

AGENDA MATERIALS  
AND SUPPORTING DOCUMENTS  
FOR THE MEETING OF  
FEBRUARY 19, 1969

1096

17th May  
Wed - 2/19/69 - 8:00

Gen Ofc

All Present

Capt. Longbrake

- Reps of LBCW

- Re final plans for parking & bldg on Pond & Smith

- Models & elevations shown

- Re Energy facility - how main - use college & L main

Auth. to proceed

Rutledge Bldg (McEncham)

- Lease - consulting agreement - 25,000

Idr agreed by transfer of approp - approved

Purchase of ~~several~~ property

- Pond & Col - ramp - block

- South Main (energy facility)

By condemnation procedure against Thomas

[ Get details  
from 7 L M ]

- 0 -

3:00 P. M., WEDNESDAY, FEBRUARY 19, 1969

3:00 P. M., WEDNESDAY, FEBRUARY 19, 1969

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BUDGET AND CONTROL BOARD TO THE  
COMMISSION ON HIGHER EDUCATION

- o -

WHEREAS, the Act to create the State Commission on Higher Education calls for the Commission to make recommendations to the State Budget and Control Board and the General Assembly "as to policies, programs, curricula, facilities, administration and financing", and,

WHEREAS, the Commission is instructed to "review the annual budgets of the State-supported institutions of higher learning and shall make such recommendations to the State Budget and Control Board and General Assembly concerning these budgets as may be considered desirable"; it is appropriate that the Budget and Control Board advise the Commission at this time regarding reporting and budget requests for 1970-71.

NOW, THEREFORE, the Budget and Control Board recommends the following:

1. A common base, common terminology and comparable measurements should be used by all institutions of higher education.
2. Formulas should be developed and utilized by the institutions in proposing budget increases attributable to increases in workload and to program improvements.
3. Proposals for improvements should be set forth to indicate over what period of time stated deficiencies should be overcome, and the proportion of improvement intended in each budget period.
4. New programs should be set forth clearly and specifically.
5. To the full extent possible, data should be set forth presenting comparable figures for the previous year, the current year and the budget year for which funds are being requested.
6. To the extent possible, budget requests should be submitted within the framework of five year planning projections.
7. After consultation between the Commission and an institution, should there be a difference in view of the budget amount to be requested in total or by specific categories, the Commission should submit the institution's request and the Commission's suggested budget modifications and explain the differences between the two.

We understand that the Commission on Higher Education has been engaged in the development of a planning and reporting system for higher education. Clearly without such a system it would be difficult, if not impossible, to manage the flow of information in a form that permits full and wise review of budget requests. We also realize that the creation and implementation of such a system requires time, trial and the full cooperation of the institutions. Thus, the guidelines 1 through 7 noted above should be achieved to the full extent possible.

The Commission is requested to make a preliminary report to the Budget and Control Board no later than June 1, 1969 and a final report no later than August 1, 1969 regarding the form and detail in which the 1970-71 budget requests shall be presented.



Recommend

Condemnation proceedings against

Anthony C. Patrone  
1209 Pendleton Street

Appraised Value \$ 50,250

Thomas E. Hair  
1209 Pendleton Street

Appraised Value \$ 54,750

Mrs. Ruth P. Forsythe  
Lot between 909 and 913 Main Street

Appraised Value \$ 77,500

913-15-17-21 Main Street

Appraised Value \$ 164,275

1121 College Street

Appraised Value \$ 16,800

1117 College Street

Appraised Value \$ 16,800

Offer of purchase to

Joakin and Josephine Gialenios  
1125 College Street

Value \$ 22,621.64

Appraised value was \$ 17,000. Since appraisal a contract of sale has been signed for 1207 and 1211 College Street at a sales price of \$ 6.01 per square foot. The properties are almost identical as to improvements zoning and other factors relating to value. Their counter offer to the appraised value was \$ 23,000.

Negotiations are continuing between the Division of General Services and Mrs. Cornelia A. Thomas(1009-15 Sumter Street) and Humble Oil Company (1001 Sumter Street).

101100

STEPS REQUIRED TO DETERMINE  
FUNDS NEEDED TO IMPLEMENT  
CLASSIFICATION AND COMPENSATION  
PLAN AS OF JULY 1, 1969

I. ASCERTAIN SALARIES AND WAGES

- A. From the Budget and Control Board recommendation for 1969-70, under the "Total Funds" column, arrive at the Total for the Salaries and Wages parts of Personal Services (exclude Special Payments). Note: DO NOT USE "STATE APPROPRIATION" COLUMN.
- B. If your recommended "Total Funds" include funds for granting of salary/wage adjustments (i.e., increments of increase under a merit system, adjustments to bring employees to minimum wage, etc.), total these amounts (again using "Total Funds" and not "State Appropriations").
- C. By deducting indicated increase funds (B above) from the "Total" (A above), arrive at figure that represents Base Compensation for employees during 1969-70 (which includes both existing employees and vacancies).

II. COMPUTING AMOUNT REQUIRED FOR IMPLEMENTATION

A. FUNDS FOR ADJUSTMENTS ON 7/1/69

Using the Base Compensation figure as arrived at in Item I above, and thru review with you of our compa-ratio report and other factors of consideration, we will jointly determine total amount needed to make adjustments to equitably compensate employees in relationship to the new ranges and to each other.

B. COMPUTING FUNDS FOR GRANTING INCREMENTS OF INCREASE TO EMPLOYEES DURING THE FISCAL YEAR

1. As employees are hired on various dates throughout the year, their "salary review" dates will also fall at various times throughout the year. Based on their hire date, position in range, performance, date and amount of last increase, etc., employees are to be considered for salary increases and, if merited, granted increases as appropriate for the circumstances.
2. By adding to "Base Compensation" (I.C. above), the "7/1/69 Adjustment Amount" (II.A. above), we can arrive at the adjusted base which we can use to compute an appropriate amount for granting increases. Again, we will do this jointly.

III. DETERMINING STATE APPROPRIATION NEEDED

- A. By adding the adjustment funds (II.A.) and the increase funds (II.B.), we arrive at the total amount of funds required to implement the plan in your agency -- such amount being from all sources involved -- "State", "Federal" and "Other".

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- B. By your analyzing the sources involved within your agency, you can give us the amount of such total in excess of Item I.B. that must come from the "State Appropriation" source. This is the figure that will be recommended to the General Assembly for inclusion in the appropriate bill for implementation of the Classification and Compensation Plan.

IV. CHANGES TO BUDGET AND CONTROL BOARD RECOMMENDATIONS

If the Appropriations Bill is proposed in an amount less or greater than the Budget and Control Board Recommendation, please advise me of the effect upon Salaries and Wages in order that we may request the General Assembly to make a proportionate change in the amount for plan implementation.



2nd Mtg  
2/19/69  
7 EM

Interim Action

Purchase and Trade of Vehicles

S. C. Ports Authority

Trade one 1966 Ford 4-door Galaxie 500 for one 1969 Ford 4-door Galaxie 500.  
Vehicle assigned to J. J. Scott, Jr., Chief Engineer

Purchase one 1969 Ford 4-door Galaxie 500. Vehicle assigned to sales  
representative who will travel southeastern section of U. S. for State Ports  
Authority.

State Development Board

Trade one 1966 Oldsmobile 98 4-door sedan for one 1969 Buick or Oldsmobile  
4-door sedan. The 1966 auto was stolen and burned.

Trade one 1965 Oldsmobile 4-door sedan for one 1969 Buick or Oldsmobile  
4-door sedan. The 1965 auto has 92,000 miles which requires uneconomical  
repairs and no longer meets the needs of the Development Board.

State Department of Education

Purchase one 1969 Plymouth Fury III 4-door sedan. Vehicle assigned to the  
Director of the Office of Vocational Education, Dr. Cecil Johnson, Jr.

Trade three 1963 Plymouths and three 1964 Fords for six 1969 Chevrolet,  
Ford, Plymouth or Dodge station wagons. Vehicles for county supervisors to  
be used in training of bus drivers.

Purchase two 1969 Ford, Chevrolet, Plymouth or Dodge station wagons.  
Vehicles assigned to driver training instructors in several counties.

Trade one 1964 Ford station wagon, one 1965 Chevrolet station wagon and  
three 1965 Ford station wagons for five 1969 Plymouth Fury III 4-door sedans.  
Replacements for area supervisors of transportation.

Disposition of Records

The Department of Archives and History has requested authorization to  
destroy records as indicated below. It is recommended that authorization be  
granted.

Department of Archives and History      4 Cubic Feet

Purchase of Vehicle

Election Commission

Purchase one 1969 Plymouth Fury III. Vehicle to be turned over to the  
General Services Motor Pool and reassigned to James Ellisor, Executive  
Director of the Election Commission.



## STATE BUDGET AND CONTROL BOARD

### Agenda

Division of General Services

February 19, 1969

- I. Attached are proposed Rules and Regulations to establish control of construction and excavation in the tidelands and submerged lands of the State of South Carolina.
- II. Review of plans for Capital Complex construction prior to development of construction plans and drawings.
- III. Water problem - Rutledge Building  
A large number of windows in the Rutledge Building must be water-proofed to avoid further damage to interior walls. It is estimated that the water-proofing (not including plaster repair) will cost approximately \$ 25,000. Because of the renovation program in the Capitol Building, funds appropriated for repairs to the State House have not been depleted this year. It is recommended that the Division be authorized to request a transfer in order that these funds, with others available can be used for the necessary repairs to the Rutledge Building.
- IV. It is requested that the Board review appraisals and owners' evaluations of property required for the Capital Complex.
- V. A proposal has been received to provide earthquake insurance to cover over \$ 1 billion of property carried in the Insurance Sinking Fund. It is requested that the Board review this proposal.

2-19-69

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WHEREAS, scientific research has established that the Tidelands and Submerged Lands areas of South Carolina are a necessary habitat of many species of marine life and wildlife, and without the food supplied by the Tidelands and Submerged Lands, such marine life and wildlife could not survive; and

WHEREAS, the Tidelands and Submerged Lands of South Carolina have been the subject of intensive marine research which has revealed that these Tidelands and Submerged Lands are the richest provider of nutrients in the world; and

WHEREAS, the Tidelands and Submerged Lands of South Carolina provide a great buffer against flooding and erosion, and act as a control of many pollutants; and

WHEREAS, the Tidelands and Submerged Lands areas of South Carolina provide vital outdoor recreation for the people of our State; and

279 WHEREAS, it is becoming alarmingly apparent that intensified industrial activity accompanied by related commercial development in the Tidelands and Submerged Lands areas pose a serious threat to the Tidelands and Submerged Lands of South Carolina; and

WHEREAS, it is imperative that the State of South Carolina regulate the Tidelands and Submerged Lands in the exercise of its police power in order to protect the welfare, health and safety of the citizens of this State; and

WHEREAS, the South Carolina State Budget and Control Board finds that it is necessary to establish and enforce additional rules and regulations in order to protect, safeguard, and fairly administer the responsibilities of the aforementioned areas, including minerals, and the public purposes and rights of navigation, commerce, fishing, bathing, recreation or enjoyment, and other public and useful purposes; and



WHEREAS, the South Carolina State Budget and Control Board has determined that it is necessary in the interest of the State to require a permit for any construction or excavation below the mean high water mark,

NOW THEREFORE, IT IS ORDERED:

1. That the South Carolina State Budget and Control Board is charged with the responsibility of controlling construction and excavation in the Tidelands and Submerged Lands of the State.

