. 46	Revise budget (decrease) to $29,700	Deduct $5,300 Capital Improvement Bond Funds to be transferred to 8d below	N12-001	Renovation Birchwood Campus - To reflect actual costs and close project		
(d) Supporting document pp. 47	Revise budget (increase) to $209,140	Add $5,300 Capital Improvement Bond Funds to be transferred to 8c above	N12-009	Internal Road System - Birchwood Campus - Re-paving the existing entry road to Brichwood Campus		
9. DEPARTMENT OF AGRICULTURE Supporting document pp. 48-51	Establish source of funds	$75,000 Farmers Market Operating Revenues	Not yet assigned	Renovation of Truckers' Shed - Columbia State Farmers Market - To enclose an existing 10,000 SF shed in order to provide office space, restrooms and warehouse space for leasing	JBR COMMITTEE APPROVED PER POLL 3/25/81	Staff App 3-27-81

20316

STATE BUDGET & CONTROL BOARD
APR 28 1981
NO. 9
EXHIBIT

REVISED 3/24/81

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 51-81

Assembled by staff of State Budget and Control Board. Summary forwarded to Joint Bond Review Committee 3/23/81 (Date).

Page 1 of 1.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOND APPROVAL
WILDLIFE AND MARINE RESOURCES (a) Supporting document pages 1-10.	Revise budget (increase) to $94,300	Add $27,300 (CIB, Act 194 of 1979, Part I, Item 26-1) [See note below]	P24-025	Union (County) District Office Complex - To provide funds to award construction contract bid which expires April 3, 1981.	JBR COMMITTEE APPROVED PER POLL 3/25/81	Staff App 4-17-81
(b) Supporting document pages 3-10.	Revise budget (increase) to $113,329	Add $46,329 (CIB, Act 194 of 1979, Part I, Item 26-1) [See note below]	P24-020	Greenwood (State Park) District Office Complex - To provide funds for land acquisition and to award construction contract bid which expires April 3, 1981.	JBR COMMITTEE APPROVED PER POLL 3/25/81	Staff App 4-17-81

NOTE: CIB Act 194, Item 26-1 - General Improvements $410,000
Less: Total Funds Allocated to Permanent Improvement Projects Prior to March 9, 1981 -326,851
Balance 83,149
Total Funds Allocated Above ($27,300 + $46,329) -73,629
Balance Unallocated ($ 9,520)

EXHIBIT NO. 9
APR 28 1981
STATE BUDGET & CONTROL BOARD

20317

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

APR 28 1981 NO. 10

ITEM NUMBER 11

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Easements

The Division of General Services requests approval of an easement for water and sewer lines for the County of Lexington, City of Cayce, to serve the South Carolina Fire Academy.

Also request approval of an easement for Southern Bell to place and maintain buried plant on and through the Fire Academy. The purpose of this plant is to serve the Fire Academy and the new Wing Civil Air Patrol building adjacent to the Fire Academy.

EXHIBIT

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Staff Comment:

Attachments: Easements

20318

EXHIBIT

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD

CITY OF CAYCE

P. O. BOX 4 • CAYCE, SOUTH CAROLINA 29033
TELEPHONE (803) 796-9020

March 12, 1981

RECEIVED
MAR 12 1981
SOUTH CAROLINA
FIRE ACADEMY

Mr. Joseph M. McDonagh
S. C. Fire Academy
West Columbia, S. C.

Dear Mr. McDonagh:

I am enclosing our draftsman's projections of the proposed new water line that we wish to install across the property under your and your Boards control.

We request that you review this sketch, and after review, return to us the enclosed right-of-way easement form at your earliest convenience.

Experience has taught us that there is some uncertainty as to the exact location of existing underground utilities in the airport area, therefore, the sketch cannot be considered as an exact alignment, as the proposed line may have to be shifted slightly, but probably no more than 36" at any point.

We request a twenty five (25) foot construction easement and a ten (10) foot permanant easement.

Thanking you for your continuing cooperation.

Yours truly,

G. Carroll Moore

G. Carroll Moore
Utilities Director

GCM/as

cc:
E. H. Heustess, Jr.
John Hert

4/22/81
call to Mr Moore
1- 36" cover
2- Deed State Prop.
MGK
for the file -

EXHIBIT

20319

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD

MAR 26 1981

F

EXHIBIT

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD

Southern Bell

Columbia, South Carolina
March 12, 1981

Mr. Joseph M. McDonagh
Director
South Carolina Fire Academy
West Columbia, South Carolina 29169

Dear Mr. McDonagh:

This letter concerns an easement for Southern Bell to place and maintain buried plant on and through the Fire Academy. The purpose of this plant is to serve the Fire Academy and the new Wing Civil Air Patrol building adjacent to the Fire Academy. The existing aerial cable serving the Fire Academy is to be removed to comply with the desire of Midlands Technical College.

Enclosed for your inspection and concurrence is an easement for the proposed telephone plant. If it meets with your acceptance, please forward the easement through appropriate channels for approval.

Upon approval, if you would return the easement to me it would be greatly appreciated. Please send to J. R. Richardson, Engineer, Room 201, 810 Dutch Square Boulevard, Columbia, South Carolina, 29210.

Thank you very much for your cooperation.

Yours truly,

J R Richardson

J. R. Richardson 772-0600
Engineer

ab

Attachment

Ltr ck to surv
for Ad. TCAP
man
3 pm permit y Ed

20320

EXHIBIT

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON) EASEMENT FOR WATER AND SEWER LINES
)
CITY OF CAYCE)

Know All Men By These Presents:

That South Carolina Fire Academy for and in consideration of the sum of one ($1.00) Dollar to _____ in hand paid by the City of Cayce, receipt of which is hereby acknowledged, and other valuable consideration, have granted, bargained, sold and released, and by these presents do grant, bargain, sell and release unto the said City of Cayce, its successors and assigns, a perpetual easement and right-of-way ten (10) feet in width for the purpose of constructing and installing water and sewer lines, and for the upkeep, repair, operation, and maintenance of said lines over the property hereinafter described:

Belonging to the South Carolina Board of Technical Comprehensive Education, South Carolina Fire Academy, Airport Campus.

As indicated by the attached plan drawing, for a distance of approximately 1,050 feet.

Construction easement to be 25 feet in width with permanent easement 10 feet as stated above.

In witness whereof I have hereunto set my hand and seal this 17th day of April, 19 81.

Francis L. Bell

Signed, sealed and
delivered in the presence of:

Helen G. Wilson

Dorothy B. Hardin

STATE OF SOUTH CAROLINA)
YORK)
COUNTY OF ~~XXXXXXXXX~~)

Personally appeared before me Helen G. Wilson and, being duly sworn, says that ~~she~~ she saw the within named Francis L. Bell, sign, seal, and as his act and deed deliver the within easement for the uses and purposes therein mentioned, and that she with Dorothy B. Hardin witnessed the execution thereof.

Sworn to before me this 17th day of April, 19 81

Notary Public for S.C: Anne H. Blackmon
My commission expires: May 18, 1989

Approved April 28, 1981
State Budget and Control Board

W. T. Putnam

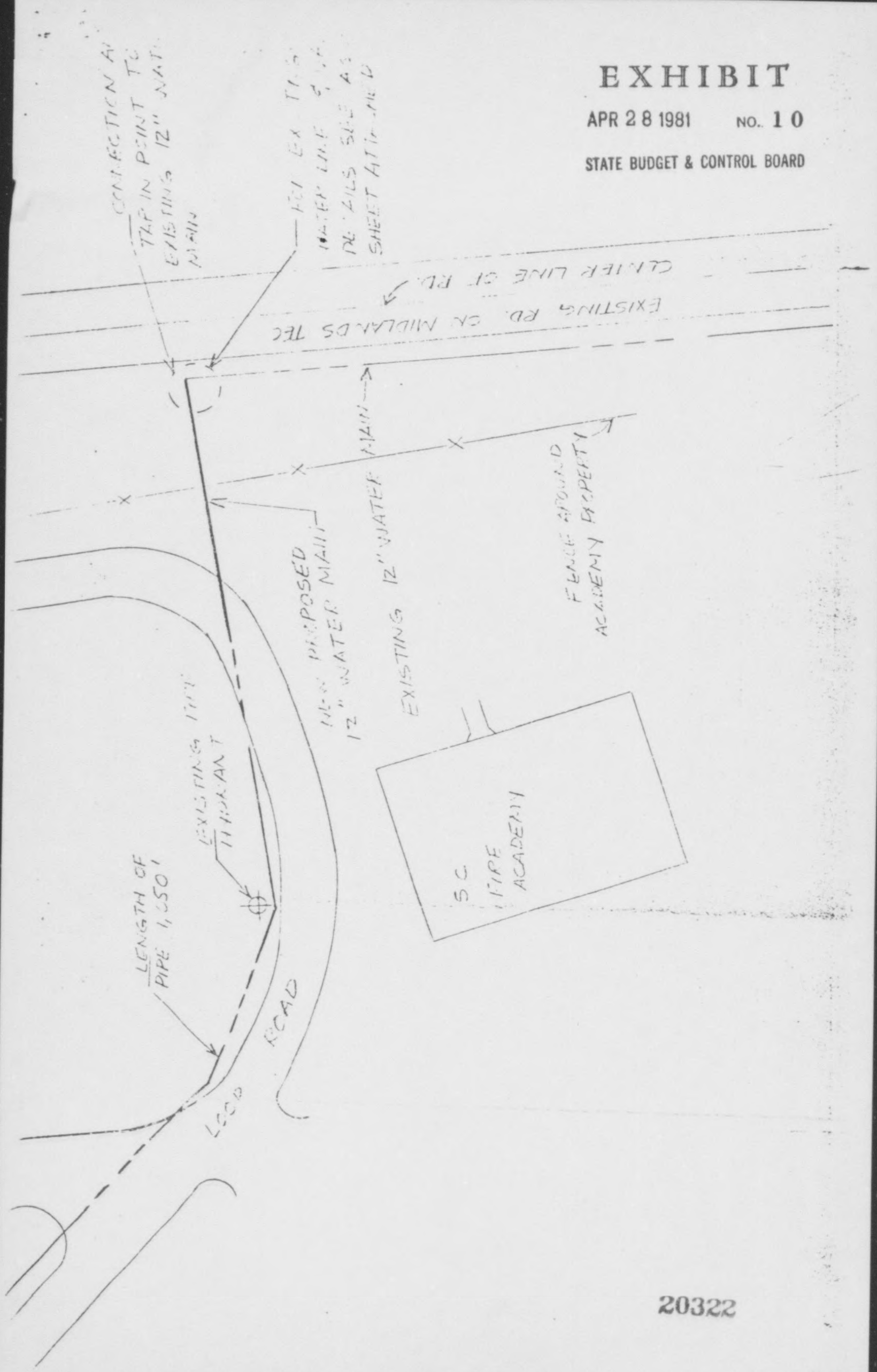
W. T. Putnam, Executive Director

20321

EXHIBIT

APR 28 1981 NO. 10

STATE BUDGET & CONTROL BOARD



20322

EXHIBIT

APR 28 1981 NO. 10 FORM 8416 APR. 1969

RIGHT-OF-WAY EASEMENT

STATE BUDGET & CONTROL BOARD

In consideration of the sum of money hereinafter set out and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged from the Southern Bell Telephone and Telegraph Company, the undersigned, owner(s) of the premises described below, do hereby grant to the Southern Bell Telephone and Telegraph Company its licensees, agents, successors, assigns, and allied and associated companies, a right of way easement to construct, operate, maintain, add or remove such lines or systems of communications or related services as the grantee may require, consisting of:

(1) poles, guys, anchors, aerial cables and wires;

(2) buried cables and wires, cable terminals, markers, splicing boxes and pedestals;

(3) conduits, manholes, markers, underground cables and wires;

(4) and other amplifiers, boxes, appurtenances or devices

upon over and under a strip of land 10 feet wide across the following lands in Lexington County, State of S.Carolina generally described as follows: Along the northern shoulder of existing access road to Fire Academy start at its intersection with S-32-1500 and continuing 520 feet in an easterly direction to the intersection of the Fire Academy. At the intersection , the easement branches. One branch continues 175 feet in an easterly direction and the other turns in a southerly direction and continues 380 feet to property line.

and, to the fullest extent the undersigned has the power to grant, if at all, over, along and under the roads, streets or highways adjoining or through said property.

The following rights are also granted: to allow any other person or company to attach wires or lay cable or conduit within the right of way for communications or electric power transmission or distribution; ingress and egress to said premises at all times; to clear the land and keep it cleared of all trees, undergrowth or other obstructions within the easement area; to trim and cut and keep trimmed and cut all dead, weak, leaning or dangerous trees or limbs outside of the easement area which might interfere with or fall upon the lines or systems of communications or power transmission or distribution.

The receipt of one and no /100 Dollars ($1.00) is hereby acknowledged by the undersigned.

To have and to hold the above granted easement unto Southern Bell Telephone and Telegraph Company, its successors and assigns forever.

IN WITNESS WHEREOF, the undersigned has signed and sealed this document caused this instrument to be executed by its duly authorized agent

on _____, 19____.

Signed, sealed and delivered in the presence of:

_____ L.S.

_____
Witness

Mike Copeland L.S.
Division Director-Div. of General Services
South Carolina Budget & Control Board
Name of Corporation

_____

Approved April 28, 1981
State Budget and Control Board
W. T. Putnam

Attest:

_____
Corporate Officer

By: W. T. Putnam, Executive Director
Title

20323

Name and Post Office Address of Grantor: S.C. Budget & Control Board
300 Gervais Street
Columbia, South Carolina 29201

File No.

