

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

November 3, 1994

002537

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

November 3, 1994

MEMORANDUM

TO: Budget and Control Board Office Directors
FROM: Donna Kaminer Williams, Board Secretary
SUBJECT: Summary of Board Actions at November 3, 1994, Meeting

This listing of actions is an unofficial **summary** of the Board actions taken at the referenced meeting. The minutes of the meeting are presented in a separate, more detailed document which becomes official when approved by the Board at a subsequent meeting.

1. Adopted the agenda as proposed;
2. Approved the minutes of the October 6, 1994, Budget and Control Board meeting; and, acting as the State Water Quality Revolving Fund Authority, approved the minutes of the October 6, 1994, Authority meeting;
3. Approved the following proposals to issue revenue bonds:
 - (a) Issuing Authority: Berkeley County
Amount of Issue: \$1,500,000 Special Source Revenue Bonds
Allocation Amount: -0-
Name of Project: Loadcenter
Employment Impact: impacts employment of approximately 130 people in the fibers manufacturing portion of the project
Project Description: providing facilities necessary to the proper functioning of the fiber manufacturing portion of the Miles Inc. project in Bushy Park

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- (b) Issuing Authority: Kershaw County
Amount of Issue: \$3,000,000 Hospital Facilities Revenue Bonds
Allocation Amount: -0-
Name of Project: Kershaw County Medical Center
Employment Impact: n/a
Project Description: hospital facilities including emergency room facilities, outpatient surgery facilities, surgery facilities, hospital front entrance, and cardiac rehabilitation facilities
- (c) Issuing Authority: Kershaw County
Amount of Issue: \$10,000,000 Industrial Development Bonds
Allocation Amount: granted previously
Name of Project: DeRoyal Textiles, Inc.
Employment Impact: 100+
Project Description: manufacture lightweight woven cotton material

4. Approved the private sale of Economic Development Revenue Bonds for the following projects:

- (a) Name of Project: Wellington Yarns, Inc.
Location: Anderson County
Principal Amount: not exceeding \$7,000,000
Allocation Amount: granted previously
Employment Impact: 50-200
Purpose: manufacturing yarn
- (b) Name of Project: Carolina Cotton Works, Inc.
Location: Cherokee County
Principal Amount: not exceeding \$2,885,000
Allocation Amount: granted previously
Employment Impact: 150 within 12 months; 200 within 24 months
Purpose: bleaching and preparation of cotton knit piece goods; dyeing cotton garments
- (c) Name of Project: Jackson Mills, Inc.
Location: Spartanburg County
Principal Amount: not exceeding \$4,400,000
Employment Impact: maintain 916 employees
Purpose: refunding bonds which financed a facility for manufacturing cotton and cotton blend greige goods for apparel, home furnishings and other textile markets

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5. Received as information a report that the Proposed Regulation and Notice of Opportunity for Public Comment (State Employee Grievance Process) will be submitted for publication in the *State Register*;
6. Concurred and acquiesced in the granting of the following easement in accord with Code Section 10-1-130:

County Location:	Jasper
From:	Department of Disabilities and Special Needs
To:	SC Electric & Gas Company
Description/Purpose:	right-of-way near the intersection of Highway 278 and Road S-27-362
Consideration:	\$1
7. In accord with Section 11-35-1210, granted procurement certification to the South Carolina Educational Television Commission within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$25,000; consultant services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000; and construction, \$25,000;
8. In accord with Section 11-35-1210, granted procurement certification to Midlands Technical College within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years (local funds only): goods and services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000; and consultant services, \$25,000;
9. In accord with Code Section 41-43-90(E), approved the Jobs-Economic Development Authority procurement policies, thereby exempting JEDA from the requirements of the Procurement Code except for Code Sections 11-35-5120 through 11-35-5270, inclusive;
10. In accord with Code Section 24-3-2050 and the Nelson Consent Decree, certified 16,310 as the safe and reasonable operating capacity of the facilities of the Department of Corrections as of October 1, 1994;
11. In accord with Code Section 1-11-560(C), granted 31-day extensions to the following tentative ceiling allocations:
 - (a) \$4,000,000 to Jobs-Economic Development Authority for the Supreme Machined Products Company, Inc. project;
 - (b) \$6,500,000 to Jobs-Economic Development Authority for the Carolina Cotton Works, Inc. project;

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- (c) \$10,000,000 to Kershaw County for the DeRoyal Textile, Inc. project; and
 - (d) \$7,000,000 to the Jobs-Economic Development Authority for the Wellington Yarns, Inc. project;
12. In accord with Section 11-35-710, granted an exemption from the requirements of the Procurement Code for the Health and Human Services Finance Commission contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services, until such time as the State is certain as to the full schedule and impact of the Palmetto Health Initiative, or no later than December 31, 1995;
 13. Approved the concept of a long-term, no-cost land lease to the federal government for the construction of a marine environmental health laboratory at Fort Johnson; and authorized staff to execute a mutually acceptable agreement;
 14. Authorized a grant of \$160,000 to the Town of Ehrhardt from the Infrastructure Grant Revolving Fund;
 15. Authorized a grant of \$125,000 to the City of Hardeeville from the Infrastructure Grant Revolving Fund;
 16. Heard Governor Campbell announce that the Bose Corporation will construct a 200,000 ft² facility on 105 acres at the intersection of I-77 and Wilson Boulevard with an employment impact of approximately 200 persons initially in this three-phase project that is expected to be fully operational by January of 1996;
 17. Agreed to meet at 10:00 a.m. on Tuesday, December 13, 1994, in the Governor's conference room in the State House; and was advised of a regular meeting scheduled for 9:30 a.m. on Tuesday, January 10, 1995;
 18. Received as information a report that the Office of Information Resources intends to use its exemption from the requirements of the Procurement Code to establish another five-year contract with Southern Bell for local payphone service on state government premises on a statewide aggregated basis;
 19. Approved the renewal of the medical professional liability reinsurance program contract as negotiated by Insurance Services, and received staff recommendations on the future of the program;
 20. Authorized Senior Assistant Attorney General Kenneth Woodington to negotiate and execute a settlement between the State of South Carolina and W. R. Grace relating to asbestos litigation.

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

November 3, 1994

10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on Thursday, November 3, 1994, in the Governor's conference room in the State House, with the following members in attendance:

Governor Carroll A. Campbell, Jr., Chairman;
Mr. Grady L. Patterson, Jr., State Treasurer;
Mr. Earle E. Morris, Jr., Comptroller General;
Senator John Drummond, Chairman, Senate Finance Committee;
Representative William D. Boan, Chairman, Ways and Means Committee.

Also attending were Executive Director Luther F. Carter; Board Secretary Donna Kaminer Williams; Division Directors Richard W. Kelly and Robert C. Toomey; General Counsel Joseph D. Shine; Governor's Senior Executive Assistant W. Eddie Gunn; Deputy State Treasurer Sandy A. Huey and Senior Assistant State Treasurer C. C. "Chuck" Sanders, Jr.; Assistant Comptrollers General George M. Lusk and Kinsey Jenkins; Finance Committee Chief of Staff Robert Merritt; Ways and Means Committee Director of Research Frank Fusco; and other Board staff.

Adoption of Agenda

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted the agenda as proposed.

Minutes of Previous Meeting

Board members previously had been furnished a draft version of the minutes of the October 6, 1994, meetings of the Budget and Control Board meeting and of the State Water Quality Revolving Fund Authority

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the minutes of the October 6, 1994, Budget and Control Board meeting.

Acting as the State Water Quality Revolving Fund Authority, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Authority approved the minutes of the October 6, 1994, Authority meeting.

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Blue Agenda

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved all items included on the blue agenda. Blue agenda items are identified as such in these minutes.

Executive Director: Revenue Bond Issues (Blue Agenda #1)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the following proposals to issue revenue bonds after having been advised that the required reviewed had been completed with satisfactory results:

- | | | |
|-----|----------------------|--|
| (a) | Issuing Authority: | Berkeley County |
| | Amount of Issue: | \$1,500,000 Special Source Revenue Bonds |
| | Allocation Amount: | -0- |
| | Name of Project: | Loadcenter |
| | Employment Impact: | impacts employment of approximately 130 people in the fibers manufacturing portion of the project |
| | Project Description: | providing facilities necessary to the proper functioning of the fiber manufacturing portion of the Miles Inc. project in Bushy Park |
| | (Exhibit 1) | |
| (b) | Issuing Authority: | Kershaw County |
| | Amount of Issue: | \$3,000,000 Hospital Facilities Revenue Bonds |
| | Allocation Amount: | -0- |
| | Name of Project: | Kershaw County Medical Center |
| | Employment Impact: | n/a |
| | Project Description: | hospital facilities including emergency room facilities, outpatient surgery facilities, surgery facilities, hospital front entrance, and cardiac rehabilitation facilities |

(Exhibit 2)

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- (c) Issuing Authority: Kershaw County
Amount of Issue: \$10,000,000 Industrial Development Bonds
Allocation Amount: granted previously
Name of Project: DeRoyal Textiles, Inc.
Employment Impact: 100+
Project Description: manufacture lightweight woven cotton material
(Exhibit 3)

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

Jobs-Economic Development Authority: Economic Development Bonds (Blue #2)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the private sale of the following Economic Development Revenue Bonds for the following projects, as requested by the Jobs-Economic Development Authority:

- (a) Name of Project: Wellington Yarns, Inc.
Location: Anderson County
Principal Amount: not exceeding \$7,000,000
Allocation Amount: granted previously
Employment Impact: 50-200
Purpose: manufacturing yarn
(Exhibit 4)
- (b) Name of Project: Carolina Cotton Works, Inc.
Location: Cherokee County
Principal Amount: not exceeding \$2,885,000
Allocation Amount: granted previously
Employment Impact: 150 within 12 months; 200 within 24 months
Purpose: bleaching and preparation of cotton knit piece goods; dyeing cotton garments
(Exhibit 5)

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(c)	Name of Project:	Jackson Mills, Inc.
	Location:	Spartanburg County
	Principal Amount:	not exceeding \$4,400,000
	Employment Impact:	maintain 916 employees
	Purpose:	refunding bonds which financed a facility for manufacturing cotton and cotton blend greige goods for apparel, home furnishings and other textile markets

(Exhibit 6)

Information relating to this matter has been retained in these files and is identified as Exhibits 4 through 6, respectively.

Human Resources: Proposed Regulation, State Employee Grievance Process (B#3)

The Board was advised that the Office of Human Resources proposes to amend State Personnel Regulations 19.706 and 19.775 which pertain to the rules and procedures governing the State Employee Grievance Process. The purpose of the proposed changes is to clarify language, to allow for more efficient administration, and to comply with recent statutory changes.

The "Proposed Regulation and Notice of Opportunity for Public Comment" was included in the agenda materials for information to the Board prior to its submission for publication in the *State Register*.

The Board received as information a report that the Proposed Regulation and Notice of Opportunity for Public Comment (State Employee Grievance Process) will be submitted for publication in the *State Register*.

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

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General Services: Easement (Blue Agenda #4)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board concurred and acquiesced in the granting of the following easement in accord with Code Section 10-1-130:

County Location:	Jasper
From:	Department of Disabilities and Special Needs
To:	SC Electric & Gas Company
Description/ Purpose:	right-of-way near the intersection of Highway 278 and Road S-27-362
Consideration:	\$1

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

General Services: SCETV Procurement Certification (Blue Agenda #5)

In accord with Section 11-35-1210, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board granted procurement certification to the South Carolina Educational Television Commission within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$25,000; consultant services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000; and construction, \$25,000.

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

General Services: Midlands Technical College Procurement Certification (B#6)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board, in accord with Section 11-35-1210, granted procurement certification to Midlands Technical College within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a

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period of three years (local funds only): goods and services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000; and consultant services, \$25,000.

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

General Services: JEDA Procurement Procedures (Blue Agenda #7)

The Board was advised that Act No. 404 of 1992, which revised Code Section 41-43-90 (E), exempted the Jobs-Economic Development Authority from the requirements of the Procurement Code except from the provisions of Sections 11-35-5210 through 11-35-5270, inclusive, conditioned upon approval of JEDA's procurement procedures and regulations by the Budget and Control Board. The Board also was advised that Office of General Services has reviewed JEDA's procurement policies and recommends approval.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board, in accord with Code Section 41-43-90(E), approved the Jobs-Economic Development Authority procurement policies, thereby exempting JEDA from the requirements of the Procurement Code except for Code Sections 11-35-5120 through 11-35-5270, inclusive.

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

Department of Corrections: Safe and Reasonable Operating Capacity (Reg. #1)

The Board was advised that, in accord with Code Section 24-3-2050 and the Nelson Consent Decree, the Department of Corrections has certified that the safe and reasonable operating capacity of its facilities as of October 1, 1994, will remain at 16,310.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board, in accord with Code Section 24-3-2050 and the Nelson Consent Decree, certified 16,310 as

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the safe and reasonable operating capacity of the facilities of the Department of Corrections as of October 1, 1994.

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

Executive Director: Ceiling Allocation Extensions (Regular #2)

In accord with Code Section 1-11-560(C), the Board was asked to grant 31-day extensions to the following tentative ceiling allocations:

- (a) \$4,000,000 to Jobs-Economic Development Authority for the Supreme Machined Products Company, Inc. project. The tentative allocation granted August 24 expires November 22. The company is evaluating responses and would not have time to close by November 22. The Board was advised that, if the 31-day extension were to be granted, the ceiling allocation would expire on December 23.
- (b) \$6,500,000 to Jobs-Economic Development Authority for the Carolina Cotton Works, Inc. project. The tentative allocation granted August 24 expires November 22. The company is evaluating responses and would not have time to close by November 22. The Board was advised that, if the 31-day extension were to be granted, the ceiling allocation would expire on December 23.
- (c) \$10,000,000 to Kershaw County for the DeRoyal Textile, Inc. project. The tentative allocation granted August 24 expires November 22. Bond closing is anticipated for the first part of December. The Board was advised that, if the 31-day extension were to be granted, the ceiling allocation would expire on December 23.
- (d) \$7,000,000 to the Jobs-Economic Development Authority for the Wellington Yarns, Inc. project. The tentative allocation granted August 24 expires November 22. Bond closing is anticipated for the first part of December. The Board was advised that, if the 31-day extension were to be granted, the ceiling allocation would expire on December 23.

Upon a motion by Mr. Patterson, seconded by Mr. Boan, the Board, in accord with Code Section 1-11-560(C), granted 31-day extensions to the following tentative ceiling allocations:

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- (a) \$4,000,000 to Jobs-Economic Development Authority for the Supreme Machined Products Company, Inc. project;
- (b) \$6,500,000 to Jobs-Economic Development Authority for the Carolina Cotton Works, Inc. project;
- (c) \$10,000,000 to Kershaw County for the DeRoyal Textile, Inc. project; and
- (d) \$7,000,000 to the Jobs-Economic Development Authority for the Wellington Yarns, Inc. project.

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

General Services: Procurement Code Exemption, HHSFC (Regular #3)

The Office of General Services advised that Governor Campbell had requested a waiver from the Federal Department of Health and Human Services to revamp the Medicaid program in South Carolina. That waiver is currently under consideration; approval is anticipated. If the waiver is granted, HHSFC's contractual needs will change. With the waiver request in process, HHSFC has requested an exemption from the requirements of the Procurement Code for the following two contracts used under the current Medicaid system so those contracts can be extended with the current contractors beyond the five-year period provided in the Code: (1) Medicaid Claims Control System, and (2) Medicaid Insurance Verification Services.

In accord with Section 11-35-710, the Office of General Services recommended an exemption from the requirements of the Procurement Code for the Health and Human Services Finance Commission contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services, until such time as the State is certain as to the full schedule and impact of the Palmetto Health Initiative, or no later than December 31, 1995. Assuming approval of the Palmetto Health Initiative, procurements necessary for implementation will be made in accordance with the Code unless otherwise exempted.

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Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board, in accord with Section 11-35-710, granted an exemption from the requirements of the Procurement Code for the Health and Human Services Finance Commission contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services, until such time as the State is certain as to the full schedule and impact of the Palmetto Health Initiative, or no later than December 31, 1995.

Governor Campbell advised the Board that this matter has been approved by the Health and Human Services Finance Commission, by HCFA, and by the Clinton administration. He said that South Carolina's junior senator is holding it up. He advised that he has written to Senator Hollings about this, and that Senator Verne Smith has talked with Senator Hollings about it, and that Senator Hollings has been obstinate and has said that he will not let it go.

Governor Campbell said this plan will get Medicaid into managed care and get more people covered with the same money and that the plan will allow control over the costs. He said that the state would benefit from the program and pointed out that several other states have already received similar waivers. He emphasized that he has been told privately by the Clinton administration that Senator Hollings has a hold on the waiver. He reiterated that he and a number of other people have written to Senator Hollings on this matter.

Governor Campbell stressed that a lot of hard work has gone into the waiver by a bi-partisan committee chaired by Verne Smith. He expressed his expectation that Senator Hollings would probably release the waiver sometime after January 12.

[Secretary's Note: Later in the meeting, Governor Campbell revisited the matter of the Medicaid waiver. He distributed copies of a letter dated October 3 that he had written to Senator Hollings urging the release of the waiver. He said that in fairness to Senator Hollings, he also would read a letter received from the Senator on October 31. He then read the following letter that had been faxed from Senator Hollings' office:

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I received your recent fax indicating that the Health Care Finance administration was ready to approve a Medicaid Waiver for the Palmetto Health Initiative (PHI) "within days," but that I have held it up with unidentified concerns.

Unfortunately, you are misinformed on each of these points. It is my understanding that HCFA is unable to approve a waiver in the near future. However, HCFA is prepared to approve the initiation of a limited "demonstration" over the next year, with further approval of each step of the demonstration contingent upon further information from the State. This approach is necessary because basic written questions about design and financing from HCFA needed to approve a full waiver remain unresolved. These questions, and not any concerns on my part, have prevented HCFA from approving a waiver.

This being said, I share your aim of improving health access for South Carolinians and understand that the PHI has undergone significant clarifications and improvements since its submission through hard work by many parties. Please rest assured that I will continue to work with you, the legislature, health providers, and South Carolina citizens to help implement Medicaid improvements in our state.

Governor Campbell advised that the Secretary is sending another statement, and that there is a conflict, but the bottom line is that Senator Hollings has been asked to cooperate in removing the roadblock for approval. He said that he had just received another fax that indicated that the project was supposed to have been approved in September and noted the waivers come after the approval of the project. He again stressed that the project approval had been held up and that a lot of games have been played.]

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

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General Services: Marine Laboratory Facility Lease (Regular #4)

Appearing before the Board on this matter were Wildlife and Marine Resources Department Executive Director James A. Timmerman, Jr., Division of Marine Resources Director Paul Sandifer, and Budget and Control Board Director Richard Kelly.

The Board was advised that the National Marine Fisheries Service (NMFS) of the National Oceanic and Atmospheric Administration, US Department of Commerce, proposes to build a modern marine environmental health laboratory facility, in cooperation with the State, at the SC Marine Resources Center at Fort Johnson. Unlike the present facility, which was built by the state and leased to the federal government, the new facility will be built entirely with federal funds at an anticipated cost of at least \$15 million.

The new laboratory will house cooperative marine biotechnology and pollution biology programs of the National Marine Fisheries Service, the SC Department of Natural Resources, the University of Charleston, and the Medical University. Staff of these institutions will be actively involved in the planning of the facility. Extensive laboratory and support facilities will be provided to state institutions at no cost. The federal government will be responsible for facility maintenance.

The Board was asked to approve the concept of leasing up to 10 acres of state lands to the federal government on a long-term basis (up to 99 years) for nominal consideration (\$1 per year). The agencies will work through the Office of General Services Property Management to obtain adequate terms and conditions.

At the meeting, Mr. Kelly advised that it had been thought originally that about 10 acres of land would be needed but it has been determined that up to 14 acres of land will be needed for the proposed facility.

Dr. Timmerman expressed his excitement about the project. He advised that this addition to the marine complex in Charleston will bring the State to a degree of excellence equivalent to that of the laboratory located on the west coast. He said this will be a big asset for the State.

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Dr. Sandifer pointed out that the primary emphasis of the proposed laboratory is marine environmental health and the application of biotechnological tools to the problems of sustainable fisheries and maintaining the health of our coastal waters for tourism, development, and mainly for the future of South Carolina citizens. He said the federal government is willing to make the investment in Charleston in a partnership arrangement. He added that the plan is for it to be in perpetuity involving the National Marine Fisheries Service, the Department of Natural Resources, and two academic universities that bring to bear basic science and basic medical science. He advised that the maintenance cost for the complex is not completely known at this point, but that it will probably cost several hundred thousand dollars a year. He added that the operating costs will depend on the various programs that are placed at the facility, but that there will be no cost to the State. He said that it is not anticipated that additional personnel will be requested at this point, but he added that, with the federal government's plans to downsize its agencies in terms of people but to maintain and increase its programs, it probably will look to the State to take on some additional programs. He expressed his expectation that the federal government will transfer additional programs with some positions.

Senator Drummond expressed the view that this project has developed not because the State had 14 vacant acres but because of the international reputations of Dr. Timmerman and Dr. Sandifer, to whom the State of South Carolina owes a great debt of gratitude.

Dr. Timmerman pointed out that \$7.5 million has been budgeted and signed by the President for the project with the understanding that an equal amount may be coming next year with further funding anticipated.

Upon a motion by Senator Drummond, seconded by Mr. Patterson, the Board approved the concept of a long-term, no-cost land lease to the federal government for the construction of a marine environmental health laboratory at Fort Johnson; and authorized staff to execute a mutually acceptable agreement.

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

Local Government: Grant Request, Town of Ehrhardt (Regular Session #5)

The Board was advised that the Town of Ehrhardt has requested a grant of \$170,000 to assist with needed water and sewer system improvements. The water system improvements include replacing dilapidated water mains to increase pressure and flows and installing an emergency generator to serve two wells. The sewer system improvements involve the installation of approximately 2,500 linear feet of 8-inch sewer lines and appurtenances. The cost of the improvements is estimated to be \$193,500.

The Office of Local Government received a supplemental appropriation of \$4.3 million for the Infrastructure Grant Revolving Fund to assist with infrastructure projects in economically distressed areas as provided for in § 41-43-180. JEDA developed the listing designating 17 counties qualifying as economically distressed areas. The Town of Ehrhardt is located in Bamberg County, an area designated by JEDA as economically distressed.

The Office of Local Government recommended approval of a grant of \$160,000.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized a grant of \$160,000 to the Town of Ehrhardt from the Infrastructure Grant Revolving Fund.

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

Local Government: Grant Request, City of Hardeeville (Regular Session #6)

The Board was advised that the City of Hardeeville has requested a grant of \$125,000 to assist with sewer system improvements at the Exit 8 interchange of I-95 and the US 278 Extension (Hilton Head Island corridor). Hardeeville currently provides the Exit 8 interchange with wastewater services. The SC Department of Transportation has

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condemned the existing sewer lift station for right-of-way needs for highway construction and has required the relocation of existing lines that run within their construction right-of-way. DOT will reimburse the City for the lift station but not for the relocation of the existing lines.

Currently there is no water service to the east side of I-95. Large commercial development is expected on undeveloped parcels of land at this interchange with new job estimates of approximately 250. The US 278 extension will be the major east-west artery to Hilton Head Island and Dell Webb's Sun City Hilton Head Island retirement development. Sgt. Jasper State Park has expressed a desire for water service when it becomes available on the east side of I-95.

The total project water and sewer improvements are estimated to cost \$366,843, and will be funded from SC Department of Transportation (\$73,750), City of Hardeeville (\$168,093), and Infrastructure Grant Revolving Fund (\$125,000).

The Office of Local Government received a supplemental appropriation of \$4.3 million for the Infrastructure Grant Revolving Fund to assist with infrastructure projects in economically distressed areas as provided for in § 41-43-180. JEDA developed the listing designating 17 counties qualifying as economically distressed areas. The City of Hardeeville is located in Jasper County, an area designated by JEDA as economically distressed.

The Office of Local Government recommended approval of a grant of \$125,000.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized a grant of \$125,000 to the City of Hardeeville from the Infrastructure Grant Revolving Fund.

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

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Announcement re Bose Corporation

Governor Campbell advised that at 11:00 a.m. today, there will be an announcement that the Bose Corporation will construct a 200,000 ft² facility on 105 acres in the Midlands area at the intersection of I-77 and Wilson Boulevard with an employment impact of approximately 200 persons initially in this three-phase project that is expected to be fully operational by January of 1996.

Future Meeting

The Board agreed to meet at 10:00 a.m. on Tuesday, December 13, 1994, in the Governor's conference room in the State House; and was advised of a regular meeting scheduled for 9:30 a.m. on Tuesday, January 10, 1995.

Executive Session

Upon a motion by Senator Drummond, seconded by Mr. Patterson, the Board agreed to consider the following items, which had been published previously, in executive session, whereupon Governor Campbell declared the meeting to be in executive session:

- | | | |
|---|---------------------------|---|
| 1 | Information Resources | Contractual Matter (State Government Payphone Service) |
| 2 | Insurance Services | Contractual Matter (Medical Professional Liability Reinsurance Program) |
| 3 | Attorney General's Office | Legal Matter (Asbestos Litigation) |

Report on Matters Discussed in Executive Session

Following the executive session, the meeting was opened, and the Board voted on the following items which had been discussed during executive session:

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(a) Information Resources: Contractual Matter (State Government Payphone Service) (Executive Session #1)

The Board received as information a report that the Office of Information Resources intends to use its exemption from the requirements of the Procurement Code to establish another five-year contract with Southern Bell for local payphone service on state government premises on a statewide aggregated basis.

(b) Insurance Services: Contractual Matter (Medical Professional Liability Reinsurance Program) (Executive Session #2)

Upon a motion by Mr. Morris, seconded by Senator Drummond, the Board approved the renewal of the medical professional liability reinsurance program contract as negotiated by Insurance Services, and received staff recommendations on the future of the program.

(c) Attorney General: Legal Advice (Asbestos Litigation) (Exec. #3)

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board authorized Senior Assistant Attorney General Kenneth Woodington to negotiate and execute a settlement between the State of South Carolina and W. R. Grace relating to asbestos litigation.

Adjournment

The meeting was adjourned at 11:10 a.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.]

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NOV 03 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 1

AGENCY: Executive Director

SUBJECT: Revenue Bond Issues

The required reviews on the following proposals to issue revenue bonds have been completed with satisfactory results. Each of the projects requires approval under State law.

- (a) Issuing Authority: Berkeley County
Amount of Issue: \$1,500,000 Special Source Revenue Bonds
Allocation Amount: -0-
Name of Project: Loadcenter
Employment Impact: impacts employment of approximately 130 people in the fibers manufacturing portion of the project
Project Description: providing facilities necessary to the proper functioning of the fiber manufacturing portion of the Miles Inc. project in Bushy Park
- (b) Issuing Authority: Kershaw County
Amount of Issue: \$3,000,000 Hospital Facilities Revenue Bonds
Allocation Amount: -0-
Name of Project: Kershaw County Medical Center
Employment Impact: n/a
Project Description: hospital facilities including emergency room facilities, outpatient surgery facilities, surgery facilities, hospital front entrance, and cardiac rehabilitation facilities
- (c) Issuing Authority: Kershaw County
Amount of Issue: \$10,000,000 Industrial Development Bonds
Allocation Amount: granted previously
Name of Project: DeRoyal Textiles, Inc.
Employment Impact: 100+
Project Description: manufacture lightweight woven cotton material

BOARD ACTION REQUESTED:

Adopt resolutions approving the referenced proposals to issue revenue bonds.

ATTACHMENTS:

Resolutions

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EXHIBIT

NOV 03 1994

1

RESOLUTION OF STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

APPROVING THE ISSUANCE OF ONE OR MORE BERKELEY COUNTY, SOUTH CAROLINA SPECIAL SOURCE REVENUE BONDS (LOADCENTER PROJECT) IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$1,500,000 PURSUANT TO SECTION 4-29-68 OF CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, FOR THE PURPOSE OF PAYING THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING AND/OR IMPROVING A LOADCENTER BUILDING AND ASSOCIATED ELECTRICAL EQUIPMENT, OTHER EQUIPMENT AND IMPROVEMENTS CONSTITUTING INFRASTRUCTURE SERVING BERKELEY COUNTY, SOUTH CAROLINA, AND/OR THE COSTS OF ISSUANCE OF SUCH BONDS, THE PURCHASE BY BERKELEY COUNTY, SOUTH CAROLINA OF THESE CAPITAL ASSETS AND THE ENTERING INTO BY BERKELEY COUNTY, SOUTH CAROLINA WITH MILES INC. OF A USE AGREEMENT WITH RESPECT TO SUCH ASSETS (INCLUDING THE GRANT OF AN OPTION TO MILES INC. TO PURCHASE SUCH ASSETS) AND RELATED AGREEMENTS AND APPROVING OTHER RELATED MATTERS.

WHEREAS, the County Council (the "County Council") of Berkeley County, South Carolina (the "County"), pursuant to Chapter 29 (the "Act") of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Code"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by the County; and

WHEREAS, Section 4-29-68 of the Code (which section is part of the Act) authorizes and empowers the County, acting through the County Council, if it shall comply with the applicable provisions set forth in the Act, to issue special source revenue bonds for the purpose of paying the cost of designing, acquiring, constructing, improving or expanding the infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and the costs of issuance of the bonds, which bonds shall be secured by and payable from all or part of the fees-in-lieu-of-taxes payable pursuant to Section 4-29-60 or Section 4-29-67 of the Code; and

WHEREAS, pursuant to the Act, the County Council has adopted Ordinances (the "Original Ordinances") authorizing the issuance by the County of Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Original Miles Bonds") in an aggregate principal amount of up to \$250,000,000 to assist in financing the acquisition, construction, expansion and improvement in Berkeley County, South Carolina of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities and related facilities, including without limitation those relating to rubber chemicals (the "Original Miles Project"); pursuant to one or more of the Original Ordinances, the County has to date issued Original Miles Bonds in the aggregate principal amount of \$126,119,388.01; and

(a)
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WHEREAS, pursuant to the Act, the County Council has adopted an amendment to the Original Ordinances authorizing the issuance by the County of additional Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Additional Miles Bonds" and together with the "Original Miles Bonds", the "Miles Bonds") in an aggregate principal amount of up to \$175,000,000 to assist in financing the acquisition, construction, expansion and improvement of the Original Miles Project, as clarified to expressly include fiber manufacturing facilities (as so clarified, the "Miles Project"); the County and Miles Inc., an Indiana corporation ("Miles"), are parties to a Second Amended and Restated Bond Issuance and Purchase Agreement, dated as of February 12, 1990 (the "Miles Bond Issuance Agreement"); the Miles Project is and will be leased by the County to Miles pursuant to a Second Amended and Restated Lease Purchase Agreement, dated as of February 12, 1990, as amended (as amended from time to time, the "Lease Agreement"); and the Miles Bonds are secured by a Second Amended and Restated Pledge Agreement, as amended (the "Pledge Agreement"); and

WHEREAS, pursuant to the Lease Agreement, Miles has paid, and will pay, fees in lieu of taxes with respect to the Miles Project; and

WHEREAS, in connection with the Miles Project, the County has agreed with Miles to issue, pursuant to Section 4-29-68 of the Code and subject to compliance with the Act, one or more Berkeley County, South Carolina Special Source Revenue Bonds (Loadcenter Project) in an aggregate principal amount not to exceed \$1,500,000 (collectively, the "Special Bonds") for the purpose of paying the costs of designing, acquiring, constructing and/or improving a loadcenter building and associated electrical equipment, other equipment and improvements (collectively, the "Loadcenter Project") constituting infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and/or the costs of issuance of the Special Bonds; and

WHEREAS, Miles will purchase the Special Bonds; and

WHEREAS, the County will use the proceeds from the Special Bonds to purchase from Miles the Loadcenter Project and/or to pay the costs of issuance of the Special Bonds; and

WHEREAS, the County and Miles shall enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Loadcenter Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Loadcenter Project in good repair, all utilities serving the Loadcenter Project and all insurance required to keep the Loadcenter Project properly insured and Miles shall have an option to acquire the Loadcenter Project from the County; and

EXHIBIT

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STATE BUDGET & CONTROL BOARD
WHEREAS, the Special Bonds will be payable solely from a portion of those fees-in-lieu-of-taxes amounts to be paid by Miles pursuant to the Lease Agreement; and

WHEREAS, payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledgee and secured party, with respect to the Loadcenter Project and a portion of the fees-in-lieu-of-taxes to be paid by Miles under the Lease Agreement; and

WHEREAS, the State Board has conducted such review as it considers advisable;

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

1. That it has been found and determined by the State Board that the proposal of the County Council with respect to the Loadcenter Project and issuance of the Special Bonds is intended to promote the purposes of the Act and Section 4-29-68 of the Code.
2. That the proposed undertaking of the County to finance the Loadcenter Project through the issuance of one or more Special Bonds in the aggregate principal amount of up to \$1,500,000 pursuant to Section 4-29-68 of the Code and the Act and to enter into the other transactions as set forth above or in the County's Petition to this State Board (including changes in any details of the proposed financing or such transactions as finally consummated that do not materially affect the undertaking) is hereby approved by the State Board.
3. That notice of this approval action taken by the State Board shall be published in the News and Courier, which is a newspaper published in Charleston, South Carolina and having general circulation in Berkeley County, South Carolina.
4. That notice to be published shall be in form substantially as set forth as Exhibit "A" to this Resolution.

Exhibit "A"

NOTICE OF APPROVAL OF PROPOSAL

BY

THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the proposed issuance by Berkeley County, South Carolina (the "County") of up to \$1,500,000 aggregate principal amount of one or more Special Source Revenue Bonds (Loadcenter Project) (collectively, the "Special Bonds") for the purpose of paying the costs of the County acquiring a loadcenter building located or to be located in Berkeley County, South Carolina and associated electrical equipment, other equipment and improvements (collectively, the "Project") and/or the costs of issuance of the Special Bonds, pursuant to the provisions of Section 4-29-68 of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, and the proposed entering into of related transactions.

The Special Bonds will be purchased by Miles Inc., an Indiana corporation ("Miles"), for its own account. The County will purchase the Project from Miles. The County and Miles will enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Project in good repair, all utilities serving the Project and all insurance required to keep the Project properly insured and Miles

EXHIBIT

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1

STATE BUDGET & CONTROL BOARD

will have an option to acquire the Project from the County at the Project's fair market value at or about the time of the exercise of such purchase option. The Special Bonds will be payable solely from ten percent of the fees-in-lieu-of-taxes amounts to be paid after 1994 by Miles with respect to manufacturing facilities located or being or to be constructed, improved or equipped in Bushy Park in Berkeley County, South Carolina and leased or to be leased by the County to Miles. Payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledgee and secured party, with respect to the Project and the above-described portion of fees-in-lieu-of-taxes to be paid by Miles.

Neither the Project or Special Bonds, nor any charges in connection with the Project or Special Bonds, 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.

The County has found that the Project is infrastructure serving Berkeley County, South Carolina that will enhance the economic development of Berkeley County, South Carolina.

Pursuant to the Use Agreement, Miles will pay certain amounts in lieu of ad valorem property taxes on the Project.

Notice is 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 such approval

EXHIBIT

NOV 3 1994

2

A RESOLUTION APPROVING THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$3,000,000 AGGREGATE PRINCIPAL AMOUNT HOSPITAL FACILITIES REVENUE BONDS (KERSHAW COUNTY MEDICAL CENTER PROJECT) 1994, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7 (1976), AS AMENDED.

WHEREAS, the County Council of Kershaw County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Kershaw County (the "County") pursuant to the Act of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project) in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"); and

WHEREAS, pursuant to a Supplemental Trust Indenture and Mortgage establishing the general terms and details of the Bonds (the "Supplemental Indenture"), the County is obligated to make payments in amounts sufficient to pay the principal and interest on the Bonds; and

WHEREAS, the Bonds will be payable from revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities") and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts (as defined in the Indenture) derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture; and

WHEREAS, the County has submitted its Resolution and Petition dated October 4, 1994 (the "Petition"), and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such investigation of the matters set forth in the Petition as it deems appropriate, and on the basis of such investigation it is hereby found, determined and

(b)

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declared:

(a) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 44-7-1590 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of the Project by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the Governing Board, and do not make inaccurate, except as to dates and amounts, the summaries of the Indenture.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Camden Chronicle and The State, newspapers having general circulation in Kershaw County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

EXHIBIT A

NOV 3 1994

2

NOTICE PURSUANT TO THE PROVISIONS OF THE STATE BUDGET & CONTROL BOARD
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 44, CHAPTER 7, ARTICLE 11
(1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 44-7-1590 of South Carolina Code Annotated, Title 44, Chapter 7, Article 11 (1976), as amended, (the "Act") that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Kershaw County, South Carolina, has given its approval to the following undertaking by Kershaw County, South Carolina:

The issuance by Kershaw County of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project), 1994, in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"), to defray the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"). The County unconditionally covenants to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities").

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November 3, 1994.

EXHIBIT

NOV 3 1994

2

STATE BUDGET & CONTROL BOARD
action of the State Board by filing an action de novo in the Court
of Common Pleas in Berkeley County, South Carolina.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: /s/ Donna Williams
Secretary

NOV 3 1994

3

A RESOLUTION APPROVING THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$10,000,000 AGGREGATE PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS (DEROYAL TEXTILES, INC. PROJECT) 1989, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Kershaw County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Kershaw County (the "County") pursuant to the Act of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) in the aggregate principal amount of not exceeding \$10,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain land and a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed in such facility (the "Project") to be used for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application; and

WHEREAS, the Project is to be made available to DeRoyal Textiles, Inc., a Delaware corporation, (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Bonds; and

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Corporation with respect to the Project and by draws under a Letter of Credit to be issued by a commercial bank; and

WHEREAS, the County has submitted with the Petition (i) an Inducement Resolution adopted by the Governing Board on May 17, 1994 and (ii) a copy of a resolution adopted by the County on July 19, 1994, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such review of the matters set forth in the Petition as it deems advisable, and on the basis of such review it is hereby found, determined and declared:

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, which will be secured by an assignment by the County of the revenues to be derived under the Loan Agreement with respect to the Project and by a letter of credit issued by a commercial bank, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the Governing Board and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project contained in the Petition.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in The State Newspaper and Camden Chronicle, newspapers having general circulation in Kershaw County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

NOV 3 1994

3

EXHIBIT A

STATE BUDGET & CONTROL BOARD

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

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

The issuance by Kershaw County of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) in the aggregate principal amount of not exceeding \$10,000,000 (the "Bonds"), to defray the costs of acquiring certain land and a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed in such facility, to be owned and operated by DeRoyal Textiles, Inc., a Delaware corporation, as an industrial facility for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application (the "Project") to be located in Kershaw County. The Project will be made available to DeRoyal Textiles, Inc., which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Bonds. The Bonds will be payable by Kershaw County solely and exclusively out of payments to be made by DeRoyal Textiles, Inc. for the use of the Project, and are to be additionally secured by a letter of credit issued by a commercial bank.

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November __, 1994.

EXHIBIT

NOV 3 1994

1

OCT 17 1994

11:30 a.m.

TRANSMITTAL FORM, REVENUE BONDS STATE BUDGET & CONTROL BOARD

TO: Donna Kaminer Williams, Board Secretary
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

OR P. O. Box 12444, Columbia, SC 29211

DATE: October 17, 1994

Submitted for BCB Meeting on:

November 3, 1994

FROM:

Wyche, Burgess, Freeman & Parham, P.A.

Name of Law Firm

44 East Camperdown Way, P.O. Box 728

Street Address/ Box Number

Greenville, South Carolina 29602

City, State, Zip Code

803-242-8200

Area Code/ Telephone Number

RE:

\$1,500,000

Amount of Issue

Berkeley County, South Carolina

Name of Issuing Authority

Special Source Revenue Bonds

Type of Bonds or Notes

December 1994

Projected Issue Date

Project Name: Loadcenter Project

Project Description: Loadcenter building and associated electrical equipment,

other equipment and improvements

Employment as a result of the project: Rider A is attached hereto and incorporated herein by reference.

Ceiling Allocation Required
_Yes (\$) XNo
Amount

Refunding Involved
_Yes (\$) XNo
Amount

Project Approved Previously
_Yes (\$) XNo
Amount

Documents enclosed (executed original and two copies of each):

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

- A. ☒ Petition
- B. ☒ Resolution or Ordinance
- C. ☒ Inducement Resolution or comparable preliminary approval Same as B.
- D. ☐ Department of Health and Environmental Control Certificate *if required*
- E. ☒ Budget and Control Board Resolution and Public Notice (original)
Plus 5 copies for certification and return to bond counsel
- F. ☒ Draft bond counsel opinion letter
- G. ☒ Processing Fee

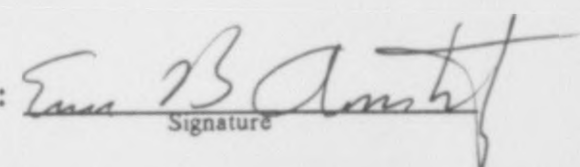
Amount: \$ 3,000

Check No: 0030998

Payor: Wyche, Burgess, Freeman & Parham, P.A.

Wyche, Burgess,
Freeman & Parham, P.A.

Bond Counsel: Wyche, Burgess, Freeman & Parham, P.A.
(Eric B. Anstutz)

By: 
Signature

Rider A

This project will provide facilities necessary to the proper functioning of the fibers manufacturing portion of the Miles Inc. project in Bushy Park, which fibers manufacturing portion is anticipated to involve the employment of approximately 130 people in Berkeley County, South Carolina.

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The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

EXHIBIT

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Berkeley County
\$1,500,000 Special Source Revenue Bonds
Loadcenter Project

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to S.C. Code Ann. §4-29-68, et. seq. (1986 and Supp. 1993). The documents appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

This letter addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By:

Oliver C. Brundage

ACB/fg

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STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

HELEN T. ZEIGLER
DEPUTY DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

October 24, 1994

The Honorable Donna K. Williams
Secretary
S. C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Berkeley County
\$1,500,000 Special Source Revenue Bonds
Loadcenter Project

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, Wyche, Burgess, Freeman and Parham, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
General Counsel

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STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

Loadcenter Project

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

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AGAINST MOTION

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

December 5, 1994

Donna Kaminer Williams

002635

EXHIBIT

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

RESOLUTION OF STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING THE ISSUANCE OF ONE OR MORE BERKELEY COUNTY, SOUTH CAROLINA SPECIAL SOURCE REVENUE BONDS (LOADCENTER PROJECT) IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$1,500,000 PURSUANT TO SECTION 4-29-68 OF CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, FOR THE PURPOSE OF PAYING THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING AND/OR IMPROVING A LOADCENTER BUILDING AND ASSOCIATED ELECTRICAL EQUIPMENT, OTHER EQUIPMENT AND IMPROVEMENTS CONSTITUTING INFRASTRUCTURE SERVING BERKELEY COUNTY, SOUTH CAROLINA, AND/OR THE COSTS OF ISSUANCE OF SUCH BONDS, THE PURCHASE BY BERKELEY COUNTY, SOUTH CAROLINA OF THESE CAPITAL ASSETS AND THE ENTERING INTO BY BERKELEY COUNTY, SOUTH CAROLINA WITH MILES INC. OF A USE AGREEMENT WITH RESPECT TO SUCH ASSETS (INCLUDING THE GRANT OF AN OPTION TO MILES INC. TO PURCHASE SUCH ASSETS) AND RELATED AGREEMENTS AND APPROVING OTHER RELATED MATTERS.

WHEREAS, the County Council (the "County Council") of Berkeley County, South Carolina (the "County"), pursuant to Chapter 29 (the "Act") of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Code"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by the County; and

WHEREAS, Section 4-29-68 of the Code (which section is part of the Act) authorizes and empowers the County, acting through the County Council, if it shall comply with the applicable provisions set forth in the Act, to issue special source revenue bonds for the purpose of paying the cost of designing, acquiring, constructing, improving or expanding the infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and the costs of issuance of the bonds, which bonds shall be secured by and payable from all or part of the fees-in-lieu-of-taxes payable pursuant to Section 4-29-60 or Section 4-29-67 of the Code; and

WHEREAS, pursuant to the Act, the County Council has adopted Ordinances (the "Original Ordinances") authorizing the issuance by the County of Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Original Miles Bonds") in an aggregate principal amount of up to \$250,000,000 to assist in financing the acquisition, construction, expansion and improvement in Berkeley County, South Carolina of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities and related facilities, including without limitation those relating to rubber chemicals (the "Original Miles Project"); pursuant to one or more of the Original Ordinances, the County has to date issued Original Miles Bonds in the aggregate principal amount of \$126,119,388.01; and

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WHEREAS, pursuant to the Act, the County Council has adopted an amendment to the Original Ordinances authorizing the issuance by the County of additional Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Additional Miles Bonds" and together with the "Original Miles Bonds", the "Miles Bonds") in an aggregate principal amount of up to \$175,000,000 to assist in financing the acquisition, construction, expansion and improvement of the Original Miles Project, as clarified to expressly include fiber manufacturing facilities (as so clarified, the "Miles Project"); the County and Miles Inc., an Indiana corporation ("Miles"), are parties to a Second Amended and Restated Bond Issuance and Purchase Agreement, dated as of February 12, 1990 (the "Miles Bond Issuance Agreement"); the Miles Project is and will be leased by the County to Miles pursuant to a Second Amended and Restated Lease Purchase Agreement, dated as of February 12, 1990, as amended (as amended from time to time, the "Lease Agreement"); and the Miles Bonds are secured by a Second Amended and Restated Pledge Agreement, as amended (the "Pledge Agreement"); and

WHEREAS, pursuant to the Lease Agreement, Miles has paid, and will pay, fees in lieu of taxes with respect to the Miles Project; and

WHEREAS, in connection with the Miles Project, the County has agreed with Miles to issue, pursuant to Section 4-29-68 of the Code and subject to compliance with the Act, one or more Berkeley County, South Carolina Special Source Revenue Bonds (Loadcenter Project) in an aggregate principal amount not to exceed \$1,500,000 (collectively, the "Special Bonds") for the purpose of paying the costs of designing, acquiring, constructing and/or improving a loadcenter building and associated electrical equipment, other equipment and improvements (collectively, the "Loadcenter Project") constituting infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and/or the costs of issuance of the Special Bonds; and

WHEREAS, Miles will purchase the Special Bonds; and

WHEREAS, the County will use the proceeds from the Special Bonds to purchase from Miles the Loadcenter Project and/or to pay the costs of issuance of the Special Bonds; and

WHEREAS, the County and Miles shall enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Loadcenter Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Loadcenter Project in good repair, all utilities serving the Loadcenter Project and all insurance required to keep the Loadcenter Project properly insured and Miles shall have an option to acquire the Loadcenter Project from the County; and

WHEREAS, the Special Bonds will be payable solely from a portion of those fees-in-lieu-of-taxes amounts to be paid by Miles pursuant to the Lease Agreement; and

WHEREAS, payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledgee and secured party, with respect to the Loadcenter Project and a portion of the fees-in-lieu-of-taxes to be paid by Miles under the Lease Agreement; and

WHEREAS, the State Board has conducted such review as it considers advisable;

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

1. That it has been found and determined by the State Board that the proposal of the County Council with respect to the Loadcenter Project and issuance of the Special Bonds is intended to promote the purposes of the Act and Section 4-29-68 of the Code.
2. That the proposed undertaking of the County to finance the Loadcenter Project through the issuance of one or more Special Bonds in the aggregate principal amount of up to \$1,500,000 pursuant to Section 4-29-68 of the Code and the Act and to enter into the other transactions as set forth above or in the County's Petition to this State Board (including changes in any details of the proposed financing or such transactions as finally consummated that do not materially affect the undertaking) is hereby approved by the State Board.
3. That notice of this approval action taken by the State Board shall be published in the News and Courier, which is a newspaper published in Charleston, South Carolina and having general circulation in Berkeley County, South Carolina.
4. That notice to be published shall be in form substantially as set forth as Exhibit "A" to this Resolution.

Exhibit "A"

NOTICE OF APPROVAL OF PROPOSAL

BY

THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the proposed issuance by Berkeley County, South Carolina (the "County") of up to \$1,500,000 aggregate principal amount of one or more Special Source Revenue Bonds (Loadcenter Project) (collectively, the "Special Bonds") for the purpose of paying the costs of the County acquiring a loadcenter building located or to be located in Berkeley County, South Carolina and associated electrical equipment, other equipment and improvements (collectively, the "Project") and/or the costs of issuance of the Special Bonds, pursuant to the provisions of Section 4-29-68 of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, and the proposed entering into of related transactions.

The Special Bonds will be purchased by Miles Inc., an Indiana corporation ("Miles"), for its own account. The County will purchase the Project from Miles. The County and Miles will enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Project in good repair, all utilities serving the Project and all insurance required to keep the Project properly insured and Miles

action of the State Board by filing an action de novo in the Court
of Common Pleas in Berkeley County, South Carolina.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: /s/ Donna Williams
Secretary

EXHIBIT

NOV 3 1994 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF BERKELEY) PETITION

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

The County Council of Berkeley County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Berkeley County, South Carolina (the "County") as established by law and, as such, is the "governing board" described in Chapter 29 (the "Act") of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Code").

2. Section 4-29-68 of the Code (which section is part of the Act) authorizes and empowers the County, acting through the County Council, if it shall comply with the applicable provisions set forth in the Act, to issue special source revenue bonds for the purpose of paying the cost of designing, acquiring, constructing, improving or expanding the infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and the costs of issuance of the bonds, which bonds shall be secured by and payable from all or part of the fees-in-lieu-of-taxes payable pursuant to Section 4-29-60 or Section 4-29-67 of the Code.