2. That no person shall construct, erect, build or in any manner place upon or within the Tidelands or Submerged Lands of this State any pier, wharf or other structure of any nature or excavate, dig or in any manner create a dike, dock, ditch, canal or watercourse of any nature within or upon such Tidelands and Submerged Lands or place any material upon, alter or change in any manner the natural conditions of such lands without first obtaining therefor a permit from the South Carolina State Budget and Control Board.

379. 3. That Tidelands are defined as all lands lying between the mean high water mark and the mean low water mark. Submerged Lands are defined as all lands lying below the mean low water mark to the seaward limit of South Carolina as now or hereafter fixed by the Congress of the United States.

4. That for the purpose of determining whether or not permits shall be issued for any of the type of construction or excavation the Director, General Services Division, South Carolina State Budget and Control Board, shall consider applications for permits to engage in construction, excavation or any other operation which would change the existing contour or condition of Tidelands or Submerged Lands.

5. That the Director, General Services Division, South Carolina State Budget and Control Board, shall determine whether the permit shall



be issued, taking into consideration the use or purpose for which the permit is sought; the rights of other persons which may be affected; the effect which the grant of the permit may have upon the flowage of water, the pollution of water and upon fish, shellfish or other natural resources; the navigability of watercourses which may be affected; the existence of plans for the long-range development or utilization of a specific area; and such other factors as may be consistent with the objectives of this Rule.

6. That the Director, General Services Division, South Carolina State Budget and Control Board, shall coordinate with all appropriate state agencies and departments the evaluation of the permit application and the considerations for influencing the approval or disapproval of the permit application.

7. That upon receipt of an application, notice thereof shall be given by the permit applicant by publication, or circulation or otherwise as determined by the Director, General Services Division, South Carolina State Budget and Control Board, prior to the issuance of a permit. No permit shall be issued until the procedure prescribed by the Director is complied with.

499 8. That if no objection to the issuance of the permit is made, the Director, General Services Division, South Carolina State Budget and Control Board, in his discretion, may, but is not required to, issue the permit without further proceedings. If objection is made, the Director may schedule a public hearing thereon if he so desires, but is not required to do so.

9. That the Director, General Services Division, South Carolina State Budget and Control Board, may, in his discretion, upon receipt of an application, require such investigation, including surveys and other procedures, as may be considered necessary to enable him to properly

consider the application. The estimated costs of such investigation, publication and other incidental costs shall be determined by the Director and the costs shall be paid in advance to the Director by the applicant. Moneys not spent shall be returned to the applicant.

10. That the payment of such costs is declared to be a condition precedent to the consideration of an application by the Director, General Services Division, South Carolina State Budget and Control Board. An application may be withdrawn at any time.

11. That public hearings may be conducted by the Director, General Services Division, South Carolina State Budget and Control Board, in such manner as the Director may determine, if in his discretion a hearing is necessary.

12. That appeal from any decision of the Director, General Services Division, South Carolina State Budget and Control Board, shall be taken to the South Carolina State Budget and Control Board, except that the South Carolina State Budget and Control Board may in its discretion refer the matter for the taking of additional evidence.

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13. That it is the intent of this Rule and Regulation to permit the orderly and proper utilization and development of the tidelands of the State, to protect the property interests of the State, and to conserve her natural resources consistently with sound development, and it shall be construed to effectuate such purpose.

14. That dredging and disposal operations should be carried out in such a manner as to minimize the degradation of water quality and damage to aquatic biota and particularly, bottom fauna. Attention should be given to the dredging and disposal of materials containing sanitary and/or industrial sludge or toxic substances. The disturbance of anaerobic and/or toxic deposits often encountered in the vicinity of waste outfalls can

seriously affect water quality. In order to accomplish these objectives, the following phases are considered particularly pertinent:

- 699
- (1) Consideration in the design, maintenance, and operation of dredging equipment should be directed to minimizing polluttional effects.
  - (2) In general, controlled land disposal is preferred to aqueous disposal in order to minimize the pollution effect on aquatic biota and water quality.
  - (3) Land disposal areas should be diked or bulkheaded and provided with adequate weirs to assure the deposit and retention of spoil materials within the project areas and to minimize the run-off of settled solids. In order for ponds to be effective, overflow devices should be placed high enough to provide the settling velocities appropriate for the type of materials being dredged. Dikes should be protected from erosion by seeding, sodding, rip-rap, or other stabilizing materials.
  - (4) Where the aqueous disposal of spoil material is unavoidable, particular care should be provided to confine the operation within the project area. Spoil piles located in bays, inlets, or other confined water bodies should be oriented in such a way as to provide minimum obstruction to natural tidal flushing action.
  - (5) Dredging and screening operations should be carried out in such a manner as to:
    - a. Prevent excessive disturbance of silt and other detritus in the water course.



b. Tailings from washing and screening operations should be removed in adequately designed and constructed ponds equipped with weirs or by other approved methods which will insure the effective removal of settleable solids.

799 (6) Dredging Canals or Waterways - In construction projects involving canals and waterways, water quality can frequently be preserved by providing confinement of suspended materials within pools formed within locks, dams, or other flood control structures. In other instances, confinement within a pool can be obtained by the construction of temporary dams.

15. That before a permit is issued for any dredging, filling, excavation, or other related work, including the deposit of any material in or near Federal navigable waters, the applicant will first obtain a permit from the Corps of Engineers, U. S. Army Department. The above procedure is intended to provide safeguard against undue water pollution and unreasonable impairment of fish and wildlife resources or the related environment.

16. That permits for docks, piers, wharves, power and communications lines, dolphins, dams, dikes, and any other structures in or across the Federal navigable waters must have approval of the Corps of Engineers, U. S. Army Department, prior to their construction and no work should be undertaken prior to receipt of a permit.

17. That the determination as to whether a permit will be issued will be based on an evaluation of all relevant factors including the effect of the proposed work on navigation, fish and wildlife, conservation, pollution, and the general public interest. Comments on these factors will be accepted and made part of the record and will be considered in



determining whether it would be in the best public interest to grant a permit.

18. That any person or agency contemplating work in Tidelands and Submerged Lands shall submit his application as far in advance as possible to allow time for the necessary investigation.

19. That a person applying for a permit may submit a plat showing the mean high water mark. That upon establishment of the mean high water mark as approved by the Director, General Services Division, South Carolina State Budget and Control Board, then, and in that event, the Director may decree that no permit is needed to construct above the approved mean high water mark.

829 20. That a person applying for a permit may submit a plat, an abstract of title and a grant from the sovereign, to the Director, General Services Division, South Carolina State Budget and Control Board. That the said information shall be transmitted to the Attorney General of South Carolina. That should the Attorney General of South Carolina certify that the permit applicant has a valid grant conveying legal title down to the mean low water mark, then, and in that event, the Director, General Services Division, South Carolina State Budget and Control Board, may grant a permit if such proposed construction will have no adverse effect upon the flowage of water, navigation, pollution, fish, wildlife and conservation.

21. That any person violating the provisions of this Rule shall be guilty of a misdemeanor.

22. That the Conservation Officers, Game Division, South Carolina Wildlife Resources Department, shall prosecute violations of this Rule and Regulation under the provisions of Section 28-754 and Section 28-791, 1962 South Carolina Code of Laws.

23. That the Rule and Regulation shall apply to all individuals or corporations, and to all governmental agencies or departments, either Federal, State, County, Municipal or other.

And it is so ordered this \_\_\_\_\_ day of February, 1969.

By \_\_\_\_\_ (L.S.)  
Governor

By \_\_\_\_\_ (L.S.)  
State Treasurer

By \_\_\_\_\_ (L.S.)  
Comptroller General

By \_\_\_\_\_ (L.S.)  
Chairman, Senate Finance  
Committee

By \_\_\_\_\_ (L.S.)  
Chairman, House Ways and  
Means Committee

The South Carolina State Budget and  
Control Board

Attest:

\_\_\_\_\_  
Furman E. McEachern, Jr.  
Director, General Services Division  
South Carolina State Budget and Control Board

Filed in the Office of the South Carolina Secretary of State  
this \_\_\_\_\_ day of February, 1969.

\_\_\_\_\_  
O. Frank Thornton  
South Carolina Secretary of State



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION  
RUTLEDGE BUILDING  
1429 SENATE STREET  
COLUMBIA, S. C. 29201

JAMES A. MORRIS  
COMMISSIONER

TELEPHONE  
803 / 758-2407

February 11, 1969

Mr. P. C. Smith  
State Auditor  
Wade Hampton Office Building  
Columbia, South Carolina

Dear Pat:

I am enclosing another copy of the suggested resolution for the Budget and Control Board to send to the Commission on Higher Education in accordance with our discussion the other day. I have discussed it with the Governor and he thinks it would be appropriate for you to prepare a resolution to the Board to this effect. Please let me know if I can clarify the situation.

With warm personal regards.

Yours sincerely,

A handwritten signature in dark ink, appearing to be "James A. Morris", written over a horizontal line.

James A. Morris

btj

Enclosure

1114



BUDGET AND CONTROL BOARD TO THE COMMISSION

*Higher  
Education*

Whereas the Act to Create the State Commission on Higher Education calls for the Commission to make recommendations to the State Budget and Control Board and the General Assembly "as to policies, programs, curricula, facilities, administration and financing" and whereas the Commission is instructed to "review the annual budgets of the state supported institutions of higher learning and shall make such recommendations to the State Budget and Control Board and General Assembly concerning these budgets as may be considered desirable"; it is appropriate that the Budget and Control Board advise the Commission at this time regarding reporting and budget requests for 1970-71.

*Therefore, The Budget and Control Board recommends the following actions:*

1. A common base, common terminology and comparable measurements should be used by all institutions. *higher education*
2. Formulas should be developed and utilized by the institutions in proposing budget increases attributable to increases in workload and to program improvements.
3. Proposals for improvements should be set forth to indicate over what period of time stated deficiencies should be overcome, and the proportion of improvement intended in each budget period.
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5. To the full extent possible, data should be set forth presenting comparable figures for the previous year, the current year and the budget year for which funds are being requested.
6. To the extent possible, budget requests should be submitted within the framework of five year planning projections.