Toll Line or Exchange Line tributary to: Swift (Exchange)

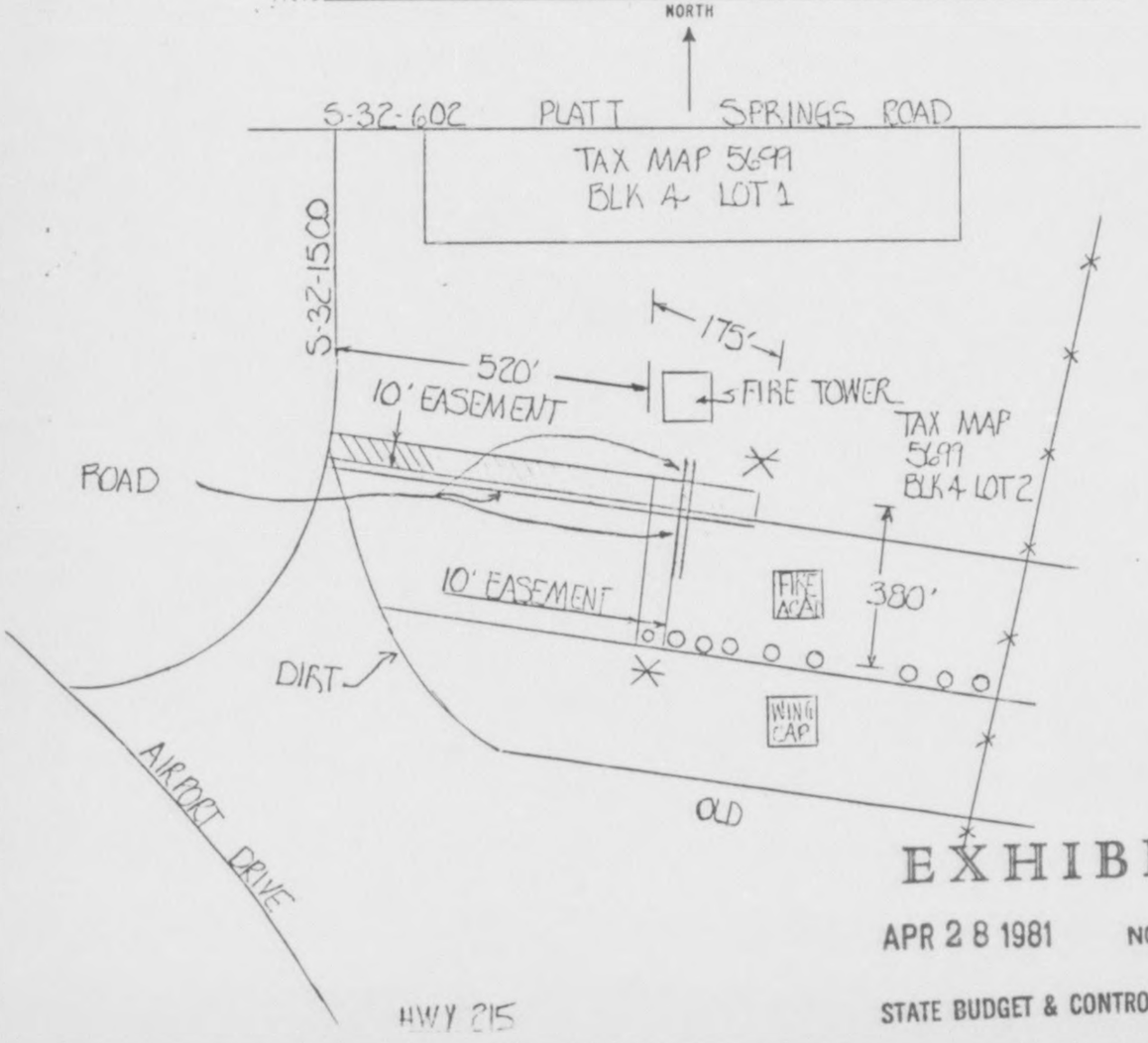
The Property is bounded where the line enters and leaves this property by the property of:
S-32-1500 on the east
and on the

Authority HK1-0273S Classification 45C

Area

Approved

Title



EXHIBIT

APR 28 1981 NO. 10

20324

STATE BUDGET & CONTROL BOARD

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 11

BLUE AGENDA

MEETING OF April 28, 1981

ITEM NUMBER 12

STATE BUDGET & CONTROL BOARD

Agency: Parks, Recreation and Tourism
Clemson University

Subject: Consultant Services Contracts

(a) Parks, Recreation and Tourism
Consultant: ERLA Associates, Atlanta, Georgia
Maximum Amount: $54,000, 100% State funds
Time Period: May 1, 1981 - September 30, 1981
Purpose: To perform a special study on the effectiveness of the SCORP Exchange Council, PRT's citizen participation mechanism for the State Comprehensive Outdoor Recreation Plan which is the State's official planning document which keeps South Carolina eligible for federal funding through the Land and Water Conservation Program.

(b) Clemson University
Consulant: Owen Ayres and Associates, Inc., Columbia, SC
Maximum Amount: $98,000, 100% State funds
Time Period:
Purpose: To provide aerial photography, field control and topographic mapping for Clemson University Comprehensive Master Plan projects.

Board Action Requested:

Approve.

Staff Comment:

Attachments:

Jennings April 14 letter to McInnis; Clemson Report on Consultants Form plus attachments

20325

STATE AUDITOR'S OFFICE

REPORT ON CONSULTANTS

APR 14 1981

Name of State Agency: SC Department of Parks, Recreation and Tourism

Date of Report: 4/14/81 Prepared by: William R. Jennings

Name of Consultant or Firm: ERLA Associates

Address of Consultant or Firm: Healey Bldg., Suite 1230, 57 Forsyth St., NW, Atlanta, GA 30303

Terms of Consultant Contract:

Beginning Date: May 1, 1981 Ending Date September 30, 1981

Rate of Pay: $_____ per _____; Maximum under this contract: $ 54,000

Source of Funds: Appropriated (100%); _____ (%); _____ (%).
Recreation Planning Account

Purpose or Goal of Consultant:

This is a special study on the effectiveness of the SCORP Exchange Council, PRT's citizen participation mechanism for the State Comprehensive Outdoor Recreation Plan (SCORP). SCORP is the State's official planning document that keeps South Carolina eligible for federal funding through the Land and Water Conservation Program.

Was this Individual or Firm Selected through the Submission of Bids or Proposals?

Yes X No _____

If yes, How many Bids or Proposals were Received? 8

Advertisements were run on January 25, 1981, and February 1, 1981.

Interviews were held with four (4) firms on March 30, 1981.

APPROVED
APR 28 1981
STATE BUDGET AND CONTROL BOARD
W A McInnis

EXHIBIT

20326 APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

EXHIBIT APR 14 1981

APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

PRT

William R. Jennings, Director
Division of Planning & Development
(803) 758-2863

April 14, 1981

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29201

RE: Selection of Planning Consultant

Dear Bill:

Attached is a completed form on the selection of a planning consultant to conduct a special study as an element of the State Comprehensive Outdoor Recreation Plan (SCORP). SCORP is the official planning document which retains eligibility for South Carolina to participate in the Land and Water Conservation Program.

The purpose of this particular element is to examine the extent to which the current public participation programs and the techniques involved have been effective in meeting the expectations and objectives of SCORP and the various "publics" served; and to make recommendations for improvement and refinement of those techniques.

This study will be funded from PRT's Recreation Planning Account which is a line item in our appropriated budget.

Even though this type of consulting service is not covered by the A/E regulations, PRT chose to follow the same procedure. We advertised for a period of 15 days and interviewed four firms. We request approval to contract with ERLA Associates to conduct this study at a fee not to exceed $54,000.

Your earliest consideration in this matter would be greatly appreciated.

Sincerely,

William R. Jennings

WRJ:pd

Enclosures

20327

STATE AUDITOR'S OFFICE

REPORT ON CONSULTANTS

APR 19 1981

EXHIBIT

APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

Name of State Agency: Clemson University

Date of Report: April 16, 1981 Prepared by: J. Boyer

Name of Consultant or Firm: Owen Ayres and Associates, Inc.

Address of Consultant or Firm: 209 Stoneridge Drive, Columbia, SC 29210

Terms of Consultant Contract:

Beginning Date: _____ Ending Date _____

Rate of Pay: $_____ per _____; Maximum under this contract: $ 98,000.00

Source of Funds: Sec. 18, Item VII Op. and Maintenance Phy. Plant (100%); _____ (%); _____ (%).
Contractural Services

Purpose or Goal of Consultant:

Aerial photography -- Field Control and Topographic mapping for Clemson University Comprehensive Master Plan

Was this Individual or Firm Selected through the Submission of Bids or Proposals?

Yes _____ No x

If yes, How many Bids or Proposals were Received? _____

APPROVED
APR 28 1981
STATE BUDGET AND CONTROL BOARD
W A McInnis

20328

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Yes _____ No x

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APPROVED
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20328

ENGINEERS
ARCHITECTS
PLANNERS
PHOTOGRAMMETRISTS
SURVEYORS

OWEN AYRES & ASSOCIATES, INC.
209 STONERIDGE DRIVE
COLUMBIA, SOUTH CAROLINA 29210
(803) 252-8885

April 13, 1981

EXHIBIT

APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

Mr. Melvin Barnette
Vice President
Business and Finance
Clemson University
Clemson, South Carolina 29631

Re: Clemson University Mapping

Dear Mr. Barnette:

This letter is intended to represent a short form contract for production of five 1"=50' compilation manuscripts and one 50 scale finish drafted sheet to check the accsuracy of five Clemson University 50 scale map atlas sheets. These sheets are numbered A-2, A-4, B-4, B-6 and C-6.

We will utilize the existing 1981 photography to complete the test work on 50 scale mapping. We will prepare a field control plan and execute that plan with our field crews. The horizontal control survey work will include the running of control survey traverses on the South Carolina State Plane Coordinate System to achieve accuracies of 1:10,000 or better before adjustment. Sufficient survey connections shall be made to basic National Geodetic Survey (NGS) control stations or other high order control stations, to permit the proper checks and adjustments to be made in both the traverse lengths and bearings. All traverses shall be run in closed circuits and shall be adjusted to provide closed geometric figures.

The vertical control work will include running closed spirit levels of Third Order accuracy on the National Geodetic Vertical datum, 1929 Adjustment with the error of closure not exceeding 0.050' times the square root of the length of the circuit in miles where existing Bench Marks are not adequate. These level circuits shall be adjusted for closure by N.G.S. methods. We will obtain any required supplemental vertical photo control points. The level circuits to obtain these supplemental elevations will be run with closed circuits with an error of closure not exceeding 0.20' and adjusted by proper methods. We will keep all field notes and office computations in a neat and orderly manner, clearly indexed, and open for inspection and checking during the course of the work.

We will produce neatly hand lettered 50 scale pencil or ink stereo manuscripts to allow evaluation of the accuracy of the present 50 scale atlas sheets. These manuscripts will be to National Map Accuracy Standards.

One of these manuscripts, sheet C-6, will be finish drafted in ink on cronaflex.

The following items, when visible and identifiable, will be shown:

EXHIBIT

APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

Mr. Melvin Barnette April 13, 1981

1) Paved and unpaved surfaces (to include, but not limited to roads, curbs, driveways, parking areas, alleys, sidewalks and steps, trails, airport runways, etc.)

2) Buildings and major building separations. Visible structures such as tanks, silos, swimming pools, etc.

3) Railroads and switches. (Railroad tracks plotted to scale).

4) Fences, guard rails, walls, all signs and billboards.

5) Bridges, dams, piers, breakwater, culverts drawn to scale if sufficient size, otherwise symbolized.

6) Rivers, lakes, streams, drains, marsh and swamp areas.

7) Utility poles, guy poles, "H" frame structures, transmission towers, substations.

8) Individual trees, wooded areas, orchards, heavy brush areas, hedgerows.

9) Manholes and catch basins, fire hydrants, traffic lights, mailboxes (rural and deposit type), overhead pipe lines.

10) Objects of landmark importance (Cemeteries, golf courses, tees and greens shown, athletic fields and similar features.)

Contours will be drawn at two foot intervals on stereo compilation map sheet A-4 only.

In the event the University wishes to have additional field control work, stereo compilation, drafting and final reproduction work completed in the 50 scale atlas sheet area, we will so proceed upon completion of appropriate negotiations as to the scope and contract fee for the additional work. At that time a written amendment to this contract will be completed between the University and our firm.

Delivery items will be the five stereo manuscripts and one finish drafted map sheet on scale stable polyester film with a minimum thickness of 0.004 inches. These manuscripts will be completed by April 1, 1981.

We will bill a lump sum amount of Eight Thousand Nine Hundred Fifty ($8,950.00) Dollars upon delivery of the manuscripts. We expect payment within 30 days from the date of receipt of the invoice. Invoices not paid within 60 days will accrue interest at the rate of 1/2% per month.

If this letter satisfactorily sets forth your understanding of the agreement between us, please indicate your concurrence by signing and dating this contract in the spaces provided. Thank you for the opportunity to be of service to Clemson University.

Sincerely yours,

OWEN AYRES & ASSOCIATES INC

L. R. Evens, P.E.
Vice President
Photogrammetric Engineering

20330

LRE/nc'e

The foregoing letter contract agreement is hereby accepted this 17 day of April 1981.

CLEMSON UNIVERSITY

By Melvin Barnette
Melvin Barnette, Vice President
Business & Finance

20331

ENGINEERS
ARCHITECTS
PLANNERS
PHOTOGRAMMETRISTS
SURVEYORS

GAVIN AYRES & ASSOCIATES INC

209 STONERIDGE DRIVE
COLUMBIA, SOUTH CAROLINA 29210
(803) 252-8885

November 26, 1980

Mr. Melvin Barnette
Vice President
Business and Finance
Clemson University
Clemson, South Carolina 29631

Re: Clemson University Aerial Photography and Mapping Program.

Dear Mr. Barnette:

We are writing to follow up on a 10 November 1980 meeting at Clemson involving Mr. Jerry Boyer, Superintendent of Planning and Engineering; Mr. James Boniface, Acting Project Manager for Lockwood Greene Engineers, Inc.; Mr. Truitt Rabun, Associate of Edward Pinckney Associates, Ltd. and the undersigned. The purpose of this meeting was to discuss the basis on which our firm is to furnish a letter contract agreement for phase 1 work in the reference aerial photography, surveying and mapping program.

As agreed in the meeting referenced above, we are furnishing herewith the original and 8 copies of a letter contract agreement for the phase 1 work prepared for your signature. It is fully understood that all surveying and mapping work performed by our firm for Clemson University will be on the South Carolina State Plane Coordinate System horizontally and that the vertical datum will be the Sea Level Datum, 1929 Adjustment.

Regarding the phase 1 work, it needs to be approved for initiation of ground preparation work by about 15 to 30 December 1980 in order to obtain foliage free Winter photography. We propose to proceed as follows:

Promptly after we are authorized to proceed, we will send field personnel to the campus area to work with Mr. Boyer and his designated staff personnel to mark on the ground with paint and plastic panels, the existing horizontal control stations and Bench Mark control points available in the University area for possible future use in large scale mapping operations. In addition to the control in the campus area where 50 or 100 scale base mapping is to be prepared, our personnel will mark on the ground, surface evidence of underground utilities so those features may be accurately plotted as a part of the large scale mapping to follow. In addition to the basic campus area, we will also perform this same type layout and ground marking on the Ravenel site across the river west of the main campus area and on the Camp Hope area south of the Clemson campus area in the forest lands area.