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3. Pursuant to the Act, the County Council has adopted Ordinances (the "Original Ordinances") authorizing the issuance by the County of Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Original Miles Bonds") in an aggregate principal amount of up to \$250,000,000 to assist in financing the acquisition, construction, expansion and improvement in Berkeley County, South Carolina of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities and related facilities, including without limitation those relating to rubber chemicals (the "Original Miles Project"). Pursuant to one or more of the Original Ordinances, the County has to date issued Original Miles Bonds in the aggregate principal amount of \$126,119,388.01.

4. Pursuant to the Act, the County Council has adopted an amendment to the Original Ordinances authorizing the issuance by the County of additional Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Additional Miles Bonds" and together with the "Original Miles Bonds", the "Miles Bonds") in an aggregate principal amount of up to \$175,000,000 to assist in financing the acquisition, construction, expansion and improvement of the Original Miles Project, as clarified to expressly include fiber manufacturing facilities (as so clarified, the "Miles Project"). The County and Miles Inc., an Indiana corporation ("Miles"), are parties to a Second Amended and Restated Bond Issuance and Purchase Agreement, dated as of February 12, 1990 (the "Miles Bond Issuance Agreement"). The Miles Project is and

will be leased by the County to Miles pursuant to a Second Amended and Restated Lease Purchase Agreement, dated as of February 12, 1990, as amended (as amended from time to time, the "Lease Agreement"). The Miles Bonds are secured by a Second Amended and Restated Pledge Agreement, as amended (the "Pledge Agreement").

5. Pursuant to the Lease Agreement, Miles has paid, and will pay, fees in lieu of taxes with respect to the Miles Project.

6. In connection with the Miles Project, the County has agreed with Miles to issue, pursuant to Section 4-29-68 of the Code and subject to compliance with the Act, one or more Berkeley County, South Carolina Special Source Revenue Bonds (Loadcenter Project) in an aggregate principal amount not to exceed \$1,500,000 (collectively, the "Special Bonds") for the purpose of paying the costs of designing, acquiring, constructing and/or improving a loadcenter building and associated electrical equipment, other equipment and improvements (collectively, the "Loadcenter Project") constituting infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and/or the costs of issuance of the Special Bonds. The Loadcenter Project will provide facilities necessary to the proper functioning of the fiber manufacturing portion of the Miles Project. Miles has informed the County that it anticipates that the fiber manufacturing portion of the Miles Project will involve the employment of approximately 130 people in Berkeley County, South Carolina.

7. The Special Bonds will not be issued as tax-exempt instruments pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Principal of and interest on the Special Bonds shall be repaid each year from a portion of the fees-in-lieu-of-taxes amounts to be paid by Miles pursuant to the Lease Agreement. Miles will purchase the Special Bonds. Interest on the Special Bonds shall be payable at the rate of 6% percent per annum.

8. The total cost of the Loadcenter Project is approximately \$1,500,000 according to the reasonable estimates of Miles. The maximum aggregate principal amount of the Special Bonds shall be \$1,500,000.

9. The Loadcenter Project will be infrastructure serving Berkeley County, South Carolina that will enhance the economic development of Berkeley County, South Carolina, and, accordingly, will subserve the purposes of Section 4-29-68 of the Code and the Act.

10. The Special Bonds will be payable solely from a portion of the payments to be paid by Miles pursuant to the Lease Agreement, will not be secured by, or in any way entitled to, a pledge of the full faith, credit or taxing power of the County, will not be an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation but will be payable solely from a special source that does not include revenues from any tax or license, and will not be a pecuniary liability of the County or a charge against the County's general credit or taxing power.

EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

11. In connection with issuance of the Special Bonds, the County will enter into a Bond Issuance and Loan Agreement with Miles, as purchaser of the Special Bonds (the "Bond Issuance and Loan Agreement"). The Bond Issuance and Loan Agreement will provide, among other matters, the following:

(a) The County will use the proceeds of the Special Bonds to purchase title from Miles to the Loadcenter Project and/or to pay the costs of issuance of the Special Bonds;

(b) The proceeds derived from the issuance and sale of the Special Bonds will be paid by the County solely to acquire title to the Loadcenter Project at a consideration not to exceed the costs incurred by Miles for designing, acquiring, constructing and improving the Loadcenter Project and/or to pay the costs of issuance of the Special Bonds;

(c) The Special Bonds will be payable solely from ten percent of the fees-in-lieu-of-taxes payments to be paid by Miles pursuant to the Lease Agreement after 1994, will not be secured by, or in any way entitled to, a pledge of the full faith, credit or taxing power of the County, will not be an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation but will be payable solely from a special source that does not include revenues from any tax or license, and will not be a pecuniary liability of the County or a charge against the County's general credit or taxing power;

(d) In no event shall more than ten percent of the payments to be made in any year after 1994 by Miles under the Lease Agreement in the way of fees-in-lieu-of-taxes be used in that or any subsequent year to pay principal of or interest on the Special Bonds;

(e) No reserves for payment of the Special Bonds or for maintenance or insurance of the Loadcenter Project shall be required; and

(f) Miles will be required to complete the Loadcenter Project even if the Special Bond proceeds are insufficient.

12. The County has been advised that ten percent of the payments to be made by Miles after 1994 under the Lease Agreement in the way of fees-in-lieu-of-taxes will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Special Bonds. In connection with the Special Bonds, the County intends to enter into an agreement with the Berkeley County School District (the "District") pursuant to which one-half of the principal and interest payments made on the Special Bonds shall be derived from fee-in-lieu-of-tax payments made after 1994 by Miles under the Lease Agreement that are retained by the County from the portion of such fee-in-lieu-of-tax payments that would otherwise be payable to the District.

13. In connection with issuance of the Special Bonds, the County and Miles will enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Loadcenter Project and will be required to pay for (or cause to be paid for)

all maintenance required to keep the Loadcenter Project in good repair, all utilities serving the Loadcenter Project and all insurance required to keep the Loadcenter Project properly insured and Miles shall have an option to acquire the Loadcenter Project from the County.

14. Pursuant to the Use Agreement, Miles shall pay to the County, the school district or school districts, and other political unit or units wherein the Loadcenter Project is located, in lieu of taxes, such amounts as equal the taxes that would be levied on the Loadcenter Project by the County, school district or school districts, and other political unit or units, if the Loadcenter Project were owned by Miles, but with the same reductions as would result from the tax exemptions or other tax provisions, if any, that would be afforded to Miles if it were the owner of the Loadcenter Project.

15. Payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledgee and secured party, with respect to the Loadcenter Project and ten percent of the fees-in-lieu-of-taxes to be paid after 1994 by Miles under the Lease Agreement.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it conduct such review as it considers advisable; that it find that the proposal of the County Council with respect to the

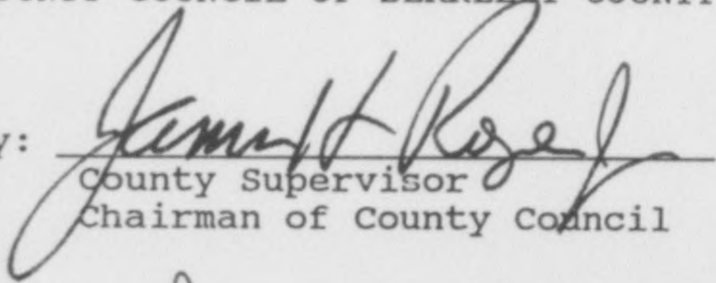
Loadcenter Project and issuance of the Special Bonds is intended to promote the purposes of the Act; that it approve such proposal of the County Council, including changes in any details of the proposed financing and/or related transactions as finally consummated that do not materially affect this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

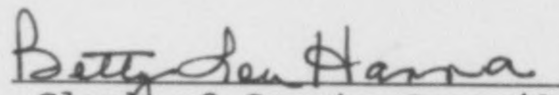
COUNTY COUNCIL OF BERKELEY COUNTY

(SEAL)

By:


County Supervisor
Chairman of County Council

Attest:


Clerk of County Council

October 14, 1994

R 94-34
EXHIBIT

A RESOLUTION

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF BERKELEY COUNTY, SOUTH CAROLINA SPECIAL SOURCE REVENUE BONDS (LOADCENTER PROJECT) IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO \$1,500,000 PURSUANT TO SECTION 4-29-68 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THIS UNDERTAKING.

BE IT RESOLVED BY THE COUNTY COUNCIL OF BERKELEY COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

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

1. Pursuant to Chapter 29 (the "Act") of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Code"), the County Council has adopted Ordinances (the "Original Ordinances") authorizing the issuance by the County of Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Original Miles Bonds") in an aggregate principal amount of up to \$250,000,000 to assist in financing the acquisition, construction, expansion and improvement in Berkeley County, South Carolina of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities and related facilities, including without limitation those relating to rubber chemicals (the "Original Miles Project"). Pursuant to one or more of the Original Ordinances, the County has to date issued Original Miles Bonds in the aggregate principal amount of \$126,119,388.01.

2. Pursuant to the Act, the County Council has adopted an amendment to the Original Ordinances authorizing the issuance by the County of additional Berkeley County, South Carolina Fee-In-Lieu-Of-Taxes Industrial Revenue Bonds (the "Additional Miles Bonds" and together with the "Original Miles Bonds", the "Miles Bonds") in an aggregate principal amount of up to \$175,000,000 to assist in financing the acquisition, construction, expansion and improvement of the Original Miles Project, as clarified to expressly include fiber manufacturing facilities (as so clarified, the "Miles Project"). The County and Miles Inc., an Indiana corporation ("Miles"), are parties to a Second Amended and Restated Bond Issuance and Purchase Agreement, dated as of February 12, 1990 (the "Miles Bond Issuance Agreement"). The Miles Project is and will be leased by the County to Miles pursuant to a Second Amended and Restated Lease Purchase Agreement, dated as of February 12, 1990, as amended (as amended

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Certified True and Correct Copy of Original Record

Betty Lou Hanna 8-24-94
Date

Betty Lou Hanna Clerk to Council
County Council, Berkeley County, S.C.

from time to time, the "Lease Agreement"). The Miles Bonds are secured by a Second Amended and Restated Pledge Agreement, as amended (the "Pledge Agreement").

3. Pursuant to the Lease Agreement, Miles has paid, and will pay, to the County fees in lieu of taxes with respect to the Miles Project.

4. In connection with the Miles Project, the County has agreed, and agrees, with Miles to issue, pursuant to Section 4-29-68 of the Code and subject to compliance with the Act, one or more Berkeley County, South Carolina Special Source Revenue Bonds (Loadcenter Project) in an aggregate principal amount not to exceed \$1,500,000 (collectively, the "Special Bonds") for the purpose of paying the costs of designing, acquiring, constructing and/or improving a loadcenter building and associated electrical equipment, other equipment and improvements (collectively, the "Loadcenter Project") constituting infrastructure serving Berkeley County, South Carolina in order to enhance the economic development of Berkeley County, South Carolina, and/or the costs of issuance of the Special Bonds.

5. The Loadcenter Project will be aided by the issuance of Special Bonds by the County pursuant to Section 4-29-68 of the Code. The County, acting through the County Council, agrees to finance the Loadcenter Project by issuing and selling the Special Bonds. The Special Bonds will be purchased by Miles. The proceeds of the Special Bonds will be used by the County to purchase the Loadcenter Project from Miles and/or to pay the costs of issuance of the Special Bonds. Prior to such purchase by the County of the Loadcenter Project, Miles is authorized to design, acquire, construct and improve the Loadcenter Project, using such contractors, suppliers and design and construction procedures as it deems appropriate.

6. The Loadcenter Project will be infrastructure serving Berkeley County, South Carolina that will enhance the economic development of Berkeley County, South Carolina, and, accordingly, will subserve the purposes of Section 4-29-68 of the Code and the Act.

7. The Special Bonds will be payable solely from a portion of the payments to be received by the County from Miles pursuant to Sections 4.6 and 4.11 of the Lease Agreement, will not be secured by, or in any way entitled to, a pledge of the full faith, credit or taxing power of the County, will not be an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation but will be payable solely from a special source that does not include revenues from any tax or license, and will not be a pecuniary liability of the County or a charge against the County's general credit or taxing power.

8. According to the County's current reasonable estimates, the amount necessary to finance the Loadcenter Project is approximately \$1,500,000. The maximum aggregate principal amount of the Special Bonds shall be \$1,500,000, the Special Bonds may be issued in series no later than December 31, 1994, and the Special Bonds shall be issued and sold at no discount. Interest on the Special Bonds shall be payable at the rate of six (6) percent per annum. Interest on and principal of the Special Bonds shall be paid from a portion of the fees-in-lieu-of-taxes amounts to be received by the County from Miles pursuant to Sections 4.6 and 4.11 of the Lease Agreement.

9. No reserve fund shall be established in connection with the Special Bonds or in connection with the maintenance and insurance of the Loadcenter Project.

10. The passage of this Resolution was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

ARTICLE II

PETITION TO THE STATE BUDGET AND CONTROL BOARD

The County is hereby authorized and committed to submit a Petition to the State Budget and Control Board of South Carolina to seek the approval required by the Act. No allocation pursuant to the Internal Revenue Code is required inasmuch as the Special Bonds will not be issued as securities bearing interest exempt from Federal income taxation. The Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

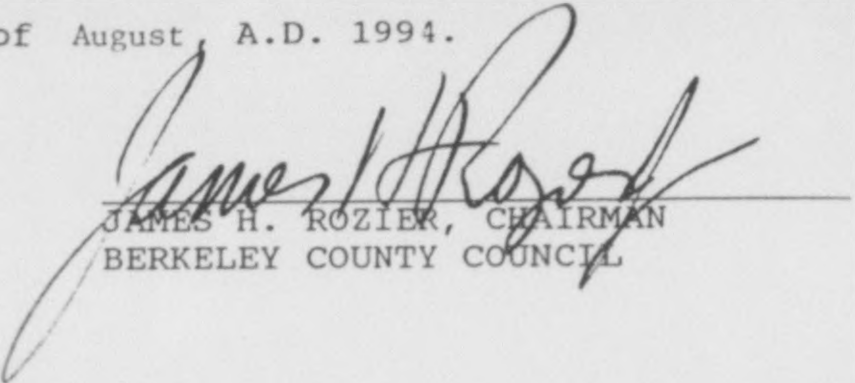
EXECUTION

The County Supervisor/Chairman of County Council (or anyone authorized to act in his stead) is hereby authorized and empowered to execute all documents required to effectuate the

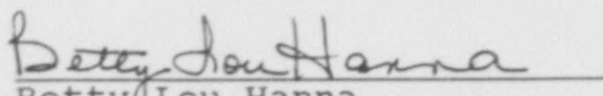
intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to his signature.

ADOPTED this 22nd day of August, A.D. 1994.

(SEAL)


JAMES H. ROZIER, CHAIRMAN
BERKELEY COUNTY COUNCIL

ATTEST:


Betty Lou Hanna
Clerk of County Council

EXHIBIT

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

MEMBERS OF COUNTY COUNCIL

Milton Farley
MILTON FARLEY Voting yes

Steve M. Vaughn
STEVE M. VAUGHN Voting yes

Judith K. Spooner
JUDITH K. SPOONER Voting yes

F. Marion Peagler
F. MARION PEAGLER Voting yes

Robert O. Call, Jr.
ROBERT O. CALL, JR. Voting yes

EXCUSED FROM MEETING - 8-22-94
JULIUS BARNES Voting _____

James E. Dangerfield
JAMES E. DANGERFIELD Voting yes

Bernice S. Friendly
BERNICE S. FRIENDLY Voting yes

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EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

As of , 1994

201

Berkeley County, South Carolina
Moncks Corner, South Carolina

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the proposed issuance by Berkeley County, South Carolina (the "Issuer"), of up to an aggregate \$1,500,000 principal amount of Special Source Revenue Bonds (Loadcenter Project) (the "Bonds") pursuant to Ordinance No. (the "Ordinance") of the Issuer.

In connection with this opinion, we have examined originals or copies of the following:

(a) The Ordinance adopted by the Issuer on , 1994 pursuant to and under the provisions of Title 4, Chapter 29 of the 1976 Code of Laws of South Carolina, as amended (the "Act");

(b) Resolution of the Issuer, adopted August 22, 1994, relating to the Bonds;

(c) Petition of the Issuer, dated October , 1994, relating to the Bonds;

(d) Resolution of the State Budget and Control Board of South Carolina adopted on , 1994, relating to the Bonds;

(e) Mortgage, Pledge and Security Agreement (the "Mortgage"), dated as of December , 1994, by and between the Issuer and Miles Inc., an Indiana corporation (the "Company");

(f) Bond Issuance and Loan Agreement, dated as of December , 1994, by and between the Issuer and the Company;

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Berkeley County, South Carolina
As of , 1994
Page 2

(g) Use Agreement, dated as of December , 1994, by and between the Issuer and the Company;

(h) Form of Bond for purposes of the Bonds (collectively with the documents described in paragraphs (a) through (g) above, the "Documents"); and

(i) Such other proceedings, opinions, records, documents and statutes as we deem relevant and necessary in rendering this opinion.

We have assumed, without independent investigation or verification, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies, the accuracy and completeness of all documents made available to us by the Company or the Issuer and that each Document is binding and enforceable against each party thereto. With respect to matters of fact, we rely, without independent investigation or verification of the accuracy of the information contained therein, upon the information set forth in the Documents.

Based upon and subject to the foregoing and the comments, limitations and qualifications set forth below, we are of the opinion that, when the Bonds are issued in accordance with the Documents, the interest on and principal of the Bonds (a) shall not constitute a general obligation indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation, (b) shall not constitute a pecuniary liability or a charge against the general credit or taxing powers of the Issuer, and (c) shall be indebtedness payable solely from certain fees-in-lieu-of-tax payments to be made by the Company and from the Mortgage.

The obligations of the parties and the enforceability thereof, with respect to the Documents, are subject in part to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect. Certain of the obligations of the parties, and the enforcement thereof, contained in the Documents are also subject to general equity principles (whether considered in a proceeding in equity or at law) and to the discretion of the court before which any proceeding may be brought.

We do not herein intend to express any opinion as to any matter governed by (or which purports to be governed by) any law other than, and our opinion is limited solely to, the existing

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Berkeley County, South Carolina
As of , 1994
Page 3

laws of the State of South Carolina (excluding the laws of its counties, municipalities and other political subdivisions).

No opinion is provided that is not specifically and expressly stated in this letter. This letter is rendered as of the date hereof, and we disclaim any continuing responsibility for matters occurring after the date of this letter.

This letter is being provided to the addressee hereof for its benefit in connection with the Bonds and may not be provided to any other person or entity or used, relied upon or quoted by any other person or entity, or for any other purpose, without our prior written consent.

Very truly yours,

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

By:

DRAFT
Eric B. Amstutz

EBA/cm

enclosures

002657

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 728

GREENVILLE, SOUTH CAROLINA 29602-0728

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOENAKER, JR.
WILLIAM W. KEHL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
CARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.

BRADFORD W. WYCHE
ERIC B. AMSTUTZ
MARSHALL WINN
WALLACE K. LIGHTSEY
LESLEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

October 17, 1994

C. GRANVILLE WYCHE
1890-1988
ALFRED F. BURGESS
1906-1992
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER
(803) 242-8201

Via Courier

Ms. Donna Kaminer Williams
Board Secretary
State Budget & Control Board
601 Wade Hampton Building
Columbia, South Carolina 29201

Re: Berkeley County, South Carolina
Special Source Revenue Bonds (Loadcenter Project)

Dear Ms. Williams:

Berkeley County, South Carolina is proposing issuing up to \$1,500,000 principal amount of Special Source Revenue Bonds, as described in the enclosed materials. These bonds would be issued under Section 4-29-68 of the 1976 Code of Laws of South Carolina, as amended.

Enclosed is our Transmittal Form with the documents listed.

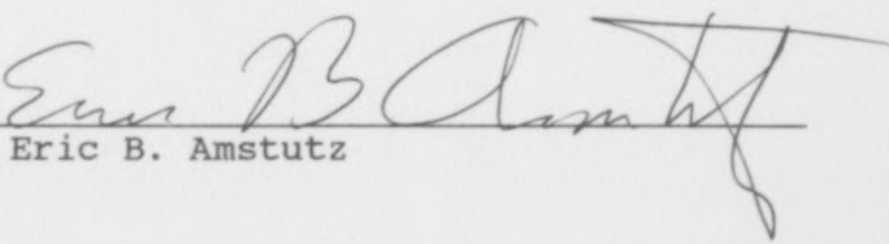
Please call if you need any additional information.

Thank you for your assistance in this matter.

Very truly yours,

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

By:


Eric B. Amstutz

EBA/cm
enclosures
cc: M. G. Henninger
(with enclosures)

002658

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 17, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Berkeley County
\$1,500,000 Special Source Revenue Bonds
Loadcenter project

For this proposal to be included on the November 3, 1994, agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

002659

WYCHE, BURGESS, FREEMAN & PARHAM

PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
POST OFFICE BOX 728
GREENVILLE, S.C. 29602-0728

CAROLINA FIRST BANK
GREENVILLE, S.C.

67-188
532

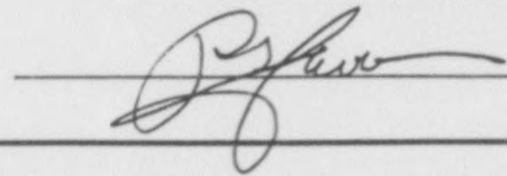
No. 0030998

	DATE	CHECK NO.	AMOUNT
4000	10/17/94	30998	\$3000.00

PAY THREE THOUSAND DOLLARS AND NO CENTS *****

TO THE ORDER OF S. C. STATE BUDGET & CONTROL BOARD

OPERATING ACCOUNT



⑈030998⑈ ⑆053201885⑆1010028101⑈

EXHIBIT

NOV 3 1994

1

STATE BUDGET & CONTROL BOARD

002660

NON-000

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 728

GREENVILLE, SOUTH CAROLINA 29602-0728

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
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MARSHALL WINN
WALLACE K. LIGHTSEY
LESLEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

December 5, 1994

C. GRANVILLE WYCHE
1890-1988
ALFRED F. BURGESS
1906-1992
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER

(803) 242-8201

Ms. Donna K. Williams
Board Secretary
South Carolina State Budget
and Control Board
Post Office Box 12444
Columbia, SC 29211

RE: Berkeley County, South Carolina \$1,500,000 Special
Source Revenue Bond(s) (Loadcenter Project)

Dear Ms. Williams:

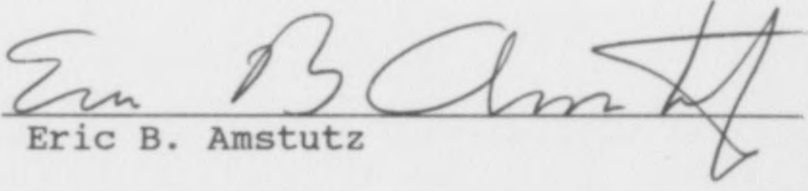
Enclosed for your files are a copy of an affidavit of
publication of The Post and Courier and a copy of a Certificate
of Publication of The Berkeley Independent respecting the above-
referenced proposed bond issue.

Please be so kind as to send us, at your convenience,
certified copies of the State Board action respecting such bond
issue.

Thank you for your assistance in this matter.

Very truly yours,

Wyche, Burgess, Freeman & Parham, P.A.

By: 
Eric B. Amstutz

EBA/cm
enclosures
cc: M.G. Henninger
(with enclosures)

002661

AFFIDAVIT
OF
PUBLICATION

The Post and Courier

State of South Carolina

County of Charleston

Personally appeared before me
the undersigned advertising Clerk of the
above indicated newspaper published
in the City of Charleston, County and
State aforesaid, who, being duly sworn,
says that the advertisement of

(copy attached)

appeared in the issues of said newspaper

on the following day(s):

November 29, 1994

Subscribed and sworn to

before me this 29th day

of November

A.D. 1994

NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission expires June 18, 2000

NOTICE OF APPROVAL OF
PROPOSAL BY THE STATE
BUDGET AND
CONTROL BOARD
OF SOUTH CAROLINA

NOTICE is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the proposed issuance by Berkeley County, South Carolina (the "County") of up to \$1,500,000 aggregate principal amount of one or more Special Source Revenue Bonds (Loadcenter Project) (collectively, the "Special Bonds") for the purpose of paying the costs of the County acquiring a loadcenter

building located or to be located in Berkeley County, South Carolina and associated electrical equipment, other equipment and improvements (collectively, the "Project") and/or the costs of issuance of the Special Bonds, pursuant to the provisions of Section 4-29-68 of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, and the proposed entering into of related transactions.

THE Special Bonds will be purchased by Miles, Inc., an Indiana corporation ("Miles"), for its own account. The County will purchase the Project from Miles. The County and Miles will enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Project in good repair, all utilities serving the Project and all insurance required to keep the Project properly insured and Miles will have an option to acquire the Project from the County at the Project's fair market value at or about the time of the exercise of such purchase option. The Special Bonds will be payable solely from ten percent of the fees-in-lieu-of-taxes amounts to be paid after 1994 by Miles with respect to manufacturing facilities located or being or to be constructed, improved or equipped in Bushy Park in Berkeley County, South Carolina and leased or to be leased by the County to Miles. Payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledges and secured party, with respect to the Project and the above-described portion of fees-in-lieu-of-taxes to be paid by Miles.

NEITHER the Project or Special Bonds, nor any charges in connection with the Project or Special Bonds, 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.

THE County has found that the Project is infrastructure serving Berkeley County, South Carolina that will enhance the economic development of Berkeley County, South Carolina.

PURSUANT to the Use Agreement, Miles will pay certain amounts in lieu of ad valorem property taxes on the Project.

NOTICE is 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 such approval action of the State Board by filing an action DE NOVO in the Court of Common Pleas in Berkeley County, South Carolina.

STATE BUDGET AND
CONTROL BOARD
OF SOUTH CAROLINA
By: /s/ Donna Williams, Secretary

The Berkeley

Independent

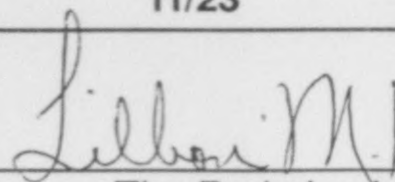
P.O. Box 427, Moncks Corner, South Carolina 29461 • 761-0

CERTIFICATE OF PUBLICATION

I hereby certify that on the date(s) appearing below I did publish notice in *The Berkeley Independent*, a newspaper of general circulation in Berkeley County, South Carolina, in accordance to the laws of the state.

PUBLICATION DATE(S): 11/23

Signature



The Berkeley Independent
P.O. Box
Moncks Corner,
PHONE

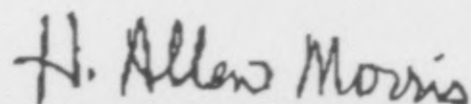
Sworn to before me this

23

day of

November

1994



Notary Public for South Carolina - Expires 2-28-99

NOTICE OF APPROVAL OF PROPOSAL BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the proposed issuance of Berkeley County, South Carolina (the "County") of up to \$1,500,000 aggregate principal amount of one or more Special Source Revenue Bonds (Loadcenter Project) (collectively, the "Special Bonds") for the purpose of paying the costs of the County acquiring a loadcenter building located or to be located in Berkeley County, South Carolina and associated electrical equipment, other equipment and improvements (collectively, the "Project") and/or the costs of issuance of the Special Bonds, pursuant to the provisions of Section 4-29-68 of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, and the proposed entering into of related transactions.

The Special Bonds will be purchased by Miles Inc., an Indiana corporation ("Miles"), for its own account. The County will purchase the Project from Miles. The County and Miles will enter into a Use Agreement pursuant to which, among other matters, Miles will be entitled to use the Project and will be required to pay for (or cause to be paid for) all maintenance required to keep the Project in good repair, all utilities serving the Project and all insurance required to keep the Project properly insured and Miles will have an option to acquire the Project from the County at the Project's fair market value at or about the time of the exercise of such purchase option. The Special Bonds will be payable solely from ten percent of the fees-in-lieu-of-taxes amounts to be paid after 1994 by Miles with respect to manufacturing facilities located or being or to be constructed, improved or equipped in Bushy Park in Berkeley County, South Carolina and leased or to be leased by the County to Miles. Payment of principal of and interest on the Special Bonds shall be secured by a Mortgage, Pledge and Security Agreement between the County, as mortgagor, pledgor and debtor, and Miles, as mortgagee, pledgee and secured party, with respect to the Project and the above-described portion of fees-in-lieu-of-taxes to be paid by Miles.

Neither the Project or Special Bonds, nor any charges in connection with the Project or Special Bonds, 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.

The County has found that the Project is infrastructure serving Berkeley County, South Carolina that will enhance the economic development of Berkeley County, South Carolina.

Pursuant to the Use Agreement, Miles will pay certain amounts in lieu of ad valorem property taxes on the Project.

Notice is 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 such approval on of the State Board by filing an action *de novo* in the Court of Common Pleas in Berkeley County, South Carolina.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA
BY: /S/ DONNA WILLIAMS
SECRETARY
#94702
11/23

002663

OCT 17 1994
4:30 p.m.

November 3, 1994

002664

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

Ms. Donna Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Kershaw County
\$3,000,000 Hospital Facilities Revenue Bonds
Kershaw County Medical Center Project

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to S.C. Code Ann. §48-3-140, et. seq. (1987 and Supp. 1993). The documents appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

This letter addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By:

Alvin C. Brackster

ACB/fg

002665

STATE OF SOUTH CAROLINA

NOV 3 1994

2

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNORGRADY L. PATTERSON, JR.
STATE TREASUREREARLE E. MORRIS, JR.
COMPTROLLER GENERAL1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880HELEN T. ZEIGLER
DEPUTY DIRECTORJOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEEWILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEELUTHER F. CARTER
EXECUTIVE DIRECTOR

October 24, 1994

The Honorable Donna K. Williams
Secretary
S. C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Kershaw County
\$3,000,000 Hospital Facilities Revenue Bonds
Kershaw County Medical Center Project, Series 1994

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, McNair and Sanford, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
General Counsel

002666

EXHIBIT

NOV 3 1994

2

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD
Kershaw County Medical Center

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

November 23, 1994

Donna Kaminer Williams

002667

A RESOLUTION APPROVING THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$3,000,000 AGGREGATE PRINCIPAL AMOUNT HOSPITAL FACILITIES REVENUE BONDS (KERSHAW COUNTY MEDICAL CENTER PROJECT) 1994, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7 (1976), AS AMENDED.

WHEREAS, the County Council of Kershaw County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Kershaw County (the "County") pursuant to the Act of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project) in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"); and

WHEREAS, pursuant to a Supplemental Trust Indenture and Mortgage establishing the general terms and details of the Bonds (the "Supplemental Indenture"), the County is obligated to make payments in amounts sufficient to pay the principal and interest on the Bonds; and

WHEREAS, the Bonds will be payable from revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities") and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts (as defined in the Indenture) derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture; and

WHEREAS, the County has submitted its Resolution and Petition dated October 4, 1994 (the "Petition"), and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such investigation of the matters set forth in the Petition as it deems appropriate, and on the basis of such investigation it is hereby found, determined and

EXHIBIT

NOV 3 1994

2

declared:

STATE BUDGET & CONTROL BOARD

(a) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 44-7-1590 of the Act; and

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of the Project by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the Governing Board, and do not make inaccurate, except as to dates and amounts, the summaries of the Indenture.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Camden Chronicle and The State, newspapers having general circulation in Kershaw County.

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

Section 5. This Resolution shall take effect immediately.

002669

EXHIBIT

NOV 3 1994

2

EXHIBIT A

STATE BUDGET & CONTROL BOARD

NOTICE PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7, ARTICLE 11 (1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 44-7-1590 of South Carolina Code Annotated, Title 44, Chapter 7, Article 11 (1976), as amended, (the "Act") that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Kershaw County, South Carolina, has given its approval to the following undertaking by Kershaw County, South Carolina:

The issuance by Kershaw County of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project), 1994, in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"), to defray the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"). The County unconditionally covenants to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities").

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November 3, 1994.

002670

EXHIBIT

NOV 3 1994

2

STATE OF SOUTH CAROLINA)
KERSHAW COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

PETITION

This Petition of Kershaw County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 44, Chapter 7 (1976), as amended (the "Act"), and specifically Section 44-7-1590 thereof, respectfully shows:

1. The County Council of Kershaw County is the governing body of the County and as such constitutes a "County Board" and the "Public Agency" as referred to in the Act with respect to hospital facilities located in the County.

2. The Act empowers the County, functioning through its County Council (the "County Board"), subject to obtaining approval from the State Budget and Control Board (the "State Board") required by Section 44-7-1590 of the Act and from the Department of Health and Environmental Control required by Section 44-7-1590 of the Act, to enter into agreements with any hospital agency or public agency necessary or incidental to the issuance of bonds; to enter into loan agreements with any hospital agency or public agency, prescribing the payments to be made by the hospital agency or public agency 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 hospital facilities and the issuance of bonds; to issue bonds for the purpose of defraying the cost of providing hospital facilities and to secure the payment of such bonds; and to issue bonds to refinance or refund outstanding obligations, mortgages or advances heretofore or hereafter issued, made or given by a hospital agency or public agency for the cost of hospital facilities. The Act further provides that if the county is also the public agency and the hospital facilities are under the jurisdiction of the County Board, the loan agreement contemplated by the Act may be in the form of a resolution adopted by the County Board.

3. The Board of Trustees of the Kershaw County Medical Center, an agency of the County and the governing body of the Kershaw County Medical Center (the "Hospital"), operates and maintains the Hospital and has requested the County Board to issue not exceeding \$3,000,000 hospital facilities revenue bonds for the purpose permitted by the Act.

4. The County has agreed to assist the Hospital by issuing its hospital facilities revenue bonds for the purpose of defraying the cost of undertaking, by construction and purchase, building improvements and acquiring certain machinery, apparatus, equipment, office

facilities and furnishings for its existing facilities, more fully described on *Exhibit A* attached hereto (the "Project").

5. The County has been advised by the Hospital Board that the estimated cost of the Project will be not exceeding \$3,000,000 and it has requested the County to execute and deliver its Hospital Facilities Revenue Bonds (Kershaw County Medical Center) (the "Bonds") in the principal amount of not exceeding \$3,000,000 to defray such costs.

6. In accordance with Section 44-7-1510, the County Board has found and determined that:

(a) there is a need for the Hospital Facilities in the area in which the Hospital Facilities are located to serve the people of the County and to make accessible modern and efficient hospital facilities at the lowest possible expense to those utilizing the Hospital Facilities;

(b) the Hospital Facilities constitute "hospital facilities" as defined in the Act;

(c) the County is financially responsible and capable of fulfilling its obligations under the documents relating to the Bonds, including the obligations to make payments required thereunder, to operate, repair and maintain at its own expense the Hospital Facilities and to discharge such other responsibilities as may be imposed under such documents;

(d) adequate provision shall be made for the payment of principal of and interest on the Bonds and any necessary reserves therefor and for the operation, repair and maintenance of the Hospital Facilities at the expense of the County;

(e) the public facilities, including utilities, and public services necessary for the Hospital Facilities will be made available to the general public;

(f) the issuance of the Bonds will subserve the purposes and in all respects conform to the provisions and requirements of the Act; and

(g) the Hospital Facilities, the Bonds and any documents or agreements entered into by the County in connection therewith will not 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.

6. Pursuant to Section 44-7-1590 of the Act, the County sets forth the following information:

(a) The Hospital Facilities of the County consist of a general hospital with a maximum capacity of 121 beds and a skilled nursing facility consisting of 88 beds.

(b) In connection with certain aspects of the Hospital Facilities requiring a certificate of need, the Department of Health and Environmental Control will issue its Certificate of Need.

(c) The cost of the Project is approximately Three Million Dollars (\$3,000,000) including financing costs and all other expenses to be incurred in connection therewith.

(d) In general, the terms and conditions of the proposed Supplemental Trust Indenture and Mortgage (the "Supplemental Indenture") between the County and NationsBank of South Carolina, National Association, as trustee (the "Trustee"), provide that:

(i) To finance the cost of the Project the County will, at the request of the Hospital, issue not exceeding \$3,000,000 Hospital Facilities Revenue Bonds of Kershaw County, South Carolina, and loan the proceeds thereof to the Hospital for the purpose of defraying the cost of the Project including interest during construction, financing costs and all other expenses to be incurred in connection therewith.

(ii) The Supplemental Indenture 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 general credit or taxing powers.

(iii) The Supplemental Indenture contains covenants obligating the Hospital to effect the completion of the Project if the proceeds of the Bonds prove insufficient, and obligating the County to make payments which shall be sufficient to pay the principal of and interest on the Bonds issued for such Project; to build up and maintain any reserves deemed by the County Board to be advisable in connection therewith; and to pay the costs of maintaining the Hospital Facilities in good repair and the cost of keeping such Hospital Facilities properly insured.

(iv) The Supplemental Indenture contains provisions whereby the County pledges and assigns and agrees to pay to the Trustee for the benefit of the Bondholder certain revenues of the Hospital Facilities.

(v) The Supplemental Indenture contains provisions authorizing an irrevocable pledge and assignment for the benefit of the holders of the Bonds of the County's right, title and interest in and to the Hospital Facilities and all Gross

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STATE BUDGET & CONTROL BOARD
Receipts derived by the County from the Hospital Facilities, and all the moneys and securities in funds created under the Supplemental Indenture.

(vi) The terms of the Bonds, the provisions for exchange and transfer of the Bonds, the prepayment provisions, the means of disbursement and investment of the proceeds thereof, default provisions and remedies therefor and various other matters relating to the Bonds.

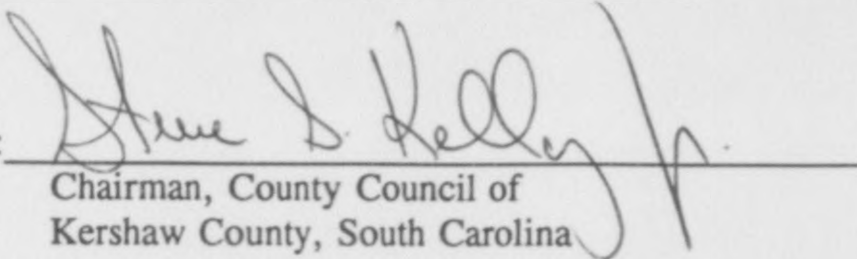
(vii) The execution of the Supplemental Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Bonds by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 44-7-1590 of the Act.

Respectfully submitted,

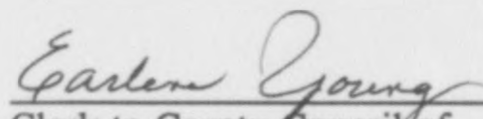
KERSHAW COUNTY, SOUTH CAROLINA

By:


Chairman, County Council of
Kershaw County, South Carolina

(SEAL)

ATTEST:


Clerk to County Council of
Kershaw County, South Carolina

Dated: October 4, 1994.

COLA:158375

002674

EXHIBIT A

DESCRIPTION OF PROJECT

The proceeds of the Series 1994 Bonds will be used to defray the cost of renovation, expansion and improvement of the Hospital Facilities operated by the Board of Trustees of the Kershaw County Medical Center, including the emergency room facilities, outpatient surgery facilities, surgery facilities, the front entrance to the Hospital, laundry and cardiac rehabilitation facilities, and other related projects and improvements.

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET & CONTROL BOARD BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF ITS HOSPITAL FACILITIES REVENUE BONDS (KERSHAW COUNTY MEDICAL CENTER), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$3,000,000.

WHEREAS, Kershaw County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended (the "Act"), to promote the public health and welfare by providing for the financing, refinancing, acquiring, enlarging, improving, constructing and equipping of hospital facilities to serve the people of the State and to make accessible to them modern and efficient hospital facilities at the lowest possible expense to those utilizing such hospital facilities; and

WHEREAS, the County is further authorized to issue revenue bonds for the purpose of defraying the cost of providing hospital facilities and to refinance or to refund outstanding obligations, mortgages or advances issued, made or given by a hospital agency or public agency for the cost of hospital facilities; and

WHEREAS, the County is further authorized to make the proceeds of any revenue bonds available by way of a loan to a hospital agency or public agency pursuant to a loan agreement; and

WHEREAS, the County is further authorized to pledge or assign any money, rents, charges, or 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 Board of Trustees of the Kershaw County Medical Center, an agency of the County and the governing body of Kershaw County Memorial Hospital (the "Hospital"), operates and maintains the Hospital as a public hospital for the benefit of the residents of the County; and

WHEREAS, the County proposes to issue its Hospital Facilities Revenue Bonds (Kershaw County Medical Center) in the principal amount of not exceeding \$3,000,000 (the "Bonds") under and pursuant to the Act to defray the costs of acquiring certain equipment and undertaking improvements to the Hospital's facilities, more fully described on *Exhibit A* attached hereto (the "Project"), located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Hospital under

and pursuant to the terms of a Supplemental Trust Indenture and Mortgage (the "Supplemental Indenture") to be entered into between the County and NationsBank of South Carolina, National Association, as Trustee, and consented to by the Hospital; and

WHEREAS, it is now deemed advisable by the County Council to file with the State Budget and Control Board of South Carolina, in compliance with Section 44-7-1590 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

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

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

(a) The County Council constitutes the "County Board," the Hospital constitutes "Hospital Facilities," and the County constitutes a "Public Agency" as such terms are defined in the Act. Because the County is a Public Agency and the Hospital Facilities are under the jurisdiction of the County Council, the Loan Agreement (as defined in the Act) may be and hereby is in the form of this Resolution adopted by the County Council.

(b) The Hospital Facilities of the County consist of a general hospital with a maximum capacity of 121 beds and a skilled nursing facility consisting of 88 beds. The County proposes to issue not exceeding \$3,000,000 of hospital revenue bonds to defray the cost of the Project.

(c) The County Council has determined that there is a need for the Project in the County to serve the people of the County and to make accessible modern and efficient Hospital Facilities at the lowest possible expense to those utilizing such Hospital Facilities.

(d) The County is financially responsible and capable of fulfilling its obligations under the documents relating to the Bonds, including the obligations to make the payments required thereunder, to operate, repair and maintain at its own expense the Hospital Facilities, and to discharge such other responsibilities as may be imposed under the documents relating to the Bonds.

(e) Adequate provision shall be made for the payment of principal of and interest on the Bonds and any necessary reserves therefor and for the operation, repair and maintenance of the Hospital Facilities at the expense of the County.

(f) The public facilities, including utilities, and public services necessary for the Hospital Facilities will be made available to the general public.

(g) The Hospital Facilities, the Bonds and any documents or agreements entered into by the County in connection therewith will not constitute an indebtedness of the County within

the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

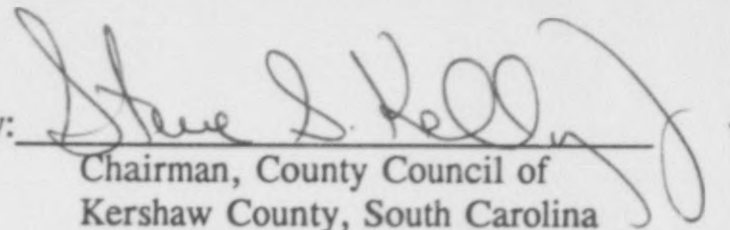
Section 2. There be and is hereby authorized and directed the submission on behalf of the County of a Petition requesting the approval of the proposal of the County to issue the Bonds by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 44-7-1590 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

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

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

Passed and approved October 4, 1994.

KERSHAW COUNTY, SOUTH CAROLINA

By: 
Chairman, County Council of
Kershaw County, South Carolina

(SEAL)

ATTEST:

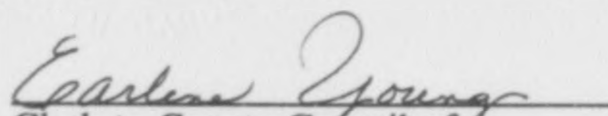

Clerk to County Council of
Kershaw County, South Carolina

EXHIBIT A

DESCRIPTION OF PROJECT

The proceeds of the Series 1994 Bonds will be used to defray the cost of renovation, expansion and improvement of the Hospital Facilities operated by the Board of Trustees of the Kershaw County Medical Center, including the emergency room facilities, outpatient surgery facilities, surgery facilities, the front entrance to the Hospital, laundry and cardiac rehabilitation facilities, and other related projects and improvements.

EXHIBIT

NOV 3 1994 2
DRAFT
STATE BUDGET & CONTROL BOARD

_____, 1994

County Council of Kershaw County,
South Carolina
Camden, South Carolina

Kershaw County, South Carolina, Hospital Facilities
Revenue Bonds (Kershaw County Medical Center), Series
1994, \$3,000,000

We have acted as bond counsel for Kershaw County, South Carolina, in connection with the issuance of \$3,000,000 Hospital Facilities Revenue Bonds (Kershaw County Medical Center), Series 1994 (the "Bonds"). The Bonds are in fully registered form; dated _____, 1, 1994; in denominations of \$5,000 or any integral multiple thereof; bear interest from their date payable _____, 1994, and semiannually thereafter on _____ and _____ of each year, at the rates per annum set forth below; and mature serially in successive annual installments on _____ in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Bonds are subject to redemption prior to their maturity on the terms and conditions set forth therein.

The Bonds recite that they are issued under and equally secured by a Trust Indenture and Mortgage dated as of May 1, 1989, as supplemented by a Supplemental Trust Indenture and Mortgage dated as of _____, 1, 1994 (collectively the "Indenture"), by and between the County and NationsBank of South Carolina, National Association, as Trustee (the "Trustee"), and are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State, among others, the Hospital Revenue Bond Act (Title 44, Sections 44-7-1410 through 44-

As to the questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the County contained in the Indenture, certificates of public officials furnished to us, and certificates of representatives of the County, the Trustee, the Hospital and other parties, and other factual matters which are relevant to the opinions expressed herein, in each case, without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the County, and we have further assumed the due organization, existence and powers of such other parties other than the County.

1. The County is authorized and empowered by the laws of the State to issue, deliver and fully perform its obligations under the Indenture, and to issue and deliver the Bonds.

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of and interest on which are payable solely out of the Gross Receipts after adequate provision for Expenses of Operating and Maintaining the Hospital (as defined in the Indenture) and are secured by the County's assignment and pledge of the County's right, title and interest in and to the Hospital Facilities and the Gross Receipts derived by the County from the Hospital Facilities, and all moneys and securities in funds created under the Indenture. Under the Indenture the County may issue under certain terms and conditions Additional Bonds (as defined in the Indenture) on a parity with the Bonds.

3. The Indenture has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement, enforceable against the County in accordance with its terms.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 199___).

It is to be understood that exclusion of the interest on the Bonds from federal income taxation under Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986 (the "Code") is dependent upon compliance by the County with certain requirements of such sections of the Code throughout the term of the Bonds. Under the Code, failure to comply with such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The County has covenanted to comply with the requirements of said sections of the Code.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

6. Under the laws of the State of South Carolina the

EXHIBIT

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County Council of Kershaw County
_____, 1994

STATE BUDGET & CONTROL BOARD

Page 4

Bonds and the interest thereon are presently exempt from all taxation in said State except for inheritance, estate or transfer taxes.

It is to be understood that the rights of the holders of the Bonds and the parties under the Indenture and the enforceability of the Indenture, or the Bonds, as the case may be, are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest thereon. We have not examined any document or other information concerning the business or financial resources of the County or the Hospital Facilities, and we express no opinion as to the accuracy or completeness of any information with respect to the County or the Hospital Facilities that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

MCNAIR & SANFORD, P.A.

A RESOLUTION APPROVING THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$3,000,000 AGGREGATE PRINCIPAL AMOUNT HOSPITAL FACILITIES REVENUE BONDS (KERSHAW COUNTY MEDICAL CENTER PROJECT) 1994, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7 (1976), AS AMENDED.

WHEREAS, the County Council of Kershaw County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Kershaw County (the "County") pursuant to the Act of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project) in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"); and

WHEREAS, pursuant to a Supplemental Trust Indenture and Mortgage establishing the general terms and details of the Bonds (the "Supplemental Indenture"), the County is obligated to make payments in amounts sufficient to pay the principal and interest on the Bonds; and

WHEREAS, the Bonds will be payable from revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities") and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts (as defined in the Indenture) derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture; and

WHEREAS, the County has submitted its Resolution and Petition dated October 4, 1994 (the "Petition"), and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such investigation of the matters set forth in the Petition as it deems appropriate, and on the basis of such investigation it is hereby found, determined and

(a) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 44-7-1590 of the Act; and

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of the Project by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture and secured by an irrevocable pledge and assignment of the County's right, title and interest in and to the Hospital Facilities and all Gross Receipts derived by the County from the Hospital Facilities, and all monies and securities in funds created under the Indenture, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the Governing Board, and do not make inaccurate, except as to dates and amounts, the summaries of the Indenture.

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

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EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 44, CHAPTER 7, ARTICLE 11
(1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 44-7-1590 of South Carolina Code Annotated, Title 44, Chapter 7, Article 11 (1976), as amended, (the "Act") that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Kershaw County, South Carolina, has given its approval to the following undertaking by Kershaw County, South Carolina:

The issuance by Kershaw County of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project), 1994, in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"), to defray the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"). The County unconditionally covenants to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities").

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November 3, 1994.

South Carolina
DHEC
 Department of Health and Environmental Control
 2600 Bull Street, Columbia, SC 29201

Interim Commissioner: Thomas E. Brown, Jr.

Board: John H. Burris, Chairman
 Richard E. Jabbour, DCS, Vice Chairman
 Robert J. Stripling, Jr., Secretary

Promoting Health, Protecting the Environment

William E. Applegate, II,
 Toney Graham, Jr., MD
 Sandra J. Moulder
 John B. Pate, MD

CERTIFIED MAIL

July 12, 1993

Re: SC-93-46
 Construction (21,000 sq. ft.) and renovation (9,225 sq. ft.)
 for improvement of emergency, outpatient, and surgical
 services.
 Kershaw County Memorial Hospital
 Camden, South Carolina

Mr. Dennis A. Lofe, Administrator
 Kershaw County Memorial Hospital
 1315 Roberts Street
 Camden, SC 29020

Dear Mr. Lofe:

Enclosed is the Certificate of Need granting approval of the above
 named project. This Certificate is valid for a period of twelve
 months.