7. After consultation between the Commission and an institution, should there be a difference in view of the budget amount to be requested in total or by specific categories, the Commission should submit the institution's request and the Commission's suggested budget, and explain the differences between the two.

*modifications  
in Higher Education*

We understand that the Commission has been engaged in the development of a planning and reporting system for higher education. Clearly without such a system it would be difficult, if not impossible, to manage the flow of information in a form that permits full and wise review of budget requests. We also realize that the creation and implementation of such a system requires time, trial and the full cooperation of the institutions. Thus, the guidelines 1 through 7 noted above should be achieved to the full extent possible.

The Commission is requested to make a preliminary report to the Budget and Control Board no later than June 1, 1969 and a final report no later than August 1, 1969 regarding the form and detail in which the 1970-71 budget requests shall be presented.

2/19/69

RESOLUTION OF  
STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore the Board of Directors of York County, South Carolina (the "County Board") has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (Act 103) seeking the approval of the State Board to an undertaking by the County Board pursuant to Act 103; and

WHEREAS, the proposed undertaking consists of the acquisition by York County, South Carolina (the "County") of an existing manufacturing plant for the manufacture of yarn (the "Existing Plant") near Clover, in York County, South Carolina, from Marion Manufacturing Company, a North Carolina corporation ("Marion Manufacturing"), and the construction of an expansion thereof including improvements thereto at an estimated cost of \$2,500,000 including financing costs, (the Existing Plant, together with such expansion thereof, being hereinafter referred to as the "Project") and

WHEREAS, the Project is to be leased to Marion Manufacturing at a rental sufficient to provide for the payment of the bonds of the County hereinafter referred to, and costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the expansion of the Existing Plant the County Board proposes to provide for an issue of not exceeding \$2,500,000 Industrial Revenue Bonds, 1969 Marion Manufacturing Project (the "Bonds"), of the County payable from the rentals and other revenues derived from the leasing thereof to Marion Manufacturing and additionally secured by a Trust Indenture; and

WHEREAS, drafts of the Lease and Agreement between the

County and Marion Manufacturing and the Trust Indenture between the County and the yet unnamed Trustee have been submitted to and considered by this Board,

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

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

(a) That the statements of fact set forth in the recitals of this Resolution are in all respects true and correct;

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and Agreement and the Trust Indenture referred to in the recitals hereof, and has established that Marion Manufacturing will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of Act 103;

(c) That the Project will provide employment in its operation, and will be of benefit to the County and adjoining areas;

(d) That the Project is intended to promote the purposes of Act 103 and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire an existing manufacturing plant for the manufacture of yarn and construct an expansion thereof including improvements thereto, to lease the same to Marion Manufacturing, and to finance the cost thereof through the issuance of the Bonds, payable from the revenues to be derived from the operation of the Project, and additionally secured by said Trust Indenture, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of the County above described shall be published in



"The Evening Herald", which is a newspaper having general circulation in York County and "The State", which is a newspaper having general circulation in the City of Columbia, South Carolina.

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

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EXHIBIT A

NOTICE PURSUANT TO ACT NO. 103  
OF THE ACTS OF THE GENERAL AS-  
SEMBLY OF SOUTH CAROLINA FOR THE  
YEAR 1967

Notice is hereby given that following the filing of a petition by the Board of Directors of York County (the "County Board"), pursuant to the above Act 103 with the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following undertaking, viz.:

The acquisition by York County of an existing manufacturing plant for the manufacture of yarn near Clover in York County, South Carolina, and the construction of an expansion thereof including improvements thereto (said existing plant and such expansion thereof being herein called the "Project"), which will be leased to Marion Manufacturing Company, a North Carolina corporation ("Marion Manufacturing"). To finance the cost of such expansion, the County Board will issue not exceeding \$2,500,000 Industrial Revenue Bonds, 1969 Marion Manufacturing Project (the "Bonds") of York County. The Bonds will be payable solely from the rentals and other moneys to be paid to the County under the lease by Marion Manufacturing which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such Bonds will be additionally secured by a Trust Indenture.

In addition, Marion Manufacturing has agreed to pay as additional rentals to York County, the School District of York County, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by York County, the said School District, and the said other political units wherein the

Project is situate, if the Project were owned by Marion Manufacturing, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Marion Manufacturing if it were the owner of the Project.

Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for York County.

THE STATE BUDGET AND CONTROL  
BOARD

By \_\_\_\_\_  
Secretary

Publication Date:

, 1969



STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Robert E. McNair, Governor of South Carolina and Chairman of the Board;

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

The Honorable Henry Mills, Comptroller General of South Carolina;

The Honorable Edgar A. Brown, Chairman of the Senate Finance Committee; and

The Honorable Robert F. Aycock, Chairman of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at the office of the Governor, in the Capitol Building, at Columbia, South Carolina, at P. M., , the day of , 1969, was given to all members prior to said meeting; and that all members of said Board were present at said meeting, with the exception of:

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

FOR MOTION

AGAINST MOTION

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

, 1969

\_\_\_\_\_  
Secretary

LAW OFFICES OF  
JOHN M. SPRATT  
26 WEST LIBERTY STREET  
YORK, SOUTH CAROLINA  
29745

February 12, 1969

Honorable P. C. Smith  
Secretary of The State Budget & Control Board  
Columbia, South Carolina

Dear Mr. Smith:

At a regular meeting of the Board of Directors of York County, held on January 8, 1969, a Resolution was unanimously adopted by the board determining that the County of York would acquire an existing manufacturing plant and undertake construction of an expansion thereof, and lease the same to Marion Manufacturing Company and in this connection, following the customary procedures required and authorized by the provisions of Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, as amended, that industrial revenue bonds not exceeding \$2,500,000.00 would be issued in connection with such project.

I am the County Attorney for the County of York. Messrs. Hawkins, Delafield & Wood, Attorneys, 67 Wall Street, New York City, are the bond attorneys in this matter; and Messrs. Grier, McDonald, Burns, Bradford & Erwin represent Marion Manufacturing Company. The project is located at Clover, S. C. You may recall that the New York lawyers mentioned above were the bond attorneys in connection with the Springs Mills, Inc. industrial revenue bonds issued by Chester County several months ago.

As County Attorney for the County of York, I have examined all of the proceedings in this matter to date; and it is my opinion that all necessary requirements of the law have been met and that the documents that are to be submitted to you, hopefully tomorrow, are in proper order. The expansion to the existing plant of Marion Manufacturing Company at Clover is already well under way; and for this reason time is an important factor in expediting this matter as much as possible. We would like to commence the running of the required newspaper notice immediately for this reason. I expect to be in Columbia with the necessary documents to present to the State Budget and Control Board tomorrow; and with me will be Robert M. Erwin, Jr., Esquire, of the firm of Grier, McDonald, Burns, Bradford & Erwin. I am writing this letter, because I may find it necessary to

Page Two  
Honorable P. C. Smith

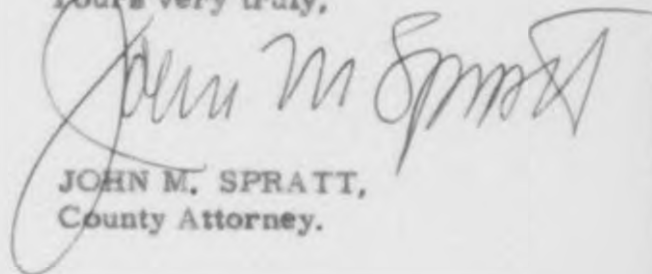
February 12, 1969

have this matter presented by Mr. Erwin, in view of a conflicting engagement in the afternoon; and it was my thought that you would perhaps want some official statement from the County Attorney, in such event.

Marion Manufacturing Company has an excellent financial rating, and it is felt that this project in which York County is cooperating will benefit our county. I might say in conclusion that it is proposed to repay the revenue bond issue on a seven-year maturity basis.

With kind regards.

Yours very truly,



JOHN M. SPRATT,  
County Attorney.

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STATE OF SOUTH CAROLINA

COUNTY OF YORK

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

PETITION

The Petition of the Board of Directors of York County, South Carolina (the "County Board"); respectfully shows:

1. Act 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, as amended, ("Act 103") authorizes and empowers the County Board, if it shall comply with the provisions set forth in Act 103, to acquire an existing manufacturing plant and expand and improve the same; to lease such manufacturing plant; and to finance the expansion and improvement thereof through the issuance of bonds payable from and secured by a pledge of the revenues to be derived therefrom.

2. Marion Manufacturing Company, a North Carolina corporation ("Marion Manufacturing"), is the owner of an existing manufacturing plant for the manufacture of yarn (the "Existing Plant") located in York County, near Clover. Marion Manufacturing and the County have agreed that Marion Manufacturing will convey the Existing Plant to the County and the County will construct an expansion thereof including improvements thereto at an estimated cost of \$2,500,000 including financing costs. The existing Plant and such expansion thereof are herein referred to as the "Project". The Project will be leased to Marion Manufacturing.

3. The proposed expansion of the Existing Plant will provide considerable employment during the period of construction, and will

result in the employment of more than seventy additional persons in its operation.

4. For the reasons above set forth and hereinafter disclosed, the County Board has found:

(a) That the proposed Marion Manufacturing Project will subserve the purposes of Act 103.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power, and that appropriate provisions will appear in the proposed Lease and Agreement hereinafter referred to indemnifying the County against pecuniary liability by reason of the undertaking.

(c) That the annual amount necessary to pay the principal and interest of the proposed Bonds, whose proceeds will be used to finance the Project, is estimated at approximately \$537,500 in 1970 and will decline to approximately \$369,250 in 1976, however, the exact amount required for this purpose cannot be ascertained until the Bonds are actually marketed.

(d) That in view of the well established credit of Marion Manufacturing it is unnecessary to establish reserve funds for the payment of principal and interest.

(e) That the terms of the Lease and Agreement will require Marion Manufacturing to carry proper insurance and to pay all costs of maintaining the Project in good repair.

5. Pursuant to Section 14 of Act 103, the County Board sets forth the following information:

(a) The Project to be undertaken consists of the acquisition of an existing manufacturing plant for the manufacture of yarn and the expansion thereof including improvements thereto.

(b) The expansion of said Existing Plant will provide considerable employment both during the period of construction and thereafter during the period of operation. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) A reasonable estimate of the cost of the proposed expansion of the Existing Plant is \$2,500,000.

6. The proposed Lease and Agreement with respect to the Project between the County and Marion Manufacturing will provide, among other things, the following:

(a) Marion Manufacturing will convey the Existing Plant to the County and the County will construct an expansion thereof under the supervision of representatives of Marion Manufacturing.

(b) The entire Project will be leased to Marion Manufacturing.