While this ground preparation work is being carried out, we will design and place in the hands of our flight crew, the detailed flight plan maps for use

in obtaining the photography required to later accomplish all or any portion of the remaining phases of the mapping program under consideration. This will not include the obtaining of the spot high altitude vertical photograph in color over the main campus area for use in preparation of a large color mural. That photography, if ordered, should be obtained in late April or early May after vegetation has begun to be foliated again and at a time when there is some actual color in the ground features.

We will proceed with the aerial photographic requirement as follows:

1) To cover the entire area of future required 2,000 scale mapping of the Clemson forest-agricultural lands and environs, we will obtain photography from a flight altitude of 18,000' above mena terrain elevation, aerial negative scale approximately 1"=3,000'.

2) To cover the 200 scale mapping area including the Clemson campus and some surrounding environs of the City of Clemson, we will obtain photography from a flight altitude of approximately 6,000' above mean terrain elevation, aerial negatige scale approximately 1"=1,000'.

3) To cover the main campus area where current 50 scale atlas page maps have been prepared, we will obtain photography at a flight altitude of 3,000' above mean terrain elevation, aerial negative scale approximately 1"=500'. This photography can be utilized for the preparation of 100 scale, 2' contour interval topographic and planimetric mapping of the area photographed.

4) To cover the main campus area where current 50 scale atlas page maps have been prepared, we will obtain photography at a flight altitude of 1,500' above mean terrain elevation, aerial negative scale approximately 1"=250'. This photography can be utilized for the preparation of 50 scale, 1' or 2' contour interval topographic mapping.

5) To cover the Ravenel site and Camp Hope areas, we will obtain photography from 2,400' above mean terrain elevation, aerial negative scale approximately 1"=400'. This photography can be used to prepare mapping on either a scale of 1"=50', or 1"=100' with a 2' contour interval.

All photography above will be in natural color negative form. Once the photography has been obtained, checked, accepted and titled, we will prepare two sets of color contact prints for delivery, one to Mr. Boyer in the Physical Plant Division at the University and one to Lockwood Greene Engineers, Inc. In addition we will prepare a third set of contact prints for our use in preparing detailed control survey plans for mapping operations on which we are later authorized to proceed. We will prepare a small scale black and white reproducible index to each set of photography and will furnish reproducible originals to Mr. Boyer in the Physical Plant Division at Clemson and to the firm of Lockwood Greene Engineers, Inc.

After acceptable photography is obtained, we will deliver prints and photo indexes within about 30 days. We should be kept fully informed about the foliation of deciduous timber in the area as it would certainly be best from the standpoint of any mapping prepared later for complete defoliation to have taken place.

20333

Our fee for all planning, preparation, field marking of the ground before photography, all flight services, lab checkout, titling, printing, indexing and related reproduction work as outlined above is the lump sum of $12,975.00. All work is to be based on project map outlines and boundaries for various scales of mapping to be considered as previously furnished by Lockwood Greene Engineers, Inc.

We are making this a form of short letter contract agreement and providing space below for your acceptance thereof. Our procedure will be to invoice on delivery of the contact prints and photo indexes. We expect receipt of payment within 30 days after the date thereon.

We certainly appreciate this opportunity to furnish our letter agreement for the phase 1 work and in a separate preliminary letter proposal, we will furnish an outline of the balance of the project work as discussed with your representatives with approximate costs indicated for the additional items.

We look forward to your early approval of this agreement and to the privilege of working with Clemson University and your planning consultants in the immediate future.

Respectfully submitted,

OWEN AYRES & ASSOCIATES INC

L. R. Evans, P.E.
Certified Photogrammetrist
Vice President
Engineering Operations

LRE/no'c

cc: Mr. James Boniface, Lockwood Green Engineers, Inc.
Mr. Truitt Rabun, Edward Pinckney Associates

The foregoing letter contract agreement is hereby accepted this 5th day of December 1980.

CLEMSON UNIVERSITY

By _____
Melvin Barnette, Vice President
Business and Finance

EXHIBIT

APR 28 1981 NO. 11

STATE BUDGET & CONTROL BOARD

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THE AMERICAN INSTITUTE OF ARCHITECTS

AIA Document B727

Standard Form of Agreement Between Owner and Architect for Special Services

1979 EDITION

THIS DOCUMENT IS FOR USE WHEN OTHER B-SERIES DOCUMENTS ARE NOT APPROPRIATE

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES: CONSULTATION WITH AN ATTORNEY IS ENCOURAGED WITH RESPECT TO ITS COMPLETION OR MODIFICATION

AGREEMENT FOR PHOTOGRAMMETRIC MAPPING SERVICES

made as of the day of April in the year of Nineteen Hundred and Eighty-One

BETWEEN the Owner: Clemson University
Clemson, South Carolina

and the ~~Architect~~ Engineer: OWEN AYRES & ASSOCIATES INC
209 Stoneridge Drive, Suite 104
Columbia, SC 29210

For the following Project:

(Include detailed description of Project location and scope.)

The Engineer shall furnish all labor, equipment, and materials necessary to perform the services provided under this contract in the project areas delineated on exhibit maps attached and listed below:

Exhibit "A" - Areas for which 100 scale maps are to be furnished. The mapping will be performed to 200 feet outside the indicated boundary or to the edge of the sheet, whichever is less. This exhibit also shows a special tree designation area for 100 scale mapping.

Exhibit "B" - Areas for which 200 scale maps are to be furnished.

Exhibit "C" - Areas for which 2,000 scale maps are to be furnished and areas for which 500 scale maps are to be furnished.

The Owner a

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ARTICLE 1

ARCHITECT'S SERVICES

(Here list those services to be provided by the Architect under the Terms and Conditions of this Agreement. Note under each service listed the method and means of compensation to be used, if applicable, as provided in Article 10.)

A) The details of the work to be performed by the Engineer for the Owner is in full accordance with the Technical Specifications for theproject.

B) In addition, exhibit index maps A, B and C are attached as graphical record of mapping areas involved and sheet layouts to be followed.

C) Note that on all pages of this standard agreement, the term "Architect" is by reference changed to the term "Engineer".

ARTICLE 2
THE OWNER'S RESPONSIBILITIES

2.1 The Owner shall provide full information regarding requirements for the Project.

2.2 The Owner shall designate, when necessary, a representative authorized to act in the Owner's behalf with respect to the Project. The Owner or such authorized representative shall examine the documents submitted by the Architect and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Architect's services.

2.3 The Owner shall furnish required information as expeditiously as necessary for the orderly progress of the Work, and the Architect shall be entitled to rely upon the accuracy and completeness thereof.

ARTICLE 3
DIRECT SALARY AND DIRECT PERSONNEL EXPENSE

3.1 Direct Salary Expense is defined as the direct salaries of all the Architect's personnel engaged on the Project, but does not include the cost of contributions and benefits related thereto, whether mandatory or customary, as described in Paragraph 3.2, and included in Direct Personnel Expense.

3.2 Direct Personnel Expense is defined as the direct salaries of all the Architect's personnel engaged on the Project, and the portion of the cost of their mandatory and customary contributions and benefits related thereto, such as employment taxes and other statutory employee benefits, insurance, sick leave, holidays, vacations, pensions, and similar contributions and benefits.

ARTICLE 4
REIMBURSABLE EXPENSES

4.1 Reimbursable Expenses are in addition to the Architect's compensation and include actual expenditures made by the Architect and the Architect's employees and consultants in the interest of the Project for the expenses listed in the following Subparagraphs:

.1 expense of transportation and living expenses in connection with out-of-town travel authorized by the Owner,

.2 long distance communications,

.3 fees paid for securing approvals of authorities having jurisdiction over the Project,

.4 reproductions,

.5 postage and handling of documents,

.6 renderings and models requested by the Owner,

.7 data processing and photographic production techniques when used in connection with Additional Services,

.8 expense of overtime work requiring higher than regular rates, if authorized by the Owner.

ARTICLE 5
PAYMENTS TO THE ARCHITECT

5.1 Payments on account of the Architect's services, and for Reimbursable Expenses as defined in Article 4, shall be made monthly upon presentation of the Architect's statement of services rendered or as otherwise provided in this Agreement.

5.2 An initial payment as set forth in Paragraph 10.1 is the minimum payment under this Agreement.

5.3 If the Project is suspended or abandoned in whole or in part for more than three months, the Architect shall be compensated for all services performed prior to receipt of written notice from the Owner of such suspension or abandonment, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 8.4. If the Project is resumed after being suspended for more than three months, the Architect's compensation shall be equitably adjusted.

ARTICLE 6
ARCHITECT'S ACCOUNTING RECORDS

6.1 Records of Reimbursable Expenses and expenses pertaining to services performed on the basis of a Multiple of Direct Salary or Direct Personnel Expense shall be kept on the basis of generally accepted accounting principles and shall be available to the Owner or the Owner's authorized representative at mutually convenient times.

ARTICLE 7
ARBITRATION

7.1 All claims, disputes and other matters in question between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent containing a specific reference to this Agreement and signed by the Architect, the Owner and any other person sought to be joined. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein or with any person not named or described therein. This agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented to by the parties to this Agreement shall be specifically enforceable under the prevailing arbitration law.

7.2 Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

~~7.3 The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.~~

ARTICLE 8
TERMINATION OF AGREEMENT

8.1 This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.

8.2 This Agreement may be terminated by the Owner upon at least seven days' written notice to the Architect in the event that the Project is permanently abandoned.

8.3 In the event of termination not the fault of the Architect, the Architect shall be compensated for all services performed to the termination date, together with Reimbursable Expenses then due and all Termination Expenses as defined in Paragraph 8.4.

8.4 Termination Expenses are defined as Reimbursable Expenses directly attributable to termination for which the Architect is not otherwise compensated, plus an amount computed as a percentage of the compensation earned to the time of termination, as follows:

For Services provided on a Multiple of Direct Salary or Direct Personnel Expense basis, 20% of the total expenses incurred to the time of termination;

For Services provided on a Fixed Fee basis, 10% of the Fixed Fee earned to the time of termination.

ARTICLE 9
MISCELLANEOUS PROVISIONS

9.1 Unless otherwise specified, this Agreement shall be governed by the law of ~~the principal place of business of the Architect~~ South Carolina.

9.2 As between the parties to this Agreement: as to all acts or failures to act by either party to this Agreement, any applicable statute of limitations shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the date payment is due to the Architect pursuant to Article 5.

9.3 The Owner and the Architect, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Architect shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

9.4 This Agreement represents the entire and integrated agreement between the Owner and the Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Architect.

ARTICLE 10
BASIS OF COMPENSATION

The Owner shall compensate the Architect for the services provided, in accordance with Article 5, Payments to the Architect, and the other Terms and Conditions of this Agreement, as follows:

10.1 AN INITIAL PAYMENT of dollars ($)
shall be made upon execution of this Agreement and credited to the Owner's account as follows:

10.2 COMPENSATION FOR THE ARCHITECT'S SERVICES, as described in Article 1, Architect's Services, shall be computed as follows:

(Here insert basis of compensation, including fixed amounts, multiples or percentages, and identify the services to which particular methods of compensation apply, if necessary.)

The Owner shall pay the Engineer for the basic services a lump sum fee of Seventy-Six Thousand ($76,000.00) Dollars, broken down as follows:

I)	100 scale mapping, including field work	$52,125.00
II)	200 scale mapping, including field work	$11,500.00
III)	2-000 scale photo revision mapping	$ 8,375.00
IV)	500 scale maps made from 2,000 scale mapping . . .	$ 4,000.00
	TOTAL	$76,000.00

The Engineer shall submit monthly statements for basic and additional services rendered. The statements will be based upon Engineer's estimate of the proportion of the total services actually completed at the time of billing. The Owner shall make prompt monthly payments in response to Engineer's monthly statements.

10.3 FOR REIMBURSABLE EXPENSES, as described in Article 4, and any other items included in Article 11 as Reimbursable Expenses, a multiple of ( ) times the amounts expended by the Architect, the Architect's employees and consultants in the interest of the Project.

~~**10.4** Payments due the Architect and unpaid under this Agreement shall bear interest from the date payment is due at the rate entered below, or in the absence thereof, at the legal rate prevailing at the principal place of business of the Architect.~~

(Here insert any rate of interest agreed upon.) ~~1 1/2% per month~~.
Payment due the ARCHITECT and/or ENGINEER under this Agreement shall bear interest at six percent per annum commencing forty-five days after date of billing.

(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Architect's principal places of business, the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletion, modification or other requirements such as written disclosures or waivers.)

10.5 The Owner and the Architect agree in accordance with the Terms and Conditions of this Agreement that:

10.5.1 IF THE SCOPE of the Project or of the Architect's services is changed materially, the amounts of compensation shall be equitably adjusted.

10.5.2 IF THE SERVICES covered by this Agreement have not been completed within (8) months of the date hereof, through no fault of the Architect, the amounts of compensation, rates and multiples set forth herein shall be equitably adjusted.

ARTICLE 11
OTHER CONDITIONS

This Agreement entered into as of the day and year first written above.

OWNER CLEMSON UNIVERSITY

Melvin Barnette, Vice President
Business & Finance

ARCHITECT OWEN AYRES & ASSOCIATES ICN

Owen Ayres, Chairman of the Board

L. R. Evans, P.E., Vice President

DETAILED SPECIFICATIONS

I) AERIAL PHOTOGRAPHY

Aerial photography to be utilized for this project has been obtained in February and March of 1981. The flight altitudes of the photography and the scale of the negatives are as follows:

AREA	APPROXIMATE ELEVATION ABOVE MEAN TERRAIN	APPROXIMATE NEGATIVE SCALE
Main Campus	1,500', 3,000', 6,000'	1"=250', 1"=500', 1"=1,000'.
Ravanel and Camp Hope	2,400	1"=400'
Forest Lands	18,000'	1"=3,000'

All contact prints necessary for delivery to the Owner and for preparation of field control plans were produced under a previous contract for aerial photography and ground preparation work prior to photography.

II) FIELD CONTROL FOR MAPPING

A) Horizontal Control

The horizontal control survey work will be performed by the Engineer except in the main campus area where adequate existing horizontal control exists. This work will include the running of control survey traverses on the South Carolina State Plane Coordinate System to achieve accuracies of 1:10,000 or better before adjustment. Sufficient survey connections will be made to basic National Geodetic Survey (NGS) control stations or other high order control stations, to permit the proper checks and adjustments to be made in both the traverse lengths and bearings. All traverses will be run in closed circuits and adjusted to provide closed geometric figures.

B) Vertical Control

The vertical control survey will be performed by the Engineer except in the main campus area where adequate existing vertical control exists. Where existing Bench Marks are not adequate, closed spirit levels of Third Order accuracy will be run on the National Geodetic Vertical Datum, 1929 Adjustment with the error of closure not exceeding 0.050' times the square root of the length of the circuit in miles. These level circuits will be adjusted for closure by N.G.S. methods. Required supplemental vertical photo tie control points will be furnished by the Engineer. The level circuits to obtain these supplemental elevations will be run with closed circuits with an error of closure not exceeding 0.10 of the contour interval and adjusted by normal methods.