Pursuant to Regulation No. 61-15, you must submit monthly progress
 reports from the date of issuance of this Certificate of Need
 documenting compliance with the timetable which you submitted in
 your application for this project.

In addition, enclosed is an invoice for the required Certificate of
 Need issuance fee of \$7,500.00. The Certificate of Need issuance
 fee must be paid by valid check made payable to the S.C. Department
 of Health and Environmental Control. Payment must be received by
 the Department within 15 days from your receipt of the Certificate
 and invoice for the Certificate of Need to remain valid.

If this office can be of further service to you or if you have any
 questions concerning the above, feel free to contact us at 737-
 7200.

Sincerely,

Leon B. Frishman

Leon B. Frishman, Director
 Bureau of Health Facilities and Services Development

LBF/JFL/vmm

enclosure

EXHIBIT

NOV 3 1994

STATE BUDGET & CONTROL BOARD

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South Carolina Department of Health and Environmental Control



CERTIFICATE OF NEED

This Certificate of Need is issued to: Kershaw County Memorial Hospital, Licensee: Kershaw County Memorial Hospital, Camden, South Carolina; Mr. Dennis A. Lofe, Agent; Construction (21,000 sq. ft.) and renovation (9,225 sq. ft.) for improvement of emergency, outpatient and surgical services.

For Certificate No. SC-93-46 in accordance with the Code of Laws of South Carolina.

In determining the need for this project, the South Carolina Department of Health and Environmental Control has taken into consideration the "Criteria for Project Review" and the State Medical Facilities Plan.

This Certificate of Need is valid for a period of ^{twelve} ~~six~~ months from the date of issuance unless the applicant receives an extension of this Certificate from the Department in accordance with regulations of the Department.

In Witness Whereof we have hereunto set our hands and the seal of the Department of Health and Environmental Control this the 12th day of July, 1993.



Alvin W. White

Director, Division of Planning and Certification of Need

Leon B. Fisher

Director, Bureau of Health Facilities and Services Development

Richard D. Cusack

Deputy Commissioner, Health Regulation

South Carolina
DHEC

Department of Health and Environmental Control
2600 Bull Street, Columbia, SC 29201

Interim Commissioner: Thomas E. Brown, Jr.

Board: John H. Burries, Chairman
Richard E. Jabbour, DDS, Vice Chairman
Robert J. Stripling, Jr. Secretary

Promoting Health, Protecting the Environment

William E. Applegate, III,
Tony Graham, Jr., MD
Sandra J. Molander
John B. Pate, MD

CERTIFIED MAIL

June 30, 1993

Re: Kershaw County Memorial Hospital
Camden, South Carolina

Mr. Dennis A. Lofe, Administrator
Kershaw County Memorial Hospital
1315 Roberts Street
Camden, SC 29020

Dear Mr. Lofe:

It is the decision of this Department that a Certificate of Need be issued to Kershaw County Memorial Hospital, Camden, South Carolina, for construction (21,000 sq. ft.) and renovation (9,225 sq. ft.) to improve the hospital's emergency, outpatient and surgical services. This decision is based upon the following:

1. The proposed construction and renovation project is consistent with the 1992 South Carolina Health Plan.
2. Physician and community support of the project is documented in the project's review file.
3. Kershaw County Memorial Hospital's proposal appears to be financially feasible on the basis of the financial projections submitted by the applicant.
4. The need for improvement of the hospital's emergency, outpatient and surgical services was demonstrated by the applicant.

The Department makes the following findings pursuant to Section 501, Regulation No. 61-15, Certification of Need for Health Facilities and Services:

1. The capital and operating costs of the proposal and their potential impact on patient charges are reasonable.
2. Superior alternatives to such services in terms of cost, efficiency, or appropriateness do not exist and that the development of such alternatives is not practicable.
3. In the case of new construction, alternatives to new construction (e.g. modernization or sharing arrangements) have been considered; and

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EXHIBIT

NOV 3 1994

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Mr. Dennis Lofe, Administrator
June 30, 1993
Page Two

STATE BUDGET & CONTROL BOARD

4. Patients will experience serious problems in terms of costs, availability, or such other problems as may be identified by the Department in obtaining care of the type proposed in the absence of the project.

The other finding required by Section 501 of Regulation No. 61-15 is not applicable to this project.

This proposed decision becomes the final agency decision ten (10) days after the receipt of this notice unless one of the following occurs:

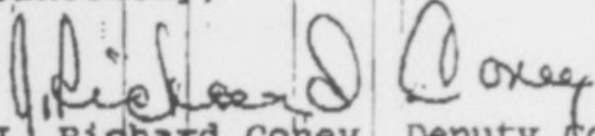
1. Pursuant to Section 44-7-210(D) (1) of the recently amended Code of Laws of South Carolina, 1976, any persons showing "good cause" as defined in Regulation No. 61-15, may request reconsideration of this Department's decision. Such request must be made in writing to this office within ten (10) days from the date of receipt of this notice and must state the specific reasons for such a request.
2. Pursuant to Section 44-7-210(D) (2) of the amended Code of Laws of South Carolina, 1976, an appeal may be submitted by any affected person or the applicant, within the ten (10) day period, which gives notice in writing that he is desirous of a hearing before the S.C. Board of Health and Environmental Control. Should this be the case, the affected person/applicant should submit the original request to the following:

The Board of Health and Environmental Control
Attention: Clerk of the Board
Office of the Commissioner
2600 Bull Street
Columbia, South Carolina 29201

A copy of the correspondence must be forwarded to the Deputy Commissioner for Health Regulation. Should there be no response within the ten (10) day period, this decision will be final.

If you have any questions, please feel free to contact us at (803) 737-7200.

Sincerely,


J. Richard Coney, Deputy Commissioner
Health Regulation
JRC/JFL/vmm

002690



Department of Health and Environmental Control
2600 Bull Street, Columbia, SC 29201

Commissioner: Douglas E. Bryant

Board: Richard E. Jabbour, DDS, Chairman
Robert J. Stripling, Jr., Vice Chairman
Sandra J. Molander, Secretary

Promoting Health, Protecting the Environment

William E. Applegate, III
John H. Bullas
Tony Graham, Jr., MD
John B. Pate, MD

June 30, 1994

RE: SC-93-46

Construction and renovation for improvement of emergency,
outpatient and surgical services
Kershaw County Memorial Hospital
Camden, South Carolina

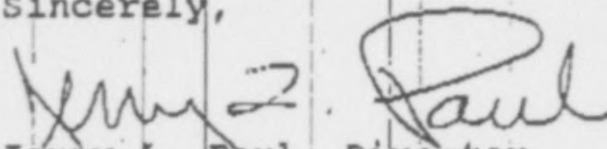
Mr. Dennis Lofe, Administrator
Kershaw County Memorial Hospital
1315 Roberts Street
Camden, SC 29020

Dear Mr. Lofe:

Your request of July 9, 1994, to extend Certificate of Need SC-93-46 has been approved based upon demonstration of substantial progress on the project as required by Section 603 of Regulation No. 61-15. Authorization for this renovation and construction will now expire on January 12, 1995. During this extension period you must submit at the beginning of each month a progress report on project implementation. It is our intent to void this CON if the submitted time table for construction is not followed.

If you should have any questions concerning this extension, please call me at (803) 737-7200.

Sincerely,


Jerry L. Paul, Director
Health Facilities and Services

JLP/vmm

002691

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE: 803/799-9800
FAX: 803/799-9804

FAX COVER LETTER
CONFIDENTIAL AND PRIVILEGED INFORMATION

DATE & TIME: 10/25/94

TRANSMITTED BY: Cheryl Applewhite 17

ALTERNATE FAX
NUMBERS:

803/376-2219
803/376-2277
803/376-2278

TO: 1) Donna Williams

FAX NUMBER: 734-2117

2) _____

FAX NUMBER: _____

3) _____

FAX NUMBER: _____

4) _____

FAX NUMBER: _____

5) _____

FAX NUMBER: _____

TOTAL PGS. (INCL. COVER): 6

FROM: William M. Musser

EXTENSION: #273

CLIENT/MATTER NUMBER: 23007.1

COMMENTS: _____

The information contained in this facsimile message is confidential, protected by the attorney/client privilege and intended for the use of only the individual or entity named above. If the reader of the message or information is not the intended recipient of the message or information transmitted herewith, you are hereby notified that any dissemination, distribution or copying of the message or information is strictly prohibited. If you have received this communication in error, please immediately notify the sender by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

002692

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994 2
STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 17, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Kershaw County
\$3,000,000 Hospital Facilities Revenue Bonds
Kershaw County Medical Center project

For this proposal to be included on the November 3, 1994, agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

002693

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

GREENVILLE OFFICE
NATIONSBANK PLAZA
SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/755-1800
FACSIMILE 919/890-4180

SPARTANBURG OFFICE
SPARTAN CENTRE / SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 17, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building, 6th Floor
Columbia, South Carolina 29201

RE: Kershaw County, South Carolina, Hospital Facilities Revenue Bonds (Kershaw County Medical Center), Series 1994, \$3,000,000

Dear Ms. Williams:

Enclosed please find an application for state law approval with respect to the above-referenced revenue bonds.

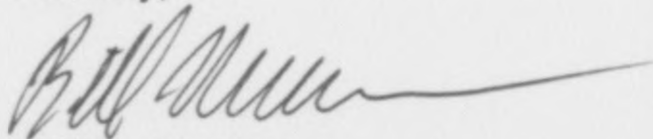
You will note that we have not included in the application a check for the processing fee. As Kershaw County Medical Center is a governmentally-owned hospital, I would request on its behalf a waiver of the required fee. I believe that the waiver would be consistent with past waivers requested by this Firm and granted by the Board on behalf of Chester County Hospital and Nursing Center in 1988 and in connection with the 1991 Richland County pooled financing sponsored by the Department of Mental Retardation.

Please let me know in the event no waiver is granted or if my recollection of the Board's actions on prior requests for waivers is incorrect. We will be able to deliver to you a check for the fee upon a couple of days notice.

On behalf of Kershaw County Medical Center, we would respectfully request that this matter be included on the agenda for the State Budget and Control Board's November 3, 1994 meeting.

Please call me with any questions you may have regarding the enclosed.

Sincerely,



William M. Musser

WMM/kcu

cc: Mr. Roger Dix
Daniel R. McLeod, Esq.

002694

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
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COLUMBIA, SOUTH CAROLINA 29211
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MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5783

November 23, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29201

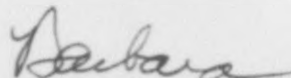
Re: \$3,000,000 Kershaw County, South Carolina, Hospital Facilities Revenue Bonds
(Kershaw County Medical Center), Series 1994

Dear Donna:

Enclosed are copies of the Affidavits of Publication of Notice of State Budget and Control Approval for the above-captioned issue published in The State and the Camden Chronicle.

Happy Thanksgiving!

Yours very truly,



Barbara C. Streett
Paralegal, Bond Department

/bcs

Enclosures

002695

Chronicle-Independent

STATE OF SOUTH CAROLINA
COUNTY OF KERSHAW

EXHIBIT

NOV 3 1994

2

STATE BUDGET & CONTROL BOARD

Personally appeared before me, a Notary Public, in and for said State and County, Michael Mischner, who being duly sworn according to law deposes and says that he is publisher of the Chronicle-Independent, a newspaper published each week in said county, and who further deposes that the Notice, a true copy of which is hereto affixed, was published by and for

K.C. Hosp. Bonds

in the issues dated

11/11/94

m. w.

Publisher

Subscribed and sworn to before me this

11th day of NOVEMBER, 1994

Lacy D. Eshen
Notary Public for South Carolina

My commission expires: MARCH 25, 2002

NOTICE OF PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 44, CHAPTER 7, ARTICLE 11 (1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 44-7-1590 of South Carolina Code Annotated, Title 44, Chapter 7, Article 11 (1976), as amended, (the "Act") that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Kershaw County, South Carolina, has given its approval to the following undertaking by Kershaw County, South Carolina:

The issuance by Kershaw County of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project), 1994, in the aggregate principal amount of not exceeding \$3,000,000 (the "Bonds"), to defray the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"). The County unconditionally covenants to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities").

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November 3, 1994.

11/11

002696

EXHIBIT

THE STATE-RECORD CO., INC.

Columbia, South Carolina

publisher of

The State

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Personally appeared before me Mort Goldstrom, Display Advertising Manager

of THE STATE, and makes oath that the advertisement,

\$3,000,000 Kershaw County, South Carolina Hospital Facilities Revenue
Bonds

was inserted in THE STATE, a daily newspaper of general circulation published in the

City of Columbia, State and County aforesaid, in the issues of

November 12, 1994

Mort Goldstrom

Subscribed and sworn to before me

this 14th day of November 19 94.

Evelyn F. Halperin

Notary Public

My Commission Expires May 5, 2003

"Errors - the liability of the publisher on account of errors in or omissions from any advertisement will in no way exceed the amount of the charge for the space occupied by the item in error, and then only for the first incorrect insertion."

NOTICE PURSUANT TO
THE PROVISIONS
OF SOUTH CAROLINA
CODE ANNOTATED,
TITLE 44, CHAPTER 7,
ARTICLE 11
(1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 44-7-1590 of South Carolina Code Annotated, Title 44, Chapter 7, Article 11 (1976), as amended, (the "Act") that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Kershaw County, South Carolina, has given its approval to the following undertaking by Kershaw County, South Carolina:

The issuance by Kershaw County of its Hospital Facilities Revenue Bonds (Kershaw County Medical Center Project), 1994, in the aggregate principal amount of not exceeding \$3,000,000 (the

"Bonds"), to defray the cost of acquiring certain equipment and renovation, expansion and improvements of the Hospital Facilities of the County, including the emergency room facilities, outpatient surgery facilities and surgery facilities, the front entrance to the Hospital, laundry facilities and cardiac rehabilitation facilities, and other related improvements (the "Project"). The County unconditionally covenants to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues derived by the County from the Kershaw County Medical Center (the "Hospital Facilities").

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

STATE BUDGET AND
CONTROL BOARD

BY: Donna K. Williams

Dated: November 3, 1994

03929

002697

EXHIBIT

OCT 18 1994

NOV 3 1994

3 9:00 a.m.

TRANSMITTAL FORM, REVENUE BONDS

TO: Donna Kaminer Williams, Board Secretary
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

STATE BUDGET & CONTROL BOARD
DATE: October 17, 1994

Submitted for BCB Meeting on:

November 3, 1994OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair & Sanford, P.A.

Name of Law Firm

1301 Gervais Street, P. O. Box 11390 (29211)

Street Address/Box Number

Columbia, SC 29201

City, State, Zip Code

(803) 799-9800

Area Code/Telephone Number

RE:

\$10,000,000

Amount of Issue

Kershaw County, South Carolina

Name of Issuing Authority

Industrial Development Revenue Bonds

Type of Bonds or Notes

October 15, 1994

Projected Issue Date

Project Name: DeRoyal Textiles, Inc. Project

Project Description: Acquisition of land, building, machinery and equipment used to
manufacture lightweight woven cotton material

Employment as a result of the project: 100+

Ceiling Allocation Required

Yes (\$) No

Amount

Refunding Involved

Yes (\$) X No

Amount

Project Approved Previously

X Yes (\$10,000,000) No

Amount

EXTENSION REQUESTED

Documents enclosed (executed original and two copies of each):

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

- A. X Petition
B. X Resolution or Ordinance
C. X Inducement Resolution or comparable preliminary approval
D. NA Department of Health and Environmental Control Certificate if required
E. X Budget and Control Board Resolution and Public Notice (original)
Plus 8 copies for certification and return to bond counsel
F. X Draft bond counsel opinion letter
G. X Processing Fee
Amount: \$ 3,000.00 Check No: 011480
Payor: DeRoyal Textiles

Bond Counsel: April C. Lucas

Typed Name of Bond Counsel

By: April Lucas

Signature

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

EXHIBIT

NOV 3 1994

3

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Kershaw County
\$10,000,000 Industrial Revenue Development Bonds
DeRoyal Textiles, Inc. Project

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to S.C. Code Ann. §4-29-140, et. seq. (1986 and Supp. 1993). The documents appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

This letter addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By:

Alta C. Brundister

ACB/fg

002699

002700

EXHIBIT

NOV 3 1994

3

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

DeRoyal Textiles, Inc. STATE BUDGET & CONTROL BOARD

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

November 4, 1994

Donna Kaminer Williams

002701

A RESOLUTION APPROVING THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$10,000,000 AGGREGATE PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS (DEROYAL TEXTILES, INC. PROJECT) 1989, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Kershaw County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Kershaw County (the "County") pursuant to the Act of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) in the aggregate principal amount of not exceeding \$10,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring certain land and a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed in such facility (the "Project") to be used for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application; and

WHEREAS, the Project is to be made available to DeRoyal Textiles, Inc., a Delaware corporation, (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Bonds; and

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Corporation with respect to the Project and by draws under a Letter of Credit to be issued by a commercial bank; and

WHEREAS, the County has submitted with the Petition (i) an Inducement Resolution adopted by the Governing Board on May 17, 1994 and (ii) a copy of a resolution adopted by the County on July 19, 1994, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such review of the matters set forth in the Petition as it deems advisable, and on the basis of such review it is hereby found, determined and declared:

7

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, which will be secured by an assignment by the County of the revenues to be derived under the Loan Agreement with respect to the Project and by a letter of credit issued by a commercial bank, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the Governing Board and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Loan Agreement and the Indenture and the description of the Project contained in the Petition.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in The State Newspaper and Camden Chronicle, newspapers having general circulation in Kershaw County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

NOV 3 1994

3

STATE BUDGET & CONTROL BOARD

EXHIBIT A

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

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

The issuance by Kershaw County of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) in the aggregate principal amount of not exceeding \$10,000,000 (the "Bonds"), to defray the costs of acquiring certain land and a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed in such facility, to be owned and operated by DeRoyal Textiles, Inc., a Delaware corporation, as an industrial facility for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application (the "Project") to be located in Kershaw County. The Project will be made available to DeRoyal Textiles, Inc., which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Bonds. The Bonds will be payable by Kershaw County solely and exclusively out of payments to be made by DeRoyal Textiles, Inc. for the use of the Project, and are to be additionally secured by a letter of credit issued by a commercial bank.

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

STATE BUDGET AND CONTROL BOARD

BY: Donna K. Williams

Dated: November __, 1994.

COLA:142408-1

3

602704

NAN - 0000

EXHIBIT

NOV 3 1994

3

STATE OF SOUTH CAROLINA)
)
KERSHAW COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

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

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

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

3. Pursuant to the provisions of Act No. 117 of the Acts and Joint Resolutions for the General Assembly of the State of South Carolina for the year 1987 and regulations approved thereunder, the State Budget and Control Board and the Joint Bond Review Committee have been assigned certain responsibilities with respect to allocation of the private activity bond ceiling applicable to the State of South Carolina under Section 146 of the Internal Revenue Code of 1986, as amended (the "Volume Cap").

4. The County has agreed to assist DeRoyal Textiles, Inc., a South Carolina corporation, (the "Corporation") by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain facilities (the "Project") more fully described below, located in the County.

5. The undersigned Chairman of the County Council certifies that approval of this Project was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

6. The County has been advised by the Corporation that the estimated cost of the Project will be \$10,000,000 and it has requested the County to issue and sell its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$10,000,000 to defray such costs.

7. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the aggregate principal amount of the Bonds required to finance the Project is expected to be not exceeding \$10,000,000; (v) the amount necessary in each year to pay the principal, premium, if any, and the interest on the Bonds proposed to be issued to defray the cost of the Project will be made a part of the proceedings of the County with respect to the Bonds; (vi) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Bonds and the maintenance of the Project; and (vii) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto.

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

(a) The Project consists of a building or buildings and other improvements and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application, and it is anticipated that, upon completion, the Project will retain permanent full time employment for over 100 people in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be \$10,000,000.

(c) Following is a summary of the terms of the Loan Agreement and the Trust Indenture, which summary is in no way intended to affect or alter the actual terms of the documents themselves:

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

(A) Proceeds derived from the sale of the Bonds, except any accrued interest paid by the original purchasers and amounts used to pay issuing expenses, will be used and applied by the County upon request of the Corporation solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) Under the terms of the Loan Agreement, the Corporation obligates itself: to effect the completion of the Project if the proceeds derived from the sale of the Bonds prove insufficient therefor without diminution of any payments to the County required by the Loan Agreement; to meet the payments of principal, premium, if any, and interest on the Bonds as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Loan Agreement.

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

(ii) The proposed Trust Indenture between the County and a trustee to be named (the "Trustee"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the owners of the Bonds of the County's right, title and interest in and to the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement or with respect to any security afforded thereunder or any other financing agreement (except payments of certain fees and expenses and certain rights to indemnification and receipt of notices) and all the moneys and securities in funds created

under the Trust Indenture, except any rebate fund.

(B) The terms of the Bonds, the provisions for exchange and transfer of the Bonds, the redemption provisions, the means of disbursement and investment of the proceeds thereof, provisions for issuance of additional parity bonds, default provisions and remedies therefor and various other matters relating to the Bonds.

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

(D) That payment of the principal of, premium, if any, interest on and purchase price of, the Bonds shall be secured by an irrevocable letter of credit issued by a commercial bank.

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

EXHIBIT

NOV 3 1994

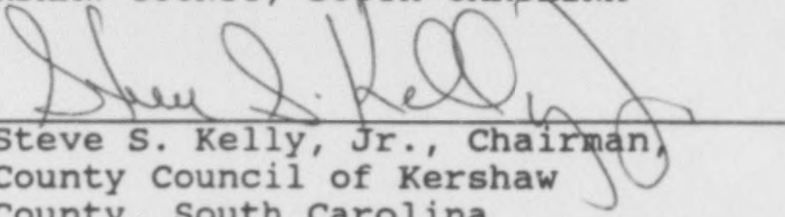
3

Section 4-29-140 of the Act, and (v) extend the \$10,000,000 of the Volume Cap previously allocated for the Bonds until the end of the calendar year.

Respectfully submitted,

KERSHAW COUNTY, SOUTH CAROLINA

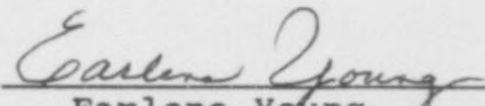
By


Steve S. Kelly, Jr., Chairman,
County Council of Kershaw
County, South Carolina

Dated: ^{October} ~~July~~ 14, 1994

(SEAL)

ATTEST:


Earlene Young,
Clerk to County Council,
Kershaw County, South Carolina

EXHIBIT

NOV 3 1994

3

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY KERSHAW COUNTY, SOUTH CAROLINA OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS (DEROYAL TEXTILES, INC. PROJECT) SERIES 1989, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000.

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

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

WHEREAS, the County and DeRoyal Textiles, Inc., a Delaware corporation, (the "Corporation") entered into an Inducement Agreement authorized by the County on May 17, 1994, (the "Inducement Agreement"), pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Inducement Agreement, the County proposes to issue not exceeding \$10,000,000 aggregate principal amount of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) Series 1994 (the "Bonds") under and pursuant to the Act to defray a portion of the cost of acquiring by construction and purchase a building or buildings and other improvements, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein, for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and pursuant to the terms of a Loan Agreement (the "Agreement") to be entered into between the County and the Corporation; and

COLA:142207

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding \$10,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by maintaining permanent employment for over 100 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

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

(d) The issuance of the Bonds by the County in the aggregate principal amount of not exceeding \$10,000,000 will be required to defray the cost of the Project.

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

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

(g) The Project will consist of the items described in the recital clauses hereof.

EXHIBIT

NOV 3 1994

3

STATE BUDGET & CONTROL BOARD

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$10,000,000.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County, of a petition or ptitions requesting the approval of the proposal of the County to issue the Bonds by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto; provided, however, that the Chairman is hereby authorized to submit a petition requested volume cap allocation in advance of the petition for final approval upon the request of the Corporation.

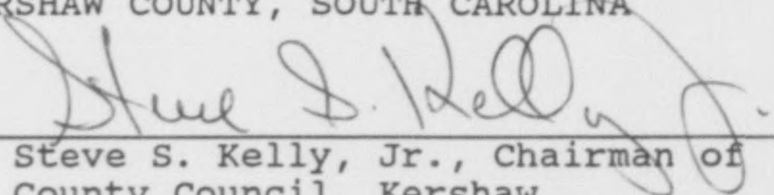
Section 3. The Chairman of the County Council is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the County Administrator of the County is hereby authorized and directed to affix the seal of the County to said Petition and to attest the same and thereafter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

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

Passed and approved July 19, 1994.

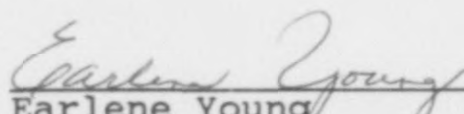
KERSHAW COUNTY, SOUTH CAROLINA

By


Steve S. Kelly, Jr., Chairman of
County Council, Kershaw
County, South Carolina

(SEAL)

ATTEST:


Earlene Young
Clerk to County Council,
Kershaw County, South Carolina

EXHIBIT

NOV 3 1994

3

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN KERSHAW COUNTY, SOUTH CAROLINA AND DEROYAL TEXTILES, INC., WHEREBY, UNDER CERTAIN CONDITIONS, KERSHAW COUNTY WILL ISSUE NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000) AGGREGATE PRINCIPAL AMOUNT OF ITS INDUSTRIAL DEVELOPMENT REVENUE BONDS OR NOTES.

WHEREAS, Kershaw County, South Carolina (the "County") acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended, (the "Act") to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, DeRoyal Textiles, Inc., a Delaware corporation qualified to do business in South Carolina, (the "Corporation") has requested the County to issue not exceeding \$10,000,000 aggregate principal amount of its Industrial Development Revenue Bonds or Notes (DeRoyal Textiles, Inc., Project) pursuant to the Act for the purpose of defraying the cost of acquiring by construction and/or purchase certain land, a building or buildings and other improvements and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein, for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial application, constituting an industrial facility (the "Project"), all as more fully set forth in the Inducement Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Corporation that the Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

COLA:123805

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NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project, there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding Ten Million Dollars (\$10,000,000) to be designated "Kershaw County, South Carolina, Industrial Development Revenue Bonds or Notes (DeRoyal Textiles, Inc., Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Corporation, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The Chairman of the County Council is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to affix thereto the seal of the County Council and to attest the same; and the Chairman of the County Council is hereby further authorized and directed to deliver said executed Inducement Agreement to the Corporation.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

Section 6. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

Section 7. The County's obligation to take additional action is subject to the condition that the Corporation provide evidence that a financial institution of sufficient standing will purchase the Bonds or provide appropriate credit enhancement with respect to the Bonds or that the Corporation provide the County with other evidence satisfactory to the County of adequate credit to secure the Bonds.

Done in meeting duly assembled on the 17TH day of May, 1994.

KERSHAW COUNTY, SOUTH CAROLINA

By: Steve S. Kelly, Jr.

Steve S. Kelly, Jr., Chairman
County Council of Kershaw
County, South Carolina

(SEAL)

ATTEST:

By: Earlene Young

Earlene Young, Clerk to
County Council of
Kershaw County, South Carolina

EXHIBIT

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3

INDUCEMENT AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT made and entered into by and between Kershaw County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, (the "County") and DeRoyal Textiles, Inc., a Delaware corporation authorized to do business in South Carolina (the "Corporation").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

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

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

Section 1.02. The Corporation desires to acquire certain land located within the jurisdiction of the County, and a building or buildings and other improvements thereon and all machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for the purpose of manufacturing lightweight woven cotton material for medical, aerospace and industrial applications (the "Project"). The Project when completed and in operation will retain permanent employment in the County for approximately 190 people.

Section 1.03. The Corporation has requested the County to assist it with its contemplated program through the sale of Industrial Development Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the Project.

Section 1.04. The County has given due consideration to all the proposals and requests of the Corporation and has agreed to endeavor to effect the issuance of the bonds or notes at the time

and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not exceeding Ten Million Dollars (\$10,000,000) aggregate principal amount of Kershaw County, South Carolina Industrial Development Revenue Bonds [or Notes] (DeRoyal Textiles, Inc., Project) (the "Bonds"), at such time as the Corporation may request the County to do so.

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

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

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

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

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully

implement its undertakings and to consummate the proposed financing. The County's obligation to take additional action is subject to the condition that the Corporation provide evidence that a financial institution of sufficient standing will purchase the Bonds or provide appropriate credit enhancement with respect to the Bonds or that the Corporation provide the County with other evidence satisfactory to the County of adequate credit to secure the Bonds.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE CORPORATION

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

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

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

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

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

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

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

(f) to covenant and agree in the financing agreement referred to hereinbefore to install in the buildings which are to become a part of the Project all necessary equipment and machinery and thereafter to operate the Project as a facility for the purpose of manufacturing woven all cotton material for medical, aerospace and industrial applications or for such other purposes as may

hereafter be deemed appropriate.

ARTICLE IV

GENERAL PROVISIONS

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

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

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

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

Section 4.05. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

Section 4.06. The Corporation may assign its rights under this Inducement Agreement to any corporate affiliate or to any shareholder or to any partnership or any corporation or entity in which a shareholder of the Corporation has an ownership interest.

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

KERSHAW COUNTY, SOUTH CAROLINA

By: Steve S. Kelly, Jr.
Steve S. Kelly, Jr., Chairman
County Council of Kershaw
County, South Carolina

(SEAL)

ATTEST:

By: Earlene Young
Earlene Young, Clerk to
County Council of
Kershaw County, South Carolina

Dated: May 17, 1994.

DEROYAL TEXTILES, INC.

By: _____

Its: _____

(SEAL)

ATTEST:

By: _____

Its: _____

Dated: _____, 1994.

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

KERSHAW COUNTY, SOUTH CAROLINA

By: Steve S. Kelly, Jr.
Steve S. Kelly, Jr., Chairman
County Council of Kershaw
County, South Carolina

(SEAL)

ATTEST:

By: Earlene Young
Earlene Young, Clerk to
County Council of
Kershaw County, South Carolina

Dated: May 12, 1994.

DEROYAL TEXTILES, INC.

By: Paul J. DeBuss
Its: President

(SEAL)

ATTEST:

By: Susan H. Hovey
Its: Secretary
Dated: MAY 31, 1994.

COLA:123805

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DRAFT

[Opinion of Bond Counsel]

EXHIBIT

December __, 1994

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Kershaw County, South Carolina
Camden, South Carolina

STATE BUDGET & CONTROL BOARD

DeRoyal Textiles, Inc.

Re: \$10,000,000 Kershaw County, South Carolina Industrial
Development Revenue Bonds (DeRoyal Textiles, Inc. Project)
Series 1994

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by Sumter County, South Carolina (the "Issuer") of \$10,000,000 aggregate principal amount Kershaw County, South Carolina, Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) Series 1994, dated __, 1994 (the "Bonds"). We have examined the law and such other proceedings and other documents as we deem necessary to render this opinion.

The Bonds are issued pursuant to a Trust Indenture dated as of December 1, 1994 (the "Indenture"), between the Issuer and __, as Trustee (the "Trustee"). Pursuant to a Loan Agreement dated as of December 1, 1994 (the "Loan Agreement"), between the Issuer and DeRoyal Textiles, Inc. (the "Company"), the proceeds of the sale of the Bonds have been loaned to the Company in order to finance the acquisition and construction of facilities for the manufacturing of lightweight woven cotton material for medical, aerospace and industrial application (the "Project") in Kershaw County, South Carolina. Under the Loan Agreement the Company has agreed to make payments sufficient to pay when due the principal of, premium (if any) and interest on the Bonds. Such payments and other revenues under the Loan Agreement (the "Revenues") and the rights of the Issuer under the Loan Agreement (except certain rights to indemnification, inspection, reimbursements and administrative fees) are pledged and assigned by the Issuer pursuant to the Indenture as security for the Bonds. Pursuant to a Reimbursement Agreement dated as of December 1, 1994 (the "Reimbursement Agreement") between the Company and __ (the "Bank"), the Bank has issued its Letter of Credit (the "Letter of Credit") in an amount equal to the principal amount of the Bonds and (____) days' interest on the Bonds in favor of the Trustee in

COLA:148843-1

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NON-0000

order to secure payment of amounts due with respect to the Bonds for the payment of principal thereon (whether on redemption or acceleration of maturity or purchase upon tender by the owners thereof as hereinafter described) and up to _____ (_____) days' interest on the Bonds. In order to secure its obligations to make payments with respect to the Bonds pursuant to the Loan Agreement and to reimburse the Bank for advances made by the Bank pursuant to the Letter of Credit, the Company has granted to the Bank a lien on, and a mortgage and security interest in the Project pursuant to a Mortgage and Security Agreement dated as of _____, 1994 (the "Security Agreement"), from the Company to the Bank. The Bonds (including the purchase price on tender) are payable by the Issuer solely from amounts paid by the Company pursuant to the Loan Agreement and amounts realized upon or as a result of the exercise of any remedy under the Loan Agreement, the Letter of Credit or the Indenture.

Reference is made to opinions of even date of _____, counsel to the Company with respect to, among other matters, good standing and qualification to do business of the Company; the power of the Company to enter into and perform the Loan Agreement, the Tax Regulatory Agreement, the Reimbursement Agreement, the Security Agreement and other documents entered into by the Company in connection therewith; the authorization, execution and delivery of the Loan Agreement, the Tax Regulatory Agreement, the Reimbursement Agreement, the Security Agreement and such other documents by the Company; the Loan Agreement, the Reimbursement Agreement, the Tax Regulatory Agreement and the Security Agreement being binding and enforceable upon the Company; and as to certain title matters (and compliance by the Company with certain zoning, land use and related laws), including the recording of the Security Agreement and the filing under the Uniform Commercial Code with respect to certain contract rights and the personal property.

Reference is also made to an opinion of even date of _____, counsel to the Bank, with respect to, among other things, the corporate status and licensing of the Bank, the corporate power and authority of the Bank to execute and deliver the Letter of Credit, the authorization, execution and delivery of the Letter of Credit and the validity, legally binding nature and enforceability of the Letter of Credit.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Company contained in the Loan Agreement and Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company (including certifications as to the use of Bond proceeds and capital expenditures to date which are material to paragraph 4

below) and other parties, without undertaking to verify the same by independent investigation. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of South Carolina with the corporate power to enter into and perform the Loan Agreement, the Indenture and the Tax Regulatory Agreement and issue the Bonds.

2. The Loan Agreement, the Indenture and the Tax Regulatory Agreement have been duly authorized, executed and delivered by the Issuer and, subject to the penultimate paragraph below, are valid and binding obligations of the Issuer enforceable against the Issuer. The Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Loan Agreement (except certain rights to indemnification, inspection, reimbursements and administrative fees) on a parity with other bonds (if any) issued or to be issued under the Indenture.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and, subject to the penultimate paragraph hereof, are valid and binding limited obligations of the Issuer, payable by the Issuer solely from the Revenues; the Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of the State and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power.

4. Under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except for interest on any Bond during any period while it is held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and except that the Company or another person, by taking action after the date hereof that causes either the \$10,000,000 limitation set forth in Section 144(a)(4) of the Code or the \$40,000,000 limitation set forth in Section 144(a)(10) of the Code to be exceeded, may cause interest on the Bonds to become includable in gross income (retroactive to the date hereof

in certain instances) for federal income tax purposes. Furthermore, interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and must be included in the computation of the environmental tax on corporations imposed by Section 59A of the Code and the branch profits tax on foreign corporations imposed by Section 884 of the Code. Also, ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations.

In addition to the foregoing exceptions, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes, including without limitation use, investment and expenditure of Bond proceeds. Failure to comply with such requirements could cause the interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The Issuer and the Company have covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under the laws of the State of South Carolina, the Note and interest thereon are exempt from all taxation in said State, except estate or other transfer taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina, 1976, amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Note.

6. The principal of and interest on the Bonds are exempt from all taxation in the State of South Carolina except for such inheritance, estate or transfer taxes as might be applicable in the case of residents of the State of South Carolina.

It is to be understood that the rights of the holders of the Bonds and the Trustee and the enforceability of the Bonds, the Loan Agreement, the Indenture and the Tax Regulatory Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and the valid exercise of the constitutional powers of the United States and the police powers of the State.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement). We have not examined any documents or other information concerning the business or financial resources of the Issuer, the Company or the Bank, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer, the Company or the Bank that may have been relied upon by the Owners of the Bonds in making their decision to purchase the Bonds. Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest thereon. The opinions contained herein are limited the matters of South Carolina law and federal tax law.

Very truly yours,

McNAIR & SANFORD, P.A.

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994 3
STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 18, [Date]

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Kershaw County
\$10,000,000 Industrial Development Revenue Bonds
DeRoyal Textiles, Inc. project

For this proposal to be included on the November 3 agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

002727

EXHIBIT

NOV 3 1994

3

STATE BUDGET & CONTROL BOARD

002728

011480



East York St.
P.O. Box 400
Camden, SC 29020
803-432-2403

Wachovia Bank of S.C., N.A.

67-22
539

PAY

DATE

CHECK NO.

CHECK AMOUNT

10/14/94

11480

3000.00

TO
THE
ORDER
OF

State of South Carolina
Columbia, S. C. 29201

Anthony P. [Signature]

⑈0011480⑈ ⑆053900225⑆ 3205 18384⑈

DeRoyal Textiles P.O. Box 400, Camden, SC 29020

VENDOR NO.

VENDOR NAME

011480

TRANSACTION DATE	REFERENCE	GROSS AMOUNT	DEDUCTION	NET AMOUNT
CHECK DATE	CHECK NO.	TOTAL GROSS	TOTAL DEDUCTION	CHECK AMOUNT

NON-ONLY

EXHIBIT

McNAIR & SANFORD, P.A.

ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
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GEORGETOWN OFFICE
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GREENVILLE OFFICE
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TELEPHONE 803/271-4940
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RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/755-1800
FACSIMILE 919/890-4180

NOV 7 1994 3
SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5132
SPARTANBURG, SC 29583
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705
STATE BUDGET & CONTROL BOARD

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

November 7, 1994

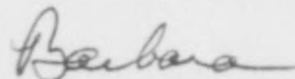
Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29210

Re: \$10,000,000 Kershaw County, South Carolina Industrial Development Revenue Bonds
(DeRoyal Textiles, Inc. Project)

Dear Donna:

Enclosed is a copy of the Affidavit of Publication of the Notice of the State Budget and Control Board approval which was published in the November 4, 1994, issue of The State in connection with the above-captioned transaction.

Yours very truly,



Barbara C. Streett
Paralegal

/bcs

Enclosure

COLA:166550-1

002729

EXHIBIT

THE STATE-RECORD CO., INC.

Columbia, South Carolina

publisher of

The State

NOV 3 1994

STATE BUDGET & CONTROL BOARD

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

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

The issuance by Kershaw County of its Industrial Development Revenue Bonds (DeRoyal Textiles, Inc. Project) in the aggregate principal amount of not exceeding \$10,000,000 (the "Bonds"), to defray the costs of acquiring certain land and a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed in such facility, to be owned and operated by DeRoyal Textiles, Inc., a Delaware corporation, as an industrial facility for the purpose of manufacturing light-weight woven cotton material for medical, aerospace and industrial application (the "Project") to be located in Kershaw County. The Project will be made available to DeRoyal Textiles, Inc., which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Bonds. The Bonds will be payable by Kershaw County solely and exclusively out of payments to be made by DeRoyal Textiles, Inc. for the use of the Project, and are to be additionally secured by a letter of credit issued by a commercial bank.

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

STATE BUDGET AND
CONTROL BOARD
BY: Donna K. Williams
Dated: November 3, 1994
03863

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Personally appeared before me Mort Goldstrom, Display Advertising Manager

of THE STATE, and makes oath that the advertisement,

\$10,000,000 Kershaw County, South Carolina Industrial Development
Revenue Bonds (DeRoyal Textiles, Inc. Project)

was inserted in THE STATE, a daily newspaper of general circulation published in the

City of Columbia, State and County aforesaid, in the issues of

November 4, 1994

Mort Goldstrom

Subscribed and sworn to before me

this 4th day of November 19 94.

Evelyn F. Hammer

Notary Public

My Commission Expires May 5, 2003

"Errors - the liability of the publisher on account of errors in or omissions from any advertisement will in no way exceed the amount of the charge for the space occupied by the item in error, and then only for the first incorrect insertion."

002730

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

December 4, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
(UNDER TAX REFORM ACT OF 1986)
FINAL ALLOCATION, CALENDAR YEAR 1994

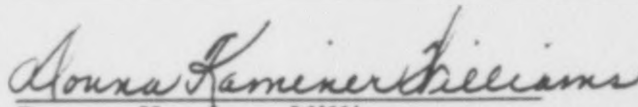
TO: Kershaw County
Employer ID #57-6000368
Kershaw County Courthouse, Room 202
Camden, SC 29020

c/o April C. Lucas
McNair & Sanford, P.A.
P. O. Box 11390
Columbia, SC 29211

RE: Issue of \$9,750,000 Kershaw County, South Carolina
Industrial Development Revenue Bonds
(DeRoyal Textiles, Inc. Project)
Issue Date Projected By Issuing Authority: December 8, 1994
CUSIP Number: 492503AC1
Allocation Expiration Date: December 23, 1994
Issue Amount Certificate Date: December 2, 1994

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 1-11-550 of the South Carolina Code of Laws, 1976, as amended, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1994 will not exceed the 1994 State Ceiling on the issuance of private activity bonds for the State of South Carolina and thus meets the requirements of Section 146 of the Internal Revenue Code of 1986, as amended.


Donna Kaminer Williams
Secretary to the Board

002731

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

CHARLESTON OFFICE
140 EAST BAY STREET
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CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

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GEORGETOWN, SC 29442
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FACSIMILE 803/546-0096

GREENVILLE OFFICE
NATIONSBANK PLAZA
SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/755-1800
FACSIMILE 919/800-4160

SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0706

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-3783

December 5, 1994

VIA FAX NO. 734-2117

Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$9,750,00 Kershaw County, South Carolina, Industrial Development Revenue Bonds
(DeRoyal Textiles, Inc. Project), Series 1994

Dear Donna:

In connection with the above-captioned issue, the following is the information you requested:

Kershaw County, South Carolina
Kershaw County Courthouse, Room 202
Camden, South Carolina 29020
Federal ID No. 57-6000368

CUSIP No. 492503AC1

If you will have someone call me when the Final Certificate is ready, I'll pick it up.
Thank you.

Yours very truly,

Barbara C. Streett

Barbara C. Streett
Paralegal

/bcs

COLA:171067-1

002732

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAWNATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
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FACSIMILE 803/546-0098GREENVILLE OFFICE
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GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/755-1600
FACSIMILE 919/590-4180SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 308
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3300
FACSIMILE 202/659-5763

December 2, 1994

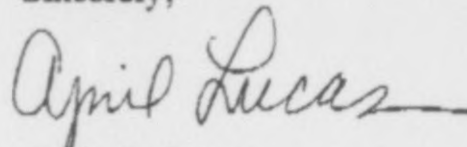
VIA FAX NO. 734-2117Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29201Re: \$9,750,000 Kershaw County, South Carolina Industrial Development Revenue Bonds
(DeRoyal Textiles, Inc. Project), Series 1994

Dear Donna:

The above-captioned issue in the final amount of \$9,750,000 is scheduled to pre-close on December 7 and close on December 8 in Knoxville, Tennessee. Please call me when the Final Certificate is ready, and I will pick it up.

Thank you for your assistance.

Sincerely,


April C. Lucas

ACL/bcs

EXHIBIT

NOV 3 1994

4

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 2

AGENCY: Jobs-Economic Development Authority

SUBJECT: Economic Development Bonds

The Jobs-Economic Development Authority requests Board approval of the private sale of Economic Development Revenue Bonds for the following projects.

- (a) Name of Project: Wellington Yarns, Inc.
Location: Anderson County
Principal Amount: not exceeding \$7,000,000
Allocation Amount: granted previously
Employment Impact: 50-200
Purpose: manufacturing yarn
- (b) Name of Project: Carolina Cotton Works, Inc.
Location: Cherokee County
Principal Amount: not exceeding \$2,885,000
Allocation Amount: granted previously
Employment Impact: 150 within 12 months; 200 within 24 months
Purpose: bleaching and preparation of cotton knit piece goods; dyeing cotton garments
- (c) Name of Project: Jackson Mills, Inc.
Location: Spartanburg County
Principal Amount: not exceeding \$4,400,000
Employment Impact: maintain 916 employees
Purpose: refunding bonds which financed a facility for manufacturing cotton and cotton blend greige goods for apparel, home furnishings and other textile markets

BOARD ACTION REQUESTED:

Adopt resolutions approving the private sale of Economic Development Revenue Bonds the Jobs-Economic Development Authority for the referenced projects.

ATTACHMENTS:

Referenced resolutions

002734

TRANSMITTAL FORM, REVENUE BONDS

OCT 18 1994

9:00 a.m.

TO: Donna Kaminer Williams, Board Secretary
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

DATE: October 17, 1994

Submitted for BCB Meeting on:

November 3, 1994OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair & Sanford, P.A.

Name of Law Firm

1301 Gervais Street, P. O. Box 11390 (29211)

Street Address/ Box Number

Columbia, SC 29201

City, State, Zip Code

(803) 799-9800

Area Code/ Telephone Number

RE:

\$7,000,000

Amount of Issue

South Carolina Jobs-Economic
Development Authority

Name of Issuing Authority

Industrial Development Revenue Bonds

Type of Bonds or Notes

October 15, 1994

Projected Issue Date

Project Name: Wellington Yarns Inc.

Project Description: Acquisition of land, building, machinery and equipment to be
used to manufacture yarn.

Employment as a result of the project: 50-200

Ceiling Allocation Required
Yes (\$) X No

Amount

EXTENSION REQUESTED

Refunding Involved
Yes (\$) X No

Amount

Project Approved Previously
X Yes (\$ 7,000,000) No

Amount

Documents enclosed (executed original and two copies of each):

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

- A. X Petition
B. X Resolution or Ordinance
C. X Inducement Resolution or comparable preliminary approval
D. NA Department of Health and Environmental Control Certificate if required
E. X Budget and Control Board Resolution and Public Notice (original)
Plus 8 copies for certification and return to bond counsel
F. X Draft bond counsel opinion letter
G. NA Processing Fee
Amount: \$ Check No:
Payor:

Bond Counsel: April C. Lucas
Typed Name of Bond Counsel

By: April Lucas
Signature

EXHIBIT

NOV 3 1994

4

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$7,000,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS (WELLINGTON YARNS INC. PROJECT) SERIES 1994, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended, (the "Act") requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Wellington Yarns Inc. Project) Series 1994, in the aggregate principal amount of not exceeding \$7,000,000 (the "Bonds") through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be secured by a Letter of Credit issued by a commercial bank and that the Authority finds such security for payment of the Bonds to be acceptable.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that: the Request filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

COLA:142426-1

002736

(a)

NON - 0000

EXHIBIT

NOV 3 1994

4

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Wellington Yarns, Inc. STATE BUDGET & CONTROL BOARD

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

November 4, 1994

Donna Kaminer Williams

002737

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$7,000,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS (WELLINGTON YARNS INC. PROJECT) SERIES 1994, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended, (the "Act") requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Wellington Yarns Inc. Project) Series 1994, in the aggregate principal amount of not exceeding \$7,000,000 (the "Bonds") through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be secured by a Letter of Credit issued by a commercial bank and that the Authority finds such security for payment of the Bonds to be acceptable.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

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Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

STATE OF SOUTH CAROLINA

NOV 3 1994

4

State Budget and Control Board

DIVISION OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNORGRADY L. PATTERSON, JR.
STATE TREASUREREARLE E. MORRIS, JR.
COMPTROLLER GENERAL1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880HELEN T. ZEIGLER
DEPUTY DIRECTORJOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEEWILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEELUTHER F. CARTER
EXECUTIVE DIRECTOR

October 24, 1994

The Honorable Donna K. Williams
Secretary
S. C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Jobs-Economic Development Authority
\$7,000,000 Industrial Development Revenue Bonds
Wellington Yarns, Inc. Project

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, McNair and Sanford, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
General Counsel

002739

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

Donna Williams
Secretary to the Board
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Jobs-Economic Development Authority
\$7,000,000 Industrial Development Revenue Bonds
Wellington Yarns, Inc. project

Dear Ms. Williams:

This Office has received the letter you have forwarded to us regarding the Wellington Yarns, Inc. Project.

There is no known litigation of any nature, now pending, or to the knowledge of this Office, threatened, restraining or enjoining the issuance and delivery of the Bonds, nor in any manner questioning the proceedings and authority under which the same is made or affecting the validity of the Bonds thereunder.

No opinion is expressed as to any matters other than as set forth herein. Specifically no opinion is expressed as to any business judgment decisions in relation to this transaction.

Office of the Attorney General

By: Alice C. Broadwater

ACB/fg

002740

EXHIBIT

NOV 3 1994

4

STATE OF SOUTH CAROLINA)
)
RICHLAND COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

PETITION OF SOUTH
CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

This Petition of the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended, (the "Act") and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in Section 41-43-160 of the Act) which shall be located within the jurisdiction of the State of South Carolina; (ii) to make available to any business enterprise located in South Carolina such projects for such payments and upon such terms and conditions as the Authority may deem advisable and as shall not conflict with the provisions of the Act; and (iii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

2. Pursuant to the provisions of Act No. 117 of the Acts and Joint Resolutions for the General Assembly of the State of South Carolina for the year 1987 and regulations approved thereunder, the State Budget and Control Board and the Joint Bond Review Committee have been assigned certain responsibilities with respect to allocation of the private activity bond ceiling applicable to the State of South Carolina under Section 146 of the Internal Revenue Code of 1986, as amended (the "Volume Cap").

3. The Authority has agreed to assist Wellington Yarns Inc., a South Carolina corporation, (the "Borrower") by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain facilities to be used for the purpose of manufacturing yarn constituting an industrial facility to be located in Anderson County, South Carolina (the "Project").