(c) The County will issue not exceeding \$2,500,000 Industrial Revenue Bonds, 1969 Marion Manufacturing Project (the "Bonds") to finance the cost of the expansion of the Existing Plant. The Bonds will be secured by a pledge of the rents to be paid by Marion Manufacturing and will be further secured by a Trust Indenture, as authorized by Section 5 of Act 103, to a yet unnamed bank as Trustee.

(d) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the construction and expansion of the Existing Plant and for the other purposes set forth in said Trust Indenture.

(e) Marion Manufacturing will, subject to the covenant referred to in subdivision (i) of this paragraph, cause the expansion of the Existing Plant to be completed at its own expense in the event that the proceeds of the Bonds authorized therefor prove insufficient to provide all costs incident thereto.



(f) In the event that the cost of the Project is less than anticipated, all surplus bond proceeds will be applied to the payment of the principal and interest of the Bonds.

(g) Marion Manufacturing will unconditionally agree to make payments in lieu of taxes to York County, to the School District of York County and to all other political units within which the Project is situated in such amounts as would result from taxes levied on the Project by York County by said School District and by said other political units if the Project were owned by Marion Manufacturing, but with appropriate reductions similar to the tax reductions, if any, which would be afforded by Marion Manufacturing were it the owner of the Project.

(h) There will be no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers, and there will be an appropriate provision indemnifying the County against pecuniary liability.

(i) There will be a covenant by Marion Manufacturing not to make any further capital expenditures in York County if the effect of such expenditures would be to cause the Bonds to lose their exemption from Federal income tax pursuant to Section 103(c) of the Internal Revenue Code of 1954, as amended.

(j) There will be certain covenants restricting Marion Manufacturing as to its minimum working capital, dividends and stock acquisitions, indebtedness, investments, loans and advances, merges and consolidations, and as to certain other matters.

7. The proposed Trust Indenture securing the Bonds will be in conventional form and constitute a foreclosable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project;

(b) All machinery, equipment and other property installed or to be installed as part of the Project;

(c) The right, title and interest of the County in the Lease and Agreement; and

(d) All rentals and revenues derived by the County under the Lease and Agreement, (not including payments to be made in lieu of taxes) and pledged to the payment of the principal of and interest on the Bonds.

The Trust Indenture will make provision for the issuance of not exceeding \$2,500,000 of Bonds to be secured thereunder. It will provide for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Marion Manufacturing are placed and the use thereof for the payment of the Bonds. It imposes upon Marion Manufacturing, as lessee of the Project, the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Trust Indenture and the issuance of the Bonds pursuant thereto.

8. The County by Resolution adopted January 8, 1969 has elected to have the provisions of Section 103(c)(6)(D) of the Internal Revenue Code of 1954, as amended, providing for a \$5,000,000 exemption in lieu of a \$1,000,000 exemption with respect to industrial revenue bonds, apply to the Bonds referred to herein.

9. Presented with this Petition are copies of the Resolution adopted by the County Board on January 8, 1969. The proposed Lease and Agreement and the proposed Trust Indenture will be submitted as soon as practicable.

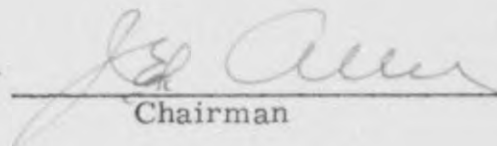
Upon the basis of the foregoing, the County Board of Commissioners of York County respectfully prays,

That the State Budget and Control Board accept the filing of the Petition presented herewith and, as soon as practicable after submission of the proposed Lease and Agreement and the proposed Trust Indenture, make its independent investigation of the Project and the terms and provisions of such Lease and Agreement and Trust Indenture, and that thereafter, the said State Board make a finding that the proposed Project will promote the purposes of Act 103 and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of Act 103.

Respectfully submitted,


County Board of Commissioners of  
York County

By

  
Chairman

(SEAL)

ATTEST:

  
Clerk

Dated:

January 8, 1969



BENJ. H. TYRREL—Phone 944-9222  
7549—Proof of January 27, 1969

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YORK COUNTY, SOUTH CAROLINA  
AND  
MARION MANUFACTURING COMPANY

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LEASE AND AGREEMENT

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Dated as of March 1, 1969

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## LEASE AND AGREEMENT

**THIS LEASE AND AGREEMENT**, made and entered into as of this first day of March, 1969, by and between York County, South Carolina, a body corporate and politic and a political subdivision of the State of South Carolina (the "County"), party of the first part, and Marion Manufacturing Company (the "Company"), a corporation organized and existing under and by virtue of the laws of the State of North Carolina, with its general office at 700 Baldwin Avenue, Marion, North Carolina, party of the second part;

### WITNESSETH:

WHEREAS, 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 Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (the "Act"), to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder in order to promote industrial development of the State and develop trade by inducing manufacturing, and commercial enterprises to locate in the State, and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, to accomplish such purposes the County proposes to acquire from the Company an existing industrial plant for the manufacture of yarn located in York County near Clover; and to construct an expansion of such existing plant, to consist of improvements, buildings, fixtures, machinery, equipment and related facilities; and to lease such existing plant and such expansion thereof to the Company; and

WHEREAS, by proper action of the Board of Directors of York County, South Carolina (the "County Board") and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement; and

WHEREAS, the Company is authorized under its Certificate of Incorporation and By-Laws and under the laws of the State of its incorporation to enter into this Agreement and to perform all covenants and obligations on its part to be performed under and pursuant to this Agreement; and

WHEREAS, the Company is not prohibited under the terms of any outstanding trust indentures, deeds of trust, mortgages, loan agreements or other instruments or evidences of indebtedness of whatever nature from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement and affirmatively so represents to the County; and

WHEREAS, the County in order to provide funds for the cost of acquisition and construction of the expansion to the existing plant and for incidental and related costs, will issue and sell its Industrial Revenue Bonds, 1969 Marion Manufacturing Project, in the principal amount of \$2,500,000 pursuant to the Act, a resolution of the County Board and a Trust Indenture dated as of March 1, 1969 by and between the County and First Union National Bank, Charlotte, North Carolina, as Trustee, securing the Bonds;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the County herein contained, any obligation it may incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers, but shall be payable solely out of the lease rentals, revenues and receipts derived from or in connection with the manufacturing plant and the expansion thereof, including moneys received under this Agreement);

## ARTICLE I

### DEFINITIONS

SECTION 101. *Definitions.* The following terms shall have the following meanings in this Agreement:

*Agreement* shall mean the Lease and Agreement dated as of March 1, 1969, between the County and the Company and shall include any and all amendments thereto hereafter made.

*Bonds* shall mean the Industrial Revenue Bonds, 1969 Marion Manufacturing Project, of the County authenticated and delivered under the Indenture.

*Company* shall mean Marion Manufacturing Company, and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 6.1 of this Agreement.

1134-a



*Consolidated Indebtedness* shall mean as of any date the aggregate of the Indebtedness of the Company and its Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting practice.

*Consolidated Net Working Capital* shall mean the excess of consolidated current assets over consolidated current liabilities of the Company and its Subsidiaries, determined in accordance with generally accepted accounting practice.

*Consolidated Net Worth* shall mean the sum of the capital stock, capital surplus and earned surplus of the Company and its Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting practice.

*Construction Fund* shall mean the York County Marion Manufacturing Project Construction Fund established by Section 4.02 of the Indenture.

*County* shall mean York County, South Carolina, a body politic and a political subdivision of the State of South Carolina.

*Existing Plant* shall mean the land described in Exhibit A hereto and the easements of every nature, rights, licenses and appurtenances belonging to or appertaining in any way to such land, together with the buildings, fixtures, improvements, machinery, equipment and related facilities situate thereon, including, without limitation, such buildings, fixtures, improvements, machinery, equipment and related facilities described in said Exhibit A, constituting an industrial plant for the manufacture of yarn.

*Indebtedness* shall mean any indebtedness for borrowed money created, issued, incurred, assumed or guaranteed by the Company or any of its Subsidiaries, whether current or funded, and shall also include the aggregate amount of rentals payable by the Company or its Subsidiaries under all leases pursuant to the terms of which the Company or any of its Subsidiaries guarantees, directly or indirectly, the payment of any indebtedness incurred in connection with or other sums payable on account of the financing of the acquisition or construction of the leased premises.

*Indenture* shall mean the Trust Indenture dated as of March 1, 1969 by and between the Company and First Union National Bank, Charlotte, North Carolina, together with all indentures supplemental thereto.

*1969 Expansion* shall mean buildings, fixtures, improvements, machinery, equipment, and related facilities and other personal property to be acquired or constructed by the County pursuant to Sections 2.2 and 2.4 hereof.

*Outstanding* shall mean Bonds which have been authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which funds equal to the principal amount, or Redemption Price (as hereinafter defined) thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in the Sinking Fund (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article III of the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article II or Section 3.04 of the Indenture.

*Paying Agent* shall mean any paying agent for the Bonds (and may include the Trustee, as hereinafter defined), and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

*Permitted Encumbrances* shall mean as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way and encroachments that the Company certifies will not interfere with or impair the operations of the Existing Plant, (iv) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Existing Plant which shall be approved by the Company and the County as not materially impairing the use of the property affected thereby for the purpose for which it was acquired or is held by the Company, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof, or otherwise.

*1969 Expansion* shall mean buildings, fixtures, improvements, machinery, equipment, and related facilities and other personal property to be acquired or constructed by the County pursuant to Sections 2.2 and 2.4 hereof.

*Outstanding* shall mean Bonds which have been authenticated and delivered under the Indenture, except:

(i) Bonds cancelled by the Trustee because of payment or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which funds equal to the principal amount, or Redemption Price (as hereinafter defined) thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in the Sinking Fund (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Article III of the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article II or Section 3.04 of the Indenture.

*Paying Agent* shall mean any paying agent for the Bonds (and may include the Trustee, as hereinafter defined), and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

*Permitted Encumbrances* shall mean as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Indenture, (iii) utility, access and other easements and rights of way and encroachments that the Company certifies will not interfere with or impair the operations of the Existing Plant, (iv) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Existing Plant which shall be approved by the Company and the County as not materially impairing the use of the property affected thereby for the purpose for which it was acquired or is held by the Company, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof, or otherwise.

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*Project* means the Existing Plant and the 1969 Expansion, together with all replacements, substitutions and additions thereto which become the property of the County pursuant to this Agreement (including any part thereof acquired, constructed or installed by the Company), all of which shall constitute a plant for the manufacture of yarn, provided that such term shall not include any machinery, equipment or other personal property installed by the Company and the title to which has been retained pursuant to Section 4.1 hereof.

*Project Supervisor* shall mean an engineer or engineering firm registered and qualified to practice engineering under the laws of the State of South Carolina and who or which is not a full time employee of either the County or the Company (or subsequent lessee of the Project).