EXHIBIT

APR 2 8 1981 NO. 1 1

STATE BUDGET & CONTROL BOARD

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C) Control Survey Computation Data

The Engineer will keep all field notes and office computations in a neat and orderly manner, clearly indexed, and open for inspection and checking during the course of the work.

III) TOPOGRAPHIC MAPS AT A SCALE OF 1"=100' WITH A 2' CONTOUR INTERVAL.

A) General

The Engineer will prepare finished maps having a scale of 1"=100' with a 2' contour interval for the area shown on Exhibit "A". This exhibit also defines individual map sheet boundaries and serves as an index to the map sheets.

The mapping will be prepared in the form of a base map and two overlays. The first overlay is the contour overlay and the second overlay is the vegetation overlay. This mapping will be prepared at 100 scale to comply with National Map Accuracy Standards. This mapping will be compiled by photogrammetric methods and will be drafted with ink from 1"=400' or 1"=500' scale photography. There will be 21 map sheets prepared from 1"=500' aerial negatives and nine sheets prepared from 1"=400' negatives.

All map sheets will be on dimensionally stable polyester base material having a minimum thickness of 0.004 inches. The maps will be provided in the standard Clemson University 24" x 36" sheet size. A one inch border will be allowed around the entire sheet. The 2" wide title block will be placed at the bottom of each sheet and will contain appropriate data to be agreed upon. The resulting map image or detail area will be 22" x 32". Inside the image or detail area, a one inch margin will be allowed to the nearest grid. This one inch margin will overlap adjacent map sheets. The title block details will be provided by the Owner. A sample title block will be submitted to the Owner for his approval. After making any changes in the title block requested by the Owner, the sheets will be reproduced.

B) 1"=100' Base Sheets

The base sheets shall show the following information, when visible and identifiable on the photography:

Rivers, lakes, streams, marsh areas,
Street, roadways, parking areas,
Buildings,
Railways,
Paved walkways, sidewalks, exterior stairs, ramps, courtyard areas, patios,
Wastewater treatment plants, water treatment plants, electric sub-stations, major transmission lines, utility poles,
Exterior tanks, swimming pools, silos,
Drainage ditches, culverts,
Fences, guardrails, major walls,
Bridges, dams, piers and breakwaters and horizontal control monuments and recoverable traverse stations,
University property lines and easements and solid line grids,
Objects of landmark importance such as cemeteries, golf courses and athletic fields will be shown as well.

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Railways will be symbolized by single cross hatched lines. Sidewalks will be shown by double solid lines. Other features will be shown by solid lines in standard symbols. Line weight and lettering size will be selected by the Engineer and will conform to standard practices. Manholes, street inlets, catch basins, hanging traffic lights, fire hydrants, mailboxes and similar features will not be shown.

The Owner will provide a map or maps prior to the initial drafting of the work from which all names and building numbers will be taken. The Owner will provide a map which defines the University property lines and easements which are to be shown. Property lines outside the campus will be scaled from these maps and are not warranted to be in legally correct positions.

C) Topographic Overlay to 100 Scale Base Sheets

An overlay shall be made to show the following information:

Topography represented by solid contour lines at two foot intervals except in heavy timber or brush covered areas where the ground cannot be seen. In such areas the contours will be compiled as accurately as possible and will be dashed.

Spot elevations on street intersections, railroad intersections, tops, saddles and depressions, and other locations where such elevations are necessary to show topography. They shall be shown by single dots with elevations labled to 1/10 of a foot.

Bench Marks.

Entry floor level of each major campus building. If buildings have more than one entry level, elevations shall be read at each entry level.

The Owner has provided a set of prints of 50 scale map atlas sheets showing known building elevations and floor levels. These elevations will be used where available. Where not available, elevations expressed to the nearest 0.1' will be determined photogrammetrically.

D) Vegetation Overlay to 100 Scale Base Sheets

A second overlay will show vegetation. Vegetation shown will include trees and major shrubs, but not small shrubs. Exhibit "A" attached, defines a special tree survey requirements. Inside the defined area, individual tree trunks and the outline edge of tree canopies will be shown, but trunks will be shown only where visible in the photography. The tree trunks will be shown by a single dot, the exact size to be determined by the Engineer. Additional field work may be necessary by the owner in order to locate all tree trunks. Outside the defined area, the tree trunks will be shown, by dots, only for individual trees. Canopy outlines will be shown for groupings.

IV) TOPOGRAPHIC MAPS AT A SCALE OF 1" =200' WITH A 10' CONTOUR INTERVAL.

A) General

The Engineer shall prepare eleven finished maps having a scale of 1"=200'.

Exhibit "B" defines the area to be covered by 1"=200' map sheets, defines the individual sheet boundaries and serves as an index to the sheets.

The 200 scale maps shall be provided in the standard Clemson University 24" x 36" total sheet size. A one inch border will be allowed around the entire sheet. The 2" high block will be placed at the bottom of the sheet. The resulting map image or detail area will be 22" x 32". Inside the map image or detail area a one inch margin will be allowed to the nearest grid. This one inch margin will overlap adjacent map sheets. The title block details will be agreed to between the Owner and the Engineer.

As shown on Exhibit "B", these 200 scale maps will be made up of two different types of mapping. The first type is 200 scale mapping prepared to National Map Accuracy Standards in the form of a base map and two overlays, one for topography and one for vegetation. This mapping will be produced by photo reduction methods from 100 scale mapping prepared as outlined in Section III. The contour overlay will be prepared by interrupting the contour drafting process at the stage when the compilation of 10' index contours has been completed and duplicating them for the 200 scale overlays. Otherwise the content of the base mapping and overlays will be exactly as described in the 100 scale mapping section above. No features will be added or deleted.

All eleven sheets will have some area covered by this type of mapping. The base map for each of these sheets will be a combination of this initial type of mapping and the second type discussed below.

The second type of mapping is 200 scale planimetric mapping prepared in the form of base mapping and vegetation overlay. This mapping will be to National Map Accuracy Standards.

The following information, when visible and identifiable on the photography, will be shown:

Roads, streets, highways,
Buildings, major building separations,
Railways,
Bridges, dams, piers,
Rivers, lakes, streams,
Property lines taken from the latest existing City and County tax maps,
Objects of landmark importance such as golf courses and athletic fields
and South Carolina State Plane Coordinate System solid line grids,
Railways will be symbolized as a single line, cross-hatched. Other features will be shown by solid lines. Line weight and lettering size will be selected by the Engineer.

Planimetric detail <u>not</u> shown will include:

Sidewalks and driveways,
Fences, guardrails, walls,
Signs, billboards,
Marsh and swamp areas,
any topographic field control information,
Utility poles or overhead lines,
Manholes, catch basins, fire hydrants, traffic lights, mailboxes.

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Vegetation will be extended for this type of mapping on 200 scale reproductions of the vegetation overlay from the 100 scale mapping. Only groupings of trees will be shown. Individual tree trunks will not be shown.

The Owner will provide a map or maps prior to the initial drafting of the work from which all names will be taken.

V) TOPOGRAPHIC MAPS AT A SCALE OF 1"=2,000' WITH A 20' CONTOUR INTERVAL.

A) General

The Engineer will utilize the 1"=3,000' aerial photography to update portions of the existing 1"=2,000', 20' contour interval U.S. Geological Survey topographic quadrangle maps. This quadrangle revision data will be used to prepare updated versions of the existing 2,000 scale Clemson forestry and agricultural lands base maps. The revised maps will be prepared in the form of a base map and two overlays. All will be on dimensionally stable polyester base material having a minimum thickness of 0.004 inches.

The finished maps will be on a scale of 1"=2,000' with a 20' contour interval. The area covered by these maps is defined on the attached Exhibit "C". This exhibit also shows sheet boundaries.

B) Base Sheets

The base sheets will show the following information, where identifiable, from the quadrangle maps or aerial photography:

Roads, streets, streams, lakes, major buildings,
Parks, cemeteries and other landmark features.
University property and Lake Hartwell boundaries will also be shown.

All map detail, except as revised from the 1"=3000' photography, will be taken directly from the appropriate U.S.G.S. quadrangle culture plates.

The Owner will provide a map or maps prior to the initial drafting of the work which defines all boundaries of University properties and the U.S. Corps of Engineers boundary line on Lake Hartwell. The Engineer will do no property record research or compilation of property ownership tracts.

C) Topographic Overlay

An overlay will be made to show the following information:

Topography, represented by solid contour lines at twenty foot intervals.

The contours will be taken directly from the existing quadrangle maps except where revised from 1"=3000' aerial photography.

D) Vegetation Overlay

A second overlay will be made to show vegetation. Vegetation shown will include wooded areas only, shown by a single line canopy edge. No individual trees, small groups of trees or shrubbery will be shown.

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VI) TOPOGRAPHIC MAPS AT A SCALE OF 1"=500' WITH A 20' CONTOUR INTERVAL

The Engineer will prepare three finish drafted 500 scale maps by redrafting photographically enlarged detail from the 1"=2,000' scale maps specified above. The maps will be prepared in the form of a base map and two overlays; one for topographic data and the second is a vegetation overlay. All will be on dimensionally stable polyester base material having a minimum thickness of 0.004 inches.

The finished maps will have a scale of 1"=500'. The contour interval will be 20'. The area covered by the 1"=500' mapping is shown by Exhibit "E". This exhibit also defines sheet boundaries. No features will be added or deleted from those shown on the updated 1"=2,000' scale maps defined in the previous section.

VII) DELIVERY ITEMS AND SCHEDULE

A) Copies of computations, field notes and recovery notes neatly hand lettered in pencil for the Ravanel Tract.

B) 100 scale Mapping:

1) One set of 30 original tracings of the base maps described in Section III of these specifications.

2) One set of 30 original tracings of topographic overlays to B)1) described in Section III of the specifications.

3) One set of 30 original tracings of vegetation overlays to B)1) above described in Section III of these specifications.

C) 200 Scale Mapping:

1) One set of reductions of B)1) above to which have been added planimetric detail outside the campus boundaries as described in Section IV of the specifications.

2) One set of reductions of 10' index contours from B)2) above as described in section IV of the specifications.

3) One set of reductions of B)3) above to which have been added wooded areas outside the campus boundaries as described in section IV of the specifications.

D) 2,000 Scale Mapping:

1) One set of 2 photo revised base maps from portions of existing quadrangle maps as described in section V of the specifications.

2) One set of 2 photo revised topographic overlays to D)1) above, described in section V of the specifications.

3) One set of 2 photo revised vegetation overlays to D)1) above, described in section V of the specifications.

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E) 500 Scale Mapping

1) One set of 3 base maps, photo enlarged and redrafted from D)1) above as described in section VI of the specifications.

2) One set of 3 topographic overlays photo enlarged and redrafted from D)2) above as described in section VI of the specifications.

3) One set of 3 vegetation overlays photo enlarged and redrafted from D)3) above as described in section VI of the specifications.

Final submittals will be of the original stable polyester base tracing without prints or sepias. For preliminary submittals, the Engineer will deliver to the Owner one (1) sepia reproducible of items B)1) thru B)3), C)1) thru C)3), D)1) thru D)3) and E)1) thru E)3) above as they are completed. Should the Owner have any corrections or comments, he will make a blueprint, mark the comments on the blueprint and return it to the office of the Engineer for inclusion on the original tracings.

If approval to proceed is given by April 1, 1981, final delivery dates will be as follows:

100 scale mapping - May 15, 1981
200 scale mapping - May 30, 1981
2,000 scale mapping, June 15, 1981
500 scale mapping, June 30, 1981

If certain sheets within a given scale of mapping are higher priority than others, the Owner shall so inform the Engineer in order that first priority sheets can be prepared first.

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EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 12 BLUE AGENDA

MEETING OF April 28, 1981 ITEM NUMBER 13

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Grant Services)

Subject: Report on Research and Student Aid Awards, Third Quarter, 1980-81

Attached is a summary report for the referenced period showing that 29 state agencies received 593 research awards and 95 student aid awards involving $38,216,823 during the fiscal year through March.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Oliver April 16 memorandum to Joint Appropriation Review Committee

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EXHIBIT

APR 28 1981 NO. 12

STATE OF SOUTH CAROLINA STATE BUDGET & CONTROL BOARD

OFFICE OF THE STATE AUDITOR
P.O. BOX 11333
COLUMBIA
29211

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR
(803) 758-3106

JESSE A. COLES, JR., PHD
DEPUTY STATE AUDITOR
(803) 758-3106

MEMORANDUM

TO: Members Joint Legislative Appropriations Review Committee

FROM: George F. Oliver, Director
Grant Services Division

DATE: April 16, 1981

SUBJECT: Third Quarter Report - Research & Student Aid Awards, S. C. State Agencies

Section 14 of the 1980 Appropriation Act requires that state agencies receiving research and student aid report within 14 days following the receipt of the award, to the Budget and Control Board and the Joint Legislative Appropriations Review Committee the scope of the project, the duration and the amount of indirect costs retained by the agencies.

The following summary is the third quarter totals for these state agencies receiving research and student aid grants.

Twenty-nine (29) state agencies received 593 research awards and 95 student aid awards totaling 38.2 million dollars through March 1981 as indicated below.

	Grant Funds Awards		Matching			
	Federal	Non-Federal	State	Local	Other	Total
Research Awards - 593						
	$24,157,544	$3,681,832	$1,353,951C 1,760,186IK	$11,595	$300,374	$31,265,482
Student Aid Awards - 95						
	6,743,265	3,500	99,424C	60,413	44,739	6,951,341
Grand Total - 688						
	$30,900,809	$3,685,332	$1,453,375C 1,760,186IK	$72,008	$345,113	$38,216,823

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Indirect costs retained by state agencies = $4,423,518

Individual summary of state agencies research and student aid in order of total awards:

	Federal	Non-Federal	Indirect Cost
Medical University	$ 8,818,382	$ 1,088,989	$ 1,951,791
University of South Carolina	8,363,657	673,996	1,420,593
Technical Education*	4,630,252	--	27,560
Clemson University	2,920,664	1,245,772	799,247
Wildlife and Marine Resources	1,648,009	14,036	159,603
Sea Grant Consortium	1,173,255	619,000	13,701
All other agencies	3,346,590	43,539	51,023
Total	$30,900,809	$ 3,685,332	$ 4,423,518

* Student Aid Awards only

If the Grant Services Division can provide any additional information regarding this report please contact me at 758-7707.

cc: William T. Putnam, Budget and Control Board
Edgar A. Vaughn, Jr., State Auditor

EXHIBIT

APR 28 1981 NO. 12

STATE BUDGET & CONTROL BOARD

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EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF April 28, 1981

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

REGULAR SESSION AGENDA

ITEM NUMBER 2

Agency: State Fire Commission

Subject: Proposed Regulations

As was indicated in the April 21 memorandum from Bill McInnis to Board members, these proposed regulations were filed by Assistant Attorney General C. H. Jones, Jr., who expected that they will have been published in the State Register by Friday, April 24, 1981. The memorandum also indicated that these regulations would be included on this agenda for the purpose of Board action on these proposals which, at the time of this meeting, will be within the required thirty-day review period. The Board will be asked to take final action on these regulations at its May 25, 1981 meeting after the review period has been completed.