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4. The undersigned Chairman of the Board of Directors of the Authority certifies that approval of this Project was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

5. The Authority has been advised by the Borrower that the estimated cost of the Project will be \$7,000,000, and the Borrower has requested the Authority to execute and deliver its Economic Development Revenue Bonds (Wellington Yarns Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$7,000,000 to defray such costs.

6. The Bonds will be sold through private placement with a third party institutional investor, which arrangement the Authority has determined to be most advantageous.

7. Pursuant to Section 41-43-150 of the Act, the Authority has made the requisite findings that:

(a) The Borrower is engaged in the business of manufacturing yarn, and the Project is located in Anderson County, South Carolina.

(b) The Project will constitute a "project" as said term is referred to and defined in Section 41-43-160 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding \$7,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(c) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Anderson County in particular, by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for a minimum of 50 people up to approximately 200 people from Anderson County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Note or Bonds.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Anderson County in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings:

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(a) Require a resolution from the governing body of Anderson County containing the following findings: (1) that the Project will subserve the purposes of the Act; (2) that the Project is anticipated to benefit the general public welfare of Anderson County by providing services, employment, recreation or other public benefits not otherwise provided locally; (3) that the Project will give rise to no pecuniary liability of Anderson County or a charge against its general credit or taxing power; and (4) the amounts of bonds required to finance the Project;

(b) Hold a public hearing in Anderson County in connection with such resolution;

(c) Make findings that the terms of the agreements to be entered into in connection with the Project are reasonable and proper as to the adequacy of protection for the public interest provided by such terms;

(d) Negotiate the terms of such agreements to the extent necessary to conclude that neither the Project, the Note or Bonds proposed to be issued by the Authority to defray the cost of the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State of South Carolina or a charge against the general credit or taxing power of either, and only program funds (as defined in the Act) will be made available to finance the cost of the Project;

(e) Undertake such investigation as is necessary to conclude that the Borrower is a corporation with established credit and is a responsible party; and

(f) Undertake such investigation as is necessary to conclude that the issuance of the Note or Bonds by the Authority in the final principal amount requested by the Borrower will be required to defray the cost of the Project, and such principal amount bears a reasonable relationship to the amount of private funds also committed to the Project.

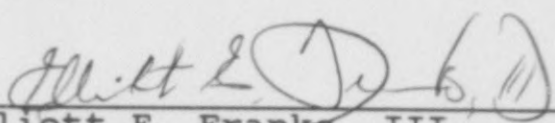
Upon the basis of the foregoing, the Authority respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it considers advisable, (iii) approve the issuance of the Bonds by the Authority through private sale pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally

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consummated which do not materially affect the undertaking of the Authority) and (iv) extend the \$7,000,000 of the Volume Cap previously allocated for the Bonds for an additional 31 days until December 23, 1994.

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT
AUTHORITY

By


Elliott E. Franks, III
Executive Director

Dated: October 17, 1994.

(SEAL)

EXHIBIT

NOV 3 1994

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A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND WELLINGTON YARN COMPANY, WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE NOT EXCEEDING \$7,000,000 OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES (WELLINGTON YARN COMPANY PROJECT) 1994, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED, AND AUTHORIZING APPLICATION UPON CERTAIN CONDITIONS TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority"), acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of the South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended, (the "Act") to acquire and cause to be acquired properties that are projects under Section 41-43-160 of the Act through which the industrial, commercial, agricultural and recreational development of the State of South Carolina will be promoted and trade developed by inducing business enterprises to locate in and remain in the State of South Carolina and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from revenues and receipts from any financing agreement between the Authority and any business enterprise with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, Wellington Yarn Company, a corporation to be formed under the laws of the State of Delaware which will be qualified to do business in South Carolina, (the "Borrower") has requested the Authority to issue not exceeding \$7,000,000 of its economic development revenue bonds or notes (Wellington Yarn Company Project) pursuant to Section 41-43-110 of the Act to acquire and upgrade an existing facility in Anderson County, South Carolina for the purpose of manufacturing yarn (the "Project"); and

WHEREAS, subject to the approval of the State Budget and Control Board of South Carolina for the issuance of the bonds or notes at public or private sale and subject to a local resolution in support of the Project by the governing body of Anderson County, South Carolina, the Authority proposes to make the Project

available to the Borrower under and pursuant to the terms of a loan agreement to be entered into between the Authority and the Borrower; and

WHEREAS, the Authority proposes to issue its economic development revenue notes or bonds (Wellington Yarn Company Project) in the aggregate principal amount of not exceeding \$7,000,000 (the "Bonds") under and pursuant to the Act to defray a portion of the costs of the Project; and

WHEREAS, it is deemed advisable by the Authority to file with the State Budget and Control Board of South Carolina, in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the State Budget and Control Board for the issuance of the note or bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project;

NOW THEREFORE, BE IT RESOLVED, by the Authority as follows:

Section 1. Pursuant to Section 41-43-110 of the Act and subject to such approval by the State Budget and Control Board and the governing board of Anderson County, South Carolina as may be required by law and for the purpose of defraying the cost of acquiring the Project, there is hereby authorized to be issued economic development revenue bonds or notes of the Authority in the aggregate amount of not exceeding \$7,000,000 to be designated "South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds [or Notes] (Wellington Yarn Company Project) 1994" (the "Bonds").

Section 2. The provisions, terms and conditions of the loan agreement by and between the Authority and the Borrower, the provisions, terms and conditions of the security agreement by and between the Authority and the trustee or bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority.

Section 3. The Chairman of the Board of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and the Executive Director of the Authority is hereby authorized and directed to affix thereto the seal of the Authority and to attest the same, and the Executive Director of the Authority is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 4. It is the understanding of the Authority that the interest on the Bonds shall be excluded from the gross income of the registered owners thereof for federal tax purposes. It is the intent of the Authority that this Resolution shall constitute "official action" with respect to the Project for purposes of Treas. Reg. Section 1.150-2.

Section 5. It is hereby found, determined and declared as follows:

(a) The Borrower is engaged in the business of manufacturing chemicals, and the Project is located in Anderson County, South Carolina.

(b) The Project will constitute a "project" as said term is referred to and defined in Section 41-43-160 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding \$7,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(c) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Anderson County in particular, by providing additional permanent employment in Anderson County for a minimum of 50 people up to approximately 200 people when operating at full capacity and adjacent areas with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Note or Bonds.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Anderson County in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings:

(a) Require a resolution from the governing body of Anderson County containing the following findings: (1) that the Project will subserve the purposes of the Act; (2) that the Project is anticipated to benefit the general public welfare of Anderson County by providing services, employment, recreation or other public benefits not otherwise provided locally; (3) that the Project will give rise to no pecuniary liability of Anderson County or a charge against its general credit or taxing power; and (4) the amounts of bonds required to finance the Project;

EXHIBIT

Passed and approved June 22, 1994.

NOV 3 1994

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SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

STATE BUDGET & CONTROL BOARD

By Robert L. Mobley
Robert L. Mobley, Chairman,
Board of Directors

(SEAL)

ATTEST:

Elliott E. Franks, III
Elliott E. Franks, III,
Executive Director

COLA:136293

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DRAFT

EXHIBIT

[on McNair & Sanford, P.A. letterhead] NOV 3 1994

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STATE BUDGET & CONTROL BOARD

_____, 1994

South Carolina Jobs-Economic Development Authority
1201 Main Street, Suite 1750
Columbia, South Carolina 29201

Re: \$7,000,000 Aggregate Principal Amount South Carolina Jobs-
Economic Development Authority Economic Development Revenue
Bonds (Wellington Yarns, Inc. Project) Series 1994

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the South Carolina Jobs-Economic Development Authority ("Issuer") of its \$7,000,000 aggregate principal amount Economic Development Revenue Bonds (Wellington Yarns Inc. Project) Series 1994 ("Bonds"). The Bonds have been issued pursuant to the terms of an Indenture of Trust ("Indenture") dated as of _____ 1, 1994 between the Issuer and _____ as trustee ("Trustee"). The Issuer will loan the proceeds of the Bonds to Wellington Yarns Inc. (the "Borrower") to pay the cost of certain facilities (the "Project") pursuant to a Loan Agreement ("Loan Agreement") dated as of _____ 1, 1994 between the Issuer and the Borrower. With respect to certain tax matters pertaining to the Bonds, the Issuer, the Borrower and the Trustee have entered into a Tax Regulatory Agreement dated as of _____ 1, 199__ (the "Tax Agreement").

Pursuant to the terms of the Loan Agreement, the Borrower is obligated to make payments to or on behalf of the Issuer sufficient to pay principal and purchase price of, premium, if any, and interest on the Bonds. Unless otherwise indicated, all capitalized terms as used in this opinion shall have the meanings set forth in Article I of the Indenture.

In connection with our opinion, we have examined the Constitution and laws of the State, particularly Title 41, Chapter 43, Code of Laws of South Carolina, 1976, as amended ("Act"), the transcript of the proceedings with respect to the Bonds, certified copies of documents relating to the organization of the Issuer and certified copies of proceedings and other papers relating to the issuance and sale by the Issuer of the Bonds, including the resolution adopted by the Issuer on _____, 1994 authorizing the issuance of the Bonds.

COLA:148835-1

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NON-CONFIDENTIAL

the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a validly existing public body, corporate and politic, and an agency of the State of South Carolina, duly created by the Act, and is vested with the rights and powers conferred by the Act.

2. The Issuer has all requisite authority and power under the Act, particularly Section 41-43-110 thereof, to issue the Bonds and to enter into and perform its obligations under the Indenture, the Loan Agreement and the Tax Agreement and to apply the proceeds from the issuance of the Bonds to make the loan contemplated by the Loan Agreement.

3. The Bonds have been duly authorized and issued in accordance with the Act, particularly Section 41-43-110 thereof, and the Indenture, and, subject to paragraph 6 below, constitute valid, binding and enforceable limited obligations of the Issuer, payable by the Issuer solely from the revenues and receipts pledged to such purpose under the Indenture and from amounts drawn under the Letter of Credit or other security arrangement, if any, provided under the terms of the Indenture. The Bonds do not create or constitute a pledge of the faith and credit of the Issuer or the State or the taxing power of the State. The Issuer does not have taxing power. Neither the Issuer nor the State is obligated to make any payment with respect to the Bonds except from the special funds provided therefor and the property pledged thereto under the Indenture.

4. The Indenture, the Loan Agreement and the Tax Agreement have been duly authorized, executed and delivered by the Issuer, and, subject to paragraph 6 below, constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

5. The Issuer's right, title and interest in the Loan Agreement (except the Issuer's rights to indemnity, inspection of the Project, receipt of notices and payment of its expenses) have been assigned to the Trustee, and, subject to paragraph 6 below, such assignment constitutes a valid and binding assignment of the Issuer, enforceable against the Issuer in accordance with its terms.

6. It is to be understood that the rights of the Bond Owners

EXHIBIT

NOV 3 1994

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and the obligations of the parties under the Bonds, the Indenture and the Loan Agreement are subject to the exercise of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

7. Under existing law, the interest on the Bonds is not includable in gross income for federal income tax purposes, except that under Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") such exclusion from gross income shall not apply with respect to any particular Bonds for any period during which held by a "substantial user" of the Project or a "related person" within the meaning of such Section. Also, such exclusion from gross income of interest for federal income tax purposes may become inapplicable with respect to all or part of the Bonds, in some cases retroactive to the date of issuance, (i) in the event of the occurrence of certain contingencies relating to prior issues and capital expenditures by the Borrower, Conco or any other principal user of the Project or any persons related to the Borrower, Conco or any principal user of the Project provided for in Section 144(a) of the Code or (ii) in the event the Borrower or the Issuer fail to comply with certain covenants in the Indenture, Loan Agreement and the Tax Regulatory Agreement with respect to maintenance of the exclusion from gross income for federal income tax purposes for the interest on the Bonds, including use, investment and expenditure of Bond proceeds and use of the facilities financed with Bond proceeds. In addition, interest on the Bonds must be included in the computation of the alternative minimum tax on corporations and on individuals imposed by Section 55 of the Code, the environmental tax on corporations imposed by Section 59A of the Code and the branch profits tax on foreign corporations imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations.

We advise you that under the Indenture, the method of determining the interest rate on the Bonds may in certain events be changed. Such a change in interest rate is subject to, among other things, receipt by the Trustee of an opinion of a firm of attorneys nationally recognized on the subject of municipal bonds (who or

which may or may not be this firm) substantially to the effect that the change in the method of determining the interest rate on the Bonds will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Our opinion expressed in the preceding paragraph speaks only as of the date of this letter, and nothing shall be interpreted or construed to express or imply any opinion concerning the effect of any such change in the interest rate on the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. The availability of such an opinion will depend upon the facts and law existing at the time the opinion is sought.

8. Under present law, interest on the Bonds is exempt from all taxation by the State, except for inheritance, estate and transfer taxes.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest thereon. We have not examined any documents or other information concerning the business or financial resources of the Issuer, the Borrower or the Bank, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer, the Borrower or the Bank that may have been relied upon by the Owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

MCNAIR & SANFORD, P.A.

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

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STATE BUDGET & CONTROL BOARD



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

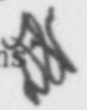
WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 18, [Date]

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams 
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Jobs-Economic Development Authority
\$7,000,000 Industrial Development Revenue Bonds
Wellington Yarns, Inc. project

For this proposal to be included on the November 3 agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

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NON-FOI

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$2,885,000 ECONOMIC DEVELOPMENT REVENUE BONDS (CAROLINA COTTON WORKS, INC. PROJECT), PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Carolina Cotton Works, Inc. Project), in the aggregate principal amount of not exceeding \$2,885,000 (the "Bonds") through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, Carolina Cotton Works, Inc., (the "Company") has represented to the Authority that the Bonds will be privately placed by First Commerce Capital, as placement agent for public distribution thereafter.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that: the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private placement be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

(b)

10:30 a.m.

8/94 *received ceiling allocation at the 8/24/94 meeting

EXHIBIT

NOV 3 1994

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STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Carolina Cotton Works, Inc. STATE BUDGET & CONTROL BOARD

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

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AGAINST MOTION

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

November 4, 1994

Donna Kaminer Williams

002758

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$2,885,000 ECONOMIC DEVELOPMENT REVENUE BONDS (CAROLINA COTTON WORKS, INC. PROJECT), PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Carolina Cotton Works, Inc. Project), in the aggregate principal amount of not exceeding \$2,885,000 (the "Bonds") through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, Carolina Cotton Works, Inc., (the "Company") has represented to the Authority that the Bonds will be privately placed by First Commerce Capital, as placement agent for public distribution thereafter.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that: the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private placement be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

Donna Williams
Secretary to the Board
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Jobs-Economic Development Authority
(\$2,885,000 Economic Development Authority Bonds
Carolina Cotton Works, Inc. project

Dear Ms. Williams:

This Office has received the letter you have forwarded to us regarding the Carolina Cotton Works, Inc. Project.

There is no known litigation of any nature, now pending, or to the knowledge of this Office, threatened, restraining or enjoining the issuance and delivery of the Bonds, nor in any manner questioning the proceedings and authority under which the same is made or affecting the validity of the Bonds thereunder.

No opinion is expressed as to any matters other than as set forth herein. Specifically no opinion is expressed as to any business judgment decisions in relation to this transaction.

Office of the Attorney General

By: Alice C. Brundage

ACB/fg

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EXHIBIT

STATE OF SOUTH CAROLINA

NOV 3 1994

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State Budget and Control Board

DIVISION OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

HELEN T. ZEIGLER
DEPUTY DIRECTOR

October 24, 1994

The Honorable Donna K. Williams
Secretary
S. C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Jobs-Economic Development Authority
\$2,885,000 Economic Development Authority Bonds
Carolina Cotton Works, Inc. Project

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, McNair and Sanford, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

A handwritten signature in cursive script that reads "Wayne F. Rush".

Wayne F. Rush
General Counsel

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EXHIBIT

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

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STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL)
) PETITION OF SOUTH
) CAROLINA JOBS-ECONOMIC
BOARD OF SOUTH CAROLINA) DEVELOPMENT AUTHORITY
)

This Petition of the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "Act"), and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to acquire and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more business enterprises (as referred to in Section 41-43-160 of the Act) which shall be located within the jurisdiction of the State of South Carolina; (ii) to make available to any business enterprise located in South Carolina such projects for such payments and upon such terms and conditions as the Authority may deem advisable and as shall not conflict with the provisions of the Act; and (iii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds, all as in the Act provided.

2. The Authority has agreed to assist Carolina Cotton Works, Inc., a South Carolina corporation (the "Borrower"), by issuing its revenue bonds for the purpose of financing the acquisition and construction of certain facilities for the commission bleaching and preparation of cotton knit piece goods, the commission dyeing of cotton garments and the inspection and packaging of those garments for distribution by other manufacturers, constituting an industrial facility (the "Project") located in Cherokee County, South Carolina.

3. The undersigned Executive Director of the Authority certifies that approval of this Project was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

4. The Authority has been advised by the Borrower that the estimated cost of financing the Project will be not exceeding \$6,500,000, and the Borrower has requested the Authority to execute and deliver its Economic Development Revenue Bonds (Carolina Cotton Works, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$6,500,000.

5. The Bonds will be placed by a financial institution acceptable to the Authority through a private placement, which arrangement the Authority has determined to be most advantageous.

6. Pursuant to Section 41-43-150 of the Act, the Authority has made the requisite findings that:

(a) The Borrower is engaged in the business of commission bleaching and preparation of cotton knit piece goods, commission dyeing of cotton garments and inspection and packaging of those garments for distribution by other manufacturers and the Project is located in Cherokee County, South Carolina.

(b) The Project constitutes a "business enterprise" as said term is referred to in Section 41-43-160 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding \$6,500,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(c) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Cherokee County in particular, by providing employment for approximately 150 people within 12 months and approximately 200 people within 24 months from Cherokee County and adjacent areas, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Cherokee County in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings:

(a) Require a resolution from the governing body of Cherokee County containing the following findings: (1) that the Project will subserve the purposes of the Act; (2) that the Project is anticipated to benefit the general public welfare of Cherokee County by providing services, employment, or other public benefits not otherwise provided locally; (3) that the Project will give rise to no pecuniary liability of Cherokee County or a charge against its general credit or taxing power; and (4) the amount of bonds required to finance the Project;

(b) Hold a public hearing in Cherokee County in connection with such resolution;

(c) Make findings that the terms of the agreements to be entered into in connection with the Project are reasonable and proper as to the adequacy of protection for the public interest provided by such terms;

(d) Negotiate the terms of such agreements to the extent necessary to conclude that neither the Project, the Bonds proposed to be issued by the Authority to defray the cost of financing the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State of South Carolina or a charge against the general credit or taxing power of either, and only program funds (as defined in the Act) will be made available to finance the cost of the Project;

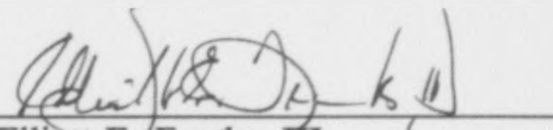
(e) Undertake such investigation as is necessary to conclude that the Borrower is a corporation with established credit and is a responsible party; and

(f) Undertake such investigation as is necessary to conclude that the issuance of the Bonds by the Authority in the final principal amount requested by the Borrower will be required to defray the cost of financing the Project, and such principal amount bears a reasonable relationship to the amount of private funds also committed to the Project.

Upon the basis of the foregoing, the Authority respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, and (iii) approve the issuance of the Bonds by the Authority through private sale pursuant to the Act to defray the cost of financing the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the Authority).

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: 
Elliott E. Franks, III,
Executive Director

Dated: July 26, 1994.

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BOND RESOLUTION

STATE BUDGET & CONTROL BOARD

A BOND RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF NOT EXCEEDING \$2,885,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS OF THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY TO FIRST COMMERCE CAPITAL, AS PLACEMENT AGENT, FOR PUBLIC DISTRIBUTION THEREAFTER; THE APPLICATION OF THE PROCEEDS OF SAID BONDS TO PROVIDE FUNDS TO DEFRAY THE COST OF ACQUIRING BY CONSTRUCTION OR PURCHASE CERTAIN LAND, A BUILDING OR BUILDINGS AND OTHER IMPROVEMENTS THEREON, AND CERTAIN MACHINERY, EQUIPMENT, APPARATUS, OFFICE FURNISHINGS AND OTHER PROPERTY THEREIN; THE ENTERING INTO OF CERTAIN COVENANTS AND AGREEMENTS AND THE EXECUTION AND DELIVERY OF CERTAIN INSTRUMENTS RELATING TO THE ISSUANCE OF THE AFORESAID BONDS, INCLUDING A LOAN AGREEMENT BETWEEN THE AUTHORITY AND THE BORROWER; AN INDENTURE OF TRUST BETWEEN THE AUTHORITY AND FIRST UNION NATIONAL BANK OF NORTH CAROLINA, AS TRUSTEE, SECURING SUCH ISSUE OF BONDS AND PRESCRIBING MATTERS RELATED THERETO; A PLACEMENT AGREEMENT AMONG THE AUTHORITY, THE BORROWER AND THE PLACEMENT AGENT; A TAX COMPLIANCE AND NON-ARBITRAGE AGREEMENT BETWEEN THE AUTHORITY AND THE BORROWER; A PRIVATE PLACEMENT MEMORANDUM TO BE USED IN CONNECTION WITH THE PLACEMENT OF THE BONDS; AND OTHER MATTERS RELATING THERETO.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina, 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural and recreational development in the State of South Carolina; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Authority solely from a revenue-producing source or project and secured by a pledge of said revenues in order to provide funds for any purpose authorized by the Act; and

WHEREAS, in furtherance of the purposes of the Act and in order to promote the prosperity, health, safety and welfare of the citizens of the State, the Authority proposes to finance a portion of the cost of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the commission bleaching and preparation of cotton knit piece goods, the commission dyeing of cotton garments and the inspection and packaging of those garments for distribution by other manufacturers, constituting an industrial facility (the "Project"), pursuant to a Loan Agreement dated as of November 1, 1994 (the "Loan Agreement"), by and between the Authority and Carolina Cotton Works, Inc. (the "Borrower"); and

WHEREAS, pursuant to and in accordance with the Act, particularly Section 41-43-110 thereof, the Authority has authorized and undertaken to issue its not exceeding \$2,885,000 aggregate principal amount Economic Development Revenue Bonds (Carolina Cotton Works, Inc. Project) Series 1994 (the "Bonds"), pursuant to this Bond Resolution and an Indenture of Trust dated as of November 1, 1994 (the "Indenture"), between the Authority and First Union National Bank of North Carolina, as trustee (the "Trustee"), in order to provide funds to finance a portion of the cost of the Project; and

WHEREAS, the Authority has undertaken to finance a portion of the cost of the Project by loaning the proceeds derived from the sale of the Bonds to the Borrower for such Project pursuant to the Loan Agreement under the terms of which the Borrower is required to make loan payments sufficient to pay when due the principal and purchase price of, premium (if any) and interest on, the Bonds and related fees, costs and expenses and thereby provide a revenue source with which to pay the Bonds; and

WHEREAS, it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental to the issuance of the Bonds, will require the issuance, sale and delivery of the Bonds in the amount of not exceeding \$2,885,000; and

WHEREAS, pursuant to the provisions of the Loan Agreement, the Borrower has caused Branch Banking & Trust Company of North Carolina (the "Bank"), to issue its Letter of Credit (the "Letter of Credit") in favor of the Trustee as security for payment of the principal of, interest on, and purchase price of the Bonds; and

WHEREAS, it is anticipated that, upon completion, the Project will provide full-time employment for approximately 150 people within 12 months and approximately 200 people within 24 months when the Project is placed in full operation and that the Project will stimulate the economy of the State by increased payrolls, capital investment and tax revenues; and

WHEREAS, the governing body of Cherokee County and the Authority have jointly noticed a public hearing by publication in a newspaper having general circulation in the

jurisdiction of such political subdivision not less than 15 days prior to the date thereof at which all interested persons are to be given a reasonable opportunity to express their views; and

WHEREAS, the issuance of the Bonds through private negotiated sale to a placement agent and public offering thereafter has been scheduled for approval by the State Budget and Control Board of South Carolina, by resolution to be duly adopted on November 3, 1994, and the governing board of Cherokee County has on October 18, 1994 approved a resolution in support and approval of the issuance of the Bonds; and

WHEREAS, there has been prepared for review and consideration by the Board of Directors of the Authority the forms of: (a) the Loan Agreement; (b) the Indenture of Trust; (c) the Placement Agreement (the "Placement Agreement"), by and among the Authority, the Borrower and First Commerce Capital, as placement agent; (d) the Tax Compliance and Non-Arbitrage Agreement dated the date of initial issuance of the Bonds (the "Tax Agreement"), between the Authority and the Borrower; and (e) the Private Placement Memorandum with respect to the Bonds; and

WHEREAS, it appears that the documents above referred to which are now before this meeting for consideration are in appropriate form and are appropriate instruments to be executed and delivered by the Authority for the purposes intended;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Carolina Jobs-Economic Development Authority, as follows:

SECTION 1. In order to promote and develop the business and economic welfare of the State of South Carolina, encourage and assist in the location of new business enterprises in the State of South Carolina and in the rehabilitation and assistance of existing business enterprises and in the promotion of the export of goods, services, commodities and capital equipment produced within the State of South Carolina and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State by assisting the Borrower to locate in the State of South Carolina, the establishment of a loan program for acquisition, by construction and purchase of the Project is hereby authorized, ratified and approved.

SECTION 2. The Bonds shall be in substantially the form set forth in the Indenture, now before this meeting and filed with the Executive Director of the Authority, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture. The form, terms and provisions of the Bonds presented to this meeting and filed with the Executive Director of the Authority are hereby approved, and all of the terms, provisions and conditions thereof are hereby incorporated by reference as if set out in this resolution in their entirety. The Chairman of the Board of the Authority is hereby authorized, empowered and directed to execute and deliver the Bonds to the Trustee, and the Executive Director of the Authority is hereby authorized and directed to affix the corporate seal of the Authority to the Bonds and to attest the same. The Bonds are to be in substantially the form now before this meeting and hereby

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approved, or with such changes, insertions and omissions therein as do not impose liability upon the Authority and as shall be approved by the Chairman of the Board of the Authority executing the same, with the advice of counsel, said execution to constitute conclusive evidence of such approval.

SECTION 3. The Bonds shall be secured by the Letter of Credit, which shall be an irrevocable, direct-pay, Letter of Credit to be provided initially by the Bank, or by such other Security Arrangement as shall be permitted under the terms of the Indenture ("Security Arrangement"). The Bonds shall be limited obligations of the Authority payable by the Authority solely from, and secured by a pledge of, the gross revenues and receipts derived by the Authority from or in connection with the Loan Agreement hereinafter authorized and by moneys drawn under the Security Arrangement. The Bonds do not and shall never constitute an indebtedness of the Authority within the meaning of any State constitutional provision or statutory limitation (other than Article X, Section 13(9) of the South Carolina Constitution authorizing indebtedness for any public purpose payable solely from a revenue-producing project or from a special source, which source does not include payments from any tax or license) and shall never constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit or the general credit or taxing power of the State. Such limitation shall be plainly stated on the face of each Bond and in the Private Placement Memorandum.

Nothing in this resolution, the Loan Agreement, the Indenture, the Placement Agreement, the Tax Agreement, the Private Placement Memorandum, the Bonds or any other document executed in connection therewith shall be construed as an obligation or commitment by the Authority to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the revenues derived by the Authority from the Loan Agreement, (iii) any proceeds accruing to the Authority on account of insurance on the Project, (iv) any moneys accruing to the Authority on account of any taking or condemnation of title to all or part of the Project, (v) any moneys arising out of the investment or reinvestment of said proceeds, revenues or moneys, and (vi) any moneys drawn under the Security Arrangement.

SECTION 4. The Authority hereby elects to have the provisions of Section 144(a)(4)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), applied to the Bonds.

SECTION 5. Each Bond shall be executed in the name of the Authority with the manual or facsimile signature of the Chairman of the Board of the Authority, shall have the seal of the Authority impressed or imprinted thereon, which seal shall be attested by the manual or facsimile signature of the Executive Director of the Authority. In case the officers whose signatures shall appear on the Bonds shall cease to be such officers before the delivery of the Bonds, such signatures shall nevertheless be valid and sufficient for all purposes, the same as if such officers had remained in office until delivery.

SECTION 6. The Indenture as submitted herewith is hereby approved with respect to the Bonds, and First Union National Bank of North Carolina is hereby appointed trustee thereunder. The Chairman of the Board of the Authority is hereby authorized and directed to

execute and deliver the Indenture, with such changes, insertions and omissions as do not impose liability upon the Authority and as may be approved by said Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Executive Director of the Authority is hereby authorized and directed to affix the corporate seal of the Authority to the Indenture and to attest the same.

SECTION 7. The Loan Agreement as submitted herewith is hereby approved with respect to the Bonds. The Chairman of the Board of the Authority is hereby authorized and directed to execute and deliver the Loan Agreement with such changes, insertions and omissions as do not impose liability upon the Authority and as may be approved by the Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Executive Director of the Authority is hereby authorized and directed to affix the corporate seal of the Authority to the Loan Agreement and to attest the same.

SECTION 8. The Placement Agreement as submitted herewith is hereby approved with respect to the Bonds. The Chairman of the Board of the Authority is hereby authorized and directed to execute and deliver the Placement Agreement with such changes, insertions and omissions as do not impose liability upon the Authority and as may be approved by said Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Executive Director of the Authority is hereby authorized and directed to affix the corporate seal of the Authority to the Placement Agreement and to attest the same.

SECTION 9. The Tax Agreement as submitted herewith is hereby approved with respect to the Bonds. The Chairman of the Board of the Authority is hereby authorized and directed to execute and deliver the Tax Agreement with such changes, insertions and omissions as do not impose liability upon the Authority and as may be approved by said Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Executive Director of the Authority is hereby authorized and directed to affix the corporate seal of the Authority to the Tax Agreement and to attest the same.

SECTION 10. The Preliminary Private Placement Memorandum is deemed final as of its date for purposes of SEC Rule 15c2-12 except for information which may be omitted therefrom pursuant to Rule 15c2-12. The Private Placement Memorandum as submitted herewith is approved and the Chairman of the Board of the Authority or Executive Director of the Authority is hereby authorized and directed to execute and deliver the Private Placement Memorandum with such additional or modified information as such Chairman or Executive Director of the Authority, with the advice of counsel, deems necessary and advisable for the purposes thereof, said execution being conclusive evidence of such approval.

SECTION 11. The Chairman of the Board of the Authority and the Executive Director of the Authority, and any other proper officer of the Authority, be and each of them is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution.

SECTION 12. The Trustee is hereby authorized to receive and receipt for the proceeds of the Bonds on behalf of the Authority and to hold, invest and disburse said proceeds in accordance with the provisions of the Indenture.

SECTION 13. The Authority hereby reaffirms and ratifies each of the findings of fact made by the Authority in the Resolution authorizing application to the State Budget and Control Board of South Carolina previously adopted by the Authority with respect to the Bonds. The Authority further finds, determines and declares that:

(a) Neither the Project, the Bonds proposed to be issued by the Authority to defray the cost of the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State of South Carolina or any of its political subdivisions or a charge against general credit or taxing power of any of them, and only program funds (as defined in the Act) will be made available to finance the cost of the Project.

(b) The Borrower is a corporation with established credit and is a responsible party.

(c) The issuance of the Bonds by the Authority in the aggregate principal amount of not exceeding \$2,885,000 will be required to defray the cost of the Project, and such principal amounts bear a reasonable relationship to the amount of private funds also committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina is reasonably expected to result therefrom.

(e) Taking into account the limited liability of the Authority with respect to the Bonds, the amount of program funds involved, the number and type of jobs to be created or maintained by the Project to be financed with the Bonds and such other factors as the Authority deems appropriate, the terms of the agreements to be entered into in connection with the Bonds, are reasonable and proper and the public interest is adequately protected by such terms.

(f) The Borrower has submitted evidence of a commitment from Branch Banking & Trust Company of South Carolina to provide a letter of credit in form acceptable to the Executive Director of the Authority.

SECTION 14. All approvals of the Authority contained herein are subject to receipt of the following items prior to the issuance of the Bonds:

(a) A certified resolution by the county in which the Project is or will be located, containing a finding that the Project is anticipated to benefit the general public

welfare of the locality by providing services, employment, recreation or other public benefits not otherwise provided locally;

(b) Evidence of a public hearing held in the incorporated municipality or county in which the Project is to be located not less than fifteen (15) days after publication of notice in a newspaper of general circulation in the incorporated municipality or county in which the Project is or will be located;

(c) Approval of the State Budget and Control Board of the issuance of the Bonds at public or private sale; and

(d) Evidence of allocation of \$2,885,000 of the State volume cap, or such lesser amount as requested by the Borrower and the Authority.

SECTION 15. No Personal Liability. No recourse shall be had for the enforcement of the any obligation, covenant, promise or agreement of the Authority contained in this Bond Resolution or the Bonds, against any member of the Board of Directors of the Authority, any officer or employee, as such, in his or her individual capacity, past, present or future, of the Authority, either directly or through the Authority, whether by virtue of any constitutional provision, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Bond Resolution and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member of the Board of Directors of the Authority, officer, employee as such, past, present or future, of the Authority, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Authority and the Trustee or the bondholder or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Bond Resolution and the execution of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Bond Resolution and the execution of the Bonds, expressly waived and released. The immunity of members of the Board of Directors of the Authority, officers and employees of the Authority under the provisions contained in this Section 16 shall survive the termination of this Bond Resolution.

SECTION 16. Law and Place of Enforcement of the Resolution. This Bond Resolution shall be construed and interpreted in accordance with the laws of the State of South Carolina.

SECTION 17. Effective Date. This Bond Resolution shall become effective immediately upon its adoption by the Board.

SECTION 18. The provisions of this resolution are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

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SECTION 19. All orders, resolutions, and parts thereof in conflict with the ~~STATE BOARD OF CONTROL~~ ~~BOARD~~ extent of such conflict, hereby repealed and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved this 26th day of October, 1994.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: _____
Robert L. Mobley, Chairman,
Board of Directors

(SEAL)

ATTEST:

Elliott E. Franks, III
Executive Director

EXHIBIT

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A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND CAROLINA COTTON WORKS, INC., WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE APPROXIMATELY \$6,500,000 OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43, OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, AND AUTHORIZING THE APPLICATION UPON CERTAIN CONDITIONS TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority"), acting by and through its Board of Directors is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act; and

WHEREAS, Carolina Cotton Works, Inc., a South Carolina corporation (the "Borrower"), has applied to the Authority to issue approximately \$6,500,000 of its economic development revenue bonds or notes in order to defray the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the commission bleaching and preparation of cotton knit piece goods, the commission dyeing of cotton garments and the inspection and packaging of those garments for distribution by other manufacturers, constituting an industrial facility (the "Project") to be located in Cherokee County, South Carolina, and the Authority wishes to induce the Borrower to acquire and construct the Project within the State of South Carolina; and

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WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the Authority that its Board of Directors provide preliminary approval of the issuance of economic development revenue bonds for the aforesaid purposes; and

WHEREAS, it is deemed advisable by the Authority to file with the State Budget and Control Board of South Carolina, in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the State Budget and Control Board for the issuance of the notes or bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

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

(a) The Borrower is a responsible party engaged in the commission bleaching and preparation of cotton knit piece goods, in the commission dyeing of cotton garments and in the inspection and packaging of those garments for distribution by other manufacturers. The Project is to be located in Cherokee County, South Carolina.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of its economic development revenue bonds or notes will result in the creation or maintenance of employment for those engaged in construction of the Project, by providing full-time employment for approximately 150 people within 12 months and approximately 200 people within 24 months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds (as described below).

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Cherokee County in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Budget and Control Board and the governing board of Cherokee County, South Carolina, as required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of economic development revenue bonds or notes of the Authority pursuant to Section 41-43-110 of the Act in a principal amount of not exceeding \$6,500,000 (the "Bonds") for the purpose of providing financing to the Borrower for the acquisition and construction of the Project.

Section 3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Borrower, and the purchaser of the Bonds, and shall be subject to completion of proceedings for issuance, sale, and delivery of the Bonds satisfactory to the Authority. The provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such factors as the type of program involved, the principal amount of the Bonds, and the number and type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 4. The Chairman of the Board of Directors of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and the Executive Director of the Authority is hereby authorized and directed to affix thereto the seal of the Authority and to attest the same, and the Executive Director of the Authority is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 5. It is the intention of the Authority that this resolution shall constitute an official action on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt revenue bonds.

Section 6. The Bonds shall never constitute an indebtedness of the Authority or the State of South Carolina (the "State") within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Authority or the State or a charge against the general credit of the Authority or the State or the taxing powers of the State.

Section 7. Upon receipt by the Authority from the Borrower of evidence, which shall be satisfactory to the Authority, of the economic feasibility of the Project, there shall be and is hereby authorized and directed the submission on behalf of the Authority, of a Petition requesting approval by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through public or private sale, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in form acceptable to the State Budget and Control Board.

Section 8. The Chairman of the Board of Directors of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority, and the Executive Director of the Authority shall be and is hereby authorized and directed to affix the seal of the Authority to said Petition and to attest the same and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the State Budget and Control Board of South Carolina.

EXHIBIT

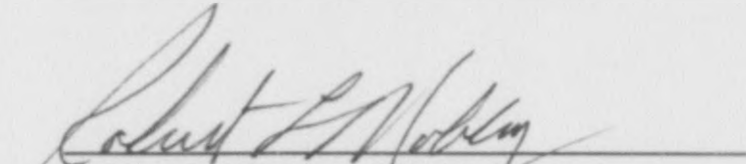
NOV 3 1994

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Section 9. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

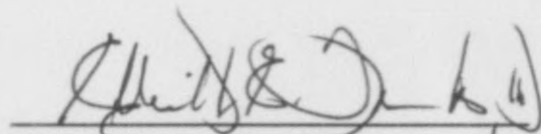
Passed and approved July 26, 1994.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Robert L. Mobley, Chairman,
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III,
Executive Director

GRVL:21611

002776

0700 - 4000

EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

[Form of Opinion of Bond Counsel]

November __, 1994

South Carolina Jobs-Economic
Development Authority
Columbia, South Carolina

Branch Banking and Trust Company
_____, South Carolina

Re: Not Exceeding \$6,500,000 South Carolina Jobs-Economic Development
Authority, Economic Development Revenue Bond (Carolina Cotton Works,
Inc. Project) Series 1994

Gentlemen:

We have served as Bond Counsel in connection with the issuance by the South Carolina Jobs-Economic Development Authority (the "Issuer") of its \$6,500,000 Economic Development Revenue Bond (Carolina Cotton Works, Inc. Project) Series 1994 (the "Bond"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

In connection with our opinion, we have examined the Constitution and laws of the State, particularly Title 41, Chapter 43, Code of Laws of South Carolina, 1976, as amended (the "Act"), the transcript of the proceedings with respect to the Bond, certified copies of documents relating to the organization of the Issuer, and certified copies of proceedings and other papers relating to the issuance and sale by the Issuer of the Bond, including the resolution adopted by the Issuer on _____, 1994, authorizing the issuance of the Bond.

The Bond is issued pursuant to a Mortgage and Financing Agreement (the "Agreement") dated as of November 1, 1994, between the Issuer and Carolina Cotton Works, Inc. (the "Corporation"), and secured by an Indenture dated as of November 1, 1994 (the "Indenture"), by and between the Issuer and Branch Banking and Trust Company, as lender (the "Lender"). Under the Agreement, the Corporation has agreed to make payments to be used to pay when due the principal of and interest on the Bond, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Issuer under the Agreement (except certain rights

GRVL:24791

002777

EXHIBIT

NOV 3 1994

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South Carolina Jobs-Economic
Development Authority
Branch Banking and Trust Company
November __, 1994
Page 2

STATE BUDGET & CONTROL BOARD

to indemnification, reimbursements and administrative fees) are pledged and assigned by the Issuer as security for the Bond. The Bond is payable solely from the Revenues.

Reference is made to an opinion of even date of _____, counsel to the Corporation, with respect, among other matters, to the power of the Corporation to enter into and perform the Agreement and the authorization, execution and delivery of the Agreement by the Corporation and with respect to the Agreement being binding and enforceable upon the Corporation.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Corporation and the Issuer contained in the Agreement, the Indenture, certificates of public officials furnished to us, and certificates of representatives of the Corporation, the Lender, the Issuer, and other parties, including, without limitation, representations, covenants and certifications as to certain prior tax-exempt bond issues, the use of the proceeds of the Bond, certain capital expenditures of the Corporation and others, compliance with the arbitrage reporting and rebate requirements, the average reasonably expected economic life of the property being financed with the proceeds of the Bond, and other factual matters which are relevant to the opinion expressed in paragraph 4, in each case without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer and the Corporation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a validly existing public body corporate and politic and an agency of the State of South Carolina, duly created by the Act, and is vested with the rights and powers conferred by the Act.

2. The Issuer has all requisite authority and power under the Act, particularly Section 41-43-110 thereof, to issue the Bond and to enter into and perform its obligations under the Indenture and the Agreement. The Agreement and the Indenture have been duly authorized, executed

GRVL:24791

002778

EXHIBIT

NOV 3 1994

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South Carolina Jobs-Economic
Development Authority
Branch Banking and Trust Company
November __, 1994
Page 3

STATE BUDGET & CONTROL BOARD

and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Agreement (except certain rights to indemnification, reimbursements and administrative fees).

3. The Bond has been duly authorized, executed and issued by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the Revenues.

4. Under existing law, the interest on the Bond is excludable from gross income for federal income tax purposes, except that under Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), such federal exclusion from gross income shall not apply with respect to any particular Bond for any period during which held by a "substantial user" of the Project or a "related person" within the meaning of such Section. Also, such exclusion from gross income of interest for federal income tax purposes may become inapplicable with respect to all or part of the Bond, in certain cases retroactive to the date of issuance, (i) in the event of the occurrence of certain contingencies relating to prior issues and capital expenditures by the Corporation or any principal user of the Project or any persons related to the Corporation or any principal user of the Project provided for in Section 144(a) of the Code, or (ii) in the event the Corporation or the Issuer fails to comply with certain covenants in the Indenture and Agreement with respect to maintenance of the exclusion from gross income for federal income tax purposes for the interest on the Bond, including use, investment and expenditure of Bond proceeds and use of the facilities financed with Bond proceeds. Interest on the Bond must be included as an item of tax preference in the computation of the alternative minimum tax on corporations and on individuals imposed by Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bond.

Ownership of the Bond may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations.

5. Under present law, interest on the Bond is exempt from all income taxation by the State. Certain taxes, however, specifically including the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, are enforced as franchise taxes on some measure of assets or income, which may include the Bond or income therefrom.

GRVL:24791

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South Carolina Jobs-Economic
Development Authority
Branch Banking and Trust Company
November __, 1994
Page 4

6. The Bond constitutes exempt securities under Section 3(a)(2) of the Securities Act of 1933, as amended to this date (the "Securities Act"), and under Section 3(a) of the Securities Exchange Act of 1934, as amended to this date, and the offer, sale and delivery of the Bond do not require registration of the Bond under the Securities Act, nor is qualification of the Indenture required by the Trust Indenture Act of 1939, as amended to this date.

It is to be understood that the rights of the Bondholders and the obligations of the parties under the Bond, the Indenture and the Agreement are subject to the exercise of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We have been retained solely for the purpose of examining into the validity and legality of the Bond and of rendering certain specific opinions hereinbefore stated and for no other purpose. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of the Corporation or any other party made, prepared or issued by any party, or on behalf of any party, in connection with the sale of the Bond. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations or information.

Very truly yours,

McNAIR & SANFORD, P.A.

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994 5
STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 18, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *[Signature]*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Jobs-Economic Development Authority
\$2,885,000 Economic Development Authority Bonds
Carolina Cotton Works, Inc. project

For this proposal to be included on the November 3 agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

002781

MCNAIR & SANFORD, P.A.

ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK PLAZA/SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601

TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

COLUMBIA OFFICE
NATIONSBANK TOWER
1301 GERVAYS STREET
POST OFFICE BOX 11340
COLUMBIA, SC 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0068

RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/765-1800
FACSIMILE 919/890-4120

SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20006
TELEPHONE 202/859-3900
FACSIMILE 202/859-6763

December 5, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29201

VIA FAX 803-734-2117

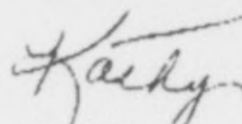
Re: \$2,885,000 South Carolina Jobs-Economic Development Authority, Economic
Development Revenue Bonds (Carolina Cotton Works, Inc. Project) Series
1994

Dear Donna:

As bond counsel for the above-referenced project, I am informing you that Carolina Cotton Works, Inc. will seek to have issued the series of bonds in the principal amount of \$2,885,000 on or before December 23, 1994. Therefore, I am releasing \$3,615,000 of tentative volume allocation based on our original allocation of \$6,500,000 dated August 24, 1994 and extended on November 3, 1994.

Sincerely,

MCNAIR & SANFORD, P.A.



Kathleen Crum McKinney

KCM/dcp

cc: Joseph P. Gaino, Jr.

GRVL:28694

002782

NOV 3 1994

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TRANSMITTAL FORM, REVENUE BONDS

TO: Donna Kaminer Williams, Board Secretary
State Budget and Control Board
601 Wade Hampton Building
Columbia, SC 29201

OR P. O. Box 12444, Columbia, SC 29211

DATE: October 18, 1994 STATE BUDGET & CONTROL BOARD

Submitted for BCB Meeting on:

November 3, 1994

FROM:

Haynsworth, Marion, McKay & Guerard

Name of Law Firm

2 Prioleau Street

Street Address/ Box Number

Charleston, South Carolina 29401

City, State, Zip Code

(803) 722-7606

Area Code/ Telephone Number

RE:

Not Exceeding \$4,400,000

Amount of Issue

South Carolina Jobs-Economic Development
Authority

Name of Issuing Authority

Economic Development Revenue Refunding
Bonds

Type of Bonds or Notes

November 28, 1994

Projected Issue Date

Project Name: Jackson Mills, Inc. Project

To refund the Economic Development Revenue Bonds, Series 1988

Project Description: (Jackson Mills, Inc. Project) which originally financed an approximately 53,270 square foot building and the installation therein of all machinery and equipment to be used for the purpose of manufacturing cotton and cotton blend greige goods for apparel, home furnishings and other textile markets **

Employment as a result of the project: maintain 916 employees

** in order to make revisions to the debt service schedule.

Ceiling Allocation Required

Yes (\$) XXNo

Amount

Refunding Involved

XXYes (\$4,400,000) No

Amount

Project Approved Previously

XXYes (\$7,000,000) No

Amount

Documents enclosed (executed original and two copies of each):

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

- A. X Petition
- B. X Resolution or Ordinance
- C. X Inducement Resolution or comparable preliminary approval
- D. N/A Department of Health and Environmental Control Certificate if required
- E. X Budget and Control Board Resolution and Public Notice (original)
Plus 6 copies for certification and return to bond counsel
- F. X Draft bond counsel opinion letter
- G. N/A Processing Fee

Amount: \$

Check No:

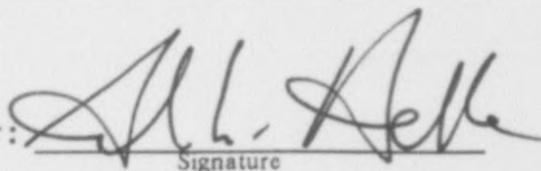
Payor:

Bond Counsel:

Samuel W. Howell, IV

Typed Name of Bond Counsel

By:



Signature

EXHIBIT

NOV 3 1994

6

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE TO TRUST COMPANY BANK, AS PLACEMENT AGENT FOR PUBLIC OFFERING THEREAFTER OF NOT EXCEEDING \$4,400,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE REFUNDING BONDS (JACKSON MILLS, INC. PROJECT), PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Refunding Bonds (Jackson Mills, Inc. Project) in the aggregate principal amount of not exceeding \$4,400,000 (the "Bonds") through private sale to be arranged by Trust Company Bank, as placement agent, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be secured by a Letter of Credit issued by Trust Company Bank, and that the Authority finds such security for payment of the Bonds to be acceptable.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through a negotiated private sale to be arranged by Trust Company Bank, as placement agent, be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

EXHIBIT

NOV 3 1994

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STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Jackson Mills, Inc.

STATE BUDGET & CONTROL BOARD

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

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

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, November 3, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 11:15 a.m. on Thursday, October 27, 1994.

That all members of the Board were present at the meeting.

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

FOR MOTION

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AGAINST MOTION

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

November 4, 1994

Donna Kaminer Williams

002785

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE TO TRUST COMPANY BANK, AS PLACEMENT AGENT FOR PUBLIC OFFERING THEREAFTER OF NOT EXCEEDING \$4,400,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE REFUNDING BONDS (JACKSON MILLS, INC. PROJECT), PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Refunding Bonds (Jackson Mills, Inc. Project) in the aggregate principal amount of not exceeding \$4,400,000 (the "Bonds") through private sale to be arranged by Trust Company Bank, as placement agent, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be secured by a Letter of Credit issued by Trust Company Bank, and that the Authority finds such security for payment of the Bonds to be acceptable.

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through a negotiated private sale to be arranged by Trust Company Bank, as placement agent, be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

October 24, 1994

EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

Donna Williams
Secretary to the Board
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Jobs-Economic Development Authority
Not Exceeding \$4,400,000 Economic Development Revenue
Refunding Bonds
Jackson Mills, Inc. project

Dear Ms. Williams:

This Office has received the letter you have forwarded to us regarding the Jackson Mills, Inc. Project.

There is no known litigation of any nature, now pending, or to the knowledge of this Office, threatened, restraining or enjoining the issuance and delivery of the Bonds, nor in any manner questioning the proceedings and authority under which the same is made or affecting the validity of the Bonds thereunder.