*Redemption Price* shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture and any additional or special premium payable pursuant to subsection 4 of Section 202 of the Indenture.

*Related Person*, when used with respect to the Company, shall mean any person, firm or corporation constituting a related person to the Company within the meaning of Section 103(c)(7) of the Internal Revenue Code.

*Sinking Fund* shall mean the York County Industrial Revenue Bond 1969 Marion Manufacturing Project Sinking Fund established by Section 5.01 of the Indenture.

*Subsidiary* shall mean any corporation, association or other business entity at least a majority of the common stock normally entitled to vote for the election of directors of which is at the time owned or controlled, directly or indirectly by the Company.

*Tax Incidence Date* shall mean the date upon which interest on the Bonds (other than Bonds held by the Company or any Related Person) loses its tax exemption under Section 103 of the Internal Revenue Code.

*Trustee* shall mean First Union National Bank, Charlotte, North Carolina, and its successor or successors hereafter appointed in the manner provided in the Indenture.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa

and words importing persons shall include firms, associations and corporations.

## ARTICLE II

### ACQUISITION OF EXISTING PLANT AND CONSTRUCTION OF 1969 EXPANSION

SECTION 2.1. *Acquisition of Existing Plant.* 1. The Company shall convey the Existing Plant to the County on or prior to the issuance of the Bonds. At the closing of title thereto the Company shall deliver to the County a bargain and sale deed with covenant against grantor's acts, in proper form for recording, duly executed and acknowledged and having attached thereto revenue stamps in the proper amount, so as to convey to the County the fee simple of the Existing Plant, free and clear of all liens, charges and encumbrances except as set forth in Exhibit A hereto and except for Permitted Encumbrances. At the closing the Company shall also deliver to the County a bill of sale with warranty of title transferring to the County title to all of the personal property then constituting or which may then constitute a part of the Existing Plant.

2. The Company shall bear all of the costs and expenses in connection with the preparation of the deed and bill of sale, the delivery of any of said instruments and documents and their filing and recording, if required, and all taxes and charges payable in connection with any of the foregoing or the conveyance and transfer of the Existing Plant, and all such costs and expenses and taxes and charges shall be costs to the Company of the 1969 Expansion.

3. It is agreed that all taxes, assessments and other charges and impositions in connection with the Existing Plant, which shall be attributable to periods prior to the conveyance of the Existing Plant as provided in this Section, shall be paid by the Company.

SECTION 2.2. *Acquisition and Construction of 1969 Expansion.* 1. As promptly as practicable after receipt of the proceeds of sale of the Bonds and out of said proceeds of sale, the County will, subject to the provisions of Section 2.4 hereof, cause to be constructed on the land described in Exhibit A hereto a building, structures and other improvements substantially in accordance with plans and specifications therefor prepared or to be prepared by the Company (the cost of such plans and

specifications to be paid out of said Bond proceeds), and cause to be acquired and installed in said building, structures and other improvements, as shall from time to time be specified in written orders by the Company, machinery, equipment, fixtures and facilities generally described in Exhibit B hereto, with such changes and substitutions as may be reasonably requested by the Company. All contractors, materialmen, vendors, suppliers and other companies, firms or persons furnishing labor, services or materials for or in connection with the 1969 Expansion shall be designated by the Company, and all contracts and other arrangements by the County with such contractors, materialmen, vendors, suppliers and other companies, firms or persons shall be subject to the approval of the Company. The construction and equipping of the 1969 Expansion and the acquisition and installation of the machinery, equipment and other property therein shall be supervised by the Project Supervisor.

2. The County shall obtain all necessary approvals from any and all governmental agencies requisite to the constructing and equipping of the 1969 Expansion, and the 1969 Expansion shall be constructed and equipped in compliance with all State and local laws, ordinances and regulations applicable thereto. Upon completion of the 1969 Expansion, the Company shall obtain all required occupancy permits and authorizations from appropriate authorities, if any be required, authorizing the occupancy and uses of the 1969 Expansion for the purposes contemplated by the Company.

3. The County covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by the County in connection with the performance of its obligations under this Section to be considered part of the costs of the 1969 Expansion, and the County agrees that the Company may, from time to time, in its own name, or in the name of the County, take such action as may be necessary or advisable, as determined by the Company, to insure the construction of the 1969 Expansion in accordance with the terms of such construction contracts and the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, with all costs and expenses incurred by the Company



in connection therewith to be considered as part of the costs of the 1969 Expansion.

4. The County will extend to the Company all vendor's warranties received by the County in connection with all machinery and equipment purchased by the County for the Project, together with any warranties given by contractors, manufacturers or service organizations who perform construction work or install any machinery and equipment on the leased premises. If requested, the County shall execute and deliver appropriate instruments to the County to accomplish the foregoing.

SECTION 2.3. *Title Insurance.* The Company will obtain title insurance, which shall be initially in the amount of \$ , insuring its title to the Project free from all encumbrances other than Permitted Encumbrances and except as specified in Exhibit A hereto. Any proceeds of such title insurance shall be paid to the Trustee for deposit in the Sinking Fund, except that, if so requested by the County, such proceeds shall be applied to remedy the defect in title. The premium for such title insurance shall be paid from the Construction Fund.

SECTION 2.4. *Completion by Company.* In the event that moneys in the Construction Fund are not sufficient to pay the costs of the 1969 Expansion in full, the Company shall pay that portion of the costs of the 1969 Expansion as may be in excess of the moneys therefor in said Construction Fund and shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under this Agreement.

SECTION 2.5. *Issuance of Bonds.* The County not later than April 1, 1969 will sell and deliver the Bonds in the principal amount of \$2,500,000 under and pursuant to a resolution adopted by the County , 1969 authorizing the issuance of the Bonds and under and pursuant to the Indenture. The proceeds of sale of the Bonds remaining after the deposit in the Sinking Fund of an amount equal to interest accruing on the Bonds to the date of delivery thereof shall be deposited in the Construction Fund and applied to the cost of acquisition and construction of the 1969 Expansion in accordance with the provisions of the Indenture. Pending such application amounts in the Construction Fund and the Sinking Fund may be invested as provided in the Indenture.

## ARTICLE III

## LEASE OF PROJECT AND RENTAL PROVISIONS

SECTION 3.1. *Lease of the Project.* The County agrees to lease to the Company and the Company agrees to lease from the County the Project for and during the term hereinafter provided and upon and subject to the terms and conditions hereinafter set forth. The Company intends during the term of this lease to use and occupy the Project principally as an industrial plant, as determined from time to time by the Company. The failure to use and occupy the Project as aforesaid shall in no way abate or reduce the rent payable by the Company to the County under the provisions of this Agreement and shall not be deemed a breach of this Agreement in any respect.

SECTION 3.2. *Duration of Term.* The term of this Lease shall commence as of March 1, 1969 and shall expire upon March 1, 1976 or such earlier date as this lease may be terminated as hereinafter provided. The County shall immediately deliver to the Company and the Company shall accept sole and exclusive possession of the Existing Plant, and the County shall deliver to the Company sole and exclusive possession of the 1969 Expansion upon completion thereof (as stated in a certificate of the Project Supervisor filed with the County and the Trustee pursuant to Section 4.04 of the Indenture), and the Company shall accept possession thereof at such time, provided that the Company shall be permitted such possession of the 1969 Expansion prior to such date for delivery of sole and exclusive possession as shall not interfere with the acquisition or construction thereof.

SECTION 3.3. *Rental Provisions; Pledge of Lease and Rent.* The Company covenants to make semiannual rental payments which the County agrees shall be paid by the Company directly to the Trustee. Such semiannual rental shall be paid during the term of this lease not later than 5 days prior to each interest payment date for the Bonds. The amount of each such rental payment shall be the sum of (i) the interest due on the outstanding Bonds on such interest payment date and (ii) the principal amount, if any, of the Bonds then outstanding due (otherwise than by call for redemption) on such interest payment date; provided that such rental payments shall be reduced by the

## ARTICLE III

## LEASE OF PROJECT AND RENTAL PROVISIONS

SECTION 3.1. *Lease of the Project.* The County agrees to lease to the Company and the Company agrees to lease from the County the Project for and during the term hereinafter provided and upon and subject to the terms and conditions hereinafter set forth. The Company intends during the term of this lease to use and occupy the Project principally as an industrial plant, as determined from time to time by the Company. The failure to use and occupy the Project as aforesaid shall in no way abate or reduce the rent payable by the Company to the County under the provisions of this Agreement and shall not be deemed a breach of this Agreement in any respect.

SECTION 3.2. *Duration of Term.* The term of this Lease shall commence as of March 1, 1969 and shall expire upon March 1, 1976 or such earlier date as this lease may be terminated as hereinafter provided. The County shall immediately deliver to the Company and the Company shall accept sole and exclusive possession of the Existing Plant, and the County shall deliver to the Company sole and exclusive possession of the 1969 Expansion upon completion thereof (as stated in a certificate of the Project Supervisor filed with the County and the Trustee pursuant to Section 4.04 of the Indenture), and the Company shall accept possession thereof at such time, provided that the Company shall be permitted such possession of the 1969 Expansion prior to such date for delivery of sole and exclusive possession as shall not interfere with the acquisition or construction thereof.

SECTION 3.3. *Rental Provisions; Pledge of Lease and Rent.* The Company covenants to make semiannual rental payments which the County agrees shall be paid by the Company directly to the Trustee. Such semiannual rental shall be paid during the term of this lease not later than 5 days prior to each interest payment date for the Bonds. The amount of each such rental payment shall be the sum of (i) the interest due on the outstanding Bonds on such interest payment date and (ii) the principal amount, if any, of the Bonds then outstanding due (otherwise than by call for redemption) on such interest payment date; provided that such rental payments shall be reduced by the



following amounts (to the extent, if any, which such amounts shall not previously have been the basis for such reduction):

(a) the amount of accrued interest received upon the issuance of the Bonds and deposited in the Sinking Fund shall be credited against the next semiannual rental payment;

(b) the amount of excess moneys, if any, in the Construction Fund not needed for the payment of costs of the acquisition and construction of the 1969 Expansion which shall have been paid pursuant to Section 4.04 of the Indenture into the Sinking Fund shall be credited against the next semiannual rental payment or payments;

(c) the amount of net income or gain received and collected from the investment of moneys in the Sinking Fund shall be credited against the next semiannual rental payment or payments; and

(d) the amount of moneys from any advance rental payment hereinafter referred to remaining in the Sinking Fund 45 days prior to an interest payment date and not applied to the purchase of Bonds as provided in Section 5.03 of the Indenture shall be credited against the next semiannual rental payment or payments;

Provided that each such rental payment shall be sufficient to pay the total amount of interest or interest and principal and premium (whether at maturity or by redemption or acceleration as provided in the Indenture) if any, payable on the next succeeding interest payment date, and if at any interest payment date the balance in the Sinking Fund is not sufficient to pay such total amount due on such date, the Company agrees to pay the amount of such deficiency to the Trustee on the day prior to such date and such payment shall constitute rentals under this Agreement. In the event a rental payment date falls on a non-banking day of the Trustee, the rental payment involved shall be due and payable at the time of opening for business on the next preceding day that is a banking day of the Trustee.