Board Action Requested:

Consider approval.

Staff Comment:

Attachments:

McInnis April 21 memorandum to Board plus attachments

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EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

State of South Carolina

State Budget and Control Board

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

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

Box 12444
Columbia
29211

April 21, 1981

MEMORANDUM

TO: Members of Budget and Control Board

FROM: William A. McInnis WAM

SUBJECT: Proposed Regulations for State Fire Commission

A copy of the referenced proposed regulations is attached for your review. They were filed today by Assistant Attorney General C. H. Jones, Jr., who indicates his understanding that they will be published in the State Register by Friday, April 24, 1981.

These proposed regulations will be included on the agenda for the April 28 meeting. At that time, the Board will be asked to act on these proposals which, at that time, will be within the required thirty-day review period. The Board will be asked to take final action on these regulations at its May 25, 1981 meeting.

WAM:dw
Enclosure

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The State of South Carolina

EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

C. HAVIRD JONES JR.
ASSISTANT ATTORNEY GENERAL

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

DANIEL R. McLEOD
ATTORNEY GENERAL

April 21, 1981

Ms. Lynn P. Bartlett
Associate Editor
State Register
Legislative Council
State House
Post Office Box 11417
Columbia, South Carolina 29211

Re: Proposed Regulations for State Fire Commission

Dear Ms. Bartlett:

Enclosed please find three copies, two signed and one unsigned, of the Proposed Regulations for the State Fire Commission. It is my understanding that these will be published in the State Register by Friday, April 24, 1981.

Thank you for your assistance in this matter.

Yours truly,

C. Havird Jones, Jr.
Assistant Attorney General

CHJjr/nm

Enclosures

cc: Mr. William T. Putnam
Chief David A. MacLellan
Chief Glenn T. Cogdill
Chief Brunson L. Cromer
Chief Robert L. White, Jr.
Mr. Richard Mincey

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EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

PROPOSED REGULATIONS

STATE FIRE COMMISSION

STATUTORY AUTHORITY: §23-8-30,

CODE OF LAWS, SOUTH CAROLINA,

1976, AS AMENDED

CHAPTER 19

STATE BUDGET AND CONTROL BOARD

ARTICLE 3
STATE FIRE MARSHAL

SUBARTICLE 1. Fire Prevention and Life Safety - Buildings

SUBARTICLE 2. Use of Hazardous Substances

SUBARTICLE 3. Tents, Grandstands and Air-Supported Structures

SUBARTICLE 1
FIRE PREVENTION AND LIFE SAFETY - BUILDINGS

REGULATION

19-20. Purpose and Definition.
19-21. Application as to Construction, Installation, Alterations and Repairs.
19-22. Occupancy.
19-23. Effect.
19-24. Exemptions.
19-25. Enforcements.
19-26. Plans and Specifications to be Submitted.
19-27. Existing Buildings.
19-28. Fire Prevention and Safety Standards for Construction, Occupancy, and Use, Standard Building Code - Adoption of.
19-29. Fire and Life Safety Standards, National Fire Prevention Association (NFPA) 101, Life Safety Code - Adoption of.
19-30. Safety Information to be Posted in Hotels, Motels, Apartments, Dormitories and Short-term Rental Units.
19-31. Installation of Electrical Equipment and Systems.
19-32. Alarm Systems.
19-33. Alternate Materials and Alternate Methods of Construction.
19-34. Adjustments and Appeals.
19-35. Reporting System.

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EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

REGULATION

19-20. Purpose and Definitions.

(a) These Rules and Regulations are for the purpose of safeguarding, to a reasonable degree, life and property from fire and other hazards incident to the construction, alterations, repair, use and occupancy of buildings, structures, or premises. These Rules and Regulations shall be the minimum standards required by the State Fire Marshal for fire prevention and life safety in all buildings and structures to which they apply, except when they conflict with any existing State Statutes.

(b) "Fire Control" means all activities to control hostile fires.

(c) "Fire Prevention" means any activity to prevent fire before fire occurs.

19-28. Fire Prevention and Safety Standards for Construction, Occupancy, and Use, Standard Building Code -- Adoption.

Minimum standards for fire prevention and safety protection in construction, occupancy and use of all buildings and structures regulated by these Rules and Regulations shall be the following chapters of the 1979 Edition of the Standard Building Code, including the 1980 amendments thereto.

CHAPTER II - DEFINITIONS

CHAPTER IV - CLASSIFICATION OF BUILDING BY OCCUPANCY

Amendment: 409.1. Scope. Amend paragraph (c) to read:

(c) Buildings in which more than ten (10) people are accomodated for charitable or other care or treatment and buildings in which two (2) or more nonrelated persons are harbored over a

period exceeding twenty-four (24) hours for care or treatment shall be classified as Institutional -- Unrestrained, Institutional -- Unrestrained shall include, among others, the following: Hospitals, Sanitariums, Orphanages, Homes for the Aged, Nursing Homes, and Mental Institutions (Unrestrained).

CHAPTER V - SPECIAL OCCUPANCY REQUIREMENTS

Amend: Section 508 - Accessibility for the Physically Disabled and/or Handicapped is hereby deleted and does not constitute a part of the code which is adopted by reference herein.

CHAPTER VI - CLASSIFICATION OF BUILDING BY CONSTRUCTION

CHAPTER VII - FIRE PROTECTION REQUIREMENTS

CHAPTER VIII - APPURTENANCE REQUIREMENTS

CHAPTER IX - SPRINKLERS AND STANDPIPES

CHAPTER X - FIRE RESISTANCE STANDARDS FOR MATERIALS AND CONSTRUCTION, Including Appendix B

CHAPTER XI - MEANS OF EGRESS REQUIREMENTS (Exits and Exits Access)

19-29. Fire and Life Safety Standards, National Fire Protection Association 101, Life Safety Coe - Adoption.

The provisions of the 1980 Edition of the National Fire Protection Association (NFPA) 101, Life Safety Code, shall provide supplemental fire and life safety requirements for public safety. Regulation 19-29 is intended to be in addition to an complementary with other Rules and Regulations of the State Fire Marshal.

19-30. Safety Information to be Posted in Hotels, Motels,

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STATE BUDGET & CONTROL BOARD

Apartments, Dormitories and Short-term Rental Units.

This Regulation shall apply to every Hotel, Motel, Dormitory and all Short-Term Rental Units (rental units on a daily, weekly or monthly basis) which come within this Regulation.

1. Every Apartment building three (3) or more stories in height that comes within this Regulation. Provided, however, that nothing herein shall apply to Condominiums or individually owned residential units within any of the aforesaid buildings, which are not used as defined in Short-Term Rental.

2. Every sleeping room, meeting room and other rooms open to the public, that are located in any Hotel, Motel, Apartment Building or Dormitory subject to this Regulation, shall contain the following information posted in the manner and size described herein:

EXHIBIT

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STATE BUDGET & CONTROL BOARD

SAFETY TIPS

1. Never smoke in bed.
2. Locate exits on this floor.
3. Count the number of doors to the nearest exit.
4. Check windows to see if and how they open.
5. Keep room key on table next to bed. (Or when applicable "Always keep your key in the same location.")
6. If you leave your room (or "apartment" when applicable), keep door closed and take your key.

IN CASE OF FIRE

1. DON'T PANIC; remain calm.
2. Report fire to front desk (or "manager" or "fire

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APR 28 1981 NO. 13
STATE BUDGET & CONTROL BOARD

department" if appropriate.

3. If room is smokey, get on hands and knees (or stomach) and crawl to door.
4. Feel door knob; if HOT, do NOT open door; if cool, open slowly.
5. If hallway is smokey, stay next to wall and crawl to exit.
6. Do NOT use elevator.
7. Do NOT propr doors to exit staircase open.
8. Hang onto handrail and walk DOWN exit staircase. If heavy smoke is encountered, turn around and walk UP to roof. DON'T let go of handrail.

IF YOU CANNOT LEAVE THIS ROOM

1. Call front desk (or "manager" if appropriate) and let them know where you are.
2. Wet sheets and towels and stuff them in all cracks around doors and vents.
3. If available, turn on bathroom fan.
4. Check to see if smoke is OUTSIDE window; if NO smoke, open window.
5. Fill bathtub with cold water for fire fighting.
6. Using ice bucket, keep doors and walls wet.
7. Fold a wet towel in a triangle and tie over your nose and mouth; stay low.
8. If possible, hang a sheet out your window and make yourself visible to rescue personnel; DO NOT JUMP!
9. Keep firefighting until help arrives; DON'T GIVE UP!

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STATE BUDGET & CONTROL BOARD

FOR YOUR SAFETY, THIS BUILDING HAS THE FOLLOWING:

(List all of the following items that are applicable.)

1. Automatic sprinkler protection in every room.
2. Automatic sprinkler protection in every hallway.
3. Automatic smoke detectors in every room.
4. Automatic smoke detectors in every hallway.
5. Fire extinguishers on every floor.
6. Fire alarm pull stations at every exit.
7. Posted evacuation plans in every room.
8. Pressurized staircase with self-closing doors.
   (NOTE: In case of fire, do NOT prop doors open.)
9. Fire safe staircase with self-closing doors.
   (NOTE: In case of fire, do NOT prop doors open.)
10. Emergency lighting and exit lights.
11. Fire resistent drapery and bedding.

3. The information required in Paragraph 2 herein shall be contained on a placard or decal, at least 8-1/2" x 14" in size, and shall be prominently affixed on the inside of every exit door contained in aforesaid rooms. When affixed, said placards or decals shall be unobstructed by curtains, shades or other material.

4. The textual information required in Paragraph 2 herein shall be legibly printed in a minimum of twelve point leaded one point type. The headings contained therein shall be legibly printed in a minimum of 48 point type.

5. In addition to the information required to be posted above, a placard or decal shall be affixed or placed on the counter or other prominent location of the rental office of all motels,

EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

hotels, apartments, dormitories and short-term rental units with the following information thereon:

FOR YOUR SAFETY, THIS BUILDING HAS THE FOLLOWING:

1. Automatic sprinkler protection in every room.
2. Automatic sprinkler protection in every hallway.
3. Automatic smoke detectors in every room.
4. Automatic smoke detectors in every hallway.
5. Fire extinguishers on every floor.
6. Fire alarm pull stations at every exit.
7. Posted evacuation plans in every room.
8. Pressurized staircase with self-closing doors
   (NOTE: In case of fire, do NOT prop doors open.)
9. Fire safety staircase with self-closing doors
   (NOTE: In case of fire, do NOT prop doors open.)
10. Emergency lighting and exit lights.
11. Fire resistent drapery and bedding.

(List all of the preceding items that are applicable.)

This placard or decal shall be legibly printed in a minimum of 48 point type and unobstructed.

If such rental office is not applicable to structures that come within this Regulation, an appropriate listing of the above noted safety features shall be brought to the attention of the person or persons renting the unit, prior to its rental.

19-31. Installation of Electrical Equipment and Systems.

The provisions of the 1980 Edition of the National Electrical Code shall constitute the minimum general standards covering fire

EXHIBIT

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STATE BUDGET & CONTROL BOARD

prevention and life protection of persons and property from hazards from the use of electricity.

19-32. Alarm Systems.

(Formerly Rule 19-30.)

19-33. Alternate Materials and Alternate Methods of Construction.

(Formerly Rule 19-31.)

19-34. Adjustments and Appeals.

(Formerly Rule 19-32.)

19-35. Reporting System.

The local Fire Chief or his designee shall within a period of one calendar month of any fire furnish the State Fire Marshal with a written statement subscribed to by him of all the facts relating to its cause, its origin, the kind, the estimated value and ownership of the property damaged or destroyed, and such other information as is called for by the blank forms furnished by the State Fire Marshal.

SUBARTICLE 2

USE OF HAZARDOUS SUBSTANCES

REGULATION
19-40. Purpose
19-41. Scope.
19-42. Standard Fire Prevention Code.
19-43. Explosives.
19-44. Service Stations.

REGULATION

19-42. Standard Fire Prevention Code.

EXHIBIT

APR 2 8 1981 NO. 13

STATE BUDGET & CONTROL BOARD

A. The provisions of the 1979 Edition of the Standard Fire Prevention Code including the 1980 amendments thereto shall constitute the minimum general standards covering the protection of life and property from the hazards of fire and explosion due to storage, use or handling of hazardous materials, substances and devices, and to provide for minimum hazards to life and property due to panic, exclusive of those hazards considered in building code regulations; provided that the following chapters are hereby deleted and do not constitute a part of the code which is adopted by reference herein:

CHAPTER I - GENERAL PROVISIONS

CHAPTER II - BOARD OF APPEALS AND ADJUSTMENTS

CHAPTER IV - PERMITS AND CERTIFICATES

CHAPTER XVII - FIREWORKS

CHAPTER XXV - LIQUIFIED PETROLEUM GAS

B. Regulation 19-42 is intended to be in addition to and complementary to other Regulations of the State Fire Marshal.

19-43. Explosives.

The construction of explosive storage magazines shall be of two (2) types, namely, Class I and Class II.

A. Class I Magazines.

(Same as (A) of former Rule 19-69.)

B. Class II Magazines.

(Same as (B) of former Rule 19-69.)

C. Storage of Explosives.

(Formerly Rule 19-70.)

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STATE BUDGET & CONTROL BOARD

D. Use and Handling of Explosives.

(Formerly Rule 19-71.)

E. Transportation of Explosives.

(Formerly Rule 19-72.)

F. Explosives and Blasting Agents at Terminals.

(Formerly Rule 19-73.)

G. Permit for Use of Explosives.

(Formerly Rule 19-74.)

H. Permits for the Manufacture or Sale of Explosives.

(Formerly Rule 19-75.)

I. Penalties and Seizure of Explosives and Blasting Agents.

(Formerly Rule 19-76.)

19-44. Service Stations.

(Formerly Rule 19-77.)

B. Full Service Stations.

(Formerly Rule 19-78.)