No opinion is expressed as to any matters other than as set forth herein. Specifically no opinion is expressed as to any business judgment decisions in relation to this transaction.

Office of the Attorney General

By: Alice C. Brundwater

ACB/fg

002787

STATE OF SOUTH CAROLINA

NOV 3 1994

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State Budget and Control Board

DIVISION OF GENERAL SERVICES

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNORGRADY L. PATTERSON, JR.
STATE TREASUREREARLE E. MORRIS, JR.
COMPTROLLER GENERAL1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880HELEN T. ZEIGLER
DEPUTY DIRECTORJOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEEWILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEELUTHER F. CARTER
EXECUTIVE DIRECTOR

October 24, 1994

The Honorable Donna K. Williams
Secretary
S. C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Jobs-Economic Development Authority
Not Exceeding \$4,400,000 Economic Development Revenue Refunding Bonds
Jackson Mills, Inc. Project

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, Haynsworth, Marion, McKay and Guerard and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
General Counsel

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EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND JACKSON MILLS, INC., WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE APPROXIMATELY \$8,000,000 OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES (JACKSON MILLS, INC. PROJECT) 1988, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED, AND AUTHORIZING APPLICATION UPON CERTAIN CONDITIONS TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS.

WHEREAS, South Carolina Jobs-Economic Development Authority (the "Authority"), acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of the South Carolina Code Annotated, Title 41, Chapter 43, (1976), as amended, (the "Act"), to acquire and cause to be acquired properties that are projects under Section 41-43-160 of the Act through which the industrial, commercial, agricultural and recreational development of the State of South Carolina will be promoted and trade developed by inducing business enterprises to locate in and remain in the State of South Carolina and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from revenues and receipts from any financing agreement between the Authority and any business enterprise with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, Jackson Mills, Inc., a Delaware Corporation, (the "Borrower") has requested the Authority to issue approximately \$8,000,000 of its economic development revenue bonds or notes (Jackson Mills, Inc. Project) pursuant to Section 41-43-110 of the Act in order to defray the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing textile products constituting an industrial facility (the "Project") to be located in Spartanburg County and Anderson County, South Carolina; and

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WHEREAS, subject to the approval of the State Budget and Control Board of South Carolina for the issuance of the bonds or notes at public or private sale and subject to a local resolution in support of the Project by the governing body of Spartanburg County and Anderson County, South Carolina, the Authority proposes to make the Project available to the Borrower under and pursuant to the terms of a loan agreement to be entered into between the Authority and the Borrower; and

WHEREAS, the Authority proposes to issue its economic development revenue notes or bonds (Jackson Mills, Inc. Project) in the principal amount of approximately \$8,000,000 (the "Bonds") under and pursuant to the Act to defray a portion of the costs of the Project; and

WHEREAS, it is deemed advisable by the Authority to file with the State Budget and Control Board of South Carolina, in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the State Budget and Control Board for the issuance of the note or bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project;

NOW, THEREFORE, BE IT RESOLVED, by the Authority as follows:

Section 1. Pursuant to Section 41-43-110 of the Act and subject to such approval by the State Budget and Control Board and the governing board of Spartanburg County and Anderson County, South Carolina as may be required by law and for the purpose of defraying the cost of acquiring the Project, there is hereby authorized to be issued economic development revenue bonds or notes of the Authority in the original principal amount of approximately \$8,000,000 to be designated "Jobs-Economic Development Authority Economic Development Revenue Bonds (or Notes) (Jackson Mills, Inc. Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the loan agreement by and between the Authority and the Borrower, the provisions, terms and conditions of the security agreement by and between the Authority and the trustee or bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority.

Section 2.06. The undertakings of the Authority hereunder are contingent upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware and upon the Borrower providing the Authority with such further evidence as may be satisfactory to the Authority as to compliance with all applicable statutes and regulations.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE BORROWER

Section 3.01. The Borrower agrees that the Authority will have no obligation to find a purchaser of the Bonds and acknowledges that the Authority's approval of this Agreement is preliminary and is conditioned upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware.

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

- (a) to acquire the Project;
- (b) to enter into a loan agreement with the Authority, under the terms of which the Borrower will obligate itself to pay to the Authority sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable;
- (c) to obligate itself to make the additional payments required by the Act;
- (d) to hold the Authority harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement;
- (e) to perform such further acts and adopt such further proceedings as may be required faithfully to implement its undertakings and to consummate the proposed financing; and
- (f) to covenant and agree in the loan agreement referred to above to install in the buildings which are to become a part of the Project all necessary equipment and machinery and initially to operate the Project in the manner described in Section 1.02 hereof.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the Authority under Article II hereof are subject to all of the provisions of the Act and regulations of the Authority pursuant thereto and the condition that nothing contained in this Agreement shall constitute nor give rise to a pecuniary liability of the Authority or a charge against any general credit or taxing power.

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

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

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

Section 4.05. This Agreement may be assigned by the Borrower to any of its corporate affiliates, any partner or shareholder in the Borrower or to any company in which the Borrower or one or more of its partners or shareholders has an interest.

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

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

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY



Henry R. Sims, II, Chairman, Board
of Directors

(SEAL)

ATTEST:



Elliott E. Franks, III,
Director

Dated: May 25, 1988

JACKSON MILLS, INC.

By: George E. Stone

Its: President

(SEAL)

ATTEST:

By: bc [Signature]
Its: Secretary
Dated: July 22, 1988

002793

EXHIBIT

NOV 3 1994

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[Form of Bond Counsel Opinion]

STATE BUDGET & CONTROL BOARD

_____, 1994

South Carolina Jobs - Economic
Development Authority
1201 Main Street, Suite 1750
Columbia, South Carolina 29201

Re: \$4,400,000 South Carolina Jobs - Economic Development Authority Economic
Development Revenue Refunding Bonds, Series 1994 (Jackson Mills, Inc.
Project)

Gentlemen:

We have examined a certified copy of the Transcript of Proceedings filed with the Secretary of State of the State of South Carolina, and other proofs submitted to us, relative to the issuance by the South Carolina Jobs - Economic Development Authority (the "Issuer") of its \$4,400,000 Economic Development Revenue Refunding Bonds, Series 1994 (Jackson Mills, Inc. Project) (the "Bonds"). The Bonds have been issued pursuant to the terms of a Trust Indenture (the "Indenture"), dated as of _____, 1994 between the Issuer and _____, as trustee (the "Trustee"). The Issuer will loan the proceeds of the Bonds to Jackson Mills, Inc., a Delaware corporation (the "Company"), to finance the refunding of the Issuer's outstanding Economic Development Revenue Bonds, Series 1988-C (Jackson Mills, Inc. Project), the proceeds of which were used to pay a portion of the cost of a Project as described in and pursuant to a Loan Agreement (the "Agreement"), dated as of _____, 1994 between the Issuer and the Company, pursuant to the terms of which, the Company is obligated to make payments to or on behalf of the Issuer sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. Unless otherwise indicated, all capitalized terms as used in this opinion shall have the meanings set forth in Article I of the Indenture.

The Bonds are issued as fully-registered bonds and are dated the date hereof. The Bonds are payable by the Issuer solely from the funds provided pursuant to the Indenture. Under the terms of the Indenture and the Agreement, the Company is required to provide a Letter of Credit to secure payment of the principal thereon (whether at maturity on redemption or acceleration of maturity or purchase upon tender by the owners thereof as

described in the Indenture) and interest on the Bonds. Trust Company Bank (the "Bank") has, subject to the termination dates specified therein, issued its direct-pay Irrevocable Letter of Credit with respect to the Bonds in an amount equal to the principal amount of the Bonds, plus ___ days' interest on the Bonds calculated at the Maximum Rate. We refer you to the Bonds and the Indenture for a description of the Company, the purpose for which the Bonds are issued, and the security therefor.

With respect to the organization of the Company, the power of the Company to enter into and perform its obligations under the Agreement and the other documents to which it is a party, the due authorization, execution, and delivery of the Agreement and the other documents by the Company and the validity and enforceability thereof against the Company, we refer you to the opinion of Holcombe, Bomar, Wynn, Cothran and Gunn of even date herewith addressed to you.

With respect to the due authorization, execution, and delivery of the Letter of Credit by the Bank, the validity thereof, and enforceability thereof against the Bank, we refer you to the opinion of King & Spalding of even date herewith addressed to you.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Limited Offering Memorandum as defined in the Placement Contract or the Limited Offering Memorandum as defined in the Placement Contract or other offering material relating to the Bonds (except to the extent, if any, stated in our opinion relating to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum), and we express no opinion relating thereto (excepting only the matters that are set forth as our opinion relating to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum).

As to questions of fact material to our opinion, we have relied upon representations of and covenants of compliance by the Company and the Issuer contained in the Agreement, the Indenture, certificates of public officials furnished to us, and certificates of representatives of the Company, the Trustee, the Issuer, the Bank, and other parties, without undertaking any independent verification. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence and powers of those parties other than the Issuer.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a validly existing public body, corporate and politic of the State of South Carolina, duly created by Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act") and is vested with the rights and powers conferred by the Act.

2. The Issuer has all requisite authority and power under the Act to issue the Bonds and to enter into and perform its obligations under the Indenture and the Agreement and to apply the proceeds from the issuance of the Bonds as set forth in the Indenture.

3. The Bonds have been duly authorized and issued in accordance with the Act and the Indenture, and constitute valid, binding, and enforceable limited obligations of the Issuer, payable by the Issuer solely from the revenues and receipts pledged to that purpose under the Indenture and from amounts drawn under the Letter of Credit. The Bonds do not create or constitute a pledge of the faith and credit of the Issuer or the State or of taxing power of the State. The Issuer does not have taxing power. Neither the Issuer nor the State is obligated to make any payment with respect to the Bonds except from the special funds provided therefor and the property pledged thereto under the Indenture.

4. The Indenture and Agreement have been duly authorized, executed, and delivered by the Issuer, and constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

5. The Issuer's right, title, and interest in the Agreement (except the Issuer's rights to indemnity, notices, and payment of its expenses) have been assigned to the Trustee, and the assignment constitutes a valid and binding assignment of the Issuer, enforceable against the Issuer in accordance with its terms.

6. Under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, except that for any period during which the Bonds are held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). It should be noted, however, that interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition to the foregoing exceptions, the opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain requirements may cause the inclusion of interest on the Bonds on gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Under present law, interest on the Bonds is exempt from all taxation by the State, except for inheritance, estate and transfer taxes.

We advise you that under the Indenture, the interest rate on the Bonds may in certain events be changed to a Weekly Interest Rate Mode, a Monthly Interest Rate Mode, a Three Month Interest Rate Mode, a Six Month Interest Rate Mode, a One Year Interest Rate Mode, a Five Year Interest Rate Mode, or a Fixed Interest Rate Date. The changes in interest rate are subject to, among other things, receipt by the Trustee of an opinion of Bond Counsel (who or which may or may not be this firm) substantially to the effect that the change will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Our opinion expressed in the preceding paragraph 6 speaks only as of the date of this letter, and nothing shall be interpreted or construed to express or imply any opinion concerning the effect of any change in the interest rate on the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. The availability of an opinion to that effect will depend upon the facts and law existing at the time the opinion is sought.

It is to be understood that the rights of the owners of the Bonds and the obligations of the parties under the Bonds, the Indenture, and the Agreement are subject to the exercise of judicial discretion in accordance with general principles of equity, and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditor's rights. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating indemnity agreements on grounds of public policy.

Our services as Bond Counsel to the Issuer have been limited to rendering the foregoing opinions based on our review of legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest thereon. We have not examined any documents or other information concerning the business or financial resources of the Issuer, the Company, or the Bank, and we express no opinion as to the accuracy or completeness of any such information with respect to the Issuer, the Company, or the Bank that may have been relied upon by the Bondholders in making their decision to purchase the Bonds.

Very truly yours,

EXHIBIT

NOV 3 1994

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STATE OF SOUTH CAROLINA)
)
RICHLAND COUNTY)

STATE BUDGET & CONTROL BOARD

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

PETITION OF SOUTH
CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

This Petition of the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to refund any bonds of the Authority that are outstanding at any time by the issuance of its refunding bonds in any amount as the Authority considers necessary but not to exceed an amount sufficient to refund the principal of the bonds to be refunded together with any unpaid interest thereon and any premiums, expenses, and commissions necessary to be paid; and (ii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds at public or private sale as may be determined to be most advantageous, and to secure the payment of the bonds all as in the Act provided.

2. On December 16, 1988, the Authority issued its Economic Development Revenue Bonds, Series 1988-C (Jackson Mills, Inc. Project) (the "Prior Bonds") and loaned the proceeds thereof to Jackson Mills, Inc., a Delaware Corporation (the "Borrower"), to defray the cost of renovations to existing facilities and acquiring certain machinery and equipment to be used for the purpose of textile manufacturing constituting an industrial facility located in Spartanburg County within the State of South Carolina (the "Project").

3. By resolution adopted on October 26, 1988, the State Budget and Control Board approved the issuance of the Prior Bonds through a negotiated private sale pursuant to the Act for the purposes of financing the Project.

4. The Authority has been advised by the Borrower that it is advantageous to refund the Prior Bonds in order to make revisions to the debt service schedule.

5. Consequently, the Borrower has requested the Authority to execute and deliver its Economic Development Revenue Refunding Bonds (Jackson Mills, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$4,400,000 to refund the Prior Bonds.

6. The Authority represents that the Bonds will be secured by a letter of credit to be issued by Trust Company Bank, and that the Authority finds the security for payment of the Bonds to be acceptable

7. The Bonds will be sold pursuant to a private placement by Trust Company Bank, as placement agent pursuant to a private sale, which arrangement the Authority has determined to be most advantageous.

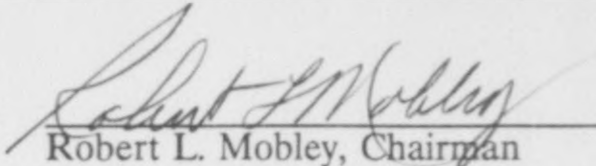
8. The Authority hereby reaffirms and ratified each of the findings of fact made by the Authority in the Petition previously filed with the State Budget and Control Board with respect to the Project.

Upon the basis of the foregoing, the Authority respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, and (iii) approve the issuance of the Bonds by the Authority through a negotiated private sale pursuant to the Act in order to refund the Prior Bonds (including changes in any details of the financing as finally consummated which do not materially affect the undertaking of the Authority).

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

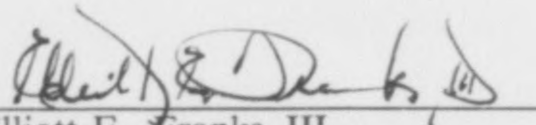
By:


Robert L. Mobley, Chairman
Board of Directors

Dated: October 14, 1994

(SEAL)

ATTEST:


Elliott E. Franks, III
Director

A RESOLUTION AUTHORIZING THE FILING OF A PETITION WITH THE STATE BUDGET AND CONTROL BOARD IN CONNECTION WITH THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY OF ITS ECONOMIC DEVELOPMENT REVENUE REFUNDING BONDS (JACKSON MILLS, INC., PROJECT) SERIES 1994, PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, IN THE PRINCIPAL AMOUNT OF \$4,400,000.

WHEREAS, Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), among other things, empowers the South Carolina Jobs-Economic Development Authority (the "Authority"): (i) to refund any bonds of the Authority that are outstanding at any time by the issuance of its refunding bonds in any amount as the Authority considers necessary but not to exceed an amount sufficient to refund the principal of the bonds to be refunded together with any unpaid interest thereon and any premiums, expenses, and commissions necessary to be paid; and (ii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds at public or private sale as may be determined to be most advantageous, and to secure the payment of the bonds all as in the Act provided; and

WHEREAS, on December 16, 1988, the Authority issued its Economic Development Revenue Bonds, Series 1988-C (Jackson Mills, Inc. Project) (the "Prior Bonds") and loaned the proceeds thereof to Jackson Mills, Inc., a Delaware Corporation (the "Borrower"), to defray the cost of renovations to existing facilities and acquiring certain machinery and equipment to be used for the purpose of textile manufacturing constituting an industrial facility located in Spartanburg County within the State of South Carolina (the "Project"); and

WHEREAS, by resolution adopted on October 26, 1988, the State Budget and Control Board approved the issuance of the Prior Bonds through a negotiated private sale pursuant to the Act for the purposes of financing the Project; and

WHEREAS, the Authority has been advised by the Borrower that it is advantageous to refund the Prior Bonds in order to make revisions to the debt service schedule; and

WHEREAS, consequently, the Borrower has requested the Authority to execute and deliver its Economic Development Revenue Refunding Bonds (Jackson Mills, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$4,400,000 to refund the Prior Bonds; and

WHEREAS, the Authority represents that the Bonds will be secured by a letter of credit to be issued by Trust Company Bank, and that the Authority finds the security for payment of the Bonds to be acceptable; and

WHEREAS, the Bonds will be sold pursuant to a private placement by Trust Company Bank, as placement agent pursuant to a private sale, which arrangement the Authority has determined to be most advantageous; and

WHEREAS, the Authority hereby reaffirms and ratified each of the findings of fact made by the Authority in the Petition previously filed with the State Budget and Control Board with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED, by the Authority as follows:

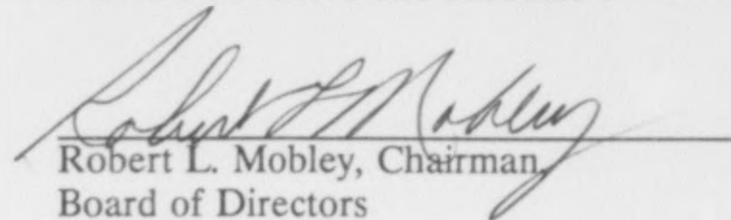
Section 1. There is hereby authorized and directed the submission on behalf of the Authority, of a Petition requesting approval by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through private sale, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in form acceptable to the State Budget and Control Board.

Section 2. The Chairman of the Board of Directors of the Authority be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority, and the Director of the Authority be and is hereby authorized and directed to affix the seal of the Authority to said Petition and to attest the same and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the State Budget and Control Board of South Carolina.

Section 3. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

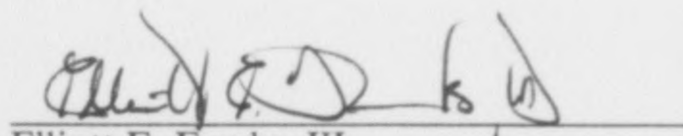
Passed and approved October 14, 1994.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Robert L. Mobley, Chairman
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III,
Director

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

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CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 18, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 3, 1994, Budget and Control Board agenda:

Jobs-Economic Development Authority
Not Exceeding \$4,400,000 Economic Development Revenue Refunding Bonds
Jackson Mills, Inc. project

For this proposal to be included on the November 3 agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, October 25, 1994.

DKW/laf
Enclosure

002802

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 3

AGENCY: Human Resources

SUBJECT: Proposed Regulation, State Employee Grievance Process

The Office of Human Resources proposes to amend State Personnel Regulations 19.706 and 19.775 which pertain to the rules and procedures governing the State Employee Grievance Process. The purpose of the proposed changes is to clarify language, to allow for more efficient administration, and to comply with recent statutory changes.

The attached "Proposed Regulation and Notice of Opportunity for Public Comment" is submitted for information to the Board prior to its submission for publication in the *State Register*.

BOARD ACTION REQUESTED:

Receive as information a report that the Proposed Regulation and Notice of Opportunity for Public Comment (State Employee Grievance Process) will be submitted for publication in the *State Register*.

ATTACHMENTS:

Agenda item worksheet; Facts Sheet; Proposed Regulations w/Notice of Public Hearing and Preliminary Fiscal Impact Statement

002803

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)

For meeting scheduled for:

November 3, 1994

☒ Blue Agenda
☐ Regular Session
☐ Executive Session

1. Submitted by: (a) Agency: Office of Human Resources

(b) Authorized Official Signature

Stephen C. Osborne

2. Subject: Proposed regulation changes

3. Summary Background Information:

The Office of Human Resources (OHR) proposes to amend State Personnel Regulations 19.706 and 19.775 which pertain to the rules and procedures governing the State Employee Grievance Process. The purpose of the proposed changes is to clarify language, to allow for more efficient administration, and to comply with recent statutory changes. The attached "Proposed Regulation and Notice of Opportunity for Public Comment" is submitted for information to the Board prior to submission for publication in the State Register as required by the Administrative Procedures Act (APA). The Notice of Drafting for these regulations was previously provided to the Board at its October meeting as the first step in the APA process.

4. What is Board asked to do?

The proposed regulation changes are submitted to the Board for informational purposes prior to submission for publication in the State Register.

5. What is recommendation of the Board division involved?

To review the changes for informational purposes.

6. Recommendation of other office (as required)?

Office Name

Authorized
Signature

7. Supporting Documents:

List those attached:

List those not attached
but available

Facts Sheet

Proposed Regulation and Notice of Opportunity for Public Comment.

Document Transmittal Form

002804

EXHIBIT

NOV 3 1994

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FACTS SHEET PROPOSED REGULATION CHANGES

STATE BUDGET & CONTROL BOARD

*The Office of Human Resources (OHR) proposes to amend State Personnel Regulations 19.706 and 19.775 which pertain to rules and procedures governing the State Employee Grievance Process.

*The purpose of the proposed changes is to clarify language, to allow for more efficient administration, and to comply with recent statutory changes.

*The changes which are in accordance with statutory revisions include not allowing reclassifications, reassignments, and transfers to the same pay grade to be grievable; making salary decreases based on the results of EPMS evaluations to be grievable; and, only allowing lack of promotion to be grievable if the employee was qualified and applied for a position that was greater than one organizational level above the successful candidates's present level.

*Other proposed changes include giving the State Personnel Director final approval of the amount of reinstatement pay due to an employee; and requiring documents to be submitted fifteen days prior to the hearing to allow for proper review by the opposing party before they are forwarded to the State Employee Grievance Committee. These changes are in accordance with customer input.

*All of the above changes are minimal in nature.

*The attached "Proposed Regulation and Notice of Opportunity for Public Comment" is submitted for information to the Board prior to submission for publication in the State Register as required by the Administrative Procedures Act.

Prepared by the Office of Human Resources 10-19-94

002805

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD OFFICE OF HUMAN RESOURCES

STATE BUDGET & CONTROL BOARD

CHAPTER 19

Statutory Authority: S.C. Code of Laws 8-11-230, and
Regulations 19-775.34

19-706. Grievances and Appeals and 19-775. State Employee Grievance Committee Rules.

Synopsis:

The Office of Human Resources proposes to amend Regulations 19-706. Grievances and Appeals. and 19-775. State Employee Grievance Committee Rules. These regulations set forth the rules and procedures for the administration of the State Employee Grievance Process. Amendments are necessary to comply with recent statutory changes, to allow for a more efficient administration of the grievance process and for clarification purposes. Statutory changes include: not allowing reclassifications, reassignments, and transfers to the same pay grade to be grievable; making salary decreases based on the results of Employee Performance Management System evaluations to be grievable; and only allowing lack of consideration for a promotion to be grievable if the employee was qualified and applied for a position that was greater than one organizational level above the successful candidate's present level. Changes to allow for a more efficient administration of the grievance process include: giving the State Personnel Director final approval of the amount of reinstatement pay due to an employee; and requiring documents to be submitted fifteen days prior to the hearing to allow for proper review by the opposing party before they are forwarded to the State Employee Grievance Committee. Other changes are sought for clarification purposes.

Notice of Public Hearing:

The Office of Human Resources will conduct a public hearing for the purpose of receiving oral comments at 10:00 a.m. on Wednesday, December 28, 1994, in Room 1045, 1201 Main Street (AT&T Building), Columbia, South Carolina. Written comments will be accepted until 5:00 p.m., Friday December 30, 1994.

Preliminary Fiscal Impact Statement:

No state funding is necessary.

008806

Statement of Need and Reasonableness:

To comply with recent statutory changes; to allow for more efficient administration; to clarify language. There are no costs imposed by the updating of this regulation.

Summary of Preliminary Assessment Report:

A Preliminary Assessment Report is not applicable.

002807

EXHIBIT

NOV 3 1994

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DOCUMENT TRANSMITTAL FORM

This form must be completed and submitted with each document filed with the Legislative Council

STATE BUDGET & CONTROL BOARD

Agency Name Budget & Control Board Human Resources	Chapter Number 19	Date of Filing October 6, 1994
Regulation Number 19-706 19-775	Subject of Regulation Grievances and Appeals State Employee Grievance Committee Rules	
Statutory Authority SC Codes of Laws 8-11-230; Regulation 19-775.34		

Type of Filing

- ☐ NOTICE OF GENERAL PUBLIC INTEREST
☐ NOTICE OF DRAFTING
☒ PROPOSED REGULATION
 Including: Notice of Opportunity for Public Comment and Hearing
 and Fiscal Impact Statement.
☐ EMERGENCY REGULATION
 Including: Statement of Emergency Situation Requiring Filing.
☐ FINAL REGULATION FOR GENERAL ASSEMBLY REVIEW
 Including: Two letters of request for review, Synopsis, and Fiscal
 Impact Statement.
☐ RESUBMISSION OF WITHDRAWN REGULATION FOR GENERAL
 ASSEMBLY REVIEW
☐ FINAL REGULATION EXEMPT FROM GENERAL ASSEMBLY REVIEW

For Additional Information Contact	Donna Traywick	Telephone Number 737-0977
Typed Name of Official Donna Kaminer Williams	Signature of Official <i>Donna Kaminer Williams</i>	Date October 6, 1994

SOUTH CAROLINA STATE REGISTER USE ONLY	
For Publication in SR Volume _____ Issue _____ Document Number _____ Date of Conversion: _____ Verification: _____	OFFICIAL FILING STAMP

002808

FACTS SHEET

PROPOSED REGULATION CHANGES

*The Office of Human Resources (OHR) proposes to amend State Personnel Regulations 19.706 and 19.775 which pertain to rules and procedures governing the State Employee Grievance Process.

*The purpose of the proposed changes is to clarify language, to allow for more efficient administration, and to comply with recent statutory changes.

*The changes which are in accordance with statutory revisions include not allowing reclassifications, reassignments, and transfers to the same pay grade to be grievable; making salary decreases based on the results of EPMS evaluations to be grievable; and, only allowing lack of promotion to be grievable if the employee was qualified and applied for a position that was greater than one organizational level above the successful candidates's present level.

*Other proposed changes include giving the State Personnel Director final approval of the amount of reinstatement pay due to an employee; and requiring documents to be submitted fifteen days prior to the hearing to allow for proper review by the opposing party before they are forwarded to the State Employee Grievance Committee. These changes are in accordance with customer input.

*All of the above changes are minimal in nature.

*The attached "Proposed Regulation and Notice of Opportunity for Public Comment" is submitted for information to the Board prior to submission for publication in the State Register as required by the Administrative Procedures Act.

Prepared by the Office of Human Resources 10-19-94

002809

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD OFFICE OF HUMAN RESOURCES

STATE BUDGET & CONTROL BOARD

CHAPTER 19

Statutory Authority: S.C. Code of Laws 8-11-230, and
Regulations 19-775.34

19-706. Grievances and Appeals and 19-775. State Employee Grievance Committee Rules.

Synopsis:

The Office of Human Resources proposes to amend Regulations 19-706. Grievances and Appeals. and 19-775. State Employee Grievance Committee Rules. These regulations set forth the rules and procedures for the administration of the State Employee Grievance Process. Amendments are necessary to comply with recent statutory changes, to allow for a more efficient administration of the grievance process and for clarification purposes. Statutory changes include: not allowing reclassifications, reassignments, and transfers to the same pay grade to be grievable; making salary decreases based on the results of Employee Performance Management System evaluations to be grievable; and only allowing lack of consideration for a promotion to be grievable if the employee was qualified and applied for a position that was greater than one organizational level above the successful candidate's present level. Changes to allow for a more efficient administration of the grievance process include: giving the State Personnel Director final approval of the amount of reinstatement pay due to an employee; and requiring documents to be submitted fifteen days prior to the hearing to allow for proper review by the opposing party before they are forwarded to the State Employee Grievance Committee. Other changes are sought for clarification purposes.

Notice of Public Hearing:

The Office of Human Resources will conduct a public hearing for the purpose of receiving oral comments at 10:00 a.m. on Wednesday, December 28, 1994, in Room 1045, 1201 Main Street (AT&T Building), Columbia, South Carolina. Written comments will be accepted until 5:00 p.m., Friday December 30, 1994.

Preliminary Fiscal Impact Statement:

No state funding is necessary.

002810

EXHIBIT

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STATE BUDGET & CONTROL BOARD

Statement of Need and Reasonableness:

To comply with recent statutory changes; to allow for more efficient administration; to clarify language. There are no costs imposed by the updating of this regulation.

Summary of Preliminary Assessment Report:

A Preliminary Assessment Report is not applicable.

002811

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 4

AGENCY: General Services

SUBJECT: Easements

General Services recommends that the Board concur and acquiesce in the granting of the following easement in accord with Code Section 10-1-130:

County Location:	Jasper
From:	Department of Disabilities and Special Needs
To:	SC Electric & Gas Company
Description/Purpose:	right-of-way near the intersection of Highway 278 and Road S-27-362
Consideration:	\$1

BOARD ACTION REQUESTED:

Concur and acquiesce in the referenced easement.

ATTACHMENTS:

002812

EXHIBIT

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INDENTURE, made this _____ day of October STATE BUDGET & CONTROL BOARD, 1994
by and between S.C. Department of Disabilities and Special Needs

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

WITNESSETH:

That, in consideration of the sum of One Dollar (\$1.00) received from Grantee, Grantors, being the owners of land situate in the
County of Jasper, State of South Carolina, hereby grant and convey to Grantee, its successors and
assigns, the right to construct, extend, replace, relocate, perpetually maintain and operate an electric line or lines consisting of any
or all of the following: poles, conductors, overhead and underground lightning protective wires, municipal, public, or private com-
munication wires, underground cables, conduits, transformer pads, guys, push braces and other accessory apparatus and equipment
deemed by Grantee to be necessary therefor, upon, over, across, through, and under land described as follows: a tract or lot of land
containing 4.0 acres, more or less, and being the same lands conveyed to grantor by deed or will of Jasper County
dated 6-2-93, and
recorded in the R. M. C. Probate Judge's Office for Jasper
County in Deed Book 124 Page 168

A tract of land located at or near the intersection of SC Highway 278
and SC Road S-27-362.

The right of way is as more fully shown on SCE&G drawing number
D-38777, Sheet 1 of 1, and revisions thereof, and is by reference only
made a part hereof.

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

Together also with the right from time to time to trim, cut or remove trees, underbrush and other obstructions that are within,
over, under or through a strip of land extending Ten (10) feet on each side of the center
of said lines, cables, conduits, or pipes as they may be located now or in the future; provided, however, any damage to the property of
Grantors (other than that caused by trimming, cutting or removing) caused by Grantee in maintaining or repairing said lines, shall be
borne by Grantee; provided further, however that Grantors agree for themselves, their successors and assigns, not to build or allow any
structure to be placed on the premises in such a manner that any part thereof will exist within the above specified number of feet of
any wire strung on the said lines or over any such cables, pipes, conduits, or other associated facilities, and in case such structure is
built, then the Grantor, or such successor and assign as may be in possession and control of the premises at the time, will promptly
remove the same upon demand of the Grantee herein. Together also with the right of entry upon the Grantors' said lands for all of the
purposes aforesaid.

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

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

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

Louise A. Gorman
Bert J. Sturkey

South Carolina Department of
Disabilities and Special Needs

By: [Signature] (SEAL)
Title STATE DIRECTOR (SEAL)

002813

(SEAL)

STATE OF SOUTH CAROLINA,

County of _____

ss

Personally appeared before me _____
and made oath that he saw the within named _____

_____ sign, seal and
as his act and deed deliver the within easement for the uses and purposes therein mentioned, and that he with _____
_____ in the presence of each other, witnessed the due execution thereof.

Sworn to before me this _____
day of _____ A. D., 19____

Notary Public for S. C. _____

STATE OF SOUTH CAROLINA,

County of _____

ss

Personally appeared before me _____
and made oath that he saw the within named _____

_____ sign, seal and
as his act and deed deliver the within easement for the uses and purposes therein mentioned, and that he with _____
_____ in the presence of each other, witnessed the due execution thereof.

Sworn to before me this _____
day of _____ A. D., 19____

Notary Public for S. C. _____

STATE OF SOUTH CAROLINA,

RICHLAND County.

Personally appeared before me _____
and made oath that HE saw the within named SC Department of Disabilities and Special Needs
by the hand of Philip S. Massey _____ sign, affix the
corporate seal, and as the act and deed of said corporation deliver the within written instrument for the uses and purposes therein
mentioned, and that HE with Both S. Stuckey _____ witnessed the execution thereof and
subscribed their _____ names as witnesses thereto.

Sworn to and subscribed before me this 18th
day of October A. D., 1994

Lee Ann C. Peay (L. S.)

Notary Public for S. C. _____

In accordance with provisions of 1-11-65 and 10-1-130 Code of Laws of South Carolina,
as amended, at its meeting held on November 3, 1994, approval is given
by the STATE BUDGET AND CONTROL BOARD to the easement granted herein.

S/ Donna K. Williams

Donna K. Williams, Secretary for the Board

Line _____

County _____

RIGHT OF WAY GRANT

R/W File No. _____ Block No. _____

TO

**South Carolina Electric & Gas
Company**

Dated _____, 19____

Received in the Clerk's Office of the County

of _____

South Carolina, on the _____

day of _____ A. D. 19____

at _____ o'clock in the _____ noon

and recorded in Book _____ of Deeds

for said County on Page _____

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EXHIBIT

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STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

MEETING OF November 3, 1994

ITEM NUMBER _____

AUTHORIZED OFFICIAL SIGNATURE

Allen J. Fisher

AGENCY: General Services

SUBJECT: Easements

The Office recommends that the Board concur and acquiesce in the granting of the following easements in accord with Code Section 10-1-130:

County Location:	Jasper
From:	Dept. of Disabilities & Special Needs
To:	S. C. Electric and Gas Company
Consideration:	\$1.00
Description/purpose:	A tract of land located at or near the intersection of SC Highway 278 and SC Road S-27-362.

BOARD ACTION REQUESTED:

Concur and acquiesce in the referenced easement.

ATTACHMENTS:

Code Sections

002815

"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution."

§ 1-11-80. Board authorized to grant easements for public utilities on vacant State lands.

The State Budget and Control Board is authorized to grant easements and rights of way to any person for construction and maintenance of power lines, pipe lines, water and sewer lines and railroad facilities over, on or under such vacant lands or marshland as are owned by the State, upon payment of the reasonable value thereof.

HISTORY: 1962 Code § 1-357.1; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

§ 1-11-90. Board authorized to grant rights of way over State marshlands for roads or power or pipe lines to State agencies or political subdivisions.

The State Budget and Control Board may grant to agencies or political subdivisions of the State, without compensation, rights of way through and over such marshlands as are owned by the State for the construction and maintenance of roads, streets and highways or power or pipe lines, if, in the judgment of the Budget and Control Board, the interests of the State will not be adversely affected thereby.

HISTORY: 1962 Code § 1-357.2; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

§ 1-11-100. Execution of instruments conveying rights of way or easements over marshlands or vacant lands.

Deeds or other instruments conveying such rights of way or easements over such marshlands or vacant lands as are owned by the State shall be executed by the Governor in the name of the State, when authorized by resolution of the Budget and Control Board, duly recorded in the minutes and records of such Board and when duly approved by the office of the Attorney General; deeds or other instruments conveying such easements over property in the name of or under the control of State agencies, institutions, commissions or other bodies shall be executed by the majority of the governing body thereof, shall name both the State of South Carolina and the institution, agency, commission or governing body as grantors, and shall show the written approval of the majority of the members of the State Budget and Control Board.

HISTORY: 1962 Code § 1-357.3; 1963 (53) 177.

Cross References—

As to authority of State institutions and agencies to grant easements and rights of way, see § 10-1-130.

Research and Practice References—

63A Am Jur 2d, Public Lands § 115.

75B CJS, Public Lands §§ 178, 180.

17 Am Jur Legal Forms 2d, States, Territories, and Dependencies § 239:21 (agricultural lease-provision-reservation of right to grant easements).

§ 10-1-130. State institutions and agencies may grant easements and rights of way on consent of Budget and Control Board.

The trustees or governing bodies of State institutions and agencies may grant easements and rights of way over any property under their control, upon the concurrence and acquiescence of the State Budget and Control Board, whenever it appears that such easements will not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any such amounts shall be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

HISTORY: 1962 Code § 1-49.3; 1963 (53) 177.

Cross references—

As to composition, powers and duties of State Budget and Control Board generally, see Chapter 11 of Title 1.

As to the State Budget and Control Board, generally, see §§ 1-11-10 et seq.

As to execution of conveyances of such easements, see § 1-11-100.

§ 25-1-1660. Transfer of surplus armories to political subdivisions.

The State Budget and Control Board may transfer to a political subdivision ownership of a national guard armory being replaced and declared surplus if the political subdivision has donated real property for use as a site for a replacement armory.

HISTORY: 1985 Act No. 201, Part II, § 12, eff June 20, 1985.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

BLUE AGENDA STATE BUDGET & CONTROL BOARD
ITEM NUMBER 5

AGENCY: General Services

SUBJECT: SCETV Procurement Certification

The Division of General Services, in accord with Section 11-35-1210, has audited the South Carolina Educational Television Commission and recommends its certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$25,000; consultant services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000.

This is an increase in certification.

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement certification to the South Carolina Educational Television Commission within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: goods and services, \$25,000; consultant services, \$25,000; information technology in accordance with the approved information technology plan, \$25,000.

ATTACHMENTS:

Agenda item worksheet and attachment

002817

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)
For meeting scheduled for:

November 3, 1994

☒ Blue Agenda
☐ Regular session
☐ Executive session

1. Submitted by: (a) Agency: Office of General Services
(b) Authorized Official Signature: Helen T. Zeigler, Director
Helen T. Zeigler
2. Subject: Procurement Certification of South Carolina Educational Television Commission

3. Summary Background Information:
In accordance with Consolidated Procurement Code Section 11-35-1210, the Office of General Services has audited South Carolina Educational Television Commission procurement system and recommends its certification within the parameters described in the audit report for the following limits for a period of three (3) years:

	Current Certification Per Purchase Commitment	Certification Recommendations Per Purchase Commitment
I. Good and Services	*\$5,000	*\$25,000
II. Consultant Services	*\$5,000	*\$25,000
III. Information Technology in accordance with the approved Information Technology Plan	*\$5,000	*\$25,000
IV. Construction	*\$5,000	*\$25,000

*Total potential commitment to the State whether single year or mult-term contracts are used.

4. What is Board asked to do?
Grant procurement certification for South Carolina Educational Television Commission by approval of the Blue Agenda.

5. What is recommendation of Board division involved?
Grant certification by approval of the Blue Agenda.

6. Recommendation of other office (as required)?

Office Name _____ Authorized
Signature _____

7. Supporting Documents:

List those attached:

List those not attached
but available:

Copy of Section 11-35-1210 of the Consolidated Procurement Code.

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Section 11-35-1020. Advisory Groups.

The chief procurement officers may appoint advisory groups such as user committees to assist with respect to specifications and procurement in specific areas and with respect to any other matters within the authority of the chief procurement officers. The chief procurement officers shall develop methods for obtaining necessary and relevant information from the affected agencies, whether through user committees or by surveys and other methods. The chief procurement officers shall make every reasonable effort to ensure that such contracts are developed as will best suit the interest of the State, giving due emphasis to user needs, total costs and open competitive methods of public purchasing.

Section 11-35-1030. Procurement Training and Certification.

The Division of General Services shall develop a system of training for procurement in accordance with regulations by the board. Such training shall compass the latest techniques and methods of public procurement. If deemed appropriate by the Division of General Services, such training shall include a requirement for certification of the procurement officer of each purchasing agency.

SUBARTICLE 9

Auditing and Fiscal Reporting**Section 11-35-1210. Certification.**

(1) **Authority.** The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

(2) **Policy.** Authorizations granted by the board to a governmental body are subject to the following:

- (a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;
- (b) responsiveness to user needs;
- (c) obtaining of the best prices for value received.

(3) **Adherence to Provisions of the Code.** All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

Section 11-25-1220. Collection of Data Concerning Public Procurement.

The Division of General Services shall prepare statistical data concerning the procurement, use and disposition of all supplies, services and construction. All using agencies shall furnish such reports as the Division of General Services may require concerning use, needs and stocks on hand, and the chief procurement officers shall prescribe forms to be used by the using agencies in requisitioning, ordering and reporting supplies, services and construction. The chief procurement officers shall limit requests for information to those items necessary for the effective operation of the purchasing system, but using agencies shall be required to provide information as requested.

Section 11-35-1230. Auditing and Fiscal Reporting.

(1) **Auditing.** The Division of General Services through consultation with the chief procurement officers shall develop written plans for the auditing of state procurements.

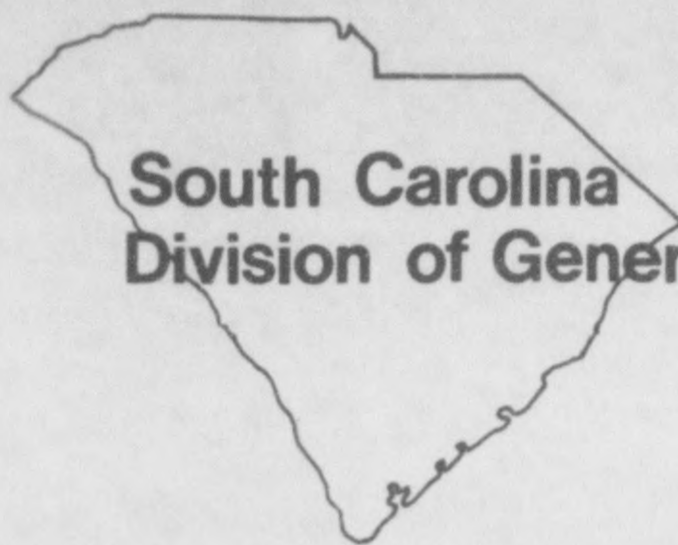
In procurement audits of governmental bodies thereafter, the auditors from the Division of General Services shall review the adequacy of the system's internal controls in order to ensure compliance with the requirement of this code and the ensuing regulations. Any noncompliance discovered through audit must be transmitted in management letters to the audited governmental body, the Budget and Control Board. The auditors shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations of the Division of General Services the board may revoke certification as provided for in Section 11-35-1210 and require the governmental body to make all procurements through the office of materials management above a dollar limit set by the board until such time as the board is assured of compliance with this code and its regulations by that governmental body.

(2) **Fiscal Reporting.** Beginning with the first quarter of fiscal year 1981-82 and each quarter thereafter, in

EXHIBIT

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STATE BUDGET & CONTROL BOARD



South Carolina
Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

SOUTH CAROLINA
EDUCATIONAL TELEVISION COMMISSION

AGENCY

JULY 1, 1991 - DECEMBER 31, 1993

DATE

002820

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

HELEN T. ZEIGLER
DIRECTOR

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600
Fax (803) 737-0639

WILLIAM E. GUNN
ASSISTANT DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

September 28, 1994

Mrs. Helen T. Zeigler
Director
Office of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Helen:

I have attached South Carolina Educational Television Commission's procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the South Carolina Educational Television Commission a three (3) year certification as noted in the audit report.

Sincerely,

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

William E. Gunn
Materials Management Officer

WEG/tl
Attachment

002821

MARION U. DORSEY, P.E.
OFFICE OF THE
STATE ENGINEER
(803) 737-0770

VOIGHT SHEALY
STATE
PROCUREMENT
(803) 737-0600

RON MOORE
INFORMATION
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(803) 737-0600

LARRY G. SORRELL
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& CERTIFICATION
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JAMES J. PORTH, JR.
QUALITY ASSURANCE
(803) 737-0600

WALT TAYLOR
STATE & FEDERAL
SURPLUS
PROPERTY
(803) 822-5490

WALT TAYLOR
CENTRAL SUPPLY
& INTERAGENCY
MAIL SERVICE
(803) 734-7919

JULY 1, 1991 - DECEMBER 31, 1993

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EXHIBIT

NOV 3 1994

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STATE BUDGET & CONTROL BOARD

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Certification Recommendations.....	15
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STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
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JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

August 11, 1994

Mr. William E. Gunn
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Eddie:

We have examined the procurement policies and procedures of the South Carolina Educational Television Commission for the period July 1, 1991 - December 31, 1993. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and Commission procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

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CENTRAL SUPPLY
& INTERAGENCY
MAIL SERVICE
(803) 734-7919

NON-PRO

The administration of the South Carolina Educational Television Commission is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions, as well as our overall examination of procurement policies and procedures, were conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

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The examination did, however, disclose conditions enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the South Carolina Educational Television Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Larry G. Sorrell

Larry G. Sorrell, Manager
Audit and Certification

002826

INTRODUCTION

We conducted an examination of the internal procurement operating policies and procedures of the South Carolina Educational Television Commission. Our on-site review was conducted February 2, 1994 through February 17, 1994, and was made under the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally our work was directed toward assisting the Commission in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system will will promote increased public confidence
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State
- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process

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SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. It encompassed a detailed analysis of the internal procurement operating procedures of the South Carolina Educational Television Commission and its related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions.

We statistically selected random samples for the period July 1, 1991 - December 31, 1993, of procurement transactions for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, the following:

- (1) Sixty randomly selected procurement transactions
- (2) The selection and approval of two architect and engineering service contracts
- (3) Three permanent improvement contracts for approvals and compliance with the Manual for Planning and Execution of State Permanent Improvements
- (4) Block sample of one thousand sequentially numbered vouchers
- (5) All sole source, emergency and trade-in sale procurements for the audit period
- (6) Minority Business Enterprise Plan and quarterly progress reports
- (7) Real property lease listings and approvals
- (8) Procurement staff and training
- (9) Information Technology Plan approvals

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- (10) Evidence of competition and informal bidding procedures
- (11) Inventory and disposition of surplus property procedures
- (12) Review of the procurement procedures manual
- (13) Economy and efficiency of the procurement process

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EXHIBIT

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SUMMARY OF AUDIT FINDINGS

STATE BUDGET & CONTROL BOARD

Our audit of procurement management at the South Carolina Educational Television Commission, hereinafter referred to as the Commission, produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>Compliance - General</u>	
One procurement lacked the appropriate competition requirements and trade-in approval.	9
II. <u>Compliance - Sole Source and Emergency Procurements</u>	
A. <u>Drug-Free Workplace Certifications</u>	10
Nine sole sources and one emergency procurement, greater than \$50,000, were not supported by Drug-Free Workplace certifications.	
B. <u>Reporting Errors</u>	11
We noted three sole source procurements and one emergency procurement reporting errors.	
C. <u>Unauthorized Sole Source Procurement</u>	12
We noted one unauthorized sole source procurement.	
D. <u>Inappropriate Emergency Procurement</u>	13
Poor planning by section personnel resulted in an inappropriate emergency procurement.	

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III. Compliance - Construction

13

The Commission failed to provide to us a copy of the State Engineer form SE-390, "Notice to Proceed", on one construction contract.

IV. Procurement Procedures Manual

14

The Commission's procurement procedures manual must be updated to reflect the new Code changes and the Commission's higher certification limits.

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STATE BUDGET & CONTROL BOARD

Goods and Services	\$25,000 per commitment
Consultants	25,000 per commitment
Information Technology	25,000 per commitment
Construction	25,000 per commitment

I. Compliance - General

Purchase order number 930120 was for \$2,910 less a trade-in credit of \$1,890 for a used assembly. Voucher 30275 dated 7/28/92 for \$1,020 was for payment on a rebuilt capstan assembly. Two problems were noted on this transaction.

The Commission solicited two phones, using the \$1,020 difference as a basis for receiving informal quotes. However, an opinion written by the Materials Management Officer on December 4, 1984 stated in part...

The total value of an acquisition is not influenced by a trade-in credit or cost reduction when determining the proper procurement methodology or source selection.

This procurement should have been sealed bid since the original cost was greater than \$2,500. We remind the Commission that the competition levels must be based on the original acquisition amount before trade-in credits are applied.

The Commission failed to get approval as required by Regulation 19-445.2150(E) when a trade-in exceeds \$500.

It is customary for the Commission to exchange used equipment and TV tubes on purchase of rebuilt like items. We recommend the Commission obtain a blanket trade-in approval annually from the State Surplus Property Officer to facilitate these type trade-in purchases.

COMMISSION RESPONSE

Concur. This procurement is in actuality a repair of a Capstan Assembly. The vendor provides us with a rebuilt assembly, so that we do not have down time, then charges us for the repair of the inoperative item which they keep on the shelf. We never considered this to be a trade-in, and therefore never reported a trade-in. In the future we will insure that this type of procurement is reported correctly.

II. Compliance - Sole Source and Emergency Procurements

A. Drug-Free Workplace Certifications

We noted nine sole source procurements and one emergency procurement for \$50,000 or more where the Commission did not obtain the required certifications from vendors that they were in compliance with the South Carolina Drug-Free Workplace Act. Items 1-9 were sole source and item 10 was an emergency procurement.

These contracts were as follows:

<u>Item#</u>	<u>PO#</u>	<u>PO Date</u>	<u>Amount</u>	<u>Description</u>
1	920041	08/20/91	\$ 76,272	Hardware maintenance
2	920320	09/05/91	59,622	Audio tape recorders & players
3	930018	08/24/92	63,696	Hardware maintenance
4	930831	09/22/92	660,672	Satellite antenna system
5	933130	05/27/93	82,950	Satellite up-converters
6	933131	06/23/93	185,706	KU-Band satellite amplifiers
7	Contract	06/03/93	175,325	Studio production services

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8	Contract	07/16/93	568,232	Production services
9	Contract	11/10/93	54,875	Utilization services
10	930022	07/29/92	58,164	Klystron tube

Section 44-107-40 of the South Carolina Code of Laws, 1976, as amended in 1991, requires that:

No state agency may enter into a domestic contract or make a domestic grant with any individual for a stated or estimated value of fifty thousand dollars or more unless the contract or grant includes a certification by the individual that the individual will not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance in the performance of the contract.