The County hereby notifies the Company and the Company acknowledges that all the County's right, title and interest in this Agreement including the above semiannual rental shall be pledged by the County as security for the Bonds as provided in the Indenture, and in furtherance of said pledge the County hereby unconditionally assigns

such rental payments to the Trustee for deposit in the Sinking Fund in accordance with the Indenture. In addition to the rental payments under this Agreement, the Sinking Fund shall also receive for deposit therein in accordance with the Indenture such other amounts as are required by the provisions of this Agreement or of the Indenture to be paid into the Sinking Fund.

Payments designated as and representing advance rental payments under this Agreement may be made by the Company to the Trustee for deposit in the Sinking Fund in accordance with the Indenture. Such payments shall not in any way alter or suspend any obligations of the Company under the terms of this Agreement except to the extent that such payments result in a credit against semiannual rental payments as provided in clause (d) above or the retirement of Bonds pursuant to the provisions of the Indenture, and the Company shall continue to perform and be responsible for the performance of all the terms and provisions of this Agreement, including, but not by way of limitation, obligations to maintain and insure the premises at its own expense.

No further rental payments need be made to the County during the term of this Agreement when and so long as the amount of cash and obligations of or guaranteed by the United States of America on deposit in the Sinking Fund is sufficient to satisfy and discharge the Indenture and pay the Bonds as provided in Section 10.01 of the Indenture.

After all of the Bonds have been retired and all interest and applicable premiums, if any, due thereon have been paid or provision for such retirement and payment has been made in accordance with the Indenture, any excess moneys in the Sinking Fund from whatever source derived will be paid to the Company as an adjustment of rentals.

**SECTION 3.4. *Obligations of Company Unconditional.*** The obligation of the Company to pay the rent as provided in this Agreement and to make all other payments provided for in this Agreement and to maintain the Project in accordance with Section 4.1 of this Agreement shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the County. The Company will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder) for any cause includ-

ing, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Project, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, or any change in the tax or other laws of the United States, the State of South Carolina or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Notwithstanding the foregoing, the Company may, at its own cost and expense, and in its own name or in the name of the County prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its right of use and occupancy and other rights hereunder. The provisions of the first and second sentences of this Section shall apply only if and so long as there shall be outstanding and unpaid any principal and interest on the Bonds adequate provision for the payment of which pursuant to the terms of the Indenture, including the payment of the compensation and expenses of the Trustee, registrar and Paying Agents for the Bonds as provided in Section 6.3 hereof, shall not have been made. Furthermore, except to the extent provided in the first and second sentences of this Section, nothing contained herein shall be construed to prevent or restrict the Company from asserting any rights which the Company may have against the County under this Agreement or under any provision of law.

#### ARTICLE IV

##### MAINTENANCE, TAXES, PAYMENTS IN LIEU OF TAXES, AND INSURANCE

SECTION 4.1. *Maintenance, Alterations and Improvement.* During the term of this lease the Company will keep the Project in good operating order and condition, ordinary wear and tear excepted, and make all replacements and repairs thereto (whether ordinary, extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to insure that the security for the Bonds shall not be impaired. Upon the expiration or termination of this lease (unless it shall purchase the Project) the Company will surrender the Project to the County in as good condition as prevailed at the time it was put in full posses-



sion thereof, ordinary wear and tear excepted. The foregoing agreements in this paragraph are subject to all the other provisions of this Agreement, particularly Sections 4.2, 5.1, 5.2 and 6.4.

The Company shall have the privilege of making such alterations of or additions to the Project or any part thereof (including constructing any new building, structure or improvement or installing any fixtures, machinery, equipment or other facilities) from time to time as it in its discretion may determine to be desirable for its uses and purposes. The cost thereof shall be paid for by the Company and the same shall be the property of the County and constitute a part of the Project subject, however, to the provisions hereof, and the Company shall deliver to the County appropriate documents as may be necessary to convey title of such property to the County.

Nothing herein shall be deemed to prevent the Company from installing machinery, equipment and other personal property (which may be attached or affixed to the leased premises) and retaining title thereto, and such machinery, equipment and other personal property shall not be deemed a part of the Project. Such machinery, equipment and other personal property shall be marked by an appropriate tag or other device as the property of the Company. The Company shall have the right at any time and from time to time during the term of this lease to remove or permit to be removed such machinery, equipment or other personal property from the leased premises and to create or permit to be created any mortgage, encumbrances, lien or charge on, or conditional sale or other title retention agreement with respect to such machinery, equipment or other personal property. In the event that any removal of machinery, equipment or personal property pursuant to the provisions of this paragraph shall reduce the overall operating efficiency of the Project to materially less than that of the industrial plant and related facilities acquired and constructed pursuant to Sections 2.1 and 2.2 (including any completion by the Company pursuant to Section 2.4) the Company shall restore the same to said condition of operating efficiency as promptly as practicable. The Company shall also promptly repair at its own expense any damage to the leased premises caused by such removal. The Company shall at all times keep on file with the Trustee a semiannual report of each item of such machinery, equipment and other personal property installed on or about the leased premises to which the Company shall retain title, but such report need not include any item having a cost of less than \$10,000.

The County hereby waives and surrenders any statutory or common law right to any landlord's lien upon any of the machinery, equipment and other property to which the Company shall retain title and covenants and agrees not to distrain or exercise any similar remedy against any of such property.

In its use and occupancy of the Project the Company will at all times comply with such zoning, sanitary and safety laws, and with such rules and regulations thereunder, as under applicable law shall be binding upon it, provided, however, the Company shall not be required to comply with any such laws (either statutory or the common law), rules or regulations so long as the Company shall contest in good faith the validity, existence or applicability thereof.

*SECTION 4.2. Removal of Property of the Project.* The Company shall have the privilege from time to time of removing from the Project, free from the lien of the Indenture, any improvements, fixtures, machinery, equipment or facilities constituting a part of the Project and thereby acquiring the property therein, provided that:

(a) such improvements, fixtures, machinery, equipment or facilities are substituted or replaced by improvements, fixtures, machinery, equipment or facilities free of all liens and encumbrances and such replacement shall not reduce the overall operating efficiency of the Project to materially less than that of the industrial plant and related facilities acquired and constructed pursuant to Sections 2.1 and 2.2 (including any completion by the Company pursuant to Section 2.4), together with any repairs thereof; or

(b) such improvements, fixtures, machinery, equipment or facilities shall have been made or installed by the Company at its own expense and shall not have been made or installed at the Company's expense pursuant to (a) above or Sections 2.1, 2.2 or 2.4 and the removal thereof shall not reduce the overall operating efficiency of the Project to materially less than that of the industrial plant and related facilities acquired and constructed pursuant to Sections 2.1 and 2.2 (including any completion by the Company pursuant to Section 2.4), together with any repairs thereof; or

(c) such removal shall not reduce the overall operating efficiency of the Project to materially less than that of the industrial plant and related facilities acquired and constructed pursuant to

Sections 2.1 and 2.2 (including any completion by the Company pursuant to Section 2.4), and (i) in the case of the sale of any such improvements, fixtures, machinery, equipment or facilities to anyone other than itself (or one of its Subsidiaries) or in the case of the scrapping thereof, the Company shall pay to the Trustee for deposit in the Sinking Fund the proceeds from such sale or the scrap value thereof, as the case may be, or (ii) in the case of the trade-in of such improvements, fixtures, machinery, equipment or facilities for other improvements, fixtures, machinery, equipment or facilities not to be installed in the Project, the Company shall pay to the Trustee for deposit in the Sinking Fund the amount of the credit received by it in such trade-in, or (iii) in the case of the sale of any such improvements, fixtures, machinery, equipment or facilities to the Company (or one of its Subsidiaries) or in the case of any other disposition thereof the Company shall pay to the Trustee for deposit in the Sinking Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with the accounting practice of the Company (which shall be in accordance with generally accepted accounting practice); or

(d) such removal shall not reduce the overall operating efficiency of the Project to materially less than that of the industrial plant and related facilities acquired and constructed pursuant to Sections 2.1 and 2.2 (including any completion by the Company pursuant to Section 2.4), together with any repairs thereof and the aggregate fair resale value of (i) all improvements, fixtures, machinery, equipment and facilities of the Project which shall have been made or installed and paid for by the Company (other than pursuant to (a) above or Sections 2.1, 2.2 or 2.4) and which shall have become the property of the County, exceeds the aggregate fair resale value of (ii) all improvements, fixtures, machinery, equipment and facilities of the Project (exclusive of those to which title has been retained by the Company) which shall have been removed from the Project by the Company (including the property then being removed) other than those removed pursuant to (a) or (c) above.

Within 120 days after the close of each fiscal year of the Company the Company shall furnish to the County and the Trustee a written



report of a qualified engineer (who may be an employee of the Company or one of its Subsidiaries), selected by the Company and approved by the County and acceptable to the Trustee (which approval and acceptance shall not be unreasonably withheld), summarizing the action taken by the Company pursuant to this Section 4.2 during the preceding fiscal year and stating that, in his opinion, such action complies with the provisions of this Section.

In the event such removal causes damage to existing buildings or structures not being removed, restoration and repair of such damage shall be at the sole expense of the Company.

The Company shall deliver to the County appropriate documents conveying to the County title to any property installed or placed upon the premises of the Project pursuant to this Section 4.2, and upon request of the Company, the County shall deliver and cause or direct the Trustee to deliver to the Company appropriate documents conveying to the Company title to any property removed from the Project pursuant to this Section 4.2 and releasing the same from the lien of the Indenture.

**SECTION 4.3. *Payments in Lieu of Taxes.*** It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments in lieu of taxes to the county, school district or school districts, and other political units wherein the project shall be located, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Company to comply with the aforesaid obligation, it is agreed (subject to the provisions of this Agreement) that the County in cooperation with the Company (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the

respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Company, when the respective levies are made for purposes of such taxes upon property privately owned as aforesaid, a statement specifying the amount and due date or dates of such taxes which the county, school district and other political units having taxing powers would receive if such property were so privately owned; and (iv) shall file any accounts or tax returns required with the appropriate officer or officers. The Company shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Company's right to obtain exemptions (and discounts, if any) therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made. In the event the Company should fail to make any such payments in lieu of taxes, the amount or amounts so in default shall continue as an obligation of the Company until fully paid and the Company agrees to pay the same with interest thereon at the rate of 6% per annum until fully paid. The Company's obligation to make such additional payments shall continue only so long as and to the extent the Company is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 4.3 to be paid by it in lieu of taxes, the Company shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding.