C. Self Service Stations.

(Formerly Rule 19-79.)

D. Self Service Attendants Duties.

(Formerly Rule 19-80.)

E. Tank Vehicles.

(Formerly Rule 19-81.)

SUBARTICLE 3

TENTS, GRANDSTANDS AND AIR-SUPPORTED STRUCTURES

REGULATION
19-70. Standards.
19-71. Scope, Purpose, Definitions.

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EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

REGULATION

19-70. Standards.

(a) The provisions of the National Fire Protection Association Standard No. 102-1972 shall constitute the minimum fire prevention and protection standards for the prevention of fire and for the protection of life in tents, folding and telescopic seating, and air-supported structures.

(b) The provisions of the Standard Building Code, 1979 Edition, Section 503, including the 1980 amendments thereto shall constitute the minimum fire prevention and protection standards for the prevention of fire and for the protection of life in grandstands.

19-71. Scope, Purpose and Definitions.

(a) National Fire Protection Association Standard No. 102-1972 is concerned with the hazards of fire, storm, collapse, and panic, and covers the construction, location, protection and maintenance of tents and air-supported structures used for assembly; interior folding or telescopic seating normally used in gymnasiums, multi-use rooms, and similar indoor mass seating as differentiated from grandstands and bleachers intended primarily to support persons for purposes of assembly for outdoor use. For the purpose of this standard, certain terms, words, and phrases shall be construed as set forth in Section 1.12 of the standard.

(b) The Standard Building Code, 1979 Edition, Section 503, including the 1980 amendments thereto are concerned with the hazards of fire, storm, collapse, and panic, and covers the

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construction, location, protection and maintenance of reviewing stands, grandstands, and bleachers intended primarily to support persons for purposes of assembly for outdoor use. For the purpose of this section, certain terms, words, and phrases shall be construed as set forth in Section 503.2.

PUBLIC COMMENT OR HEARING

Members of the public shall have the right to submit oral and/or written comments concerning the herein proposed regulations at a public hearing to be held in Room 106, Gressette Senate Office Building, State House Grounds, on May 25, 1981, at 10:00 AM.

Robert E. Ellison

Robert Ellison
Vice Chairman
State Fire Commission

EXHIBIT

APR 28 1981 NO. 13

STATE BUDGET & CONTROL BOARD

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EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF April 28, 1981

APR 28 1981 NO. 14

STATE BUDGET & CONTROL BOARD

REGULAR SESSION AGENDA

ITEM NUMBER 3

Agency: Fire Commission

Subject: Proposed Legislation

Chairman MacLellan of the Fire Commission asks that the Budget and Control Board approve legislation proposed to deal with emergency powers of the Fire Chief or senior officer on the scene of an emergency. He notes that a recent Attorney General's Office ruling indicates that the fire official does not have the authority to order or compel anyone to evacuate a building which is on fire or buildings which are in danger of conflagration. He notes also that there have been questions on who is in charge at the scene of emergencies such as when a gasoline tanker overturns on a highway or where an LP gas truck is leaking.

A copy of the proposed legislation is attached.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

Referenced proposed legislation and copy of MacLellan April 17 letter to Putnam

20366

RECEIVED
APR 2 0 1981
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Member
South Carolina
State Firemen's Association
National Fire
Protection Association
Southern Building
Code Congress International

David A. MacLellan, Chief

Sea Pines-Forest Beach
Fire Department
P. O. Box 5193
Hilton Head Island, S. C. 29938
803-785-2306

EXHIBIT
APR 28 1981 NO. 14
STATE BUDGET & CONTROL BOARD

April 17, 1981

Mr. William T. Putnam
Executive Director
SOUTH CAROLINA STATE BUDGET & CONTROL BOARD
Post Office Box 12444
Columbia, South Carolina 29211

Dear Mr. Putnam,

During the South Carolina State Fire Commission's regular scheduled Quarterly Meeting of April 15, 1981, the following items were discussed and voted on and are requested to be presented to the Budget and Control Board for their approval:

1.) The State of South Carolina should enter in the National Incident Reporting System, as soon as possible. They request that the additional manpower and operating expense be approved to allow the State Fire Marshal's Office to be the responsible agency for receiving these reports and disseminating information to all interested parties. That the State of South Carolina make application to the U.S. Fire Administration for a three (3) year grant; first year, ~~$25,~~000.00, second year, $15,000.00 and third year, $15,000.00 to help offset the costs of implementing this program.

2.) Request approval of the Fire Marshal's Rules and Regulations, pertaining to the Protection of Life and Property in this State. Sonny Jones will provide you with the necessary information and a copy of these Rules and Regulations.

3.) Request approval of Draft Legislation concerning Emergency Powers of the Fire Chief or Senior Officer on the scene of an emergency. (NOTE: These powers have existed on a local level for years, but according to a recent ruling from the Attorney General's Office, the Fire Official does not have the authority to order or compel anyone to evacuate a building, which is on fire or buildings in danger of conflagration.) There has also been some questions on who is in charge at the scene of an emergency. EXAMPLE: Gasoline Tanker over turned on a highway - NO FIRE. L.P. Gas Turck leaking - NO FIRE. This matter is of the utmost importance to the Fire Service and needs to be corrected as soon as possible. Naomi has a copy of this Draft Legislation.

20367

If you have any further questions concerning these matter, please contact me. Thanking you in advance for your cooperation in these matters.

Sincerely,

Dave

David A. MacLellan, Chief
Chairman
SOUTH CAROLINA STATE FIRE COMMISSION

ENCLOSURE
DAM/glm

EXHIBIT
APR 28 1981 NO. 14
STATE BUDGET & CONTROL BOARD

20368

EXHIBIT

APR 28 1981 NO. 14

STATE BUDGET & CONTROL BOARD

A BILL

To Provide That Any Regularly Organized Fire Department, Fire Protection District or Fire Company Regularly Charged With The Responsibility of Providing Fire Protection to That Jurisdiction Have Certain Emergency Powers.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Definitions.

(a) "Fire authority" means any regularly organized fire department, fire protection district or fire company regularly charged with the responsibility of providing fire protection and other emergency services.

SECTION 2. Notwithstanding any other provisions of law, authorized representatives of the Fire Authority having jurisdiction, as may be in charge at the scene of a fire or other emergency involving the protection of life or property or any part thereof, shall have the power and authority to direct such operation as may be necessary to extinguish or control any fire, perform any rescue operation, evacuate hazardous areas, investigate the existence of suspected or reported fires, gas leaks, or other hazardous conditions or situations and of taking any other action necessary in the reasonable performance of their duty. In the exercise of such power, the Fire Authority having jurisdiction may prohibit any person, vehicle, vessel or object from approaching the scene and may remove or cause to be removed or kept

EXHIBIT

APR 28 1981 NO. 14

STATE BUDGET & CONTROL BOARD

away from the scene any person, vehicle, vessel or object which may impede or interfere with the operations of the Fire Authority having jurisdiction.

SECTION 3. The Fire Authority having jurisdiction may, within the means of its resources, alert its citizens to any actual or impending danger which threatens life and property and evacuate or cause to be evacuated all persons within and adjacent to burning structures, open fires, dangerous gas leaks, flammable liquid spills, train derailments and other transportation incidents involving hazardous materials and warn and encourage evacutaion of others deemed to be endangered by said conditions. Provided that the Fire Authority having jurisdiction shall not have the power and authority to declare a state of emergency and order and compel an evacuation of the scope and magnitude that would be necessary during an actual or threatened enemy attack, sabotage, flood, storm, epidemic, earthquake, riot or other public calamity.

SECTION 4. Any person who obstructs the operations of the Fire Authority in connection with extinguishing any fire, or other emergency, or disobeys any lawful command of the Fire Official or officer of the Fire Authority who may be in charge at such a scene, or any part thereof, or any police officer assisting the Fire Authority, shall be guilty of a misdemeanor and, upon conviction, shall be fined not more than one hundred dollars or imprisoned for not more than thirty days.

SECTION 5. This act shall take effect upon approval by the Governor.

20370

STATE BUDGET AND CONTROL BOARD

EXHIBIT

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

APR 28 1981

NO. 15 ITEM NUMBER 4

STATE BUDGET & CONTROL BOARD

Agency: State Fire Commission

Subject: National Incident Reporting System

Chairman MacLellan advises that the Fire Commission has concluded that South Carolina should enter the national incident reporting system as soon as possible and that the State make application to the U. S. Fire Administration for a three-year grant to help finance the implementation of this program. The first-year grant is for $25,000 and the second and third-year grants are for $15,000 each.

Apparently a full-time project manager and a data entry/quality control clerk would be needed initially plus data processing support.

It is not clear from the materials provided what the estimated costs and actual staffing for this project would be. The Fire Commission request is that the additional manpower and the operating funds required be approved so that the State Fire Marshal's Office can be the responsible agency for receiving reports on fires and disseminating that information to the appropriate authorities.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

MacLellan April 17 letter to Putnam plus attachment

20371

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APR 2 0 1981
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Member
South Carolina
State Firemen's Association
National Fire
Protection Association
Southern Building
Code Congress International

David A. MacLellan, Chief

Sea Pines-Forest Beach
Fire Department
P. O. Box 5193
Hilton Head Island, S. C. 29938
803-785-2306

April 17, 1981

EXHIBIT
APR 2 8 1981 NO. 15
STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam
Executive Director
SOUTH CAROLINA STATE BUDGET & CONTROL BOARD
Post Office Box 12444
Columbia, South Carolina 29211

Dear Mr. Putnam,

During the South Carolina State Fire Commission's regular scheduled Quarterly Meeting of April 15, 1981, the following items were discussed and voted on and are requested to be presented to the Budget and Control Board for their approval:

1.) The State of South Carolina should enter in the National Incident Reporting System, as soon as possible. They request that the additional manpower and operating expense be approved to allow the State Fire Marshal's Office to be the responsible agency for receiving these reports and disseminating information to all interested parties. That the State of South Carolina make application to the U.S. Fire Administration for a three (3) year grant; first year, $25,000.00, second year, $15,000.00 and third year, $15,000.00 to help offset the costs of implementing this program.

2.) Request approval of the Fire Marshal's Rules and Regulations, pertaining to the Protection of Life and Property in this State. Sonny Jones will provide you with the necessary information and a copy of these Rules and Regulations.

3.) Request approval of Draft Legislation concerning Emergency Powers of the Fire Chief or Senior Officer on the scene of an emergency. (NOTE: These powers have existed on a local level for years, but according to a recent ruling from the Attorney General's Office, the Fire Official does not have the authority to order or compel anyone to evacuate a building, which is on fire or buildings in danger of conflagration.) There has also been some questions on who is in charge at the scene of an emergency. EXAMPLE: Gasoline Tanker over turned on a highway - NO FIRE. L.P. Gas Turck leaking - NO FIRE. This matter is of the utmost importance to the Fire Service and needs to be corrected as soon as possible. Naomi has a copy of this Draft Legislation.

20372

If you have any further questions concerning these matter, please contact me. Thanking you in advance for your cooperation in these matters.

Sincerely,

Dave

David A. MacLellan, Chief
Chairman
SOUTH CAROLINA STATE FIRE COMMISSION

ENCLOSURE
DAM/glm

EXHIBIT

APR 28 1981 NO. 15

STATE BUDGET & CONTROL BOARD

20373

RECEIVED APR 1 3 1981

FEDERAL EMERGENCY MANAGEMENT AGENCY
Washington D.C. 20472

UNITED STATES FIRE ADMINISTRATION

EXHIBIT
APR 28 1981 NO. 15
STATE BUDGET & CONTROL BOARD

April 8, 1981

David A. MacLellan, Director
South Carolina State Fire Commission
Post Office Box 5193
Hilton Head Island, South Carolina 29928

Dear David,

I am happy to hear that South Carolina is progressing toward the implementation of the National Fire Incident Reporting System (NFIRS).

As you know, the National Association of NFIRS States (NANS) recently voted to continue using the 1976 edition of the Standard 901 Uniform Coding for Fire Protection vs. the new 1981 Code. Therefore, we are planning to offer NFIRS grants for FY 82. South Carolina will be invited to apply. If you do not wish to wait until October to start implementing the NFIRS, you may start now by sending a letter to me advising that the state does intend to implement the NFIRS. A firm committment such as this from the state allows us to consider your state an official participant. We can then start to provide support to you in whatever way we may assist in the development and implementation.

Once South Carolina becomes a participant, we will provide Handbooks, Computer Software, training on how to complete the data collection forms and other technical assistance. If you decide to apply for a grant and are successful in obtaining one, the first year grant will help offset implementation cost. The first year grant amount is a maximum of $25,000. Second and third year grants are available in the amounts of up to $15,000 for the second year up to $15,000 for the third year.

I suggest that first the committment letter be sent to the USFA. A copy should also be sent to Ken Farmer, the Chairman of the NANS. I have talked to Everett Ignagni, the Vice Chairman, and he is having an information package sent to you on the spring conference. If you or others from South Carolina could attend the conference, I believe it would be very beneficial.

After the initial step of deciding that the NFIRS is going to be implemented, you should next decide what agency and who in that agency will be responsible for the system. From our previous conversations, I would think that the State Fire Marshal's Office would assume the responsibility. I also remember that Joe McDonaugh of Fire Service Training is supportive.

Training is the biggest job. The training sessions we provide are for a maximum of 30 people, are three days long and are "train the trainers" classes. You should select a cadre of highly qualified people to attend these sessions. They will

20374

be the ones to teach others in the state about the system. Joe, I am sure, will work with you on that.

I recommend that you start with a pilot program of about 25 to 50 departments the first year and then expand as time and funds allow.

In order for the system to be effectively managed, a full time project manager and a data-entry/quality control clerk will be needed initially. Those two should be sufficient until the volume of incidents approaches 25,000 per year. Then other help will be needed.

As I mentioned before, support by Fire Service Training will be a necessity as will support from a representative from the data processing department. I have contacted several states and asked that they send copies of their legislation to you.

David, again I am happy to hear that your state is joining the "family" of NFIRS participants. I will assist you in whatever way I can to make the implementation as smooth and expedient as possible.

If you have any questions, please contact me on (202) 254-6020.

Sincerely,

Ted

Ted DeLozier
NFIRS Project Representative

EXHIBIT

APR 28 1981 NO. 15

STATE BUDGET & CONTROL BOARD

20375

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981

REGULAR SESSION AGENDA

MEETING OF April 28, 1981 NO. 16 ITEM NUMBER 5

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Rental Increase for 1982-83

The Division of General Services requests the Board approve a minimum increase in our average rental rate of one dollar per square foot. We also request that the Board consider an additional increase to restore our custodial program to the pre-1980 service level.