The Commission has not complied with the law in these cases.

We recommend that the Commission exercise more caution to ensure that sole source and emergency contracts greater than \$50,000 are not awarded unless the vendors complete Drug-Free Workplace certifications.

COMMISSION RESPONSE

Concur. We neglected to realize that Drug Free Workplace Certifications were required on other than Competitive Bid Contracts. In the Future all contracts of \$50,000 or more, regardless of procurement methodology, will contain the compliance certification.

B. Reporting Errors

During the review of sole source and emergency procurements, we noted the following reporting errors made to the Materials Management Office:

<u>Item#</u>	<u>PO#</u>	<u>PO Date</u>	<u>Amount</u>	<u>Description</u>
1	20709	08/15/91	\$ 2,090.00	TV rating service
2	940896	08/30/93	7,176.00	Printing paper
3	941056	09/13/93	3,773.50	Printing paper
4	913074	10/21/91	1,785.00	Rental of office modular buildings

Items 1-3 were sole source procurements that were not reported to the Materials Management Office as required by Code

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Section 11-35-2440.

Item 4 was an emergency procurement for the monthly rental of an office trailer to house broadcast equipment and personnel. However, this emergency was reported as a sole source procurement.

An amendment should be filed with the Materials Management Office reporting items 1-3 and changing item 4. Further, we recommend that the Commission be more careful in the reporting requirements dealing with sole source and emergency procurements.

COMMISSION RESPONSE

Concur. The sole Source Justification for this procurement was inadvertently dated 7/12/93 instead of 6/12/93. Ratification action for this procurement has been completed.

C. Unauthorized Sole Source Procurement

We noted one sole source procurement where the original determination was not dated until after the services had begun.

<u>Voucher#</u>	<u>Original Determination Date</u>	<u>Service Start Date</u>	<u>Amount</u>	<u>Description</u>
38828	07/12/93	06/03/93	\$2,407.50	Studio production services

Section 11-35-1560 (Sole Source Procurements) of the South Carolina Consolidated Procurement Code specifies who may declare sole source procurements. Since this procurement was not approved by the designated person prior to the start of the service, it is unauthorized.

We recommend that the Commission exercise caution to ensure prior approval of all future sole source procurements. Further, we recommend that the Commission ratify this procurement in accordance with Regulation 19-445.2015A(1).

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D. Inappropriate Emergency Procurement

STATE BUDGET & CONTROL BOARD

The following procurement should have been competitively sealed bid and not handled as an emergency. Sufficient time was available for this process.

<u>PO#</u>	<u>Date</u>	<u>Amount</u>	<u>Item/Service Description</u>
933673	05/17/93	\$3,254.00	Printing of highway safety belt posters

Informal quotations were received the week of February 5-10, 1993 from three bidders. The purchase order was issued over 3 months later as an emergency procurement. Poor planning by agency personnel in the procurement process does not justify an emergency procurement as defined in Regulation 19-445.2110.

We recommend that the Commission bid goods and services, when time allows, in accordance with the standard sealed bidding procedures to ensure emergency procurements are not inappropriately made.

COMMISSION RESPONSE

Concur. Miscommunication between SC ETV and another State Agency left both believing that the other was processing this procurement. SC ETV was completing the Art work for an ad campaign. When it was discovered that the other Agency had not completed the purchase, we were forced to use an Emergency purchase to meet the ad kick-off date. In the future we will insure that all parties are aware of time requirements 90 that appropriate procurement methodology can be utilized.

III. Compliance - Construction

On project 9501 known as ITFS: Channel Groups E&F, to build receiver towers, the Commission could not furnish us a copy of the "Notice to Proceed" SEO form SE-390.

Section 6.23 of the Manual for Planning and Execution of State Permanent Improvements state in part:

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The agency should sign and deliver one copy of the agreement between owner and contractor to the contractor with the SE-390, "Notice to Proceed". The agency shall send a copy of the SE-390 to the OSE on the same day it is mailed to the contractor. The Date of Commencement shall be established in the SE-390 and shall be used for determining the date of substantial completion and liquidated damages.

We were unable to verify that this form was submitted to the successful bidder.

We recommend the Commission ensure that an SE-390, Notice to Proceed, is furnished to all successful bidders upon final approval of such contracts by the State Engineer's Office.

COMMISSION RESPONSE

Concur. Apparently the State Engineers Office never issued a SE-390 for this contract, which has been completed for two years. Preparation of an SE-390 at this time is inappropriate,. The contractor did proceed, and completed the contract with no problems. In the future we will insure that all appropriate State Engineer forms are completed and dispatched as required on construction contracts.

IV. Procurement Procedures Manual

The State Government Accountability and Reform Act of 1993 instituted many changes in the Consolidated Procurement Code effective July 1, 1993. Since the Commission's manual has not been updated to reflect these changes and with increased certification, we recommend that the Manual be updated to be consistent with the updated Code and higher certification limits. A copy of the updated manual should be forwarded to our office for review and approval.

COMMISSION RESPONSE

Concur. A revised Procurement Policies and Procedures Manual has been completed. It will take effect on the date of the B&C Board's approval of higher limits. Additionally a briefing of all appropriate personnel will be given prior to implementation.

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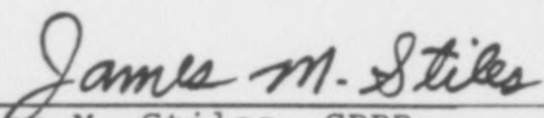
CERTIFICATION RECOMMENDATIONS

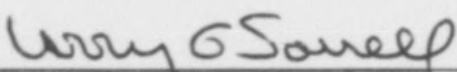
As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respects place the South Carolina Educational Television Commission in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations. Corrective action should be accomplished by May 31, 1994.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend the South Carolina Educational Television Commission be certified to make direct agency procurements for three years up to the limits as follows:

<u>Procurement Areas</u>	<u>Recommended Certification Limits</u>
I. Goods and Services	*\$25,000 per commitment
II. Consultant Services	*\$25,000 per commitment
III. Information Technology in accordance with the approved Information Technology Plan	*\$25,000 per commitment
IV. Construction Services	*\$25,000 per commitment

*Total potential commitment to the State whether single year or multi-term contracts are used.


James M. Stiles, CPPB
Audit Manager


Larry G. Sorrell, Manager
Audit and Certification

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES

NLV 3 1994

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LUTHER F. CARTER
EXECUTIVE DIRECTOR

September 28, 1994

Mr. William E. Gunn
Materials Management Office
Office of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Eddie:

We have reviewed South Carolina Educational Television Commission's response to our audit report for July 1, 1991 - December 31, 1993. Also, we have followed the Commission's corrective action during and subsequent to our field work. We are satisfied that the Commission has corrected the problem areas and that internal controls over the procurement system are adequate.

Therefore, we recommend that the Budget and Control Board grant the South Carolina Educational Television Commission the certification limits noted in our audit report for a period of three (3) years.

Sincerely,

Larry G. Sorrell, Manager
Audit and Certification

LGS/tl

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91) STATE BUDGET & CONTROL BOARD

For meeting scheduled for:

November 3, 1994☒ Blue Agenda☐ Regular session☐ Executive session

1. Submitted by: (a) Agency: Office of General Services
 (b) Authorized Official Signature: Helen T. Zeigler, Director

2. Subject: Procurement Certification of Midlands Technical College

3. Summary Background Information:

In accordance with Consolidated Procurement Code Section 11-35-1210, the Office of General Services has audited Midlands Technical College procurement system and recommends its certification within the parameters described in the audit report for the following limits for a period of three (3) years:

	Current Certification Per Purchase Commitment	Certification Recommendations Per Purchase Commitment
I. Good and Services (Local Funds Only)	*\$25,000	*\$25,000
II. Information Technology in accordance with the approved Information Technology Plan (Local Funds Only)	*\$25,000	*\$25,000
III. Consultant Services (Local Funds Only)	*\$25,000	*\$25,000

*Total potential commitment to the State whether single year or mult-term contracts are used.

4. What is Board asked to do?

Grant procurement certification for Midlands Technical College by approval of the Blue Agenda.

5. What is recommendation of Board division involved?

Grant certification by approval of the Blue Agenda.

6. Recommendation of other office (as required)?

Office Name _____ Authorized
Signature _____

7. Supporting Documents:

List those attached:

List those not attached
but available:

Copy of Section 11-35-1210 of the Consolidated Procurement Code.

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Section 11-35-1020. Advisory Groups.

The chief procurement officers may appoint advisory groups such as user committees to assist with respect to specifications and procurement in specific areas and with respect to any other matters within the authority of the chief procurement officers. The chief procurement officers shall develop methods for obtaining necessary and relevant information from the affected agencies, whether through user committees or by surveys and other methods. The chief procurement officers shall make every reasonable effort to ensure that such contracts are developed as will best suit the interest of the State, giving due emphasis to user needs, total costs and open competitive methods of public purchasing.

Section 11-35-1030. Procurement Training and Certification.

The Division of General Services shall develop a system of training for procurement in accordance with regulations by the board. Such training shall compass the latest techniques and methods of public procurement. If deemed appropriate by the Division of General Services, such training shall include a requirement for certification of the procurement officer of each purchasing agency.

SUBARTICLE 9

Auditing and Fiscal Reporting

Section 11-35-1210. Certification.

(1) **Authority.** The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

(2) **Policy.** Authorizations granted by the board to a governmental body are subject to the following:

- (a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;
- (b) responsiveness to user needs;
- (c) obtaining of the best prices for value received.

(3) **Adherence to Provisions of the Code.** All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

Section 11-25-1220. Collection of Data Concerning Public Procurement.

The Division of General Services shall prepare statistical data concerning the procurement, use and disposition of all supplies, services and construction. All using agencies shall furnish such reports as the Division of General Services may require concerning use, needs and stocks on hand, and the chief procurement officers shall prescribe forms to be used by the using agencies in requisitioning, ordering and reporting supplies, services and construction. The chief procurement officers shall limit requests for information to those items necessary for the effective operation of the purchasing system, but using agencies shall be required to provide information as requested.

Section 11-35-1230. Auditing and Fiscal Reporting.

(1) **Auditing.** The Division of General Services through consultation with the chief procurement officers shall develop written plans for the auditing of state procurements.

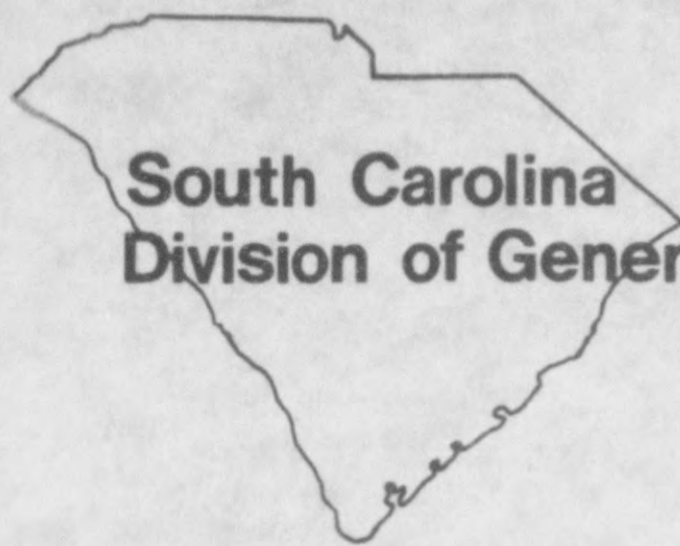
In procurement audits of governmental bodies thereafter, the auditors from the Division of General Services shall review the adequacy of the system's internal controls in order to ensure compliance with the requirement of this code and the ensuing regulations. Any noncompliance discovered through audit must be transmitted in management letters to the audited governmental body, the Budget and Control Board. The auditors shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations of the Division of General Services the board may revoke certification as provided for in Section 11-35-1210 and require the governmental body to make all procurements through the office of materials management above a dollar limit set by the board until such time as the board is assured of compliance with this code and its regulations by that governmental body.

(2) **Fiscal Reporting.** Beginning with the first quarter of fiscal year 1981-82 and each quarter thereafter, in

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STATE BUDGET & CONTROL BOARD



**South Carolina
Division of General Services**

PROCUREMENT AUDIT AND CERTIFICATION

MIDLANDS TECHNICAL COLLEGE

AGENCY

JANUARY 1, 1992 - MARCH 31, 1994

DATE

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STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES

NOV 3 1994

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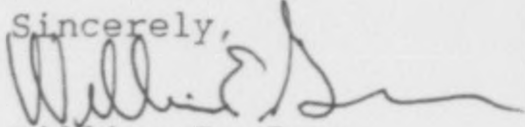
October 17, 1994

Mrs. Helen T. Zeigler
Director
Office of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Helen:

I have attached Midlands Technical College's procurement audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant Midlands Technical College a three (3) year certification as noted in the audit report.

Sincerely,


William E. Gunn
Materials Management Officer

WEG/tl
Attachment

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STATE BUDGET & CONTROL BOARD

MIDLANDS TECHNICAL COLLEGE

PROCUREMENT AUDIT REPORT

JANUARY 1, 1992 - MARCH 31, 1994

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Background.....	5
Scope.....	7
Summary of Audit Findings.....	9
Results of Examination.....	10
Certification Recommendations.....	14

NOTE: The College's responses to issues noted in this report have been inserted immediately following the issues they refer.

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STATE OF SOUTH CAROLINA

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WILLIAM E. GUNN
ASSISTANT DIRECTOR

August 22, 1994

Mr. William E. Gunn
Materials Management Officer
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Eddie:

We have examined the procurement policies and procedures of Midlands Technical College for the period January 1, 1992 - March 31, 1994. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and College procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

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The administration of Midlands Technical College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions, as well as our overall examination of procurement policies and procedures, were conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report that we believe need correction or improvement.

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Corrective action based on the recommendations described in these findings will in all material respects place Midlands Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Larry G Sorrell

Larry G Sorrell, Manager
Audit and Certification

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INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating policies and procedures and related manual of Midlands Technical College.

Our on-site review was conducted May 31, 1994 through June 14, 1994, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulations 19-445.2020.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

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BACKGROUND

STATE BUDGET & CONTROL BOARD

Section 11-35-1210 of the South Carolina Consolidated
Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall verify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the Board those dollar limits for the respective governmental body's procurement not under term contract.

Most recently, on April 14, 1992, the Budget and Control Board granted Midlands Technical College the following certification:

<u>Category</u>	<u>Limit</u>
Goods and Services (Local Funds Only)	\$15,000 per commitment
Information Technology in accordance with the approved Information Technology Plan (Local Funds Only)	\$15,000 per commitment
Consultants (Local Funds Only)	\$15,000 per commitment

Additionally, on November 10, 1993, the Budget and Control Board approved the following limits concurrent with the above certificate:

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Category

Goods and Services
(Local Funds Only)

\$25,000 per commitment

Information Technology in
accordance with the approved
Information Technology Plan
(Local Funds Only)

\$25,000 per commitment

Consultants
(Local Funds Only)

\$25,000 per commitment

Our audit was performed primarily to determine if recertification for expenditures of local funds is warranted.

SCOPE

We conducted our examination with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures' manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. That examination was limited to procurements made with local funds, which include federal funds, local appropriations, contributions and student collections, which is the procurement activity managed by the College. As in all South Carolina technical colleges, state funded procurements are managed by the State Board of Technical and Comprehensive Education.

Specifically, the examination included, but was not limited to review of the following:

1. All sole source and emergency procurements and trade-in sales for January 1, 1992 to March 31, 1994
2. Purchase transactions for January 1, 1992 to March 31, 1994
 - a) One hundred payments each exceeding \$500, including twenty-two sealed bids
 - b) Block sample of one thousand sequential purchase orders
3. Nine construction contracts, including four relating to Permanent Improvement Projects, and twelve professional services contracts, including four relating to Permanent Improvement Projects.
4. Minority Business Enterprise Plan and quarterly reports for January 1, 1992 to March 31, 1994
5. Internal Procurement Procedures Manual
6. Information Technology Plans and approvals covering the audit period

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7. Surplus property disposal procedures
8. Blanket Purchase agreement files
9. Ratification files for audit period

Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. That examination was limited to procurement made with local funds, which included federal funds, local appropriations, contributions and other collections, which is the procurement activity managed by the College. As in all South Carolina technical colleges, state funded procurements are managed by the State Board of Technical and Comprehensive Education.

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 - a) One hundred payments each exceeding \$500, including twenty-two sealed bids
 - b) Block sample of one thousand sequential purchase orders
3. Nine construction contracts, including four relating to permanent improvement projects, and three professional services contracts, including four relating to permanent improvement projects
4. Minority Business Enterprise plan and quarterly reports for January 1, 1991 to March 31, 1993
5. Internal Procurement Procedures Manual
6. Information Technology plan and quarterly covering the audit period

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EXHIBIT

NOV 3 1994

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SUMMARY OF AUDIT EXCEPTIONS

STATE BUDGET & CONTROL BOARD

Our audit of the procurement system of Midlands Technical College, hereinafter referred to as the College, produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>Compliance-Procurements</u>	
A. <u>Sealed Bids</u>	10
We noted exceptions in three sealed bid files.	
B. <u>Small Purchases</u>	11
One small purchase lacked competition or a sole source determination.	
II. <u>Compliance-Sole Source and Emergency Procurements</u>	
A. <u>Drug-Free Workplace Certifications</u>	12
Two sole source and one emergency procurement, greater than \$50,000, were not supported by Drug-Free Workplace certifications.	
B. <u>Inappropriate Sole Sources</u>	13
Four procurements were inappropriately classified as sole sources.	

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RESULTS OF EXAMINATION

I. Compliance-Procurements

A. Sealed Bids

During our review of sealed bids, we noted problems in three sealed bid packages. These were as follows:

(1) In bid 791-09-16-92 MTC for the removal of four buildings, the original low bid form from the successful bidder was not in the bid file. Only a "faxed" copy of the bid was available for review. The Purchasing Director stated she believed the original bid form was misplaced after opening and a copy was requested for the file back-up documentation. The rest of the file seems to support this assumption.

We remind the College that faxed sealed bids are totally unacceptable. We recommend the purchasing office be more careful handling bidding documents after opening. This will ensure a complete bidding file after award for audit review by state personnel and the general public if requested.

COLLEGE RESPONSE

We concur with the recommendation. The procurement office will carefully open and maintain complete files.

(2) Bid 465-12-17-92 MTC was solicited for a variety of hospital equipment. An amendment was sent out to all bidders stating that the award would be made by individual items. However, after the bid opening some bids were rejected because they were considered incomplete since all items were not bid on. This contradicted the bid amendment. The award should have been made by individual item as a saving of over \$2,000 could have been realized.

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We recommend the College award bids as specifically stated or amended in future bids.

COLLEGE RESPONSE

We concur with recommendation. The College's interpretation was that General Provisions No. 9 Waiver was applicable. After discussion with the auditor, we accept the auditor's interpretation and will follow procurement procedures. All bids will be awarded as specifically stated.

3) Bid 430-08-31-92 MTC was for an oxygen generator and a surge tank for \$11,700. The bid file only showed a bidder list of five vendors. At this time, the Code required ten solicitations of sealed bids for procurements greater than \$10,000. Regulation 19-445-.2035 A states in part "If the minimum number of qualified bidders...cannot be solicited... the head of the governmental body shall certify in writing that all known sources were solicited." We recommend this be done in the future.

COLLEGE RESPONSE

We concur with the recommendation and will seek qualified bidders or certify in writing that all know sources were solicited.

B. Small Purchases

During our sample selection review, we noted one procurement that was not supported by evidence of competition, sole source or emergency determination. This was purchase order 22854 for advertisement space bought on bus benches outside Beltline Campus. This type of advertisement is not exempt, therefore one of the above procurement processes should have been used.

COLLEGE RESPONSE

We concur with the recommendation. In the future we will seek competition or use Section 11-35-1560 Sole Source Procurement.

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II. Sole Source and Emergency Procurements

We reviewed all sole source and emergency procurements with all available supporting documentation for January 1, 1992 through March 31, 1994. We found these procurements to be in compliance with the Code and regulations with the following exceptions:

A. Drug Free Workplace Certification

We noted two sole sources and one emergency procurement for \$50,000 or more where the College did not obtain the required Drugfree Workplace Certification. They are as follows:

<u>Item</u>	<u>PO#</u>	<u>Amount</u>	<u>Description</u>
1	31868	\$76,020	Personal Computers
2	32381	\$92,709	Motorcycle Ed. Program
3	32377	\$77,847	Measuring Machine

Section 44-107-40 of the South Carolina Code of Laws 1976 as amended 1-1-91 requires that:

No state agency may enter into a domestic grant with any individual for a stated or estimated value of fifty-thousand dollars or more unless the grant includes a certification by the individual that the individual will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in the performance of the contract.

The College has not complied with the law in these cases.

We recommend the College exercise more caution to ensure sole source or emergency contracts greater than \$50,000 are not awarded unless the vendor completes the Drug-Free Workplace certification.

COLLEGE RESPONSE

We concur with the recommendation. The College has received Drug-Free Work Place Certification from each of the above mentioned vendors. The College will obtain the Drug-Free Work Place certificates prior to an award.

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B. Inappropriate Sole Sources

We believe the following four procurements were inappropriately classified as sole sources.

<u>PO#</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
30758	8-6-92	IPC's & Subscription Services	\$6,690.00
30645	7-29-92	IPC's & Subscription Services	\$6,690.00
33520	4-2-93	On-site electrostatic painting	\$5,490.64
23111	3-16-92	Computer furniture	\$1,924.00

Items one and two are for personal computers and a subscription service. The subscription service is an exempt item under the Procurement Code and competition is available on the personal computers.

Item three involved on-site electrostatic painting of furniture. The sole source is justified on the grounds as "only vendor in the Columbia area" able to perform the service. We believe other competition is available and the area should not be limited to the Columbia area.

Item four is a procurement for computer tables and peripheral stands. The College purchased the furniture from a vendor with territorial rights in South Carolina. We do not feel as this is adequate justification for a sole source. We recommend other vendors be given an opportunity to offer an acceptable alternative.

COLLEGE RESPONSE

We concur with the recommendations. In the future, the College will follow procurement procedures.

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CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations described in this report, we believe, will in all material respect place Midlands Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

In order to determine that corrective action has been taken, we will perform a follow-up audit prior to October 30, 1994. If, at that time, we determine that corrective action has been taken we will recommend that the College be certified to make direct agency procurements for a period of three (3) years up to the following limits:

<u>Procurement Area</u>	<u>Recommended Certification Limits</u>
Goods and Services (Local Funds Only)	*\$25,000 per commitment
Information Technology in accordance with the approved Information Technology Plan (Local Funds Only)	*\$25,000 per commitment
Consultants (Local Funds Only)	*\$25,000 per commitment

*The total potential commitment to the State whether single year or multi-term contracts are used.

James M. Stiles
James M. Stiles, CPPB
Audit Manager

Larry G. Sorrell
Larry G. Sorrell, Manager
Audit and Certification

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EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES

NOV 3 1994

10

STATE BUDGET & CONTROL BOARD



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CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

October 17, 1994

Mr. William E. Gunn
Materials Management Office
Office of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Eddie:

We have reviewed Midlands Technical College's response to our audit report for January 1, 1992 - March 31, 1994. Also, we have followed the College's corrective action during and subsequent to our field work. We are satisfied that the College has corrected the problem areas and that internal controls over the procurement system are adequate.

Therefore, we recommend that the Budget and Control Board grant Midlands Technical College the certification limits noted in our audit report for a period of three (3) years.

Sincerely,

Larry G. Sorrell

Larry G. Sorrell, Manager
Audit and Certification

LGS/tl

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002861

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NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 7

AGENCY: General Services

SUBJECT: JEDA Procurement Procedures

Act No. 404 of 1992, which revised Code Section 41-43-90 (E), exempted the Jobs-Economic Development Authority from the requirements of the Procurement Code except from the provisions of Sections 11-35-5210 through 11-35-5270, inclusive, conditioned upon approval of JEDA's procurement procedures and regulations by the Budget and Control Board.

The Office of General Services has reviewed JEDA's procurement policies and recommends approval.

BOARD ACTION REQUESTED:

In accord with Code Section 41-43-90(E), approve the Jobs-Economic Development Authority procurement policies, thereby exempting JEDA from the requirements of the Procurement Code except for Code Sections 11-35-5120 through 11-35-5270, inclusive.

ATTACHMENTS:

Agenda item worksheet; § 41-43-90 (E); §§ 11-35-5120 through 11-35-5270; Franks October 18 and April 11 letters; Purchasing Manual

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EXHIBIT

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/94) NOV 3/1994

11

For meeting scheduled for:

November 3, 1994

☒ Blue Agenda
☐ Regular session
☐ Executive session
STATE BUDGET & CONTROL BOARD

1. Submitted by: (a) Agency: Office of General Services
(b) Authorized Official Signature: Helen T. Zeigler, Director

Helen T. Zeigler

2. Subject: Approval of Alternative Procurement Procedures and Regulations Developed by the Jobs-Economic Development Authority

3. Summary Background Information:

Act Number 404 of 1992 which revised Section 41-43-90, Item (E) of the South Carolina Code of Laws, 1976, as amended, exempted the Jobs-Economic Development Authority (JEDA) from the South Carolina Consolidated Procurement Code except for the provisions of Sections 11-35-5210 through 11-35-5270, inclusive. The Act conditioned exemption upon approval of JEDA's procurement procedures and regulations by the Budget and Control Board.

The Division of General Services has reviewed JEDA's procurement policies and recommends approval.

4. What is Board asked to do?

By approval of the Blue Agenda, under authority of Section 41-43-90(E) of the Code of Laws, approve the Jobs-Economic Development Authority's procurement policies, thereby exempting it from the South Carolina Consolidated Procurement Code except for Sections 11-35-5210 through 11-35-5270, inclusive.

5. What is recommendation of Board division involved?

Approve JEDA's procurement policies by approval of the Blue Agenda.

6. Recommendation of other office (as required)?

Office Name _____	Authorized Signature _____
-------------------	----------------------------

7. Supporting Documents:

List those attached:

List those not attached but available:

-Section 41-43-90, Item (E) of the Code of Laws
-Sections 11-35-5210 - 11-35-5270 of the Code of Laws
-JEDA's Purchasing Manual

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§ 41-43-30

LABOR AND EMPLOYMENT

"The Code Commissioner is directed to delete all references to legislative members serving in any capacity as a member of a state board or commission, except as allowed by Section 8-13-770 of the 1976 Code."

Effect of Amendment—

The 1991 amendment decreased the number of members on the Board from eleven to nine.

§ 41-43-40. Appointment and qualifications of directors; ex officio members; terms.

The Governor shall appoint, upon the advice and consent of the Senate, one director from each congressional district and one from the State at large, who serves as chairman. Directors must have experience in the fields of business, commerce, finance, banking, real estate, or foreign trade. At least two directors must have direct commercial lending experience. The Governor and the Chairman of the State Development Board shall serve ex officio and may designate persons to represent them at meetings of the authority.

[For the second undesignated paragraph, see bound volume]

HISTORY: 1991 Act No. 248, § 6, effective January 1, 1992, and governs only transactions which take place after December 31, 1991 (See Editor's Note below).

Editor's Note—

1991 Act No. 248, § 6, codified as § 2-13-65, effective January 1, 1992, and governs only transactions which take place after December 31, 1991, provides as follows:

"The Code Commissioner is directed to delete all references to legislative members serving in any capacity as a member of a state board or commission, except as allowed by Section 8-13-770 of the 1976 Code."

Effect of Amendment—

The 1991 amendment in the first paragraph, deleted all references to legislative members serving on the authority.

§ 41-43-50. Organization of board; disposition of net earnings; state to retain residual interest; retention of unexpended funds for subsequent years.

[For first and second paragraphs, see bound volume.]

The authority shall retain unexpended funds at the close of the state fiscal year regardless of the source of the funds and expend the funds in subsequent fiscal years. Nothing contained in this chapter may be construed to imply that the authority may not receive state general appropriation funds or state general obligation bond proceeds.

HISTORY: 1992 Act No. 404, § 2, eff July 1, 1992.

Effect of Amendment—

The 1992 amendment added the third paragraph.

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§ 41-43-90. Corporate and other powers of the authority.

The authority has the rights and powers of a body politic and corporate and body corporate of this State, including without limitation all the rights and powers necessary or convenient to manage the business and affairs of the authority and to take action it considers advisable, necessary, or convenient in carrying out its powers, including, but not limited to, the following rights and powers:

[For (A)-(D), see bound volume.]

(E) Notwithstanding any provision of law or regulation to the contrary, and in accordance with its own procurement procedures and regulations as approved by the Budget and Control Board, which must, at a minimum, incorporate the provisions of Sections 11-35-5210 through 11-35-5270, inclu-

sive, acquire, purchase, hold, use, improve, manage, lease, mortgage, pledge, sell, transfer, and dispose of any property, real, personal, or mixed, or any interest in any property, or revenues of the authority, including as security for notes, bonds, evidences of indebtedness, or other obligations of the authority. Except for the provisions of Sections 11-35-5210 through 11-35-5270, inclusive, in exercising the powers authorized in this chapter the authority is exempt from Title 11, Chapter 35. The authority has no power to pledge the credit and the taxing power of the State or any of its political subdivisions.

[For (F)-(H), see bound volume.]

(I) Reserved.

(J) Make commitments, guarantees, grants, or loans utilizing any of its program funds to or on behalf of persons, partnerships, firms, corporations, agencies, or entities, whether public or private, in accordance with the provisions of this chapter and under terms as are not inconsistent with any existing obligation, including any obligation imposed as a condition of the receipt of any such program funds.

[For (K)-(M), see bound volume.]

(N) Employ and dismiss, at the will and pleasure of the authority, officers, agents, employees, consultants, and other providers of services as the authority considers necessary and appropriate and to fix and to pay their compensation. Employees of the authority or an entity established pursuant to Section 41-43-240 are not considered state employees except for eligibility for participation in the South Carolina Retirement System and the State Health Insurance Group Plans and pursuant to Chapter 78 of Title 15. The provisions of Article 5, Chapter 17 of Title 8, and Chapter 35 of Title 11 do not apply to the authority. The authority is responsible for complying with other state and federal laws covering employers. The authority may contract with the Division of Human Resource Management of the State Budget and Control Board to establish a comprehensive human resource management program.

(O) Fix, alter, charge, and collect reasonable tolls, fees, rents, charges, and assessments for the use of the facilities of, or for the services rendered by, the authority the rates to be at least sufficient to provide for payment of all expenses of the authority.

[For (P), see bound volume.]

[For remainder of section, see bound volume.]

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HISTORY: 1992 Act No. 404, § 3, eff July 1, 1992.

Effect of Amendment—

The 1992 amendment revised the initial paragraph and items (E), (I), (J), (N) and (O).

Cross references—

For regulations promulgated under authority of this section, see S.C. Code of Regulations R. 68-10 et seq.

§ 41-43-100. Industrial development projects.

In addition to other powers vested in the authority by existing laws, the authority has all powers granted the counties and municipalities of this State pursuant to the provisions of Chapter 29 of Title 4, including the issuance of bonds by the authority and the refunding of bonds issued under that chapter. The authority may issue bonds upon receipt of a certified resolution by the county or municipality in which the project, as defined in Chapter 29 of Title 4,

business area who are not socially disadvantaged.

(2) "Socially and economically disadvantaged small business" means any small business concern which:

- (a) Is at least fifty-one percent owned by one or more citizens of the United States who are determined to be socially and economically disadvantaged.
- (b) In the case of a concern which is a corporation, fifty-one percent of all classes of voting stock of such corporation must be owned by an individual determined to be socially and economically disadvantaged.
- (c) In the case of a concern which is a partnership, fifty-one percent of the partnership interest must be owned by an individual or individuals determined to be socially and economically disadvantaged and whose management and daily business operations are controlled by individuals determined to be socially and economically disadvantaged. Such individuals must be involved in the daily management and operations of the business concerned.

SUBARTICLE 3

Assistance to Minority Businesses

SECTION

- 11-35-5210. Statement of Policy and its Implementation.
- 11-35-5220. Duties of the Chief Procurement Officers.
- 11-35-5230. Regulations for Negotiation with State Minority Firms.
- 11-35-5240. Minority Business Enterprise (MBE) Utilization Plan.
- 11-35-5250. Progress Payments and Letter of Credit.
- 11-35-5260. Annual Report to the Board.
- 11-35-5270. Small and Minority Business Assistance Office.

§ 11-35-5210. Statement of Policy and its Implementation.

(1) **Statement of Policy.** The South Carolina General Assembly declares that business firms owned and operated by minority persons have been historically restricted from full participation in our free enterprise system to a degree disproportionate to other businesses. The General Assembly believes that it is in the state's best interest to assist minority-owned businesses to develop fully as a part of the state's policies and programs which are designed to promote balanced economic and community growth throughout the State. The General Assembly, therefore, wishes to ensure that those businesses owned and operated by minorities are afforded the opportunity to fully participate in the overall procurement process of the State. The General Assembly, therefore, takes this leadership role in setting procedures that will result in awarding contracts and subcontracts to minority business firms in order to enhance minority capital ownership, overall state economic development and reduce dependency on the part of minorities.

(2) **Implementation.** Chief procurement officers shall implement the policy set forth in subsection (1) of this section in accordance with the provisions of Section 11-35-5220.

§ 11-35-5220. Duties of the Chief Procurement Officers.

(1) **Assistance from the Chief Procurement Officers.** The chief procurement officers shall provide appropriate staffs to assist minority businesses with the procurement procedures developed pursuant to this code.

(2) **Special Publications.** The chief procurement officers in cooperation with other appropriate private and state agencies may issue supplementary instructions designed to assist minority businesses with the state procurement procedures.

(3) **Source Lists.** Chief procurement officers shall maintain special source lists of minority business firms detailing the products and services which they provide. These lists shall be made available to agency purchasing personnel.

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(4) **Solicitation Mailing Lists.** The chief procurement officers shall include and identify minority business on the state's bidders' list and shall ensure that these firms are solicited on an equal basis within nonminority firms.

(5) **Training Programs.** The chief procurement officers shall work with appropriate state offices and minority groups in conducting seminars to assist minority business owners in learning how to do business with the State.

§ 11-35-5230. Regulations for Negotiation with State Minority Firms.

(A) The board shall promulgate regulations that designate such procurement contracts as it may deem appropriate for negotiation with certified, South Carolina-based minority firms, as defined by this subarticle. Among the criteria that shall be used to determine such designations are:

- (1) The total dollar value of procurement in South Carolina.
- (2) The availability of South Carolina-based minority firms
- (3) The potential for breaking the contracts into smaller units, where necessary, to accommodate such firms.
- (4) Insuring that the State shall not be required to sacrifice quality of goods or services.
- (5) Insuring that the price shall have been determined to be fair and reasonable, and competitive both to the State and to the contractor and results in no loss to the State.

(B)

- (1) Firms with state contracts that subcontract with minority firms shall be eligible for an income tax credit equal to four percent of the payments to minority subcontractors for work pursuant to a state contract. Such subcontractors must be certified as to the criteria of a minority firm as defined in Section 11-35-5010 of this code and any regulations which may be promulgated thereunder.
- (2) The tax credit is limited to a maximum of twenty-five thousand dollars annually. A firm shall be eligible to claim a tax credit for a period of five years from the date the first income tax credit is claimed.
- (3) Any firm desiring to be certified as a minority firm shall make application to the Small and Minority Business Assistance Office (SMBAO) as defined by Section 11-35-5270, on such forms as may be prescribed by that office.
- (4) Firms claiming the income tax credit shall maintain evidence of work performed for a state contract by minority subcontractors and shall present such evidence on a form and in a manner prescribed by the Department of Revenue and Taxation at the time of filing its state income tax return and claim such credit at the time of filing. All records shall be available for audit by the Department of Revenue and Taxation in accordance with prevailing tax statutes.

§ 11-35-5240. Minority Business Enterprise (MBE) Utilization Plan.

(1) In order to emphasize the use of minority small businesses, each agency director shall develop a Minority Business Enterprise (MBE) Utilization Plan. The MBE Utilization Plan shall include but not be limited to:

- (a) The name of the governmental body;
- (b) A policy statement expressing a commitment by the governmental body to use MBE's in all aspects of procurement;
- (c) The name of the coordinator responsible for monitoring the MBE Utilization Plan;
- (d) Goals that include a reasonable percentage of each governmental body's total procurements directed toward minority vendors.
- (e) Solicitation of qualified minority vendors, a current list of which shall be supplied by the Division of General Services, in each commodity category for which such minority vendor is qualified. The current listing of qualified minority vendors shall be made available by the Division of General Services on a timely basis;
- (f) Procedures to be used when it is necessary to divide total project requirements into small tasks which will permit increased MBE participation;
- (g) Procedures to be used when the governmental body subcontracts the scope of service to another governmental body; the responsible governmental body may set goals for the subcontractor in accordance with the MBE goal and the responsible governmental body

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may allow the subcontractor to present a MBE Utilization Plan detailing its procedure to obtain minority business enterprise participation.

(2) MBE utilization plans shall be submitted to the SMBAO for approval not later than July, thirtieth, annually. Progress reports shall be submitted to the SMBAO not later than ten days after the end of each fiscal quarter.

- (a) Number of minority firms solicited;
- (b) Number of minority bids received;
- (c) Dollar amount of minority bids awarded.

EXHIBIT

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§ 11-35-5250. Progress Payments and Letter of Credit.

STATE BUDGET & CONTROL BOARD

(1) **Progress Payments.** The chief procurement officers may make special provisions for progress payments, and letters of credit, as deemed reasonable to assist minority businesses to carry out the terms of a state contract pursuant to regulations which may be promulgated by the board.

(2) **Letter of Contract Award.** When a minority business firm certified by the Department of Revenue and Taxation receives a contract with the State, the appropriate chief procurement officer shall furnish a letter, upon request, stating the dollar value and duration of, and other information about the contract, which may be used by the minority firm in negotiating lines of credit with lending institutions.

§ 11-35-5260. Annual Report to the Board.

Each governmental body shall report annually in writing to the board concerning the number and dollar value of contracts awarded to eligible minority businesses during the preceding fiscal year. These records shall be maintained to evaluate the progress of this program.

§ 11-35-5270. Small and Minority Business Assistance Office.

A Small and Minority Business Assistance Office (SMBAO) shall be established to assist the board and the Department of Revenue and Taxation in carrying out the intent of this article. The responsibilities of the office shall include but not be limited to the following:

- (1) Assist the chief procurement officers and governmental bodies in developing policies and procedures which will facilitate awarding contracts to small and minority firms;
- (2) Assist the chief procurement officers in aiding small and minority-owned firms and community-based business in developing organizations to provide technical assistance to minority firms;
- (3) Assist with the procurement and management training for small and minority firm owners;
- (4) Assist in the identification of responsive small and minority firms;
- (5) Receive and process applications to be registered as a minority firm in accordance with Section 11-35-5230(B);
- (6) The SMBAO may revoke the certification of any firm which has been found to have engaged in any of the following:
 - (a) fraud or deceit in obtaining the certification;
 - (b) furnishing of substantially inaccurate or incomplete information concerning ownership or financial status;
 - (c) failure to report changes which affect the requirements for certification;
 - (d) gross negligence, incompetence, financial irresponsibility or misconduct in the practice of his business; or
 - (e) wilful violation of any provision of this article.

(7) After a period of one year, the SMBAO may reissue a certificate of eligibility provided acceptable evidence has been presented to the commission that the conditions which caused the revocation have been corrected. The Governor shall evaluate the role of this office within two years from the date of its creation and shall request recommendations of the State Reorganization Commission. The Governor may propose a more appropriate location of the office should the findings warrant change.

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South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

October 18, 1994

Mr. R. Voight Shealy, Manager
Audit and Certification
Office of General Services
South Carolina Budget and Control Board
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

Pursuant to our telephone visit of several days ago, please be advised that the SC Jobs-Economic Development Authority will be pleased to change the structure of its Procurement Committee by removing the JEDA staff person from said Committee composition. Additionally, we have no objections to placing a member of the Materials Management staff on the Committee in order to ensure that any and all procurement appeals are handled fairly and justly.

Please advise, if you have need for additional information or have questions. I look forward to an early notification that our Procurement Manual has been approved by the Budget and Control Board.

Thanks for your attention and cooperation. With every best wish, I am

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Elliott E. Franks, III', written in a cursive style.

Elliott E. Franks, III

EEF:fls

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South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer
April 11, 1994

EXHIBIT

NOV 3 1994 11

STATE BUDGET & CONTROL BOARD

R. Voight Shealy, Manager
Audit and Certification
Office of General Services
SOUTH CAROLINA BUDGET & CONTROL BOARD
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

We have made the changes suggested in your letter of April 5, 1994 and enclose herewith a final copy of the manual with those changes. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Elliott E. Franks, III".

Elliott E. Franks, III

EEF/ckd

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SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

PURCHASING MANUAL

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ARTICLE I. - GENERAL PROVISIONS

Part A. - Purposes and Applications

1. Purpose.

The purpose of this manual is to provide the Chief Executive Officer with a guide for assuring that purchasing and procurement activities include sound, competitive opportunities for all vendors, to maximize the purchasing value of JEDA's funds in procurement, and to provide safeguards for maintaining a purchasing system of quality and integrity.

2. Application.

This manual is to be used for all purchases not presently being solicited and to contracts and contract renewals for the procurement of supplies, services, and construction. JEDA maintains, at its sole discretion, the prerogative to provide such items y
ninternally or, alternatively, by and through arrangements with public or private entities as herein elsewhere provided. Nothing in this manual is intended to prevent JEDA from complying with the terms and conditions of any grant, gift or bequest which are otherwise consistent with law.

3. Exemptions.

The following are specifically exempted from this manual:

- a. Books, periodicals, newspapers, technical pamphlets, professional journals and other information publications.
- b. Public utilities.
- c. Travel and overnight accommodations (including food).
- d. Professional workshops, seminars and conferences.
- e. Professional dues, registration and membership fees.
- f. As may be from time to time exempted by the Chief Executive Officer (CEO) upon good cause.

4. Effective Date.

This manual shall become effective at 12:01 a.m. on July 1, 1992.

Part B. - Definitions

1. Definitions.

- a. Bid. Price determinative source selection method where award is made to the lowest responsive and responsible bidder.
- b. Business. Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
- c. Catalogue Price. The price, including any applicable discount available, included in a catalogue price list, schedule, or other form that:
 - (1) is regularly maintained by a manufacturer or contractor;
 - (2) is either published or otherwise available for inspection by customers; and
 - (3) states prices at which sales are currently or were last made to a significant number or any category of buyers or buyers constituting the general buying public for the supplies or services involved.
- d. Construction. The process of building, altering, repairing, improving, or demolishing any structure or building owned or leased by JEDA. It does not include operation, routine repair, or routine maintenance of existing structures, buildings or real property.
- e. Contract. All types of agreements, regardless of what they may be called, for the procurement of supplies, services, or construction.
- f. Contract Modification. Any written alteration in specifications, delivery point, date of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.
- g. Contractor. Any person having a contract with JEDA.
- h. Cooperative Purchasing. Purchasing conducted by, or on behalf of, more than one "Public Procurement Unit" as that term is defined by law.

- i. Cost Reimbursement Contract. A contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms, and a fee, if any.
- j. Data. Recorded information, regardless of form or characteristics.
- k. Invitation for Bids. All documents, whether attached or incorporated by reference, utilized for soliciting bids.
- l. Nonexpendable Supplies. All tangible supplies having an original acquisition cost of over one hundred dollars (\$100) per unit and a probable useful life of more than one (1) year.
- m. Person. Any business, individual, committee, club or other organization or group of individuals.
- n. Proposal. Non-price determinative source selection technique where award is made to the proposal determined to be most advantageous to JEDA based on price and other selection criteria.
- o. Public Procurement Unit. Any state, country, municipality, school district, and any other subdivision of the State or subdivision thereof, public authority, educational, health, or other institution, and any other entity which expends public funds for procurement of supplies, services, or construction.
- p. Purchase Description. The words used in a solicitation to describe the supplies, services, or construction to be purchased, and includes specifications attached to, or made a part of, a "Solicitation."
- q. Purchasing. Buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction. It also includes all functions that pertain to the obtaining of any supply, service, or construction, including description of requirements, award of contract, and all phases of contract administration.
- r. Request for Information. All documents, whether attached or incorporated by reference, utilized for obtaining information regarding the cost of supplies, services or construction.
- s. Request for Proposals. All documents whether attached or incorporated by reference, utilized for soliciting proposals.
- t. Response. Any bid, offer or proposal, without regard to the source selection method, which is submitted in reply to a Solicitation.

- u. Responsible "Vendor". A person who has the capability in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith and satisfactory performance.
- v. Responsive "Vendor". A person who has submitted a Response which conforms in all material respects to an invitation for Bids or a Request for Proposals.
- w. Service. The furnishing of labor, time or effort by a contractor. This term shall not include employment agreements.
- x. Solicitation. Any effort, without regard to the source selection method, to obtain supplies, services or construction by JEDA.
- y. Solicitation Document. The document(s) used in connection with a particular solicitation.
- z. Supplies. All property, including but not limited to equipment, materials, printing, insurance, information technology equipment and software packages, and leases of real property, excluding land or a permanent interest in land.
- aa. Surplus Supplies. Any supplies other than expendable supplies no longer having any use to JEDA. This definition includes obsolete supplies, scrap materials, and nonexpendable supplies that have completed their useful life cycle.
- ab. Vendor. Any person submitting a Response to a Solicitation.

Part C. - Purchasing Committee

1. Creation

JEDA's Board will establish a Purchasing Committee which will be charged with the responsibility of resolving disputes arising under this Purchasing Manual. The Purchasing Committee shall be appointed by the Board and will be made up of a member of the Board, the State Materials Management Officer or his designee, and a representative of the banking/finance industry. Two (2) members of the Purchasing Committee shall constitute a quorum and all actions of the Purchasing Committee will require a majority vote.

Part D. - Compliance with State and Federal Requirements

1. Public Access to Purchasing Information.

Information regarding expenditures of public funds may be a public record to the extent required by the South Carolina Freedom of Information Act, with the exception that

proprietary commercial or financial information supplied in response to a solicitation which is marked privileged and confidential is not to be disclosed.

2. Compliance with Federal Requirements.

Where a purchase involves the expenditure of federal assistance or contract funds, JEDA shall also comply with the requirements of such federal laws and authorized regulations required in connection with the expenditure of such funds which are not otherwise contained herein.

ARTICLE II. - SOURCE SELECTION AND CONTRACT FORMATION

Part A. - Methods of Source Selection

1. Method of Source Selection.

Unless exempted or otherwise provided for herein, all JEDA contracts shall be awarded by competitive sealed bidding except as provided in:

Section II.A.3 (Competitive Sealed Proposals):

Section II.A.4 (Small Purchases):

Section II.A.5 (Sole Source Purchase);

Section II.A.6 (Emergency Purchase); or

Article IV (Architect-Engineer, Land Surveying Services and other Professional Services).

2. Competitive Sealed Bidding

- a. Conditions for Use. While the preferred purchasing technique, competitive sealed bidding should not be used in all instances. This is a price determinate method of purchase and is best applied where JEDA's needs are precise and certain and may be secured from any number of potential suppliers. In such circumstances, contracts amounting to Twenty-Five Thousand and No/100ths (\$25,000) Dollars or more shall be awarded by competitive sealed bidding as provided for herein.
- b. Invitation for Bids. The Invitation for Bids shall be the document used to initiate a competitive sealed bid solicitation and shall include the following:
 - (1) instructions and information to bidders concerning the bid submission requirements, including the time and date set for receipt of bids, the individual to whom the bid is to be submitted, the address of the office to which bids are to be delivered, and any other similar information;
 - (2) the purchase description, specifications, delivery, inspection, acceptance and performance requirements and similar information; and

- (3) all contract terms and conditions, including warranty and bonding or other security requirements as applicable and criteria for acceptability of the supplies and services to be purchased.
- c. Notice. Notice of the Invitation for Bids will be given through both private notice sent to not less than five (5) Responsible Vendors known or thought to be interested in the solicitation and through public notice. Public notice shall mean publication in a newspaper of general circulation a reasonable time prior to bid opening. Bidding time will be set to provide bidders a reasonable time to prepare their bids. A minimum of seven (7) days shall be provided unless a shorter time is deemed necessary for a particular purchase as determined by the Chief Executive Officer.
- d. Bid Opening. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the Invitation for Bids. The dollar amount of each bid, and such other relevant information, together with the name of each bidder, shall be recorded; the record and each bid shall be open to the inspection of the bidders after award.
- e. Bid Acceptance and Bid Evaluation. Bids shall be accepted without alteration or correction, except as authorized herein. When necessary for the best interest of JEDA, the Invitation for Bids may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and are to be considered in the evaluation for an award shall be measurable, such as discounts, transportation costs, and total or life cycle costs. The Invitation for Bids shall set forth the cost criteria to be used. No cost criteria may be used in bid evaluation that are not set forth in the Invitation for Bids.
- f. Correction or Withdrawal of Bids; Cancellation of Awards. After bid openings, no change in bid prices or other provisions of bids prejudicial to the interest of JEDA shall be allowed. Corrections or withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. Each written request for such corrections or withdrawals must document the fact that the bidder's mistake is clearly an error that will cause him substantial loss. In order to maintain the integrity of the competitive sealed bidding process, a bidder shall not be permitted to correct a bid mistake after bid opening that would cause such bidder to have the low bid unless the mistake, in the judgment of the Chief Executive Officer, is clearly evident from examining the bid document; for example, extension of unit prices or errors in addition.