**SECTION 4.4. *Taxes, Assessments and Charges.*** 1. Subject to the provisions of Subsection 2 of this Section the Company shall pay all taxes and assessments, general and specific, if any, levied and assessed on the leased premises or the rentals hereunder during the term, and all water and sewer charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen, which if not paid when due, would impair the lien of the Indenture on the leased premises or the rentals hereunder or the security of the Bonds, or encumber the County's title, all of which are herein called "impositions"; provided, however, that any imposition relating to a fiscal period of the taxing authority, part of which extends beyond the term, shall be apportioned as of the expiration of the term. The County shall promptly forward to the Company any notice, bill or other statement

received by the County concerning any imposition. The Company may pay any imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

2. The County and the Company acknowledge that (a) under their interpretation of present law, no part of the leased premises, except as provided in Section 4.3, will be subject to ad valorem taxation by the State of South Carolina or by any political or taxing sub-division thereof, and (b) this factor, among others, materially induced the Company to enter into this Agreement. However, the Company shall pay all taxes and assessments, if any, in connection with the Project, which may be lawfully levied or assessed upon the leased premises or the rentals hereunder, when the same shall become due, but only if and to the extent that such taxes or assessments, if any, shall result in a lien or charge upon the leased premises or the rentals hereunder; provided, however, that the Company shall not be required to pay any such taxes or assessments so long as the Company shall contest the same in good faith, unless by such action the lien of the Indenture as to any part of the Project or the rentals hereunder shall be materially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes or assessments shall be paid prior to becoming delinquent. The County hereby agrees that, to the extent permitted by law, it will cooperate with the Company in resisting any such taxes or assessments if and to whatever extent the Company may request.

3. If at any time any amounts paid by the Company hereunder are or become in excess of the amounts required for the purpose for which they were paid, such excess amounts shall be refunded to the Company if the Company is not then in default hereunder.

SECTION 4.5. *Insurance.* The Company shall during the term of this lease keep the Project insured against loss or damage by fire, with standard extended coverage endorsement covering perils of wind-storm, hail, explosion, riots, civil commotion, aircraft, vehicles and smoke (except as limited in the standard form of extended coverage endorsement at the time in use in South Carolina) at all times in an amount such that the proceeds of such insurance in the event of a total loss shall be equal to not less than 80% of the full insurable value thereof or equal to the principal amount of the Outstanding Bonds, whichever is lesser, and, to the extent not paid by a contractor for the



construction or acquisition of any part of the Project, pay the premiums thereon, subject to reimbursement during the period of construction of the Project as provided in Section 4.03 of the Indenture. All policies shall name the County and the Company as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as mortgagee under the terms of a standard mortgagee clause, and all insurance proceeds shall be payable to the Trustee. Duplicate copies of such policies or certificates of such insurance shall be promptly furnished to the Trustee and to the County for their records. Any such policy may provide that the insurer is not liable to the extent of the first \$            of any loss.

The Company agrees that it will carry public liability insurance with respect to the Project in minimum amounts of \$            for the death of or bodily injury to one person and \$            for death or bodily injury in connection with each occurrence and \$            for property damage in connection with each occurrence. Such insurance will provide coverage of the Company's obligation of indemnity under Section            . Such insurance coverage may be effected under over-all blanket policies of the Company and any such policy may provide that the policy does not cover the first \$            of any loss.

Within 90 days after the end of each calendar year the Company shall file with the County and the Trustee a certificate of an authorized officer of the Company to the effect that the insurance it maintains with respect to the Project complies with the provisions of this Section and that duplicate copies of all policies or certificates thereof have been filed with the County and the Trustee and are in force and effect.

## ARTICLE V

### PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 5.1. *Damage or Destruction.* If the Project shall be damaged or either partially or totally destroyed at any time during the term of this lease there shall be no abatement or reduction in the rent payable by the Company under the Agreement.

Unless the Company shall exercise its option to purchase pursuant to Section 8.1 hereof, the Company shall at its own cost repair, restore or reconstruct the Project to substantially its condition immediately prior to such damage or destruction or to a condition of at least equivalent value regardless of whether or not the proceeds of all poli-

cies of insurance covering such damage or destruction shall be sufficient to pay the cost thereof. The total amount collected under any and all policies of insurance covering such damage or destruction shall be paid into a special fund held by the Trustee, and such total amount shall be paid to the Company, at the Company's election, either upon the completion of such repair, restoration or reconstruction or periodically as such repair, restoration or reconstruction progresses, and shall be applied by the Company to the payment of the cost thereof, or, if such cost has already been paid by the Company, to reimburse it for such cost, provided, however, that the aggregate sum or sums so paid by the Trustee shall in no event exceed the actual cost of such repair, restoration or reconstruction. All payments to the Company shall be made by the Trustee only upon a certification by a qualified engineer (who may be an employee of the Company or one of its Subsidiaries), selected by the Company and approved by the County and acceptable to the Trustee (which approval and acceptance shall not be unreasonably withheld), as to the progress and cost of the restoration, repair or reconstruction work. Pending the expenditure of such special fund or its transfer into the Sinking Fund as hereinafter provided and at the request of the Company, which request shall be approved by the County (such approval not to be unreasonably withheld), the Trustee shall invest the same as shall be provided in the Indenture for investment of moneys in the Construction Fund. Any surplus of such insurance proceeds remaining after the completion of all payments for such repair, restoration or reconstruction shall be deposited in the Sinking Fund but any balance of such surplus over and above the amount thereof which, together with the cash and obligations in the Sinking Fund, will be sufficient to discharge and satisfy the Indenture and pay the Bonds as provided in Section 10.01 of the Indenture shall be paid over to the Company. The County, the Trustee and the Company shall cooperate and consult with each other in all matters pertaining to the settlement, compromising or arbitration of any claim on account of any damage or destruction to the Project, and the settlement, compromising, or arbitration of any such claim shall be subject to approval by the Company.

In the event the Company shall fail to repair, restore or reconstruct or pay the cost of repairing, restoring or reconstructing any such damage or destruction after the lapse of a reasonable time and after due notice given by the County to the Company, the County may do so on behalf of the Company and recover the reasonable cost thereof from

the Company, less whatever amount the County may collect from such special fund which shall be available to the County as a source of reimbursement of such cost with any surplus being dealt with as provided in the preceding paragraph; provided that if the total amount collected under insurance policies in respect of any one occurrence is \$25,000 or less, such amount shall be paid over to the Company as soon as received from the insurers without certification as to repair, restoration or reconstruction or satisfaction of any other condition whatsoever.

If the Company shall exercise its option to purchase under Section 8.1 hereof, the total amount collected under any and all policies of insurance covering the damage or destruction to the Project shall be paid to the Trustee and by it deposited in the Sinking Fund.

Any insurance proceeds attributable to machinery, equipment and other personal property installed on or about the leased premises to which the Company shall have retained title shall be paid to the Company.

**SECTION 5.2. *Condemnation.*** If the whole or any part of the Project shall be taken or condemned by a competent authority for any public use or purpose, there shall be on account of such taking or condemnation no abatement or reduction in the rent payable by the Company under this Agreement.

Unless the Company shall exercise its option to purchase pursuant to Section 8.1 hereof, any award or compensation or damages recovered on account of any such taking or condemnation, less any expenses including counsel fees incurred in litigating, arbitrating, compromising or settling any claim arising out of such condemnation, shall be disposed of in the following manner:

(a) If such taking or condemnation shall involve the taking or condemnation in whole or in part of the structural portion of the main industrial buildings or facilities of the Project or the taking or condemnation of the Project to such extent that the Project is thereby rendered unsuitable for economic usage thereof by the Company as contemplated hereby the entire amount of the award or compensation or damages recovered on account of such taking or condemnation shall promptly, when received or collected be deposited with the Trustee in a special fund to be



used as hereinafter in this paragraph (a) provided. In such event the Company shall at its own cost repair, restore or reconstruct the Project (including the construction of new buildings or facilities for the Project on the remaining site thereof) to substantially its condition immediately prior to such taking or condemnation or to a condition of at least equivalent value. The total amount of such award or compensation or damages shall in that event be paid over by the Trustee to the Company, at the Company's election, either upon the completion of such repair, restoration or reconstruction, or periodically as such repair, restoration or reconstruction progresses, and shall be applied by the Company to payment of the cost thereof or, if such cost has already been paid by the Company, to reimburse it for such cost, provided, however, that the aggregate sum or sums so paid by the Trustee shall in no event exceed the actual cost of such repair, restoration or reconstruction. All payments to the Company shall be made only upon a certification by a qualified engineer (who may be an employee of the Company or one of its Subsidiaries), selected by the Company and approved by the County and acceptable to the Trustee (which approval and acceptance shall not be unreasonably withheld) as to the progress and cost of the work. Pending the expenditure of such special fund or its transfer into the Sinking Fund as hereinafter provided and at the request of the Company, which request shall be approved by the County (such approval not to be unreasonably withheld), the Trustee may in its discretion invest the same as shall be provided in the Indenture for investment of moneys in the Construction Fund.

Any surplus of such award or compensation or damages remaining after the completion of all payments for such repair, restoration or reconstruction shall be deposited by the Trustee in the Sinking Fund, but any balance of such surplus over and above the amount thereof which, together with the cash and obligations in the Sinking Fund, will be sufficient to discharge and satisfy the Indenture and pay the Bonds as provided in Section 10.01 of the Indenture shall be paid over to the Company.

In the event the Company shall fail to repair, restore or reconstruct and pay the cost of repairing, restoring or reconstructing said buildings as it is obligated by this paragraph (a) to do, after

the lapse of a reasonable time and after due notice is given by the County to the Company, the County may so repair, restore or reconstruct said buildings on behalf of the Company and recover the reasonable cost thereof from the Company, less whatever amount the County may collect from such special fund which shall be available to the County as a source of reimbursement of such cost with any surplus being dealt with as provided in the preceding paragraph of this paragraph (a).

(b) If the foregoing paragraph (a) is not applicable and less than the whole of the Project is taken or condemned, then the total amount of the award or compensation or damages recovered on account of such taking or condemnation, when collected or received, shall be paid to the Trustee and deposited by it in the Sinking Fund in accordance with the Indenture.

If the Company shall exercise its option to purchase pursuant to Section 8.1 hereof, the amount of the award, compensation or damages recovered on account of the taking or condemnation of the Project, less any expenses including counsel fees incurred in litigating, arbitrating, compromising or settling any claim arising out of such condemnation or taking, shall be paid to the Trustee and by it deposited in the Sinking Fund pursuant to the Indenture.