The increases can be itemized as follows:

Item	Dollars Per Sq. Ft.
Personnel	$ .14
Utilities	.61
Debt Service	.09
Other Costs	.16
Total	$1.00
Restore custodial	.30
Total	$1.30

Also, our energy surcharge will be adjusted to recover the additional costs incurred to support the agencies unique activities. Some of these are Computer Rooms, Laboratories, and after hour activities.

Board Action Requested:

Staff Comment:

20376

Attachments:

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 17 REGULAR SESSION AGENDA

MEETING OF April 28, 1981 ITEM NUMBER 6

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Adoption of the Following Policy to Cover the Procurement of Office Equipment

The Division of General Services shall establish a revolving fund to purchase equipment for the state and such local governmental bodies which choose to participate. State agencies and local political subdivisions shall borrow funds from the revolving account sufficient to cover the cost outright of purchase of such equipment. "Interest on such borrowed funds shall be paid at the rate and a schedule established by the Board."

If such a policy is adopted, once the revolving fund has been established, the state would acquire office equipment only through outright purchase. Agencies desiring to acquire on other than outright purchase basis would borrow the money from the fund established within the Division. In this manner the state would internally finance the acquisition of all office equipment. The Division bases this recommendation on an analysis of existing contracts between the state agencies and the three major vendors of office equipment (Savin, IBM, and Xerox). This analysis demonstrates a total savings over the five year life of such equipment at $4,362,187.50.

Board Action Requested:

Staff Comment:

Attachments: Appendix A

20377

EXHIBIT

APR 28 1981 NO. 17

STATE BUDGET & CONTROL BOARD

APPENDIX A

Analysis data received from the three major vendors of office equipment was applied to the formula below. The formula was designed to determine the aggregate savings that would accrue to the state under an outright purchase policy.

FORMULA

To compute the savings of a "purchase policy", you have to determine the following:

1. Average life of equipment
2. Total cost outlay
3. Average rental cost
4. Average monthly cost
5. Life of lease/or installment purchase

With this information a formula can be devised to determine the average "payout" of each machine. The formula is as follows:

Rental cost minus maintenance cost = Machine cost

Machine cost divided by average life of lease (months) = Monthly machine cost

Total cost outlay divided by monthly machine cost = Average payout

Life of machine minus average payout period = Average cost avoidance period

Average cost avoidance period x monthly hardware cost = Savings

20378

EXHIBIT

APR 28 1981 NO. 17

STATE BUDGET & CONTROL BOARD

SAVIN

Life of equipment:	60 months
Cash outlay :	$195,967.00
Present cost :	$685,188.00
Maintenance cost :	91,299.00

Present cost :	$685,188.00			
(less) maintenance cost:	91,299.00			
(equals) hardware cost :	$593,889.00	÷	36	= $16,496.92/month

cash outlay ÷ monthly hardware cost = payback period

$16,486.92 ⟌ $195,967.00 = 11.88 months

Life of equipment :	60.00 months
Payback time :	11.88 months
Cost avoidance time:	48.12 months

Savings $793,831.79

IBM

Life of equipment:	60 months
Cash outlay :	$1,173,501.00
Present cost :	$2,823,222.00
Maintenance cost :	$1,070,496.00

Present cost :	$2,823,222.00			
(less) maintenance cost :	1,070,496.00			
(equals) hardware cost :	$1,752,726.00	÷	36	= $48,686.83/month

monthly hardware costs ÷ into cash outlay = payback period

$48,686.83 ⟌ $1,173,501.00 = 24.10 months

Life of equipment :	60.00 months
Payback time :	24.10 months
Cost avoidance time:	35.90 months

Savings $1,747,857.10

XEROX

Life of equipment:	60 months
Cash outlay :	$4,245,000
Present cost :	$6,508,454
Maintenance cost :	$2,869,478

20379

EXHIBIT

APR 28 1981 NO. 17

STATE BUDGET & CONTROL BOARD

XEROX continued -2-

Present cost	:	$6,508,454		
(less) maintenance cost	:	$2,869,478		
(savings) hardware cost	:	$3,638,976	÷ 36	= $101,082.66/month

monthly hardware costs ÷ into cash outlay = payback period

$$\$101{,}082.66 \overline{)\$4{,}245{,}000.00} \quad 41.99 \text{ months}$$

Life of equipment	:	60.00 months
Payback time	:	41.99 months
Cost avoidance time:		18.01 months

Savings $1,820,498.70

Xerox, Savin, IBM Total $4,362,187.50 over 5 yr

Each piece of equipment should be evaluated on this basis.

20380

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

APR 28 1981 NO. 18

ITEM NUMBER 7

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Transfer of Positions

The Division of General Services requests the transfer of two custodial positions to the Fire Marshal's Office to create a position to help set up arson reports. We also request transfer of one position to Clark Hill Authority for the position of Land Use Planner.

Board Action Requested:

Staff Comment:

Attachments:

20381

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 19

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

ITEM NUMBER 9

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Engineering)

Subject: Reconsideration of Proposed Amendment of Medical University East Wing Addition A&E Contract

State Auditor Vaughn asks that the Board reconsider the action taken at its April 14 meeting which denied the Medical University request to amend the existing A&E contract with GMK/Ellerbe to provide for a detailed value engineering study of the east wing hospital addition to be undertaken based on the drawings as they now exist for a lump sum fee of $44,625.

Board Action Requested:

Reconsider.

Staff Comment:

Attachments:

Woodbury March 6 letter to McPherson plus attachments

20382

GMK
Geiger McElveen Kennedy • Architects Engineers Planners • 2321 Millwood Avenue, Columbia, S. C. 29205 • 803/254-2634

March 20, 1981

EXHIBIT

APR 28 1981 NO. 19

STATE BUDGET & CONTROL BOARD

Mr. Marion Woodbury
Assistant Hospital Director
Medical University of S. C.
171 Ashley Avenue
Charleston, SC 29403

RE: MUSC Hospital

Dear Marion:

We propose to provide additional professional services under the conditions of our existing A & E agreement.

These services shall provide for the following:

1. A detailed estimate of construction costs based on the drawings as they now exist. The estimate will reflect the impact on the elimination of the two top floors, but will not include (drawings are not available) the impact of the eye institute.

   This phase will be provided for a lump sum of $30,375.00.

2. A detailed Value Engineering (V.E.) study based on the drawings as they now exist. The V.E. study will also reflect the elimination of the two top floors.

   This phase will be provided for a lump sum fee of $44,625.00.

3. The cost estimate will be provided in 4 weeks, a preliminary Value Engineering recommendation will be provided in 5 weeks and the final Value Engineering report will be submitted within 8 weeks after we are authorized to proceed.

If this agreement is satisfactory, please return one (1) signed copy.

Respectfully submitted,

MEDICAL UNIVERSITY OF
SOUTH CAROLINA

GMK, INC.

Wm. N. Geiger, Jr., AIA

cc: Mr. Clark
Mary Ann Wilson
Val Satko

20383

Vice-President for Finance
OFFICE OF THE XXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXX
(803) 792-3131

EXHIBIT
APR 2 8 1981 NO. 19
STATE BUDGET & CONTROL BOARD

171 ASHLEY AVENUE / CHARLESTON, SOUTH CAROLINA 29403

March 26, 1981

Mr. John A. McPherson
Chief Engineer
State Auditor's Office
P.O. Box 11133
Columbia, South Carolina 29211

Dear Mr. McPherson:

Enclosed herewith is a copy of a proposed amendment to the present contract between GMK/Ellerbe and the Medical University. As is apparent from the document, the purpose of the amendment is to obtain a value engineering study of the proposed East Addition to the Hospital to determine what, if any, economics can be achieved in the design of the building.

Discussions were held with representatives of the Veterans Administration (in Washington) and the Southern Division Naval Facilities Engineering Command concerning the range of costs and time required for the estimate and study. The fees and time set forth in the proposed amendment are well within the parameters used by those two agencies.

Your approval of the proposed amendment is requested.

Sincerely,

Marion Woodbury

Marion E. Woodbury
Acting Vice-President for Finance

MEW/dgw

Enclosure

cc: Robert E. Clark, Director of Physical Plant

An equal opportunity/affirmative action employer

2D383-A

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

APR 28 1981 NO. 20

ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Engineering)

Subject: Medical University A&E Contract Amendment Proposal

Acting Vice President for Finance Woodbury requests approval of an amendment of the existing contract between the Medical University and Rosenblum and Associates for the design of a warehouse. The amendment revises the scope of work for the schematic phase by expanding the project to become a multi-purpose building which will include the following additional features: 5,000 square feet of office space; tennis and volley ball courts on the roof; shower and locker rooms and a jogging track with exercise stations along the periphery of the project site.

Vice President Woodbury advises that the scope of the work was increased primarily to overcome objections from the Mayor of the City of Charleston and to bring the structure within zoning regulation requirements.

Mr. Woodbury also advises that no change in the estimated cost of the project is proposed at this time but that when a decision is reached as to whether or not the Medical University will proceed with the multi-purpose building or stay with the original scope of the project and relocate it, a further amendment of the design contract will be proposed and a revised cost estimate will be submitted as appropriate.

Board Action Requested:

Amend contract between Medical University and Rosenblum and Associates to increase the original scope of the project to a multi-purpose facility for schematic design phase only to include items A through G shown on page one of the attached amendment and increase the fee for schematic design only for the services by a total of $18,392.

Staff Comment:

Attachments:

Woodbury April 1 letter to McPherson plus attachments

20384

EXHIBIT

APR 28 1981 NO. 20

STATE BUDGET & CONTROL BOARD

OFFICE OF THE VICE PRESIDENT FOR Finance
(803) 792-5050

Medical University of South Carolina

171 ASHLEY AVENUE / CHARLESTON, SOUTH CAROLINA 29403

April 1, 1981

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APR 02 1981
S. C. BUDGET AND CONTROL BOARD

Mr. John A. McPherson
Chief Engineer
State Engineer's Office
P. O. Box 11333
Columbia, S. C. 29201

Dear Mr. McPherson:

Enclosed herewith is an amendment to the existing contract between Rosenblum and Associates and the Medical University for design of a proposed warehouse. The amendment revises the scope of work for the schematic phase by expanding the project to become a multi-purpose building. Added features are 5,000 sq. feet of office space, tennis and volley ball courts on the roof, shower and locker rooms and a jogging track with exercise stations along the periphery of the site. The scope of work was increased primarily to overcome objections from the mayor of the City of Charleston and to bring the structure within the zoning regulations. An E-11 to change the estimated cost of the building is not included since at this time we are within the estimated design cost. When a decision is reached as to whether or not we will proceed on the basis of a multi-purpose building or remain with the original scope and resite the building, we will further amend the design contract and send a revised cost estimate in for approval,

Approval of the amendment is requested.

Sincerely,

Marion Woodbury

Marion E. Woodbury
Acting Vice-President for Finance

MEW:lbs

20385

"An equal opportunity m/f affirmative action employer"

EXHIBIT

APR 28 1981 NO. 20

STATE BUDGET & CONTROL BOARD

ROSENBLUM
& ASSOCIATES
ARCHITECTS, INC.

March 31, 1981

PROJECT: New 72,000 SF Warehouse Facility
Lockwood Boulevard, Charleston, South Carolina

AMENDMENT TO CONTRACT NO. 1: March 31, 1981

OWNER: The Medical University of South Carolina
171 Ashley Avenue
Charleston, South Carolina 29401

ARCHITECT: Rosenblum & Associates, Architects, Inc.
27 Vendue Range
Charleston, South Carolina 29401

This Amendment forms a part of the Owner and Architect Agreement dated July 25, 1980, and modifies the original contents as herein described:

1. Increase the original scope to a multi-purpose facility, for Schematic Design Phase only, to include:

   A. Roof-top tennis and volleyball courts
   B. Locker and health facilities
   C. Business offices
   D. Passive and active solar systems
   E. Exterior jogging and physical fitness trail
   F. Additional landscape design to be more compatible with the surrounding landscape in particular the Lockwood Blvd. view and new Sheraton Hotel
   G. Revise site and building plans as per new proposed property lines

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APR 0 2 1981
S. C. BUDGET AND CONTROL BOARD

20386

27 VENDUE RANGE
CHARLESTON, S.C. 29401
TELEPHONE (803) 577-6073

EXHIBIT

APR 28 1981 NO. 20

STATE BUDGET & CONTROL BOARD

2. Increase the fee for Schematic Design only for the above by a total of $18,392.

This Amendment accepted as of the day and year first written above.

OWNER

Medical University of
South Carolina
Dr. William Knisely, President

By _____

ARCHITECT

Rosenblum & Associates,
Architects, Inc.
Jeffrey Rosenblum, AIA, President

By _____

20387

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 21

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

ITEM NUMBER 11

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Budget Development)

Subject: Mental Retardation Personal Service Transfer Request

Commissioner Barnett indicates that approximately $800,000 of surplus personal service funds probably will be accumulated by his Department during the remainder of the current fiscal year. He asks for authorization to use approximately $300,000 of these funds to operate a 44-bed addition to the Saleeby Center for the remainder of the current fiscal year. In addition, he is seeking Budget and Control Board support for legislative authorization to carry forward $500,000. Of that amount, $300,000 would be applied to operate the Saleeby Center during July, August and September of 1981. The $200,000 balance would be applied to the purchase of equipment, primarily for Medicaid eligible dormitories, in the Piedmont region.

Dr. Barnett understands that legislative approval would be necessary to authorize the carry forward of the $500,000.

The specific request is to permit the transfer of $500,000 of personal service funds available in 1980-81 for use in 1981-82 as follows: $183,600 for classified positions; $36,810 for employer contributions; $79,590 for contractual services; and $200,000 for equipment.

In addition, the specific request is for authorization to transfer $116,400 of personal service funds to contractual services ($79,590) and employer contributions ($36,810) to cover other operations and fringe benefit costs related to the Saleeby Center during the remainder of fiscal year 1980-81.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

Barnett April 14 letter to Vaughn plus attachments

20388

CHARLES D. BARNETT, Ph.D.
Commissioner
WALTER B. TODD
Deputy Commissioner,
Administration
WADE C. WIETERS, Ed.D.
Deputy Commissioner,
Professional Services

MENTAL RETARDATION COMMISSION
Robert H. Lovvorn, Sr., Chairman
Herbert Rudnick, Vice Chairman
Mrs. Elizabeth P. Stall, Secretary
Rev. J. E. Hunter, D.Min.
Mrs. Mary C. Ramsay
R. B. Robinson
The Rev. George W. Watson

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION
2712 MIDDLEBURG DRIVE
P. O. BOX 4706
COLUMBIA, SOUTH CAROLINA 29240

EXHIBIT
APR 28 1981 NO. 21
STATE BUDGET & CONTROL BOARD

April 14, 1981

Mr. Edgar A. Vaughn, Jr., CPA
State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Vaughn:

Enclosed are the transfer authorizations (Forms No. 300) we discussed in our meeting on March 30th and in our letter to Mr. Putnam of February 26th. I'm also enclosing a copy of the letter to Mr. Putnam for your convenience.