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- g. Award. The Contract shall be awarded with reasonable promptness by written notice to the lowest responsive and responsible bidder. In the event all bids exceed available funds, the Chief Executive Officer is authorized, in situations where time or economic considerations preclude resolicitation of work or a reduced scope, to negotiate an adjustment in the bid price, including changes in the bid requirements, with the low responsive and responsible bidder, in order to bring the bid within the amount of available funds.
- h. Multi-Step Sealed Bidding. When it is considered impractical to initially prepare a Purchase Description to support an award based on price, an Invitation for Bids may be issued requesting the submission of unpriced offers to be followed by an Invitation for Bids limited to those bidders whose offers have been qualified under the criteria set forth in the first Solicitation.
3. Competitive Sealed Proposals.
- a. Conditions for Use. When it is determined that the use of competitive sealed bidding is either not practicable or not advantageous to JEDA, then a contract may be solicited by competitive sealed proposals. Competitive sealed proposals should be used when both the needs of JEDA and the costs to satisfy those needs are important and the methods, or items to satisfy those needs, are not clear and precise. While price is an important factor, it is considered less significant than fully meeting JEDA's needs. The ultimate purpose of this method of purchase is to provide flexibility to JEDA while taking into consideration various options and the costs of each. Proposals shall be solicited through a Request for Proposals.
- b. Notice. Notice of the Request for Proposals shall be given in the same manner as provided above for Invitations for Bids in Section II.A.2.c.
- c. Proposal Opening. Proposals shall be publicly opened but only the names of the offerors disclosed at the proposal opening. Contents of competing proposals shall not be disclosed during the process of opening or negotiation. All proposals shall be opened for inspections by the offerors after the contract award. Proprietary or confidential information marked as such in each proposal shall not be disclosed without written consent of the offeror.
- d. Negotiations with Responsible Offerors and Revisions to Proposals. At its sole discretion, and not subject to protest, negotiations may be conducted by JEDA with any offeror submitting a proposal appearing to be eligible for contract award pursuant to the selection criteria set forth in the Request for Proposals. Price may or may not be an initial evaluation factor, at the sole

discretion of JEDA. All apparently eligible offerors shall be afforded the opportunity to submit best and final proposals if negotiations with any other offeror results in a change to either the nature and intent and/or scope of the Request for Proposals and such alteration would have a cost consequence that could alter the order of offerors' price quotations contained in their initial proposals. In conducting negotiations, there shall be no disclosure of any information derived from proposals submitted by competing offerors.

- e. Evaluation Factors. The Request for Proposals shall state the evaluation factors in relative order of importance. Each responsive and responsible offeror's proposal shall be evaluated. The proposals shall then be ranked in accordance with the results of such evaluation.
- f. Award. Award shall be made to the responsible offeror whose proposal is determined to be most advantageous to JEDA taking into consideration the evaluation factors set forth in the Request for Proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

4. Small Purchases.

Any single purchase not exceeding twenty-five thousand and no/100ths dollars (\$25,000.00) may be made by the Chief Executive Officer in accordance with this section; provided, however, that such purchase shall not be artificially divided so as to constitute a small purchase. Related items (such as small hardware items or spare parts for vehicles) may be included in one solicitation, and the award made on an "all or none" basis. In such cases, suppliers shall be advised of this award procedure at the time quotations are requested.

- a. Small purchases not exceeding one thousand five hundred dollars (\$1,500.00) may be accomplished without competitive quotations if the prices are considered to be fair and reasonable. The Chief Executive Officer shall annotate the purchase requisition as follows: "Price is fair and reasonable" and sign such purchase requisition. Such purchases shall be distributed equitably among qualified suppliers. When practical, a quotation will be solicited from other than the previous supplier prior to placing a repeat order.
- b. Small purchases from one thousand five hundred and 1/100 dollars (\$1,500.01) to five thousand dollars (\$5,000.00) may be accomplished by the solicitation of verbal or written quotes from three qualified sources of supply are made and it is documented by the Chief Executive Officer that the purchase is to the advantage of JEDA, price and other factors

considered, including the administrative costs of the purchase. Such documentation shall be attached to the purchase requisition.

- c. Small purchases from five thousand and 1/100 dollars (\$5,000.01) to ten thousand dollars (\$10,000.00) may be accomplished by soliciting from not less than three qualified vendors prices for the services or commodities sought and it is documented by the Chief Executive Officer, that the purchase is to the advantage of JEDA, price and other factors considered, including the administrative costs of the purchase. Such documentation shall be attached to the purchase requisition and shall include the names of the entities contacted, the date of contact, and the price quotation, if supplied, from the entity contacted.
- d. Small purchases from ten thousand and 1/100 dollars (\$10,000.01) to twenty-five thousand (\$25,000) may be accomplished by soliciting from not less than five qualified vendors and advertisement in a publication of general circulation in the area where the solicitation is to be occurring, and will otherwise comply with the procedures set out in (c) immediately above.

5. Sole Source Purchases.

- a. Conditions for Use. This method of purchase is the least competitive and therefore should have limited use. In those instances, however, where JEDA's needs can only be met by one method, means or item, sole source is an appropriate, and necessary, method of purchase. Price is not an operative factor, inasmuch as the cost is not pertinent where the needs are unique and can only be satisfied through a unique one-of-a-kind acquisition. The following are examples of circumstances which could necessitate sole source purchase:
 - (1) where the compatibility of equipment, accessories or replacement parts is the paramount consideration;
 - (2) where a unique item is needed for trial use or testing;
 - (3) where a unique item is to be procured for resale; and
 - (4) where the item is one of a kind.
- b. Award. The determination as to whether a purchase shall be made as a sole source shall be made by the Chief Executive Officer and shall be in writing, stating the reasons therefor.

6. Emergency Purchases.

Notwithstanding any other provision herein, the Chief Executive Officer may make emergency purchases when there exists a threat to public health, welfare, or safety under emergency conditions, or where normal daily operations are affected; provided that such emergency purchase shall be made with such competition as is practicable under the circumstances. If emergency considerations exist after an unsuccessful attempt to use competitive sealed bidding or competitive sealed proposals, an emergency purchase may also be made. Emergency purchases shall be limited to that of supplies, services or construction items necessary to meet the emergency. Any determination regarding utilization of an emergency procurement shall be made by the Chief Executive Officer, shall be in writing, and shall state the reasons therefor.

7. Rejection of Responses.

- a. Rejection of All Responses. A compelling reason should exist to reject all Responses. Every effort shall be made to anticipate changes in a requirement prior to the date of opening and to notify all prospective Vendors of any resulting modifications or cancellation, thereby permitting Vendors to change their Responses. As a general rule, a Solicitation should not be canceled and readvertised after opening due solely to increased requirements for the items being procured; an award should be made on the initial Solicitation and the additional quantity required should be treated as a new purchase. When it is determined prior to an award, but after opening, that the requirements relating to the availability and identification of specifications have not been met, the Solicitation shall be canceled. The Solicitation may be canceled after opening, but prior to an award, when it is determined by the Chief Executive Officer that:

- (1) inadequate or ambiguous specifications were cited in the Solicitation;
- (2) specifications have been revised;
- (3) supplies or services being procured are no longer required;
- (4) the Solicitation did not provide for consideration of all factors of costs to JEDA, such as cost of transportation;
- (5) Responses received indicate that the needs of JEDA can be satisfied by a less expensive article differing from that on which the Responses were invited;
- (6) all otherwise acceptable Responses received are at unreasonable prices;

- (7) the Responses were not independently arrived at in open competition, were collusive or were submitted in bad faith; or
 - (8) for other reasons, cancellation is clearly in the best interest of JEDA.
- b. Rejection of Individual Responses. Any Response which fails to conform to the essential requirements of the Solicitation, such as bid security, shall be rejected. Any Response which does not conform to the specifications contained or referenced in the Solicitation may be rejected unless the Solicitation authorized the submission of alternate Response and said alternates meet the requirements specified in the Solicitation. Any Responses which fails to conform to the delivery schedule or permissible alternates thereto stated in the Solicitation may be rejected as unresponsive. Ordinarily, a Response should be rejected when the Vendor attempts to impose conditions which would limit its liability to JEDA, since to allow the Vendor to impose such conditions would be prejudicial to other Vendors. For example, responses should be rejected in which the Vendor:
 - (1) attempts to protect against future changes in conditions, such as increased costs, if total possible cost to JEDA cannot be determined;
 - (2) fails to state a price or states a price but qualifies such price and states that the price shall be subject to the "price in effect at time of deliveries";
 - (3) when not authorized by the Solicitation, conditions or qualifies a Response by stipulating that the Response is to be considered only if, prior to the date of award, Vendor receives (or does not receive) an award under a separate purchase;
 - (4) requires JEDA to determine that the Vendor's product meets JEDA's specifications; or
 - (5) limits the rights of JEDA under any Contract clause.
- c. Late/Misplaced Responses. Any Response received after the Chief Executive Officer has declared that the time set for opening has arrived shall be rejected unless the Response was in the possession of JEDA and was misplaced. In such an event, the misplaced Response will be considered along with other previously received responses.
- d. Informalities or Irregularities in Responses. An informality or irregularity is some variation from the exact requirements of the Solicitation such as an ambiguity, having no or an uncertain effect on price, quality, quantity, or

delivery of the supplies or performance of the services being purchased, and the correction or waiver of which would not affect the relative standing of, or be otherwise prejudicial to, other Vendors. JEDA shall either give the Vendor an opportunity to cure any informality or irregularity in a Response or waive such informality or irregularity any where it is to the advantage of the JEDA. Such communication or determination shall be in writing.

- e. Competitive Sealed Bids versus Competitive Sealed Proposals. In applying the provisions of this subsection (7) to individuals responses, it is recognized that, by their nature, competitive sealed proposals should be afforded greater latitude. Accordingly, in applying these provisions, that difference will be recognized and a fair and reasonable outcome sought depending upon whether the matter arises from a bid or a proposal.

Part B. - Vendor Qualifications and Duties

1. Responsibility of Vendors.

A determination of nonresponsibility of a Vendor shall be made by the Chief Executive Officer. The unreasonable failure of a Vendor to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of nonresponsibility with respect to such Vendor. Factors to be considered in determining the responsibility of a Vendor include whether the prospective Contractor has:

- a. the appropriate financial, material, equipment, facilities and personnel resources and expertise available, or the ability to attain them, necessary to indicate its capability to meet all contractual requirements;
- b. a satisfactory record of past performance;
- c. a satisfactory record of integrity;
- d. qualified legally to contract with JEDA; and
- e. supplied all necessary information in connection with an inquiry concerning responsibility. Notice of the determination of nonresponsibility of a bidder or offeror shall be sent promptly to the nonresponsible bidder or offeror.

2. Cost or Price Data.

- a. Required Submission Relative to the Award of Contract. A prospective Contractor shall submit cost or pricing data when the Contract is expected

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to exceed one hundred thousand dollars (\$100,000). The submission of such cost or pricing data relating to the award of a contract is not required where:

- (1) the contract price is based on adequate price competition;
- (2) the contract price is set by law or regulation; or
- (3) it is determined in writing that such requirement may be waived and the determination states the reasons for such waiver.

b. Required Submissions Relating to Change Orders or Contract Modifications. A Contractor shall submit cost or pricing data prior to the pricing of any change order or Contract modification, including adjustments to Contracts awarded by Competitive Sealed Bidding. The submission of such cost or pricing data relating to the pricing of a change order or contract modification is not required where:

- (1) unrelated and separately priced adjustments for which cost or pricing data would not be required are consolidated for administrative convenience; or
- (2) it is determined by the Chief Executive Officer that such requirement may be waived.

c. Certificate Required. A Contractor, actual or prospective, required to submit cost or pricing data in accordance with this Section, shall certify that, to the best of its knowledge and belief, the cost or pricing data submitted was accurate, complete, and current as of a mutually specified date prior to the award of the Contract of the pricing of the change order or Contract modification.

d. Price Adjustment Provision Required. Any Contract awarded, change order, or Contract modification under which submission and certification of cost or pricing data are required shall contain a provision stating that the price to JEDA, including profit or fee, shall be adjusted to exclude any significant sums by which JEDA finds that such price was increased because the Contractor-furnished cost or pricing data was inaccurate, incomplete, or not current as of the date agreed upon between JEDA and the Contractor.

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Part C. - Types of Contracts

1. Types of Contracts.

Subject to the limitations of this Part, any type of contract which will promote the best interest of JEDA may be used; provided that the use of a cost-reimbursement or cost-plus-a-percentage-of-cost Contract shall not be used unless it contains a guaranteed maximum Contract amount. Such a contract may be used only when a determination by the Chief Executive Officer is made that such a Contract is likely to be less costly to JEDA than any other type or that it is impracticable to obtain the supplies, services, or construction required except under such a Contract.

2. Multi-Year Contracts.

- a. Specified Period. A Contract for supplies or services may be entered into for a period of time not to exceed ten (10) years, provided the term of the Contract and the conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting. All solicitations and contracts for multi-term contracts shall contain provisions that payment and performance obligations for succeeding fiscal periods shall be subject to the availability of funds therefor.
- b. Determination Prior to Use. Prior to the utilization of a multi-year contract, it shall be determined:
 - (1) that estimated requirements cover the period of the Contract and are reasonably firm and continuing; and
 - (2) that such a Contract will serve the best interest of JEDA by encouraging effective competition or otherwise promoting savings in JEDA purchases.

The following factors are among those relevant to such a determination:

- (a) Vendors are not willing or able to compete because of high start-up costs or capital investment;
- (b) lower production costs because of larger quantity or service requirements, and substantial continuity of production or performance over a longer period of time can be expected to result in lower unit prices;

- (c) stabilization of the Contractor's work force over a longer period of time may promote economy and consistent quality; and
 - (d) the cost and burden of Contract solicitation, award and administration of the purchase may be reduced.
- c. Evaluation. Care should be taken when soliciting for and evaluating multi-year contracts and prices against prices for the first fiscal period that a determination on the basis of prices for the first period does not permit the successful bidder or offeror to "buy in" so as to give such bidder or offeror an undue competitive advantage in subsequent purchases.
- d. Solicitation Document. The Solicitation for a multi-year Contract shall state the following:
 - (1) the estimated amount of supplies or services required for the proposed Contract;
 - (2) that a unit price shall be given for each supply or service, and that such unit prices shall be the same throughout the Contract term (except to the extent price adjustments are authorized in the solicitation or the resulting Contract);
 - (3) that the multi-year Contract will be terminated if funds are not available to support continuation of performance in any period succeeding the first contract year; provided, however, this does not affect either JEDA's rights or the Contractor's rights under any other termination clause in the Contract;
 - (4) that JEDA must notify the Contractor on a timely basis that the funds are not available for the continuation of the Contract; and
 - (5) that a multi-year Contract may be awarded and how such an award will be determined including, if prices for the first fiscal period and the entire time of performance are submitted, how such prices will be compared.

3. Blanket Purchase Agreements.

- a. Conditions for Use. A blanket purchase agreement is a simplified method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. Blanket purchase agreements are designed to reduce administrative costs in accomplishing

small purchases by eliminating the need for issuing individual solicitation documents. To the extent practicable, blanket purchase agreements for items of the same type should be awarded concurrently to more than one supplier.

b. Contract Terms. Blanket purchase agreements shall contain at a minimum the following provisions:

- (1) terms and conditions of the agreement including a statement that the Contractor shall furnish supplies or services, commonly described in general terms, if and when requested by JEDA during a specified period and within a stipulated aggregate amount, if any. Blanket purchase agreements may encompass all items that the Contractor is in a position to furnish.
- (2) the extent of the obligation including a statement that JEDA is obligated only to the extent of authorized costs actually placed against the blanket purchase agreement, i.e., there are no minimum volume requirements.
- (3) the Chief Executive Officer will provide the Contractor with a list of names of Persons authorized to place orders under the blanket purchase agreement, and the dollar limitation per order for each such Person.
- (4) the statement that all shipments under the blanket purchase agreement shall be accompanied by delivery tickets or sales slips which shall contain the following minimum information:
 - (a) name of Contractor;
 - (b) blanket purchase agreement number;
 - (c) date of order;
 - (d) order number;
 - (e) itemized list of supplies or services furnished;
 - (f) quantity, unit price and extension of each item less applicable discounts; and
 - (g) date of delivery or shipment.

- (5) an itemized and a summary invoice shall be submitted at least monthly or upon expiration of the blanket purchase agreement, whichever first occurs, for all deliveries made during a billing period, identifying the delivery tickets covered therein stating their total dollar value and supported by receipted copies of the delivery tickets.

Part D. - Audit of Records

1. Right of Audit Record.

- a. Contract Audit. JEDA shall be entitled to inspect/audit those books and records of a Contractor or subcontractor under any Contract or subcontract to the extent that such books and records relate to the pricing and/or performance of such Contract or subcontract. Such books and records shall be maintained by the Contractor for a period of three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract, unless a shorter period is otherwise authorized in writing by the Chief Executive Officer.

Part E. - Reports and Records

1. Reporting of Anticompetitive Practices.

When for any reason collusion or other anticompetitive practices are suspected among any bidder or offerors, the relevant facts shall be transmitted by the Chief Executive Officer to the Purchasing Committee.

2. Purchasing Records.

- a. Contract File. All determinations and other written records pertaining to the solicitation, award, or performance of a Contract shall be maintained in a contract file.
- b. Retention of Purchasing Record. All purchasing records shall be retained and disposed of in accordance with records retention guidelines and schedules approved by the Chief Executive Officer. If a Contract is being funded in whole or in part by assistance from a Federal agency, then all purchasing records pertaining to that Contract shall be maintained for three (3) years from the closeout date of the assistance agreement or the final disposition of any controversy arising out of the assistance agreement, or for a longer period if required by such Federal agency.

ARTICLE III. - SPECIFICATIONS

Part A. - Specifications

1. Importance of Specifications.

JEDA shall prepare and issue specifications for supplies, services, and construction required by JEDA. Specifications shall, to the extent practicable, emphasize functional or performance criteria while limiting design or other detailed physical descriptions to meet the needs of JEDA. All specifications shall be drafted so as to promote overall economy for the purpose of satisfying JEDA's needs, and to encourage maximum free and open competition in satisfying JEDA's needs, and may not be unduly restrictive. It is recognized, however, that the preference for use of functional or performance specifications is primarily applicable to the purchase of supplies and services. Such preference is not often practicable in construction, apart from the purchase of supply type items for a construction project. Specifications for construction may be prepared on a project-by-project basis by an architect and/or engineer retained by JEDA for such project.

**ARTICLE IV. -
PURCHASE OF CONSTRUCTION ARCHITECT - ENGINEER, LAND SURVEYING
SERVICES AND OTHER PROFESSIONAL SERVICES**

STATE BUDGET & CONTROL BOARD

Part A. - Management of Construction Contracting

1. Selection of Method of Construction Contract.

In the event that JEDA engages a Contractor for purposes of a construction contract, JEDA shall have discretion to select the appropriate construction contracting method for a particular project. In determining which method to use, JEDA shall consider its requirements, resources, and the potential Contractor's capabilities. In selecting the construction contracting method, JEDA should consider the results achieved on similar projects in the past and the methods used.

2. Contract Administration.

JEDA shall maintain a contract administration system designed to insure that a Contractor is performing in accordance with the Solicitation under which the Contract was awarded, and the terms and conditions in the Contract.

Part B. - Construction Contract Clauses and Fiscal Responsibility

1. Standard Clauses.

JEDA may establish standard contract clauses for use in its construction Contracts. Such contract clauses and additional clauses or variations shall be stated in the Solicitation.

2. Modifications.

Every contract modification, change order, or contract price adjustment under a construction contract with JEDA in excess of five thousand dollars (\$5,000) shall be subject to prior approval by the Purchasing Committee after receiving a report from the Chief Executive Officer of JEDA as to the effect of the contract modification, change order or contract price adjustment on the total project budget or the total Contract budget.

EXHIBIT

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Part C. - Architect-Engineer and Land Surveying Services

STATE BUDGET & CONTROL BOARD

1. Notice and Selection Process.

- a. Notice. It is the policy of JEDA to give notice of the requirements for Architect-Engineer and Land Surveying services either through private notice sent to not less than five (5) firms or through public notice. Public notice shall mean publication in a newspaper of general circulation. JEDA will negotiate contracts for such services on the basis of demonstrated competence and qualification at fair and reasonable prices. JEDA shall request firms to submit a statement of qualifications and performance data.
- b. Selection Process. JEDA shall conduct discussions with no less than three (3) firms regarding the contract and shall select the firm deemed most qualified to provide the required services. The selection shall be made in order of preference, based on criteria established by the Chief Executive Officer and approved by the Purchasing Committee.
- c. Negotiation. JEDA shall negotiate a contract with the highest qualified firm for Architect-Engineer or Land Surveying services at a compensation which is considered to be fair and reasonable to JEDA. In making this decision, the established value, the scope, the complexity, and the professional nature of the services to be rendered shall be considered. Should JEDA be unable to negotiate a satisfactory Contract with the firm considered to be most qualified, negotiations with that firm shall be terminated and JEDA shall then undertake negotiations with the second most qualified firm. Should JEDA be unable to negotiate a contract with any of the selected firms, JEDA shall select additional firms in order of their competence and qualifications, and JEDA shall continue negotiations in accordance with this Section until an agreement is reached.

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ARTICLE V. - PROPERTY MANAGEMENT

Part A. - Disposition of Surplus Property.

1. Sale.

- a. Surplus supplies and property shall be disposed of through competitive sealed bids or public auction. In the event some types and classes of items can be sold or disposed of more readily and advantageously by other means, the JEDA may employ such other means including, but not limited to, barter or appraisal.
- b. When making sales by competitive sealed bidding, notice of the sale should be given not less than fifteen (15) days before the date set for opening bids. Notice may be given either through newspaper advertisement or other publications or through private notice sent to not less than five (5) persons. Bids shall be publicly opened. The Notice of Sale shall include the provisions upon which the award shall be made to the highest responsive and responsible bidder, provided that the price offered by such bidder is acceptable to JEDA. Where such price is not acceptable, the Chief Executive Officer may reject the bids in whole or in part and negotiate the sale provided that the negotiated sale price is higher than the highest responsive and responsible bid.

ARTICLE VI. - LEGAL AND CONTRACTUAL REMEDIES

Part A. - Authority to Resolve Contract and Breach of Contract Controversies.

1. Applicability and Exhaustion.

This Section applies to controversies between JEDA and a contractor and which arises under, or by virtue of, a Contract between them. This includes without limitation controversies based upon breach of contract, mistake, misrepresentation, or other cause for contract modification or rescission. No other dispute resolution process, including litigation, may be commenced until the procedures herein provided for have been exhausted.

2. Authority.

The Purchasing Committee is authorized to settle and resolve a controversy described in Section (1) of this Part. The remedies, if any, shall be in at their discretion.

3. Decision.

If such a controversy is not resolved by mutual agreement, the Purchasing Committee shall promptly issue a decision in writing within thirty (30) days. The decision shall state the reasons for taking such action.

4. Notice of Decision.

A copy of the decision under Section (3) of this Part shall be mailed or otherwise furnished immediately to the contractor.

5. Finality of Decision.

The decision under Section (3) of this Part shall be FINAL AND CONCLUSIVE.

6. Failure to Render Timely Decision.

If the written decision required under Section (3) of this Part is not entered within thirty (30) days after written request for a said decision, or within such longer period as may be agreed upon, the Contractor shall proceed as if an adverse decision had been received.

Part B. - Remedies Prior to an Award.

If prior to award it is determined that a solicitation or proposed award of a contract is not consistent with the procedures set forth herein, then the solicitation or proposed award shall be:

1. canceled; or
2. revised to comply with this manual.

Part C. - Remedies After an Award.

If after an award it is determined that a Solicitation or award of a Contract is in violation of this manual, then:

1. if the person awarded the contract has not acted fraudulently or in bad faith:
 - a. the contract may be ratified and affirmed, provided it is determined that doing so is in the best interest of JEDA.
2. if the person awarded the contract has acted fraudulently or in bad faith:
 - a. the contract may be declared null and void; or
 - b. the Contract may be ratified and affirmed if such action is in the best interest of JEDA, without prejudice to the JEDA's right to such damages as may be appropriate.

Part D. - Finality of Determinations

Any and all determinations required to be made by the Chief Executive Officer or the Purchasing Committee under this manual shall be regarded as final and conclusive unless they are clearly erroneous, arbitrary, capricious or contrary to law. The Chief Executive Officer shall review all determinations periodically and, as appropriate, report to the Purchasing Committee the appropriateness of the determinations made.

Part E. - Miscellaneous

The provisions of Part B and Part C hereof apply only to awards reasonably anticipated to exceed \$25,000.00 and/or not arising under Article II, Part A.3.d. Any controversy arising under Part A of this Article VI shall be commenced within one (1) year from the date the contractor last performed work for JEDA. All

matters arising under Part B or Part C hereof shall be brought within fifteen (15) days of the date of award. This Article VI is the exclusive means for resolving contract or award of contract controversies with JEDA. Any claim brought under this Article VI shall be meritorious and not filed for an improper purposes. The Purchasing Committee may provide appropriate sanctions for violations, including attorneys fees.

ARTICLE VII. - INTERGOVERNMENTAL RELATIONS

STATE BUDGET & CONTROL BOARD

Part A. - Cooperative Purchasing

1. Cooperative Purchasing Authorized.

As a State agency, JEDA may choose to participate in, sponsor, conduct, or administer a cooperative purchasing program for the purchase of supplies, services, or construction with one or more Public Procurement Units in accordance with an agreement entered into between the participants. Such Cooperative Purchasing may include, but is not limited to, joint or multi-party contracts between Public Procurement Units, including use of State contracts. JEDA shall, prior to conducting purchasing activities hereunder, explore the availability of satisfying its needs through utilization of pre-existing contracts between the State's Division of General Services and private vendors and shall use such arrangements if cost effective, and otherwise advantageous to JEDA. JEDA may procure supplies, services, or construction items through the contracts established by the General Services Division of the State of South Carolina independent of the requirements of this purchasing manual.

2. Sale, Acquisition, or Use of Supplies.

JEDA may sell to, acquire from, or use any supplies belonging to a Public Procurement Unit independent of the requirements of this purchasing manual.

3. Cooperative Use of Supplies and Services.

JEDA may enter into an agreement, with any Public Procurement Unit for the cooperative use of supplies or services under the terms agreed upon between the parties independent of the requirements of this purchasing manual.

4. Joint Use of Facilities.

JEDA may enter into agreements for the common use or lease of warehousing facilities, capital equipment, and other facilities with another Public Procurement Unit under the terms agreed upon between the parties.

ARTICLE VIII. - MINORITY BUSINESS ENTERPRISE UTILIZATION PLAN

Part A. Policy

JEDA is aware that business firms owned and operated by minority persons have been historically restricted from full participation in the free enterprise system. JEDA wishes to ensure that these businesses are afforded an opportunity to participate to the fullest extent possible in providing supplies, services and construction to JEDA. JEDA therefore adopts this Minority Business Enterprise Utilization Plan (the "MBE Plan") to provide opportunities to minority businesses to provide supplies, services and construction to JEDA.

Part B. Goals

It is JEDA's goal that minority business firms be provided information and encouragement to conduct business with JEDA.

Part C. Definitions.

1. Minority Person. A United States citizen who is economically and socially disadvantaged.
2. Socially Disadvantaged Individuals. Those individuals who have been subject to racial or ethnic prejudice or cultural bias because of their identification as members of a certain group, without regard to their individual qualities.
3. Economically Disadvantaged Individuals. Those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.
4. Socially and Economically Disadvantaged Small Business. Any small business concern which:
 - a. At a minimum is fifty-one percent owned by one or more persons who are socially and economically disadvantaged.
 - b. In the case of a corporation, at a minimum, fifty-one percent of all voting stock must be owned by an individuals who are socially and economically disadvantaged.

EXHIBIT

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STATE BUDGET & CONTROL BOARD
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- c. In the case of a partnership, at a minimum, fifty-one percent of the partnership interest must be owned by an individual or individuals determined to be socially and economically disadvantaged and whose management and daily business operations are controlled by individuals who are socially and economically disadvantaged. Such individuals must be involved in the daily management and operation of the business concerned.
5. Minority Firm. A business certified by the Small and Minority Business Assistance Office of South Carolina ("SMBAO") as a minority firm.

Part D. Minority Business Enterprise ("MBE") Liaison Officer.

The Chief Executive Officer shall be designated as the MBE liaison officer.

The MBE Liaison Officer is responsible for developing, managing and implementing the MBE Plan, including the following duties:

1. Appointing additional MBE coordinators as may be necessary for implementing and monitoring the MBE Plan.
2. Establishing and maintaining a directory of minority firms that wish to do business with JEDA.
3. Disseminating information on available business opportunities so as to provide minority firms an equal opportunity to bid on supplies, services and construction to be purchased by JEDA.
4. Maintaining an informal bidders' list consisting of certified local minority firms interested in doing business with JEDA. This list shall be compared and updated by the MBE Liaison Officer not less than annually with lists maintained by the State.
5. Establishing and maintaining records on the number of invitations to bid and request for proposals sent to minority firms, answers received, and contracts awarded when applicable to the dollar purchases of JEDA.
6. Maintaining records to indicate the number and dollar value of small purchases made from minority firms including local purchase orders, service orders and verbal contracts.

7. Working with appropriate state officials and minority persons to assist minority persons in learning how to do business with JEDA.
8. Maintaining reference files of governmental organizations which assist small and minority businesses and make this reference information available to minority firms which need assistance.

Part E. Designation of Contracts for Minority Firms.

1. Criteria for Designation

The following criteria will be considered by the MBE Liaison Officer and Chief Executive Officer in determining which contracts are appropriate designation for South Carolina-based minority firms in accordance with JEDA's purchasing policy.

- a. Total dollar value of controlled purchase;
- b. The availability of South Carolina-based minority firms to perform such services or contracts;
- c. The potential for dividing the contracts into smaller units, where necessary, to accommodate such firms;
- d. Insuring that JEDA shall not be required to sacrifice quality of goods or services;
- e. Insuring that the price is fair, reasonable and competitive to both JEDA and to the Contractor for the services, supplies, or construction to be furnished and results in no loss to JEDA.

2. Procedure for Designation

The Chief Executive Officer will review JEDA's needs for contractual services and products on a quarterly basis and will match those needs with South Carolina-based minority firms.

- a. Where at least three (3) South Carolina-based minority firms that can satisfy JEDA's purchase needs exist, bids or offers solely from these firms will be solicited in accordance with JEDA's purchasing policies.
- b. Where fewer than three (3) South Carolina-based minority firms can meet JEDA's requirements, the Chief Executive Officer will make

efforts to divide larger projects into smaller units, when possible in an effort to utilize minority firms.

- c. When neither of these methods are available, minority firms will be solicited along with non-minority business firms for the product or service.

If the Chief Executive Officer determines that all otherwise acceptable bids received are at unreasonable prices, it may cancel the Solicitation. If time or other circumstances will not permit the delay required to re-solicit competitive sealed bids, a Contract may be negotiated in accordance with the emergency purchase procedures set forth in JEDA's Purchasing Policy.

Part F. Award Letters.

A statement will be made in each Solicitation and Contract award document to the effect that if the Contract is awarded to a minority firm, JEDA will furnish a letter stating the dollar value, duration and other information concerning the contract if requested by the minority firm, which letter may be used by the minority firm to negotiate lines of credit with a lending institution. If such lines of credit are established, the lending institution may request, jointly with the minority firm, in writing, that payments made by JEDA relative to the Contract be made jointly to the minority firm and the lending institution.

Part G. Progress Payments to Minority Firms.

If the Solicitation provides for progress payments and the minority firm so requests it, progress payments may be made either on a monthly basis or upon completion of a stated percentage of the Contract, as provided by the Solicitation, provided that:

1. If requested by the Chief Executive Officer, the Contractor shall furnish a break down of Contract costs at the time the progress payment is requested.
2. In arranging progress payments, the Chief Executive Officer shall cause to be retained five percent of the estimated amount until final completion and acceptance of the Contract work. If the Chief Executive Officer finds that satisfactory progress is being achieved during any period for which progress payment is requested and there is no reason to believe satisfactory progress will not continue, the Chief Executive Officer may, however, authorize such payment to be made in full without retention of a percentage.

EXHIBIT

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Part H. Reporting Procedures.

STATE BUDGET & CONTROL BOARD

1. The MBE Liaison Officer will submit such progress forms and reports as are required by SMBAO.
2. The MBE Liaison Officer will report to the Board, annually, the number and dollar value of Contracts awarded to minority firms. Reports shall be submitted not later than 30 days subsequent to the end of the fiscal year with an information copy to the SMBAO.

I. Subcontracting Procedures.

Although JEDA will not require non-minority Contractors to subcontract with minority firms, they will be encouraged to do so whenever feasible. A statement of JEDA's goals for minority business enterprise utilization will be included in all Requests for Proposals and Award of Contracts.

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Department of Corrections

SUBJECT: Safe and Reasonable Operating Capacity

In accord with Code Section 24-3-2050 and the Nelson Consent Decree, the Department of Corrections has certified that the safe and reasonable operating capacity of its facilities as of October 1, 1994, will remain at 16,310.

Details on capacity are included in the attachment.

BOARD ACTION REQUESTED:

In accord with Code Section 24-3-2050 and the Nelson Consent Decree, certify 16,310 as the safe and reasonable operating capacity of the facilities of the Department of Corrections as of October 1, 1994.

ATTACHMENTS:

Evatt October 1 letter to Carter; attachment

002907



south carolina
department of corrections

P.O. BOX 21787/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221-1787
TELEPHONE (803) 896-8555
PARKER EVATT, Director

October 1, 1994

Donna W

EXHIBIT

NOV 3 1994

12

STATE BUDGET & CONTROL BOARD

Mr. Fred Carter
Executive Director
South Carolina Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Dear Mr. Carter:

Pursuant to Section 3 of the Prison Overcrowding Powers Act, this letter is being written to certify the Department of Corrections Safe and Reasonable Operating/Nelson Capacity for the quarter beginning October 1, 1994.

As of October 1, 1994, the Safe and Reasonable Operating/Nelson capacity of the Department will remain at 16,310.

I trust that this information will prove useful to you. Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Parker Evatt

Attachment

cc: Mr. Burke Fitzpatrick
Mr. Michael Cavanaugh
Mr. Kenneth P. Long
Mr. Kenneth Woodington

Mr. Richard P. Stroker
Mr. Sam O'Kelley
Ms. Meesim Lee
Mr. John Norris

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NON-INDY

EXHIBIT

SOUTH CAROLINA DEPARTMENT OF CORRECTIONS
SAFE AND REASONABLE/NELSON INMATE CAPACITIES (NELSON)
EMERGENCY OVERCROWDING POWERS ACT (S-258 - H-2618)

NOV 3 1994

12

SECURITY DESIGNATION/ Institution	Safe & Reasonable Capacity as of 7/1/94	Safe & Reasonable Capacity as of 10/1/94	Change In Capacity	Actual Count on 9/30/94	STATE BUDGET & CONTROL BOARD Over/Under(-) Operating Capacity
MALE WORK RELEASE					
Blue Ridge	208	208	0	216	8
Catawba	188	188	0	173	-15
Livesay	96	96	0	110	14
Campbell	246	246	0	244	-2
Lower Savannah	250	250	0	233	-17
Coastal	144	144	0	117	-27
Palmer	292	292	0	293	1
Subtotal	1,424	1,424	0	1,386	(38)
MALE MINIMUM					
Cross Anchor	528	528	0	649	121
Givens Youth	123	123	0	123	0
Greenwood	174	174	0	173	-1
Northside	382	382	0	420	38
Aiken Youth	275	275	0	338	63
Goodman	364	364	0	499	135
State Park	150	150	0	123	-27
Stevenson	264	264	0	286	22
Walden	277	277	0	377	100
Wateree River	585	585	0	727	142
Wateree Shock	192	192	0	166	-26
Watkins	144	144	0	162	18
MacDougall	576	576	0	629	53
Manning	642	642	0	801	159
Subtotal	4,676	4,676	0	5,473	797
MALE MEDIUM					
Dutchman	624	624	0	665	41
McCormick	1,104	1,104	0	1,091	-13
Perry	768	768	0	1,133	365
Kirkland	608	608	0	693	85
Lee	1,472	1,472	0	1,417	-55
Broad River	1,236	1,236	0	1,396	160
Lieber	1,196	1,196	0	1,288	92
Allendale	1,099	1,099	0	1,090	-9
Evans	1,101	1,101	0	1,098	-3
Subtotal	9,208	9,208	0	9,871	663
FEMALE					
Women's Center	323	323	0	275	-48
Female Shock	25	25	0	22	-3
State Park	270	270	0	257	-13
Leath	384	384	0	369	-15
Subtotal	1,002	1,002	0	923	(79)
TOTAL	16,310	16,310	0	17,653	1,343

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EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994 12
STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

November 3, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

Mr. Parker Evatt, Commissioner
Department of Corrections
4444 Broad River Road
Columbia, SC 29221-1787

Dear Mr. Evatt:

This is to confirm that, at its meeting on November 3, 1994, in accord with Code Section 24-3-2050 and the Nelson Consent Decree, the Budget and Control Board certified 16,310 as the safe and reasonable operating capacity of facilities of the Department of Corrections as of October 1, 1994.

The Board took this action in response to your October 1 letter.

Sincerely,

Donna Kaminer Williams
Secretary to the Board

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NOV 3 1994

13

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 2

AGENCY: Executive Director

SUBJECT: Ceiling Allocation Extensions

In accord with Code Section 1-11-560(C), the Board is asked to grant 31-day extensions to the following tentative ceiling allocations:

- (a) \$4,000,000 to Jobs-Economic Development Authority for the Supreme Machined Products Company, Inc. project. The tentative allocation granted August 24 expires November 22. The company is evaluating responses and would not have time to close by November 22. If the 31-day extension is granted, the ceiling allocation would expire on December 23.
- (b) \$6,500,000 to Jobs-Economic Development Authority for the Carolina Cotton Works, Inc. project. The tentative allocation granted August 24 expires November 22. The company is evaluating responses and would not have time to close by November 22. If the 31-day extension is granted, the ceiling allocation would expire on December 23.
- (c) \$10,000,000 to Kershaw County for the DeRoyal Textile, Inc. project. The tentative allocation granted August 24 expires November 22. Bond closing is anticipated for the first part of December. If the 31-day extension is granted, the ceiling allocation would expire on December 23.
- (d) \$7,000,000 to the Jobs-Economic Development Authority for the Wellington Yarns, Inc. project. The tentative allocation granted August 24 expires November 22. Bond closing is anticipated for the first part of December. If the 31-day extension is granted, the ceiling allocation would expire on December 23.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-560(C), grant 31-day extensions to the following tentative ceiling allocations:

- (a) \$4,000,000 to Jobs-Economic Development Authority for the Supreme Machined Products Company, Inc. project;
- (b) \$6,500,000 to Jobs-Economic Development Authority for the Carolina Cotton Works, Inc. project;
- (c) \$10,000,000 to Kershaw County for the DeRoyal Textile, Inc. project; and
- (d) \$7,000,000 to the Jobs-Economic Development Authority for the Wellington Yarns, Inc. project.

ATTACHMENTS:

McKinney October 10 letters; Lucas October 17 letters

002911

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK PLAZA / SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601

TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

CHARLESTON OFFICE
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POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

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NATIONSBANK TOWER
1301 GERVAIS STREET
POST OFFICE BOX 11390
COLUMBIA, SC 29211
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FACSIMILE 803/799-9804

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POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
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SPARTANBURG OFFICE
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FACSIMILE 803/542-0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 10, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: Not Exceeding \$4,000,000 South Carolina Jobs-Economic Development
Authority, Economic Development Revenue Bonds (Supreme Machined
Products Company, Inc. Project) Series 1994

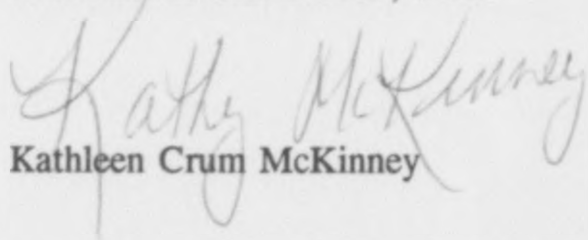
Dear Donna:

As bond counsel to the South Carolina Jobs-Economic Development Authority for the not exceeding \$4,000,000 Economic Development Revenue Bonds (Supreme Machined Products Company, Inc. Project), we are requesting a 31-day extension to our volume cap allocation which is scheduled to expire on November 22, 1994. The Company is evaluating the responses it has received and would not have time to close by November 22, 1994.

Please confirm extension of the volume allocation for this project.

Sincerely,

McNAIR & SANFORD, P.A.


Kathleen Crum McKinney

KCM/dcp

cc: Neda K. Beal
Gregory M. Olson

GRVL:25816

002912

EXHIBIT

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

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FACSIMILE 803/799-9804

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GEORGETOWN, SC 29442
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NOV 3 1994 13
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STATE BUDGET & CONTROL BOARD

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WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 10, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: Not Exceeding \$6,500,000 South Carolina Jobs-Economic Development
Authority, Economic Development Revenue Bonds (Carolina Cotton Works,
Inc. Project) Series 1994

Dear Donna:

As bond counsel to the South Carolina Jobs-Economic Development Authority for the not exceeding \$6,500,000 Economic Development Revenue Bonds (Carolina Cotton Works, Inc. Project), we are requesting a 31-day extension to our volume cap allocation which is scheduled to expire on November 22, 1994. The Company is evaluating the responses it has received and would not have time to close by November 22, 1994.

Please confirm extension of the volume allocation for this project.

Sincerely,

McNAIR & SANFORD, P.A.

Kathleen Crum McKinney
Kathleen Crum McKinney

KCM/dcp

cc: Charlton L. Whipple
Joseph P. Gaino, Jr.

GRVL:25815

002913

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

GREENVILLE OFFICE
NATIONSBANK PLAZA
SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

RALEIGH OFFICE
234 FAYETTEVILLE STREET MALL
SUITE 100
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/755-1800
FACSIMILE 919/890-4180

SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 17, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building, 6th Floor
Columbia, South Carolina 29201

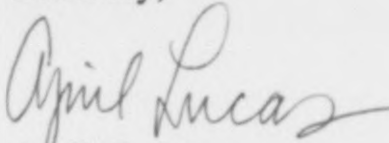
Re: \$10,000,000 Kershaw County, South Carolina Industrial Development Revenue Bonds
(DeRoyal Textile, Inc. Project)

Dear Donna:

On November 22, 1994, the Tentative Allocation of the State Ceiling for the above-captioned transaction will expire. Since we anticipate closing this issue the first part of December, we would like to request that the State Budget and Control Board approve a thirty-one-day extension in accordance with Section 19-103.07 of the Board's Regulations. This company has completed negotiations with Third National Bank of Tennessee which will provide credit enhancement for this issue.

Please place this request on the agenda for the November 3, 1994, meeting of the State Budget and Control Board. Thank you for your assistance.

Sincerely,


April C. Lucas

ACL/bcs

COLA:161605-1

002914

EXHIBIT

MCNAIR & SANFORD, P.A.

ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK TOWER/1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

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NOV 3 1994 13
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STATE BUDGET AND CONTROL BOARD

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October 17, 1994

Ms. Donna Kaminer Williams
State Budget and Control Board
Wade Hampton Office Building, 6th Floor
Columbia, South Carolina 29201

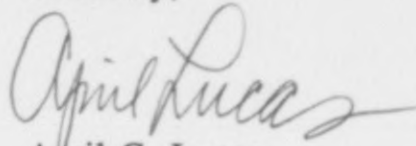
Re: \$7,000,000 South Carolina Jobs-Economic Development Authority Economic
Development Revenue Bonds (Wellington Yarns Inc. Project)

Dear Donna:

On November 22, 1994, the Tentative Allocation of the State Ceiling for the above-captioned transaction will expire. Since we anticipate closing this issue the first part of December, we would like to request that the State Budget and Control Board approve a thirty-one-day extension in accordance with Section 19-103.07 of the Board's regulations. Southern National Bank will provide credit enhancement for this transaction.

Please place this request on the agenda for the November 3, 1994, meeting of the State Budget and Control Board. Thank you for your assistance.

Sincerely,


April C. Lucas

ACL/bcs

COLA:161621-1

002915

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

1 3

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 3, 1994

Ms. Kathleen Crum McKinney
McNair & Sanford, P.A.
NationsBank Plaza, Suite 601
Greenville, SC 29601

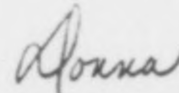
Dear Kathy:

Re: Jobs-Economic Development Authority
\$4,000,000, Supreme Machined Products Company Project

By means of a letter dated August 24, 1994, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

In response to your request of October 10, 1994, in which you acted in your capacity as agent for the Jobs-Economic Development Authority and in accordance with the provision of Code Section 1-11-560(C), the Budget and Control Board, at its meeting on November 3, 1994, extended for 31 days the period in which the \$4,000,000 allocation is valid. As a result of the Board action, the tentative allocation will expire December 23, 1994, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Sincerely,



Donna Kaminer Williams
Secretary to the Board

W

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STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

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WILLIAM D. BOAN
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LUTHER P. CARTER
EXECUTIVE DIRECTOR

November 3, 1994

Ms. Kathleen Crum McKinney
McNair & Sanford, P.A.
NationsBank Plaza, Suite 601
Greenville, SC 29601

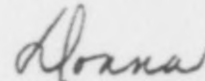
Dear Kathy:

Re: Jobs-Economic Development Authority
\$6,500,000, Carolina Cotton Works, Inc. Project

By means of a letter dated August 24, 1994, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

In response to your request of October 10, 1994, in which you acted in your capacity as agent for the Jobs-Economic Development Authority and in accordance with the provision of Code Section 1-11-560(C), the Budget and Control Board, at its meeting on November 3, 1994, extended for 31 days the period in which the \$6,500,000 allocation is valid. As a result of the Board action, the tentative allocation will expire December 23, 1994, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Sincerely,



Donna Kaminer Williams
Secretary to the Board

W

002917

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

13

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

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JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 3, 1994

Ms. April Lucas
McNair & Sanford, P.A.
P. O. Box 11390
Columbia, SC 29201

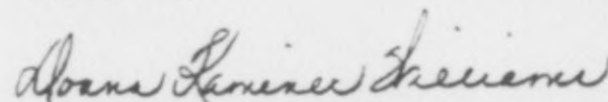
Dear Ms. Lucas:

Re: Kershaw County
\$10,000,000, DeRoyal Textile, Inc. Project

By means of a letter dated August 24, 1994, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

In response to your request of October 17, 1994, in which you acted in your capacity as agent for Kershaw County and in accordance with the provision of Code Section 1-11-560(C), the Budget and Control Board, at its meeting on November 3, 1994, extended for 31 days the period in which the \$10,000,000 allocation is valid. As a result of the Board action, the tentative allocation will expire December 23, 1994, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Sincerely,


Donna Kaminer Williams
Secretary to the Board

W

002918

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

NOV 3 1994

13

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

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CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 3, 1994

Ms. April Lucas
McNair & Sanford, P.A.
P. O. Box 11390
Columbia, SC 29201

Dear Ms. Lucas:

Re: Jobs-Economic Development Authority
\$7,000,000, Wellington Yarns, Inc. Project

By means of a letter dated August 24, 1994, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project in the amount indicated.

In response to your request of October 17, 1994, in which you acted in your capacity as agent for the Jobs-Economic Development Authority and in accordance with the provision of Code Section 1-11-560(C), the Budget and Control Board, at its meeting on November 3, 1994, extended for 31 days the period in which the \$7,000,000 allocation is valid. As a result of the Board action, the tentative allocation will expire December 23, 1994, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Sincerely,

Donna Kaminer Williams
Donna Kaminer Williams
Secretary to the Board

W

002919

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD

MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER 3

AGENCY: General Services

SUBJECT: Procurement Code Exemption, HHSFC

The Office of General Services advises that Governor Campbell has requested a waiver from the Federal Department of Health and Human Services to revamp the Medicaid program in South Carolina. That waiver is currently under consideration; approval is anticipated. If the waiver is granted, HHSFC's contractual needs will change. With the waiver request in process, the HHSFC has requested an exemption from the requirements of the Procurement Code for the following two contracts used under the current Medicaid system so those contracts can be extended with the current contractors beyond the five-year period provided in the Code: (1) Medicaid Claims Control System, and (2) Medicaid Insurance Verification Services.

In accord with Section 11-35-710, the Office of General Services recommends an exemption from the requirements of the Procurement Code for the Health and Human Services Finance Commission contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services, until such time as the State is certain as to the full schedule and impact of the Palmetto Health Initiative, or no later than December 31, 1995. Assuming approval of the Palmetto Health Initiative, procurements necessary for implementation will be made in accordance with the Code unless otherwise exempted.

BOARD ACTION REQUESTED:

In accord with Section 11-35-710, grant an exemption from the requirements of the Procurement Code for the Health and Human Services Finance Commission contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services, until such time as the State is certain as to the full schedule and impact of the Palmetto Health Initiative, or no later than December 31, 1995.

ATTACHMENTS:

Agenda item worksheet; Code Section 11-35-710; Laurent September 12 letter

002920

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 1994

Regular Session

1. Submitted by:

- (a) Agency: Office of General Services
(b) Authorized Official Signature

Helen T. Zeigler
Helen T. Zeigler

2. Subject: Exemption from the Consolidated Procurement Code

3. Summary Background Information:

The Governor has requested a waiver from the Federal Department of Health and Human Services to revamp the Medicaid program in the State. That waiver is currently under consideration with approval anticipated. If the waiver is granted, the Health and Human Services Finance Commission's contractual needs will change. With the waiver request in process, the State Health and Human Services Finance Commission has requested an exemption for two contracts used under the current medicaid system: (1) Medicaid Claims Control System and (2) Medicaid Insurance Verification Services so those contracts can be extended with the current contractors beyond the 5-year period provided in the Procurement Code.

4. What is Board asked to do?

Under authority of Section 11-35-710 of the Consolidated Procurement Code, exempt HHSFC's contracts for the Medicaid Claims Control System and the Medicaid Insurance Verification Services from the purchasing policies and procedure of the Code until such time that the State is certain as to the full schedule and impact of the Palmetto Health Initiative. Assuming approval of the Palmetto Health Initiative, procurements necessary for implementation will be made in accordance with the Code unless otherwise exempted. Either way, this exemption shall end no later than December 31, 1995.

5. What is the recommendation of Board Division involved?

Grant the exemption.

6. (a) List of Supporting Documents:

1. Section 11-35-710 of the Consolidated Procurement Code
2. Request from the State Health & Human Services Finance Commission

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

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the procurement, management, control and disposal of any and all supplies, services and construction to be procured by the State. Such regulations shall be binding in all procurements made by the State.

(2) **Nondelegation.** The board shall not delegate its power to promulgate regulations.

(3) **Approval of Operational Procedures.** Governmental bodies shall be authorized to develop internal operational procedures consistent with this code; provided, that such operational procedures shall be certified in writing by the appropriate chief procurement officer as being consistent with this chapter.

(4) **Board Oversight.** The board as a whole or acting through its procurement policy committee shall consider and decide matters of policy within the provisions of this code including those referred to it by the chief procurement officers. The board shall have the power to audit and monitor the implementation of its regulations and the requirements of this code.

EXHIBIT

SUBARTICLE 3

NOV 3 1994

1 4

Exemptions

STATE BUDGET & CONTROL BOARD

SECTION

11-35-710. Exemptions

§ 11-35-710. Exemptions.

The board may upon the recommendation of the Division of General Services, exempt governmental bodies from purchasing certain items through the respective chief procurement officer's area of responsibility. The board may exempt specific supplies or services from the purchasing procedures herein required and for just cause may by unanimous written decision limit or withdraw any exemptions provided for in this Section. The following exemptions are hereby granted in this chapter:

- (a) The construction, maintenance and repair of bridges, highways and roads; vehicle and road equipment maintenance and repair; and any other emergency type parts or equipment utilized by the Department of Transportation;
- (b) The purchase of raw materials by the South Carolina Department of Corrections, Division of Prison Industries; .
- (c) S.C. State Ports Authority;
- (d) Division of Public Railways of the Department of Commerce;
- (e) S.C. Public Service Authority;
- (f) Expenditure of funds at state institutions of higher learning derived wholly from athletic or other student contests, from the activities of student organizations and from the operation of canteens and bookstores, except as such funds are used for the procurement of construction, architect-engineer, construction-management and land surveying services;
- (g) Livestock, feed and veterinary supplies;
- (h) Articles for commercial sale by all governmental bodies;
- (i) Fresh fruits, vegetables, meats, fish, milk and eggs;
- (j) South Carolina Arts Commission and South Carolina Museum Commission for the purchase of one-of-a-kind items such as paintings, antiques, sculpture and similar objects. Before any governmental body procures any such objects, the head of the purchasing agency shall prepare a written determination specifying the need for such objects and the benefits to the State. The South Carolina Arts Commission shall review such determination and forward a recommendation to the board for approval;
- (k) Published books, periodicals and technical pamphlets;
- (l) South Carolina Research Authority.

002922

JB
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EXHIBIT
NOV 3 1994
14

State of South Carolina

State Health And Human Services Finance Commission

STATE BUDGET & CONTROL BOARD

William P. Simpson, Chairman

DISTRICT 1
George P. Knight

DISTRICT 2
Sherrill A. Hampton

DISTRICT 3
Taimadge M. Crews



Eugene A. Laurent, Ph.D.
Executive Director

DISTRICT 4
Fred F. Carpenter

DISTRICT 5
James T. McCray

DISTRICT 6
Ralph W. Garrison

P.O. Box 8206, Columbia, South Carolina 29202-8206

September 12, 1994

RECEIVED

SEP 14 1994

Luther F. Carter, Ph.D.
Executive Director
Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Budget and Control Board
Office of the Executive Director

Dear Dr. Carter:

I am requesting an exemption from the Budget and Control Board, pursuant to S.C. Code Ann. §11-35-710 (1976), for two existing contracts from the purchasing policies and procedures of the Consolidated Procurement Code until such time as the schedule and impact of the Palmetto Health Initiative (PHI) is clear. The exemption is necessary due to the uncertainties of the current Medicaid waiver request to change South Carolina's Medicaid system to managed care.

The two contracts are for manpower services in support of the Medicaid claims system and the Medicaid Third Party Liability (TPL) program. The volume of services and the specification of services under each contract will be greatly changed by the conversion to managed care. At present, we cannot predict when or if Federal authorities will approve the waiver program. Thus, we cannot project volumes of work or deadlines for offerors to bid on in a reprocurement. Additionally, with negotiation with the Federal authorities, the specifics of the contracts are liable to change in ways which we cannot now predict. Therefore, a reprocurement of these two contracts, at this time, would be futile and not in the State's best interest.

The Medicaid Claims Control System (MCCS) contract expires December 31, 1994. Under this contract, Medicaid claims are received, microfilmed, and key-entered; weekly checks are mailed; and miscellaneous other maintenance activities, such as provider enrollment, are performed. Payments under this contract are volume-based and last year totalled \$2,859,000. This covers manual processing of the over 12 million Medicaid claims paid a year.

002923

EXHIBIT

NOV 3 1994

14

Dr. Luther F. Carter
September 12, 1994
Page 2

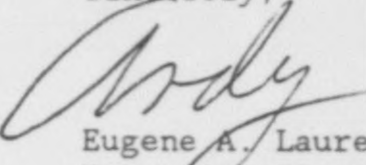
STATE BUDGET & CONTROL BOARD

The Medicaid Insurance Verification Services (MIVS) contract expires June 30, 1995. Under this contract, information suggesting a Medicaid recipient has other insurance is received; the insurance company is contacted and coverage is verified and the results entered in the claims systems; and payments from insurance are posted to the system. Payments under this contract are also volume-based and last year totalled \$1,211,400. The work under this contract helps the agency save about \$40 million a year in payments that otherwise would be made by Medicaid.

Therefore, I request that the Budget and Control Board exempt these two contracts from the respective chief procurement officer's area of responsibility and from the purchasing policies and procedures of the Consolidated Procurement Code. This exemption will allow the contracts to continue as is until such time that we are certain as to the full schedule and impact of the PHI. At that time, we will be in a position to draft a procurement document which best meets the requirements and needs of the State.

Any questions about the specifics of these contracts can be addressed to Mr. Tim Donahue at 253-7604.

Sincerely,



Eugene A. Laurent
Executive Director

EAL/cdh

002924



EXHIBIT

NOV 3 1994 14

STATE BUDGET & CONTROL BOARD

State of South Carolina

CARROLL A. CAMPBELL, JR.
GOVERNOR

Office of the Governor

Post Office Box 11389
COLUMBIA 29211Via Fax

October 3, 1994

Honorable Ernest F. Hollings
U.S. Senate
Washington, D.C. 20510

Dear Senator:

It is my understanding that you have expressed reservations about the Palmetto Health Initiative (PHI), South Carolina's pending Medicaid 1115 waiver, and that your concern is holding up approval of our State's project.

About 18 months ago, our State began to investigate the possibility of testing a managed care approach to addressing the health care problems of the needy. Our immediate concern was two-fold: to gain control of the spiraling costs of Medicaid and to provide better primary and preventive health care by ensuring that all Medicaid recipients would have a primary care physician.

Because we wanted to make the process inclusive and bipartisan, legislators, health care providers, insurers and related State agency directors were brought in at the earliest stages of development. My staff and the Medicaid agency staff met one-on-one with individual groups including licensed HMO's, the Primary Care Association, representatives for rural health clinics, and health care provider associations. Significant input from the provider community, legislative staff and other interested parties enabled the State to develop a plan that is feasible for South Carolina's unique circumstances. When we submitted our waiver in early March, it received endorsements from legislators, HMOs, the South Carolina Hospital Association, the American Academy of Pediatrics, the South Carolina Primary Care Association and related State agencies.

As you know, under PHI, South Carolinians up to 100 percent of poverty would be eligible for Medicaid, expanding access to health insurance to 149,000 currently uninsured individuals. As funds become available, children in families with incomes up to 133 percent of poverty would be phased in, providing services to an additional 86,000 children. Health care would be provided through fully or partially managed care providers -- individual physicians, hospitals, clinics, HMO's for example -- at predictable costs. However, the State has included a failsafe that

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Hon. Ernest F. Hollings
October 3, 1994
Page 2

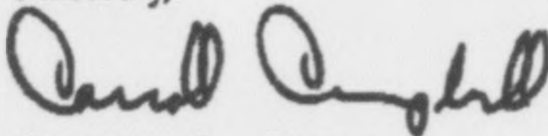
the traditional Medicaid program will serve any qualified individual who does not have access to the new system. No Medicaid recipient could be worse off under PHI.

South Carolina has already waited seven months for approval. Further delay in providing health care coverage for a significant number of poor and uninsured South Carolinians is unconscionable. The State and representatives from all the stakeholder communities have devoted countless hours to the design of the project and are actively working on implementation activities, and the South Carolina Legislature has formed a special Advisory Group chaired by Senator Vern Smith to oversee implementation.

On September 13, State officials met in Baltimore with officials of the national Health Care Financing Administration (HCFA). At that time, we were told that PHI would be approved within days. However, although HCFA continues to tell the State that it has no substantive issue with the project, our approval letter is not forthcoming.

Senator, this is a most ambitious undertaking and implementation must be handled carefully. For this reason, the State has agreed to work closely with HCFA at every stage and for this reason, the Legislature created its Special Advisory Group. We will proceed carefully. But I submit that it is essential to begin, and I ask for your cooperation in removing whatever roadblock to approval is in place.

Sincerely,



Carroll A. Campbell, Jr.
Governor of South Carolina

cc: President Clinton
Secretary Shalala
S.C. Congressional Delegation
Senator Vern Smith

002926

**EXHIBIT**

NOV 3 1994 14

STATE BUDGET & CONTROL BOARD

State of South CarolinaCARROLL A. CAMPBELL, JR.
GOVERNOR

Office of the Governor

Post Office Box 11399
COLUMBIA 29211Via Fax

October 3, 1994

Honorable Ernest F. Hollings
U.S. Senate
Washington, D.C. 20510

Dear Senator:

It is my understanding that you have expressed reservations about the Palmetto Health Initiative (PHI), South Carolina's pending Medicaid 1115 waiver, and that your concern is holding up approval of our State's project.

About 18 months ago, our State began to investigate the possibility of testing a managed care approach to addressing the health care problems of the needy. Our immediate concern was two-fold: to gain control of the spiraling costs of Medicaid and to provide better primary and preventive health care by ensuring that all Medicaid recipients would have a primary care physician.

Because we wanted to make the process inclusive and bipartisan, legislators, health care providers, insurers and related State agency directors were brought in at the earliest stages of development. My staff and the Medicaid agency staff met one-on-one with individual groups including licensed HMO's, the Primary Care Association, representatives for rural health clinics, and health care provider associations. Significant input from the provider community, legislative staff and other interested parties enabled the State to develop a plan that is feasible for South Carolina's unique circumstances. When we submitted our waiver in early March, it received endorsements from legislators, HMOs, the South Carolina Hospital Association, the American Academy of Pediatrics, the South Carolina Primary Care Association and related State agencies.

As you know, under PHI, South Carolinians up to 100 percent of poverty would be eligible for Medicaid, expanding access to health insurance to 149,000 currently uninsured individuals. As funds become available, children in families with incomes up to 133 percent of poverty would be phased in, providing services to an additional 86,000 children. Health care would be provided through fully or partially managed care providers -- individual physicians, hospitals, clinics, HMO's for example -- at predictable costs. However, the State has included a failsafe that

002927

EXHIBIT

Hon. Ernest F. Hollings
October 3, 1994
Page 2

NOV 3 1994 14

STATE BUDGET & CONTROL BOARD

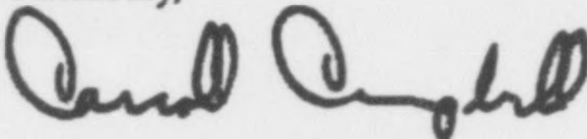
the traditional Medicaid program will serve any qualified individual who does not have access to the new system. No Medicaid recipient could be worse off under PHI.

South Carolina has already waited seven months for approval. Further delay in providing health care coverage for a significant number of poor and uninsured South Carolinians is unconscionable. The State and representatives from all the stakeholder communities have devoted countless hours to the design of the project and are actively working on implementation activities, and the South Carolina Legislature has formed a special Advisory Group chaired by Senator Vern Smith to oversee implementation.

On September 13, State officials met in Baltimore with officials of the national Health Care Financing Administration (HCFA). At that time, we were told that PHI would be approved within days. However, although HCFA continues to tell the State that it has no substantive issue with the project, our approval letter is not forthcoming.

Senator, this is a most ambitious undertaking and implementation must be handled carefully. For this reason, the State has agreed to work closely with HCFA at every stage and for this reason, the Legislature created its Special Advisory Group. We will proceed carefully. But I submit that it is essential to begin, and I ask for your cooperation in removing whatever roadblock to approval is in place.

Sincerely,



Carroll A. Campbell, Jr.
Governor of South Carolina

cc: President Clinton
Secretary Shalala
S.C. Congressional Delegation
Senator Vern Smith

002928

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES

1835 ASSEMBLY STREET
COLUMBIA, SC 29201
803-765-5731

103 FEDERAL BUILDING
SPARTANBURG, SC 29301
803-585-3702

126 FEDERAL BUILDING
GREENVILLE, SC 29603
803-233-5366

112 CUSTOM HOUSE
200 EAST BAY STREET
CHARLESTON, SC 29401
803-727-4526

United States Senate

125 RUSSELL OFFICE BUILDING
WASHINGTON, DC 20510-4002
202-224-6121

October 24, 1994

COMMITTEES

COMMERCE, SCIENCE, AND
TRANSPORTATION: CHAIRMAN

APPROPRIATIONS

COMMERCE, JUSTICE, STATE AND
THE JUDICIARY: CHAIRMAN

DEFENSE

LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION

ENERGY AND WATER DEVELOPMENT
INTERIOR

BUDGET

DEMOCRATIC POLICY COMMITTEE

OFFICE OF TECHNOLOGY ASSESSMENT

NATIONAL OCEAN POLICY STUDY

The Honorable Carroll A. Campbell
Governor
State of South Carolina
P.O. Box 11369
Columbia, SC 29211

Dear Governor Campbell:

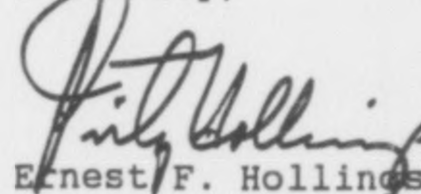
I received your recent fax indicating that the Health Care Financing Administration was ready to approve a Medicaid waiver for the Palmetto Health Initiative (PHI) "within days," but that I have held it up with unidentified concerns.

Unfortunately, you are misinformed on each of these points. It is my understanding that HCFA is unable to approve a waiver in the near future. However, HCFA is prepared to approve the initiation of a limited "demonstration" over the next year, with further approval of each step of the demonstration contingent upon further information from the State. This approach is necessary because basic written questions about design and financing from HCFA needed to approve a full waiver remain unresolved. These questions, and not any concerns on my part, have prevented HCFA from approving a waiver.

This being said, I share your aim of improving health access for South Carolinians and understand that the PHI has undergone significant clarifications and improvements since its submission through hard work by many parties. Please rest assured that I will continue to work with you, the legislature, health providers, and South Carolina citizens to help implement Medicaid improvements in our state.

With kindest regards, I am

Sincerely,


Ernest F. Hollings

EFH/lem

RECEIVED
OCT 31 1994
RE
ANSWERED
Bradford

002929

EXHIBIT

NOV 3 1994 14

The Honorable Carroll A. Campbell
Page 2

STATE BUDGET & CONTROL BOARD

CC: President William J. Clinton
The Honorable Donna E. Shalala
S. C. Congressional Delegation
The Honorable Vern Smith

002930

EXHIBIT

NOV 3 1994

15

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 4

AGENCY: General Services

SUBJECT: Marine Laboratory Facility Lease

The National Marine Fisheries Service (NMFS) of the National Oceanic and Atmospheric Administration, US Department of Commerce, proposes to build a modern marine environmental health laboratory facility, in cooperation with the State, at the SC Marine Resources Center at Fort Johnson. Unlike the present facility, which was built by the state and leased to the federal government, the new facility will be built entirely with federal funds at an anticipated cost of at least \$15 million.

The new laboratory will house cooperative marine biotechnology and pollution biology programs of the National Marine Fisheries Service, the SC Department of Natural Resources, the University of Charleston, and the Medical University. Staff of these institutions will be actively involved in the planning of the facility. Extensive laboratory and support facilities in the new facility will be provided to state institutions at no cost. The federal government will be responsible for facility maintenance.

The Board is asked to approve the concept of leasing up to 10 acres of state lands to the federal government on a long-term basis (up to 99 years) for nominal consideration (\$1 per year). The agencies will work through the Office of General Services Property Management to obtain adequate terms and conditions.

BOARD ACTION REQUESTED:

Approve the concept of a long-term, no-cost land lease to the federal government for the construction of a marine environmental health laboratory at Fort Johnson; and authorize staff to execute a mutually acceptable agreement.

ATTACHMENTS:

Agenda item worksheet; Sandifer October 23 memo

002931

EXHIBIT

NOV 3 1994

15

STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 1994

Regular Agenda

1. Submitted By:
Agency: Budget and Control Board, Office of General Services

Heidi J. Zeigler

2. Subject:
Lease of Land for Construction of a Federally Funded Marine Laboratory Facility

3. Summary Background Information:

The National Marine Fisheries Service (NMFS) (National Oceanic and Atmospheric Administration, US Department of Commerce) proposes to build a modern marine environmental health laboratory facility, in cooperation with the State of South Carolina, at the South Carolina Marine Resources Center at Fort Johnson. Unlike the present facility which was built by the state and leased to the federal government, the new facility will be built entirely with federal funds. Anticipated cost is at least \$15 million.

The new laboratory will house cooperative marine biotechnology and pollution biology programs of the National Marine Fisheries Service, the South Carolina Department of Natural Resources, the University of Charleston and the Medical University of SC. Staff of the state institutions will be actively involved in the planning of the facility. Extensive laboratory and support facilities in the new building will be provided by the NMFS to the State institutions at no cost. The responsibility for maintenance of the facility will be that of the Federal Government.

The board is asked to approve the concept of leasing up to 10 acres of state lands to the Federal Government on a long-term basis (up to 99 years) for nominal consideration (\$1 per year). The agencies will work through the Office of General Services' Property Management to obtain adequate terms and conditions.

4. What is the Board asked to do?

Approve the concept of a long-term, no-cost land lease to the Federal Government for the construction of a marine environmental health laboratory and authorize staff to execute a mutually acceptable agreement.

5. What is the recommendation of General Services?

Same as above.

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

- (a) Authorized Signature: _____
(b) Division/Agency Name: _____

7. List of Supporting Documents:

- (a) LIST THOSE ATTACHED:
Memo from Paul Sandifer to Board of Department of Natural Resources
(b) LIST THOSE AVAILABLE BUT NOT ATTACHED:

002932

South Carolina Department of Natural Resources

DRAFT

James A. Timmerman, Jr., Ph.D.
Director

Paul A. Sandifer, Ph.D.
Deputy Director for
Marine Resources

MEMORANDUM

TO: Board of the SC Department of Natural Resources

FROM: Paul Sandifer, DNR Deputy Director for Marine Resources

DATE: 12 October 1994

SUBJECT: Lease of land at Fort Johnson for construction of a new Federally-funded marine laboratory facility

As noted in my brief remarks at the September 1994 Board meeting, I requested your consideration at the October meeting of a long-term, low-cost lease of land at Fort Johnson to the Federal government for the construction of a new marine laboratory. The following provides further information concerning this request.

The National Marine Fisheries Service (NMFS) (National Oceanic and Atmospheric Administration, US Department of Commerce) proposes to build a modern Marine Environmental Health Laboratory facility, in cooperation with the State of South Carolina, at the South Carolina Marine Resources Center at Fort Johnson on Charleston Harbor. This new lab is considered an expansion of the existing National Marine Fisheries Service lab at Fort Johnson, but unlike the present lab which was built by the State and leased to the Federal government, the new facility will be built entirely with Federal funds. Anticipated cost for the new lab is at least \$15 million.

As specified in the Appropriations Act (see Attachment 1) and amplified in a formal Cooperative Agreement (Attachment 2), the new laboratory will house cooperative marine biotechnology and pollution biology programs of the National Marine Fisheries Service, the South Carolina Department of Natural Resources, the University of Charleston and the Medical University of SC. Staff of the State institutions are actively involved in planning for the new lab, and they will participate in all aspects of the final design work. Extensive laboratory and support facilities in the new buildings will be provided by the National Marine Fisheries Service to the State institutions at no cost. Both the Federal government and the SC research institutions anticipate major gains by the pooling of their considerable scientific assets to achieve a better understanding of the health of marine organisms, populations and habitats and their relationship to human health (see Attachment 3). This facility will provide state-of-the-art research and educational opportunities that will help make South

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EQUAL OPPORTUNITY AGENCY

PRINTED ON RECYCLED PAPER A small circular logo with a stylized recycling symbol inside.

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EXHIBIT

NOV 3 1994

1 5

Board of Natural Resources
12 October 1994
Page 2

STATE BUDGET & CONTROL BOARD

Carolina competitive for marine research grants on a national and international basis. In addition, we anticipate that it will provide a catalyst to attract additional Federal and other funding, with related high-tech jobs, to the Charleston area.

All of the property at the Fort Johnson Marine Resources Center belongs to the State of South Carolina, with most (75.6 acres) held by the DNR and approximately 3.0 and 1.5 acres held, respectively, by the University of Charleston and the Medical University of SC. In order for Federal funds to be expended for construction anywhere on this property, it will be necessary for us to provide a long-term (e.g., 99 years), low-cost (e.g., \$1.00 per year) lease to the Federal government. Therefore, the Marine Resources Division requests that the SCDNR Board approve such a lease, with the following conditions:

1. The land in question is owned by the SCDNR and is located at the Marine Resources Center on James Island, SC.
2. The area to be leased to the Federal government shall not exceed _____ acres. Specific site boundaries will be determined by the SCDNR, working in cooperation with the National Marine Fisheries Service, during the detailed design phase.
3. The lease will be for a period of 99 years at a fee of \$1.00 per year.
4. At the end of the lease period, the Federal government will not be required to return the land to its original condition.
5. The lease agreement will specify that the land leased to the Federal government can only be used for the purpose of constructing, maintaining and operating a cooperative marine research facility that will house programs of the National Marine Fisheries Service (or its successor organization), the Marine Resources Division of the SC Department of Natural Resources (or its successor organization), and other agencies of the State as agreed upon by the NMFS and the SCDNR (that is, the University of Charleston and the Medical University of SC as specified in the attached Memorandum of Agreement). The cooperative use of the facilities by the SCDNR and related state programs shall be guaranteed for the life of the lease.
6. The Federal government will be responsible for assuring adequate continuing funding to maintain the buildings and associated appurtenances constructed on the leased property in useable condition for the purposes for which they were intended.

002934

EXHIBIT

NOV 3 1994

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 5

AGENCY: Local Government

SUBJECT: Grant Request, Town of Ehrhardt

The Town of Ehrhardt requests a grant of \$170,000 to assist with needed water and sewer system improvements. The water system improvements include replacing dilapidated water mains to increase pressure and flows and installing an emergency generator to serve two wells. The sewer system improvements involve the installation of approximately 2,500 linear feet of 8-inch sewer lines and appurtenances. The cost of the improvements is estimated to be \$193,500.

The Office of Local Government received a supplemental appropriation of \$4.3 million for the Infrastructure Grant Revolving Fund to assist with infrastructure projects in economically distressed areas as provided for in § 41-43-180. JEDA developed the listing designating 17 counties qualifying as economically distressed areas. The Town of Ehrhardt is located in Bamberg County, an area designated by JEDA as economically distressed.

The Office of Local Government recommends approval of a grant of \$160,000.

BOARD ACTION REQUESTED:

Authorize a grant of \$160,000 to the Town of Ehrhardt from the Infrastructure Grant Revolving Fund.

ATTACHMENTS:

Agenda item worksheet; Grant Agreement; List of Economically Distressed Counties

002936

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

Meeting Scheduled for: November 3, 1994

Agenda: Regular

1. Submitted By:

(a) Agency: B&C Bd. - Local Government

(b) Authorized Official Signature: Nancy W. Dennis

2. Subject:

Grant request by the Town of Ehrhardt (Grant Agreement No. 675).

3. Summary and Background Information:

The Town of Ehrhardt is requesting \$170,000 to assist with needed water and sewer system improvements. The water system improvements include the replacement of dilapidated water mains in order to increase pressure and flows in addition to the installation of an emergency generator to serve two wells.

The sewer improvements involve the installation of approximately 2,500 linear feet of 8 inch sewer lines and appurtenances.

The cost of these improvements is estimated to be \$193,500.

NOTE: The Budget and Control Board Office of Local Government received a supplemental appropriation of \$4.3 million for the "Infrastructure Grant Revolving Fund" to assist with infrastructure projects in economically distressed areas as provided for in Section 41-43-180 of the 1976 Code. JEDA developed the listing designating 17 counties qualifying a economically distressed areas.

4. What is Board asked to do?

Ehrhardt is located in Bamberg County, an area designated by JEDA as economically distressed. The B&C Board is asked to approve this request in the amount of \$160,000 from the Infrastructure Grant Revolving Fund.

5. What is recommendation of Board Division involved?

Approve the request in the amount of \$160,000 from the Infrastructure Grant Revolving Fund.

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents

(a) List Those Attached:

Grant Agreement No. 675.

List of economically distressed counties

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

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EXHIBIT D

NOV 3 1994 No 675 6

STATE OF SOUTH CAROLINA
State Budget and Control Board STATE BUDGET & CONTROL BOARD
 DIVISION OF LOCAL GOVERNMENT



GRANT AGREEMENT



This grant agreement is entered into this 7th day of September 19 94, between the South Carolina State Budget and Control Board, through the Division of Local Government, an agency of the State of South Carolina (the "State") and the Town of Ehrhardt a Town of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manager certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Division of Local Government ("DLG").

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ARTICLE 2
GRANT CONDITIONS

STATE BUDGET & CONTROL BOARD

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for the construction of gravity sewer lines, water mains, and emergency power facilities for the two water wells.

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5 Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Division of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of _____% per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of _____% per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

Section 4.5. Ownership: Title to property acquired in whole or in part with grant funds shall be vested in the Project Sponsor, subject to divestment by State, where its use for project or other approved activities is discontinued. Project Sponsor should exercise caution in the use, maintenance, protection, and preservation of such property during the period of project use. The Project Sponsor must file with the State a property inventory statement (in a form acceptable to the State) within thirty (30) days of receipt of the final disbursement by the Project Sponsor and must agree to be subject to audit by State or its dully authorized representatives for verification of the information contained in the property inventory form.

Section 4.6. Applicable Law: This Agreement is made under and shall be construed in accordance with the laws of the State of South Carolina. By accepting this grant, the Project Sponsor also agrees to submit to the jurisdiction of the courts of the State of South Carolina for all matters arising or to the arise hereunder, including but not limited to, performance of said grant and the payment of licenses and taxes of whatever kind of nature applicable hereto.

Section 4.7. Amendments: Any changes to this grant-award affecting the scope of work of the project must be approved, in writing, by the State and shall be incorporated in written amendment(s) to this Agreement.

IN WITNESS WHEREOF, The Project Sponsor and the State have caused these presents to be signed, sealed and delivered all as of the date hereon.

(SEAL)

(Project Sponsor)

By Henry deS. Copeland
Its Mayor

Attest:

[Signature]
Its Mayor Pro Tem

South Carolina State Budget and Control Board

By M. S. Sulley
\$160,000.00 10-05-94

In accordance with Proviso 14.91 of the 1990-1991 State Appropriations Act, I hereby attest to have reviewed this Grant Agreement for the herein named project.

John W. Matthews (Senator)
Thomas N. Rhoads (House Member)

002941

APPENDIX "A"

NOV 3 1994

16

PROJECT SPONSOR: Town of Ehrhardt

STATE BUDGET & CONTROL BOARD

GRANT NUMBER: _____

SCOPE OF WORK

	<u>Description</u>	<u>Budget</u>	<u>Grant Funds Requested</u>
1.	<u>Gravity Sewer Line Construction</u>	<u>\$95,000</u>	<u>\$95,000</u>
2.	<u>Water Main Construction</u>	<u>\$50,000</u>	<u>\$50,000</u>
3.	<u>Emergency Power Facilities</u>	<u>\$25,000</u>	<u>\$25,000</u>
4.	<u>Engineering</u>	<u>\$23,500</u>	
5.		<u>193,500</u>	<u>170,000</u>
6.	<u>SEE DETAILED BREAKDOWN</u>		
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002942

EXHIBIT

NOV 3 1994

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APPENDIX "B"

STATE BUDGET & CONTROL BOARD

The Project shall consist of the following:

Gravity sewer line construction involves the installation of approximately 2,500 linear feet of 8" sewer lines, 10 manholes, 17 service connections and related appurtenances. Water main construction involves the installation of approximately 800 linear feet of 8" water main, 2,260 linear feet of 6" water main, 330 linear feet of 2" water main, 10 gate valves of various sizes, 5 fire hydrants, 28 service connections, and related appurtenances. Emergency power facilities involves the installation of one 30 KW gasoline powered generator set located between Wells 1 and 2 (which share the same site) to allow for the operation of both of these wells during a power outage.

Source of Funding of Project:

Federal Funds	_____
State Funds	_____
Local Funds	_____
Other Funds	\$23,500
Budget and Control Board Funds	\$170,000
Total Project Funds	\$193,500

002943

OPINION OF PROBABLE CONSTRUCTION COST:

002944

PROJECT: 1994 Water and Sewer Extensions
OWNER: Town of Ehrhardt
ENGINEER: Engineering Resources Corporation

ITEM NO.	ITEM DESCRIPTION	UNIT	QTY.	UNIT PRICE	TOTAL PRICE
WATER					
1	8" Water Main (C-900)	LF	800	8.00	6,400.00
2	6" Water Main (C-900)	LF	2260	6.00	13,560.00
3	6" DI Water Main	LF	48	20.00	960.00
4	2" Water Main (SDR 21)	LF	330	2.50	825.00
5	6" DI Hydrant Lead	LF	48	20.00	960.00
6	Fire Hydrant w/ Valve & Box	EA	5	1,500.00	7,500.00
7	8" Gate Valve & Box	EA	1	450.00	450.00
8	6" Gate Valve & Box	EA	5	340.00	1,700.00
9	2" Gate Valve & Box	EA	4	90.00	360.00
10	8" x 3/4" Service Connection	EA	6	150.00	900.00
11	6" x 3/4" Service Connection	EA	20	125.00	2,500.00
12	2" x 3/4" Service Connection	EA	8	100.00	800.00
13	6" Dry Bore	LF	86	30.00	2,580.00
14	2" Dry Bore	LF	30	4.00	120.00
15	3/4" Dry Bore	LF	360	2.00	720.00
16	3/4" CTS PE Service Pipe	LF	1100	2.00	2,200.00
17	8" MJDI TEE	EA	1	375.00	375.00
18	6" MJDI Cross	EA	1	275.00	275.00
19	8" x 6" MJDI Tee	EA	2	375.00	750.00
20	6" MJDI Tee	EA	5	250.00	1,250.00
21	6" x 2" MJDI Tapped Tee	EA	4	250.00	1,000.00
22	8" MJDI Plug (2" Tap)	EA	1	125.00	125.00
23	8" MJDI Plug	EA	1	100.00	100.00
24	6" MJDI Plug	EA	1	75.00	75.00
25	6" MJDI Sleeve	EA	1	125.00	125.00
26	2" Coupling	EA	2	30.00	60.00
27	2" Plug	EA	2	20.00	40.00
28	Connect to Existing 8" System	EA	1	750.00	750.00
29	Connect to Existing 6" System	EA	1	500.00	500.00
30	Connect to Existing 2" System	EA	2	100.00	200.00
31	R&R Bituminous Pavement	LF	375	10.00	3,750.00
SEWER					
32	8" Gravity Sewer 0'-6'	LF	464	13.50	6,264.00
33	8" Gravity Sewer 6'-8'	LF	422	17.00	7,174.00
34	8" Gravity Sewer 8'-10'	LF	1411	21.00	29,631.00
35	8" Gravity Sewer 10'-12'	LF	110	25.00	2,750.00
36	4' Dia. Manhole 0'-6'	EA	2	800.00	1,600.00
37	4' Dia. Manhole 6'-8'	EA	4	925.00	3,700.00
SUBTOTAL - ITEMS 1 THRU 37					\$103,029.00

51,910

51,119

/

OPINION OF PROBABLE CONSTRUCTION COST:

PROJECT: 1994 Water and Sewer Extensions
 OWNER: Town of Ehrhardt
 ENGINEER: Engineering Resources Corporation

ITEM NO.	ITEM DESCRIPTION	UNIT	QTY.	UNIT PRICE	TOTAL PRICE
SUBTOTAL - ITEMS 1 THRU 37					\$103,029.00 ✓
38	4' Dia. Manhole 8'-10'	EA	4	1,050.00	4,200.00
39	8" x 6" Service Wye	EA	12	75.00	900.00
40	8" x 4" Service Wye	EA	5	50.00	250.00
41	6" Service Pipe (SDR 35)	LF	458	10.00	4,580.00
42	4" Service Pipe (SCH 40)	LF	84	8.00	672.00
43	6" x 4" Double Wye	EA	12	50.00	600.00
44	4" Single Wye	EA	5	40.00	200.00
45	6" Cleanout	EA	12	75.00	900.00
46	4" Cleanout	EA	5	50.00	250.00
47	6" Dry Bore	LF	40	7.00	280.00
48	4" Dry Bore	LF	40	5.00	200.00
49	Rebuild Invert & Shelf	EA	2	200.00	400.00
50	Foundation Stone	TN	240	18.00	4,320.00
51	R&R Bituminous Pavement (Primary)	LF	650	22.00	14,300.00
52	R&R Bituminous Pavement (Roadway/Drivewa	LF	777	12.00	9,324.00
53	R&R Concrete Sidewalk	LF	30	25.00	750.00
54	R&R Concrete Curb & Gutter	LF	22	30.00	660.00
GENERATOR SET FOR WELLS 1 & 2					
55	Generator Set of Wells 1 & 2	LS	1	25,000.00	25,000.00
TOTAL - ITEMS 1 THRU 55					\$170,815.00

42,186

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EXHIBIT

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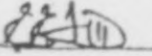
STATE BUDGET & CONTROL BOARD

SC JOBS-ECONOMIC DEVELOPMENT AUTHORITY
1201 MAIN STREET - SUITE 1750
COLUMBIA, SOUTH CAROLINA 29201



MEMORANDUM

TO : Mr. Olney England, Division of Economic Development
Mr. Douglas McKay, Office of Executive Policy and Programs
Mr. Victor Robertson, Department of Commerce
JEDA Staff

FROM : Elliott E. Franks, III 

DATE : August 29, 1994

SUBJECT : DESIGNATION OF ECONOMICALLY DISTRESSED COUNTIES

As a result of an action by the JEDA Board of Directors, Jasper County has been added to the listing of economically distressed areas as published on June 15, 1994.

The listing is now as follows:

Allendale
Bamberg
Barnwell
Chester
Clarendon
Colleton
Darlington
Dillon
Fairfield

Georgetown
Hampton
Jasper
Lee
McCormick
Marion
Marlboro
Williamsburg

If there are questions with regard to this recent action, please contact me.

/fls

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 6

AGENCY: Local Government

SUBJECT: Grant Request, City of Hardeeville

The City of Hardeeville requests a grant of \$125,000 to assist with sewer system improvements at the Exit 8 interchange of I-95 and the US 278 Extension (Hilton Head Island corridor). Hardeeville currently provides the Exit 8 interchange with wastewater services. The SC Department of Transportation has condemned the existing sewer lift station for right-of-way needs for highway construction and has required the relocation of existing lines that run within their construction right-of-way. DOT will reimburse the City for the lift station but not for the relocation of the existing lines.

Currently there is no water service to the east side of I-95. Large commercial development is expected on undeveloped parcels of land at this interchange with new job estimates of approximately 250. The US 278 extension will be the major east-west artery to Hilton Head Island and Dell Webb's Sun City Hilton Head Island retirement development. Sgt. Jasper State Park has expressed a desire for water service when it becomes available on the east side of I-95.

The total project water and sewer improvements are estimated to cost \$366,843, and will be funded from SC Department of Transportation (\$73,750), City of Hardeeville (\$168,093), and Infrastructure Grant Revolving Fund (\$125,000).

The Office of Local Government received a supplemental appropriation of \$4.3 million for the Infrastructure Grant Revolving Fund to assist with infrastructure projects in economically distressed areas as provided for in § 41-43-180. JEDA developed the listing designating 17 counties qualifying as economically distressed areas. The City of Hardeeville is located in Jasper County, an area designated by JEDA as economically distressed.

The Office of Local Government recommends approval of a grant of \$125,000.

BOARD ACTION REQUESTED:

Authorize a grant of \$125,000 to the City of Hardeeville from the Infrastructure Grant Revolving Fund.

ATTACHMENTS:

Agenda item worksheet; Grant Agreement; List of Economically Distressed Counties

002947

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

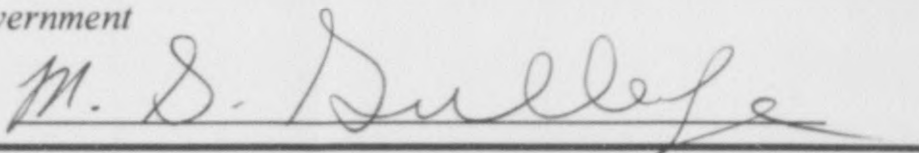
Meeting Scheduled for: November 3, 1994

Agenda: Regular

1. Submitted By:

(a) Agency: B&C Bd. - Local Government

(b) Authorized Official Signature:



2. Subject:

Grant request by the City of Hardeeville (Grant Agreement No. 678).

3. Summary and Background Information:

The City of Hardeeville is requesting \$125,000 to assist with the sewer system improvements at the Exit 8 interchange of I-95 and the US 278 Extension (Hilton Head Island corridor). Hardeeville currently provides the Exist 8 interchange with wastewater services. The SCDOT has condemned the existing sewer lift station for right-of-way needs for highway construction. In addition, the DOT has required the relocation of existing lines that run within their construction right-of-way. DOT will reimburse the City for the lift station but not the relocation of the existing lines.

There is currently no water service to the east side of I-95. Large commercial development is expected on undeveloped parcels of land at this interchange with new job estimates of approximately of 250. The US 278 Extension will be the major east-west artery to Hilton Head and Dell Webb's Sun City Hilton Head retirement development. Sgt. Jasper State Park has expressed a desire for water service when it becomes available on the east side of I-95.

The project involves water and sewer improvements at a cost of approximately \$366,843. The project will be funded as follows:

SC DOT	\$ 73,750
Hardeeville	168,093
B&C Board	<u>125,000</u>
TOTAL	\$366,843

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NOTE: The Budget and Control Board Office of Local Government received a supplemental appropriation of \$4.3 million for the "Infrastructure Grant Revolving Fund" to assist with infrastructure projects in economically distressed areas as provided for in Section 41-43-180 of the 1976 Code. JEDA developed the listing designating 17 counties qualifying as economically distressed areas.

4. What is Board asked to do?

Hardeeville is located in Jasper County, a JEDA designated economically distressed area. The B&C Board is asked to approve this request in the amount of \$125,000 from the Infrastructure Grant Revolving Fund to assist with the sewer improvements.

5. What is recommendation of Board Division involved?

Approve the request in the amount of \$125,000 from the Infrastructure Grant Revolving Fund to assist with the sewer improvements.

EXHIBIT

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

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(a) Authorized Signature:

(b) Division/Agency Name:

STATE BUDGET & CONTROL BOARD

7. Supporting Documents

(a) List Those Attached:

Grant Agreement No. 678.

List of economically distressed counties

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

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CERTIFIED

Nº ... 678

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF LOCAL GOVERNMENT



GRANT AGREEMENT



This grant agreement is entered into this 15th day of September 1994, between the South Carolina State Budget and Control Board, through the Division of Local Government, an agency of the State of South Carolina (the "State") and City of Hardeeville a City of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manager certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Division of Local Government ("DLG").

ARTICLE 2

GRANT CONDITIONS

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for Water and Sewer improvements to a commercial development at Exit 8 of I-95 and the U.S. 278 Extension - Hilton Head Island corridor.

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5 Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Division of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of _____% per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: ^{STATE BUDGET & CONTROL BOARD} The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of _____% per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

343 5000

APPENDIX "A"

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PROJECT SPONSOR: City of Hardeeville

STATE BUDGET & CONTROL BOARD

GRANT NUMBER: _____

SCOPE OF WORK

	<u>Description</u>	<u>Budget</u>	<u>Grant Funds Requested</u>
1.	<u>Water System</u>	<u>\$113,975.00</u>	<u> </u>
2.	<u>Sewer System</u>	<u>\$184,477.50</u>	<u>\$125,000.</u>
3.	<u>General Construction</u>	<u>\$ 10,500.00</u>	<u> </u>
4.	<u>Engineering Sewer</u>	<u>\$ 6,750.00</u>	<u> </u>
5.	<u>Engineering Water</u>	<u>\$ 6,750.00</u>	<u> </u>
6.	<u>Bridge Water System</u>	<u>\$ 17,890.00</u>	<u> </u>
7.	<u>Bridge Sewer System</u>	<u>\$ 16,500.00</u>	<u> </u>
8.	<u>Land Acquisition</u>	<u>\$ 10,000.00</u>	<u> </u>
9.	<u> </u>	<u> </u>	<u> </u>
10.	<u> </u>	<u> </u>	<u> </u>
11.	<u> </u>	<u> </u>	<u> </u>
12.	<u> </u>	<u> </u>	<u> </u>
13.	<u> </u>	<u> </u>	<u> </u>
14.	<u> </u>	<u> </u>	<u> </u>
15.	<u> </u>	<u> </u>	<u> </u>
16.	<u> </u>	<u> </u>	<u> </u>
17.	<u> </u>	<u> </u>	<u> </u>
18.	<u> </u>	<u> </u>	<u> </u>
19.	<u> </u>	<u> </u>	<u> </u>
20.	<u> </u>	<u> </u>	<u> </u>

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APPENDIX "B"

The Project shall consist of the following:

The City currently provides the Exit 8 interchange of I-95
and the U.S. 278 extension with wastewater services.

SEE ATTACHED

Source of Funding of Project:

Federal Funds	
State Funds	S.C. DOT \$73,750.00
Local Funds	City \$168,092.50
Other Funds	
Budget and Control Board Funds	\$125,000.00
Total Project Funds	\$366,842.50

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APPENDIX "B"

The project shall consist of the following:

The City of Hardeeville currently provides the Exit 8 interchange of I-95 & the US 278 Extension with wastewater services. The SCDOT has condemned the existing sewer lift station for right-of-way needs for highway construction. In addition, the DOT has required the relocation of existing lines that run within their construction right-of-way. DOT will reimburse the City for the lift station but not the relocation of the existing lines.

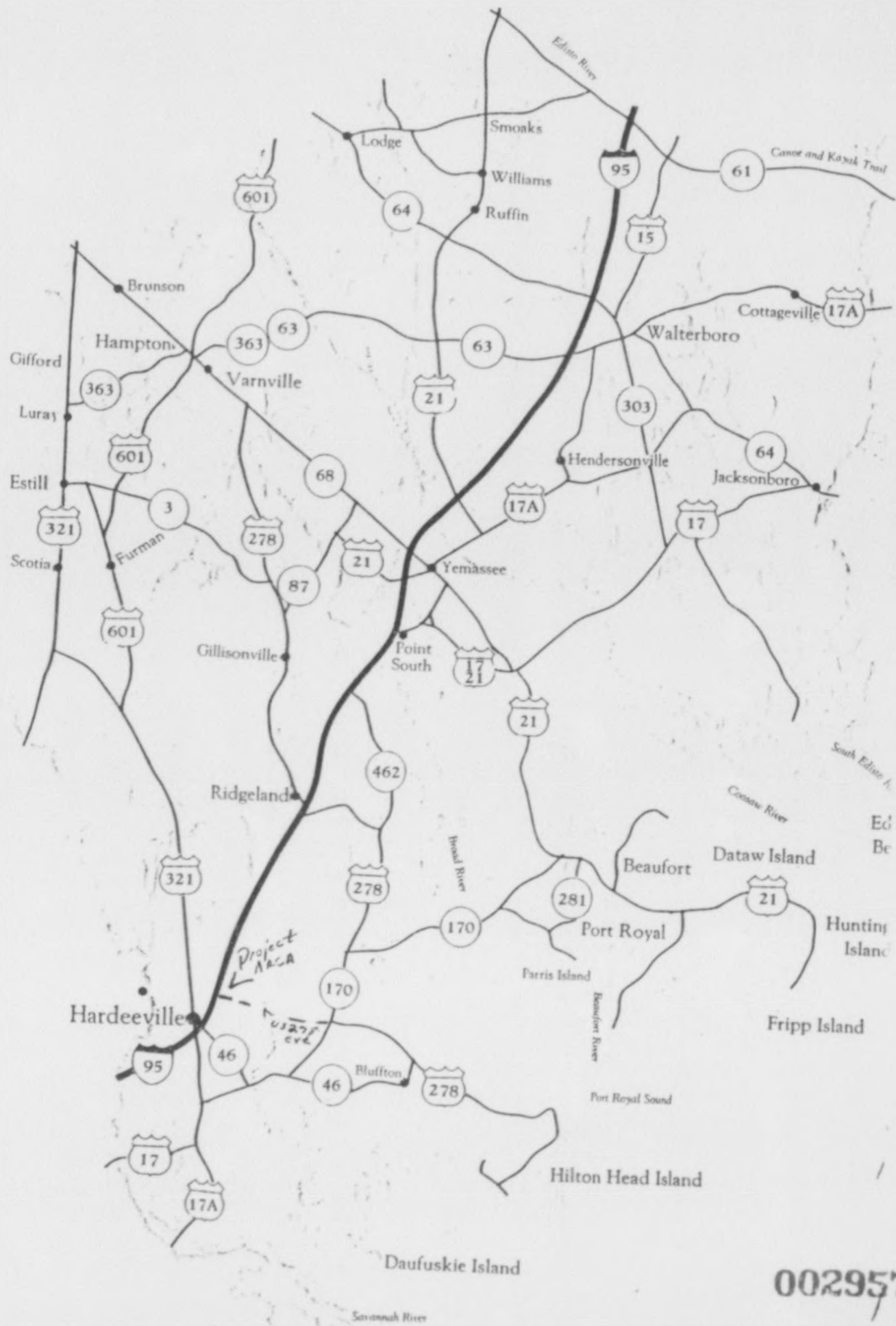
There currently is no water services to this east side of I-95. Large commercial development is expected on undeveloped parcels of land at this interchange. This highway will be the major east-west artery to Hilton Head Island SC and Dell Webb's Sun City Hilton Head retirement development. DOT's traffic counts at I-95 are at approximately 35,000 cars per day. The 278 extension is expected to have 17,000 cars per day by the year 2005. Recent inquiries alone include a 100 room motel, a 50 room motel, a convenience store, two restaurants and a truckstop expansion. Additionally, the South Carolina Sgt. Jasper State Park located on the east side of I-95 would like to connect to City water when available. The US Highway 278 is expected to open in May, 1996. Development should occur by approximately the same dates. It is estimated that approximately 250 jobs will be created by the initial phase of growth at Exit 8.

Because of the development potential, the City would like to upgrade its current sewer capacity along this area and construct water supply lines to the area. The total cost for the project is estimated at \$ 366,842.00 of which \$ 73,750 will be reimbursed by the SCDOT. The City is in request of \$ 125,000 from the State to assist in offsetting the costs to the current city utility users. Should the City not be able to complete the project soon, we will loose a DOT permit to cross the interstate bridge with water and sewer lines. The alternative route would be a jack and bore under the interstate at an approximate cost of \$ 160,000 for the crossing alone.

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LOW COUNTRY

COUNTIES INCLUDE: JASPER, BEAUFORT, COLLETON



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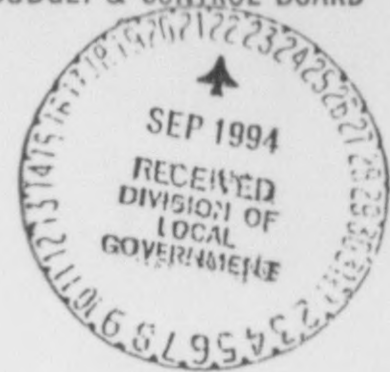
EXHIBIT

NOV 3 1994

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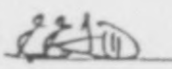
STATE BUDGET & CONTROL BOARD

SC JOBS-ECONOMIC DEVELOPMENT AUTHORITY
1201 MAIN STREET - SUITE 1750
COLUMBIA, SOUTH CAROLINA 29201



MEMORANDUM

TO : Mr. Olney England, Division of Economic Development
Mr. Douglas McKay, Office of Executive Policy and Programs
Mr. Victor Robertson, Department of Commerce
JEDA Staff

FROM : Elliott E. Franks, III 

DATE : August 29, 1994

SUBJECT : DESIGNATION OF ECONOMICALLY DISTRESSED COUNTIES

As a result of an action by the JEDA Board of Directors, Jasper County has been added to the listing of economically distressed areas as published on June 15, 1994.

The listing is now as follows:

Allendale
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Barnwell
Chester
Clarendon
Colleton
Darlington
Dillon
Fairfield

Georgetown
Hampton
Jasper
Lee
McCormick
Marion
Marlboro
Williamsburg

If there are questions with regard to this recent action, please contact me.

/fls

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