We understand that the $500,000 to be carried forward will require a proviso in the Appropriation Bill. We will work with Senator Dennis to accomplish this after the transfer has been approved by the Budget and Control Board.

We appreciate your assistance with this transfer. Please let us know if anything further is required.

With best wishes,

Cordially,

Charles D. Barnett, Ph.D.
Commissioner

CDB/mm

Enclosures

RECEIVED
APR 16 1981
STATE AUDITOR'S OFFICE
BUDGET DIVISION

20389

CHARLES D. BARNETT, Ph.D.
Commissioner
WALTER B. TODD
Deputy Commissioner
Administration
WADE C. WIETERS, Ed.D.
Deputy Commissioner
Professional Services

MENTAL RETARDATION COMMISSION
Robert H. Lovvorn, Chairman
Herbert Rudnick, Vice Chairman
Mrs. Elizabeth P. Stall, Secretary
James B. Berry, M.D.
Rev. J. E. Hunter, D.Min.
Mrs. Mary C. Ramsay
R. B. Robinson

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION
2712 MIDDLEBURG DRIVE
P. O. BOX 4706
COLUMBIA, SOUTH CAROLINA 29240

EXHIBIT
APR 28 1981 NO. 21
STATE BUDGET & CONTROL BOARD

February 26, 1981

Mr. William T. Putnam
Executive Director
BUDGET AND CONTROL BOARD
P. O. Box 12444
Columbia, South Carolina 29211

Dear Mr. Putnam:

The requirement to reduce State personal services expenditures by 7% in FY 1982 is resulting in a small surplus position in these funds in FY 1981. Our FY 1982 reduction is $2,659,362 which equates to 209 positions which we have selected and reported to the Budget and Control Board. Of the 209 positions, we have vacated 103 positions already. This was done in accordance with Budget and Control guidance and to minimize personal hardships on our employees. As a result of these vacancies, others to be vacated to get down to the plan by June 30 and normal attrition we estimate a surplus of approximately $800,000 in State Personal Service by June 30.

We wish to use these funds for the benefit of the Department in a way which we believe will not increase the expenditure base of the Department. In our FY 1982 Budget we have been allocated $771,701 additional funds to open a 44-bed addition to Saleeby Center on October 1, 1981. The additional funds provided would only allow for 9 months operation in FY 1982, although the building is expected to be ready for occupancy by April, 1981.

Our proposal is to use approximately $300,000 of the surplus funds to open the facility and for 3 months operation in FY 1981. We would like to carry forward a like amount for operations the first three months in FY 1982. We realize the carry forward portion would require legislative approval, but we request Budget and Control support for the action.

20390

EXHIBIT

APR 28 1981 NO. 21

STATE BUDGET & CONTROL BOARD

The balance of the amount, $200,000, we would like Budget and Control Board approval to transfer to Other Operating Expenses to be used in Piedmont Region to purchase badly needed equipment primarily for Medicaid eligible dormitories. As you are aware, our equipment budget has been under-supported for a number of years. As a result, many of our present dormitories are having difficulty meeting the interior environmental requirements established in Medicaid Standards.

If Budget and Control Board approval is obtained for this proposal, we will submit the necessary forms and line item changes for this year. In addition, we will request the necessary legislative authority to carry forward the $300,000 in FY 1982.

We appreciate your assistance in this matter and will be glad to appear before the Budget and Control Board to present our request, if this is deemed desirable.

With best regards,

Cordially,

Charles D. Barnett, Ph.D.
Commissioner

CDB/mm

cc: Mr. Edgar A. Vaughn, Jr., CPA
State Auditor

bcc: Mr. George Dorn
Mr. Scott Inkley
Mr. Steve Mattison
Mr. R. B. Williams
Dr. Charles H. Chadwell

20391

EXHIBIT

STATE BUDGET AND CONTROL BOARD REGULAR SESSION AGENDA

MEETING OF April 28, 1981 APR 28 1981 NO. 22 ITEM NUMBER 12

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Budget Development)

Subject: State Fire Marshal Request for Transfer of Personal Service Funds

Budget Analyst Charles Case advises that approximately $18,000 will be required during May and June of the current fiscal year to support the travel costs of the inspection services conducted by the State Fire Marshal's Office.

The only funds available to cover these costs are personal service funds which will not be used because of several vacancies.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

20392

Case April 24 memorandum to Vaughn plus attachments

EXHIBIT

APR 28 1981 NO. 22

STATE BUDGET & CONTROL BOARD

M E M O R A N D U M

TO: Edgar A. Vaughn, Jr.

FROM: Charles M. Cage

THROUGH: Preston Cantrell

DATE: April 24, 1981

RE: State Fire Marshall's request for Authorization to use personal service slippage for travel.

The State Fire Marshall, Mr. Campbell, asked me to review his current year budget several weeks ago. He was concerned about available funds for his staff's travel. After reviewing the current year's activity and funds available, I did confirm that in order to continue the inspection service for May and June, they would need approximately $18,000.

The only funds available to the Fire Marshall are funds in personal service categories. These funds are unused because of several vacancies since last July.

Mr. Campbell is also in the process of notifying the Senate Finance Committee that his agency will need additional funds for travel in 1981-82 and will request their consideration in adding additional funds to those appropriated by the House.

I do recommend approval of this request.

/dm

20393

EXHIBIT

APR 28 1981 NO. 22

STATE BUDGET & CONTROL BOARD

State of South Carolina

Division of State Fire Marshal

RICHARD S. CAMPBELL, P.E.
State Fire Marshall

Budget and Control Board
1109 Belleview Street
Columbia, S.C. 29201
(803) 758-2941

LP GAS & ANHYDROUS AMMONIA
(803) 758-2247

TO: Mr. Charles Case, State Auditor's Office

FROM: Mr. Richard S. Campbell, S. C. State Fire Marshal

SUBJECT: Transfer of Travel Funds

DATE: April 21, 1981

This memo simply confirms your earlier study of our budget which indicated that the travel appropriation was not adequate to complete our operation for 1980-81.

Would you please review my projections listed below and do whatever is necessary to ask the Budget & Control Board to transfer the needed funds from our personal services budget to travel.

Our projection, with related data, is as follows:

	1979-80 Actual Travel	1980-81 Est. Yr. End Travel	1980-81 Appropriation Travel
1. Fire & Life Safety Services	$60,820.00	$61,150.00	$35,700.00
2. Fire Commission	0	5,225.00	3,500.00
3. Appeals Board	0	1,720.00	1,500.00
* Funds already transferred to travel			15,000.00
TOTALS:	$60,820.00	$68,095.00	$50,700.00

Funds Needed to Complete 1980-81 $18,000.00

Your assistance in this matter is deeply appreciated.

RSC:mpb

cc: Mr. William T. Putnam
Mr. Don Addy

20394

Rev. July 68

State of South Carolina

STATE BUDGET AND CONTROL BOARD

Finance Division

Columbia

Date: April 22, 1981

To the Comptroller General and the State Treasurer:

By unanimous approval of the State Budget and Control Board, the following appropriation transfers are authorized.

Department Budget & Control Board - Division of State Fire Marshal Fiscal Year 1980-81

Section	Item	Activity and Account	Organization No.	Account No.	Transaction Code	AMOUNT DEBIT	AMOUNT CREDIT
		Increments Continued - State Fire Marshal	F1401 000000	11815377	21601	17,550.00	
		Classified Positions - State Fire Marshal-LP-Gas	F1410 000000	11814807	21601	450.00	
		State Fire Marshal - Travel	F1405 000000	11814806	11601		18,000.00
					TOTAL	18,000.00	18,000.00

STATE BUDGET & CONTROL BOARD
APR 28 1981
NO. 22
EXHIBIT

TO DEPARTMENT AND INSTITUTIONS:
This form should be accompanied with a letter indicating fully the necessity of the transfer being requested. No commitment should be made in anticipation of the approval of a transfer.

Date Approved _____

_____
State Auditor

SUBMIT ORIGINAL AND THREE (3) COPIES.

20395

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF April 28, 1981

APR 28 1981 NO. 23

ITEM NUMBER 13

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Budget Development)

Subject: Development Board Transfer Request

State Development Board Director Leak indicates that, in the process of preparing for the 7% reduction in personal services, the Development Board has generated lapsed salaries in the amount of $35,000 and $4,241 in fringe benefits.

He requests that funds held in the base pay and compensation plan increments with applicable fringe benefit funds allocated to the Development Board be transferred to the Development Board's advertising account to be used to help finance an advertising campaign in Europe. Mr. Leak indicates that if this request is approved the Development Board would be able to sign an advertising contract to commit these funds during this fiscal year.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

Leak April 21 letter to Vaughn plus attachment

20396

EXHIBIT

APR 28 1981 NO. 23

STATE BUDGET & CONTROL BOARD

STATE DEVELOPMENT BOARD

POST OFFICE BOX 927

COLUMBIA, SOUTH CAROLINA 29202

ROBERT E. LEAK
DIRECTOR

TEL. 803/758-3145
TWX NO. 810 666 2628

April 21, 1981

Mr. Edgar A. Vaughn, Jr., Auditor
State of South Carolina
Hampton Office Building
Columbia, South Carolina

Dear Ed:

During this fiscal year the State Development Board has accomplished by attrition the mandate of the seven percent reduction in personal services. In so doing, we have generated lapsed salaries in the amount of $35,000 and $4,241 in fringe benefits.

We feel that a very important need for advertising in Europe exists. In the past, our regular contract with BUSINESS WEEK magazine has afforded us some advertising by piggybacking our advertisements in a special edition distributed in Europe at no additional costs to us. BUSINESS WEEK no longer offers this and consequently we have no advertising campaign in Europe. Competition for European industrial investments makes it vital that we promote our State in Europe. Additionally, the leads being generated by our office in Belgium have begun to decline. As a result, the cost effectiveness of our efforts in Europe is not as great as it should be.

As you are aware, these funds are located in your office under the appropriation of Base Pay and Compensation Plan Increments along with applicable fringe benefit funds. The Development Board's Reconciliation indicates only the amount necessary for this fiscal year. We request that the remaining amount allocated to the Development Board be transferred to our advertising account for the purpose discussed. We will be able to sign an advertising contract during this fiscal year which would commit these funds.

If there are any questions, please call me.

Sincerely,

Bob

Robert E. Leak
Director

cc: Mr. William T. Putnam

20397

EXHIBIT

APR 28 1981 NO. 23

STATE BUDGET & CONTROL BOARD

AGENCY CODE: P32 AGENCY NAME: Development Board

DATE: 04/08/81 PREPARED BY: W. Bellamy

		STATE	FEDERAL		TOTAL
1. A.	Actual Payrolls for 1980-81 Through 03/26/81	$ 1,014,947	$ 595	$	$ 1,015,542
B.	Estimated Payrolls for Balance of 1980-81 (03/27/81 through 06/18/81)	317,404			317,404
C.	Total	$ 1,332,351	$ 595	$	$ 1,332,946
2.	Total Appropriations 1980-81 Personal Service:				
A.	Agency Head	$ 52,084	$	$	$ 52,084
B.	Classified	1,181,419			1,181,419
C.	Unclassified				
D.	Temporary Positions	3,519			3,519
E.	Terminal Leave ~~Overtime/Shift Differential~~	5,000			5,000
F.	Compensation Plan Increments	36,203			36,203
G.	Interns		595		595
H.	Transferred from Classified to Cont. Serv. (Consultants)	(11,250)			(11,250)
I.	Total	$ 1,266,975	$ 595	$	$ 1,267,570
3.	Balance (Item IC - 2I)	$ 65,376	$ -0-	$	$ 65,376

4. Transfer of "Base Pay Increase Funds and Compensation Plan Increments" Requested (Applicable only if Item 3 shows a deficit) $ 65,376

5. Amount of "Employer Contributions" needed to cover requested "Base Pay Increase and Compensation Plan Increments":

Retirement - State Employees	$ 4,446
Group Life Insurance - State Employees	196
Social Security - State Employees	4,797
Workmen's Compensation Insurance	131
Unemployment Compensation Insurance	131
Total	$ 9,701

6. List below the Accounts to which transfers are to be made:

Organization Number	Account Title	Account Number	Amount
P3201	Classified Positions	1181-3813	12,468
P3205	Classified Positions	1181-3821	52,908
P3295	Employer Contributions	1181-3832	9,701

20398

EXHIBIT

STATE BUDGET AND CONTROL BOARD

APR 28 1981 NO. 24 REGULAR SESSION AGENDA

MEETING OF April 28, 1981 ITEM NUMBER 14

STATE BUDGET & CONTROL BOARD

Agency: Parks, Recreation and Tourism

Subject: State Funded Foreign Travel

PRT Director Brinkman requests Board approval of the travel of two representatives of the Tourism Division to London, England during the November 30 - December 7, 1981 period for the purpose of participating in the World Travel Mart. Mr. Brinkman estimates that the cost of this travel will be approximately $5,500 and that it will be paid from State funds appropriated for development and promotion.

Board Action Requested:

Approve.

Staff Comment:

Attachments:

Brinkman April 16 letter to Putnam

20399

EXHIBIT

APR 28 1981 NO. 24

APR 19 1981

STATE BUDGET & CONTROL BOARD

PRT

Fred P. Brinkman
Executive Director
758-2566

April 16, 1981

Mr. William T. Putnam
Executive Director
Budget and Control Board
212 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Dear Bill:

I am writing to request Budget and Control Board approval for two representatives of the Tourism Division of the South Carolina Department of Parks, Recreation and Tourism to represent South Carolina at the World Travel Mart in London, England, November 30 - December 7, 1981.

The World Travel Mart in London is the largest travel show in the United Kingdom and is divided into three days of sessions with travel trade and a two-day segment for the English consumer.

This show is part of PRT's new European marketing program, which in less than one year of operation has seen four new European brokers bringing tours into our state. In addition, several new brokers and agents have expressed strong interest in bringing European visitors to South Carolina during the 1982 season.

All transportation, housing, meals and related expenses will be paid out of regular funds appropriated for development and promotion. The cost for this travel show is estimated to be approximately $5,500.00.

I have taken the liberty of enclosing some background material on this travel show for your information, and if there is any additional material you or the Board may need, please feel free to call on me at any time.

Sincerely,

Fred P. Brinkman

RF:/bw
Attachments

cc: Edgar A. Vaughn, Jr.
State Auditor

20400