If the whole of the Project shall be taken or condemned and the Company does not exercise its option to purchase pursuant to Section 8.1 hereof, the amount of the award, compensation or damages so recovered shall be applied and treated as though the Company had exercised such option to purchase and shall be deposited in the Sinking Fund, and the Company shall thereupon pay to the Trustee for deposit in the Sinking Fund an amount equal to the amount of the purchase price which would have been payable pursuant to Section 8.1 hereof had the Company exercised such option to purchase and thereupon this lease of the Project shall be terminated.

The County, the Trustee and the Company shall cooperate and consult with each other in all matters pertaining to settlement or adjustment of any and all claims and demands for damages on account of any taking or condemnation of the Project and the settlement or adjustment of any such claim shall be subject to the approval of the Company.

## ARTICLE VI

## PARTICULAR COVENANTS

SECTION 6.1. *Certain Action by the Company Restricted.* It is understood that the Bonds will be payable as to principal and interest and redemption premiums, if any, out of the revenues derived from the leasing of the Project, including all lease rentals, revenues and receipts from or in connection with the Project and moneys received under this Agreement, required to be paid into the Sinking Fund, and that the purchasers of the Bonds will necessarily make their purchase in reliance upon the credit and financial condition of the Company. Accordingly, the Company agrees that it will not, without the prior written consent of the Holders of at least two-thirds in principal amount of the Bonds outstanding filed with the Trustee:

(a) Dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with it or merge into it; provided, that the Company may, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another such corporation (and thereafter dissolve or not dissolve, as the Company may elect) if the corporation surviving such merger or resulting from such consolidation, or the corporation to which all or substantially all of the assets of the Company are transferred, as the case may be, is a solvent corporation organized under the laws of the United States of America, or any State, district or territory thereof and shall expressly assume in writing all of the obligations of the Company contained in this Agreement.

(b) Declare or pay any dividend or make any distribution on its capital stock or to its stockholders (other than dividends or distributions payable in shares of stock of the Company), or (b) purchase, redeem or otherwise acquire or retire for value any shares of its stock, or (c) permit a Subsidiary to purchase, redeem or otherwise acquire or retire for value any shares of stock of the Company if upon giving effect to such dividend, distribution, purchase, redemption, other acquisition, or retirement, the aggregate amount expended for all such purposes subsequent to December 31, 1968 shall exceed the sum of (i) the aggregate consolidated net income of the Company and its Sub-



sidiaries earned subsequent to December 31, 1968 (determined in accordance with generally accepted accounting practice); (ii) the net proceeds of the sale after December 31, 1968 of stock of the Company; (iii) the net proceeds of the sale after December 31, 1968 of any indebtedness of the Company which thereafter has been converted into shares of stock of the Company; and (iv) the sum of \$250,000. Nothing contained in the foregoing provisions of this paragraph (b) shall prevent (a) the payment of any dividend if at the date of declaration thereof said declaration complied with the provisions hereof; or (b) the retirement of any shares of any class of the Company's stock by exchange for, or out of the proceeds of the substantially concurrent sale of, other shares of its stock, and no effect shall be given to any such retirement or the proceeds of any such sale or exchange in any computation made under this paragraph (b).

(c) Allow the Consolidated Net Working Capital of the Company and its Subsidiaries to be reduced to less than \$2,750,000.

(d) Create, assume or incur, or in any manner become or be liable in respect of, or permit any Subsidiary to create, assume or incur, or in any manner become or be liable in respect of, any Indebtedness if, immediately after the creating, assuming, incurring or becoming liable in respect thereof, and after giving effect to the existence of such additional Indebtedness and to the retirement of any indebtedness which is concurrently being retired out of the proceeds of such additional Indebtedness, the Consolidated Indebtedness of the Company and its Subsidiaries shall be in excess of an amount equal to 60% of the Consolidated Net Worth of the Company and its Subsidiaries.

(e) Make, or permit any Subsidiary to make, loans or advances to persons, firms or corporations or purchase or acquire, or permit any Subsidiary to purchase or acquire, the stock or obligations of any person, firm or corporation (other than prime commercial paper maturing within one year from the date of acquisition and direct obligations of the United States of America), if all such loans, advances and investments will aggregate more than \$750,000 at any one time outstanding.

(f) Guarantee or become liable upon, or permit any Subsidiary to guarantee or become liable upon, the obligations, stock or dividends of any other person, firm or corporation, except by way of the endorse-

ment of checks and similar instruments in the normal course of its business.

**SECTION 6.2. *Indemnity.*** The Act prescribes and the parties intend that the County shall not incur pecuniary liability or charge upon its general credit or against its taxing powers by reason of making this Agreement, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Agreement or by reason of the performance of any act requested of it by the Company. Nevertheless if the County shall incur any such pecuniary liability, then in such event the Company shall at all times protect and hold the County harmless against claims for losses, damage or injury, including death of or injury to the person or damage to the property of others, arising during the term of this lease upon or about the Project and resulting from the acts or omissions of the Company or any defect in the Project.

**SECTION 6.3. *Compensation and Expenses of Trustee, Registrar and Paying Agents.*** The Company shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay reasonable compensation to the Trustee for its services under the Indenture and all actual out-of-pocket expenses (including counsel fees) reasonably incurred by the Trustee in performing its duties thereunder, including but not limited to expenses incurred in purchasing any Bonds or making any investments in accordance with the Indenture. The Company shall also pay the reasonable compensation and out-of-pocket expenses of the registrar and Paying Agents, for the Bonds. Upon the termination of this lease, whether due to exercise by the Company of its options to purchase the Project or otherwise, the Company will pay or make provision for payment of the compensation and all out-of-pocket expenses then due and thereafter to become due of the Trustee and the registrar and Paying Agents for the Bonds.

**SECTION 6.4. *Retention of Title to Project; Grant of Easements; Release of Certain Land.*** The County shall not sell, assign, encumber, convey or otherwise dispose of the Project or any part thereof during the term of this lease, except as set forth in Section 9.4 hereof, without the prior written consent of the Company. The County will, however, at the request of the Company grant such rights of way or easements over, across, or under, the realty of the Project, or grant such permits

or licenses in respect to the use thereof, free from the lien of the Indenture, as shall be necessary or convenient for the operation or use of the Project, including but not limited to leases, easements or rights of way for utility, roadway, railroad or similar purposes in connection with the Project, or for the utilization of the real property adjacent to or near the Project and owned by or leased to the Company, provided that such leases, rights of way, easements, permits, or licenses shall not materially adversely affect the operation of the Project. The County agrees to execute and deliver and to cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the lien of the Indenture.

Notwithstanding any other provision of this Agreement the Company may from time to time request in writing to the County the release of and removal from this Agreement and the leasehold estate created hereby and the release from the lien of the Indenture of any unimproved part of the Project (on which none of the buildings, machinery, equipment, facilities or major appurtenances comprising the industrial plant and related facilities are situated). Upon any such request by the Company, the County shall execute and deliver and cause and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release and remove such unimproved part of the Project and convey title thereto in fee simple to the Company or such person as the Company may designate; provided, that if any of the Bonds are then outstanding and unpaid, no such release shall be effected unless there shall be deposited with the Trustee the following:

- (a) A certificate of a qualified engineer (who may be an employee of the Company or one of its Subsidiaries) selected by the Company, approved by the County and acceptable to the Trustee (which approval and acceptance shall not be unreasonably withheld), dated not more than sixty days prior to the date of the release, stating that, in the opinion of the person signing such certificate, the portion of the Project so proposed to be released is not needed for the operation of the Project and the release so proposed to be made will not impair the usefulness of the Project as an industrial plant and will not destroy the means of ingress thereto and egress therefrom; and



(b) An amount of cash for deposit in the Sinking Fund equal to the original cost (apportioned on an acreage basis) of such part of the Project so released.

No conveyance or release effected under the provisions of this Section shall entitle the Company to any abatement or diminution of the rents payable under Section 3.3 hereof.

*SECTION 6.5 Payments by Company on Account of Loss of Tax Exemption on Bonds.* 1. In the event that (i) the Company (or any Related Person) shall pay or incur any capital expenditures with respect to facilities in York County, South Carolina, or acquire stock or otherwise gain control of any person, firm or corporation so as to cause such person, firm or corporation to become a Related Person to the Company, or merge or consolidate with another corporation or take any other action, or (ii) any person, firm or corporation shall acquire the stock, or otherwise gain control, of the Company or any Related Person to the Company so as to make the Company a Related Person to such other person, firm or corporation, and the effect of such capital expenditures, acquisition, control, merger, consolidation or other action by the Company (or any Related Person) or such other person, firm or corporation would be to cause the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code, then and in that event the Company shall not later than sixty days following the date of any such occurrence pay to the Trustee an amount sufficient, when added to any amount then in the Sinking Fund available for the purpose, to retire and redeem all the Bonds, at the earliest possible date at the applicable Redemption Prices for such Bonds specified in subsection 4 of Section 202 of the Indenture, including any applicable additional or special premium as set forth therein. Such amount shall be applied, together with such other available moneys in the Sinking Fund, to such redemption of the Bonds on said redemption date.

2. If any maturity date of the Bonds shall fall within the period commencing on the Tax Incidence Date shall have occurred, and ending on the date of the redemption of the Bonds pursuant to subsection 1 of this Section 6.5, the Bonds maturing on such maturity date shall be redeemed at the applicable Redemption Prices specified in subsection 4 of Section 202 of the Indenture on a date (which shall be specified in a written notice to be delivered by the Company to the County and the Trustee at least 40 days prior thereto) prior to such respective maturity date. The Company shall pay directly to the Trustee prior to such redemption date, as a special additional payment

hereunder and in addition to the rental payments under Section 3.3, an amount sufficient when added to any amounts then in the Sinking Fund available for the purpose to pay the Redemption Price (as specified in the Indenture) of the Bonds to be redeemed on such redemption date together with accrued interest to the redemption date. Such payments shall not in any way alter or suspend any obligations of the Company under the terms of this Agreement except to the extent that such payments shall result in the retirement of Bonds pursuant to the provisions of the Indenture. In the event that any Bonds are paid at maturity or purchased or redeemed by operation of the Sinking Fund subsequent to the Tax Incidence Date as provided in subsection 1 of this Section 6.5 without receiving payment at the applicable Redemption Prices specified in subsection 4 of Section 202 in accordance with the above provisions of subsection 1 of this Section 6.5, the Company shall promptly pay to the Trustee an amount equal to the difference between the amounts applied to the payment, purchase or redemption of such Bonds and the amounts that would have been so applied if such Bonds have been redeemed on said date of payment, purchase or redemption at the applicable Redemption Prices specified in subsection 4 of Section 202.

3. In the event that (i) the Company or any Related Person shall be required by the provisions of this Agreement to pay or incur any capital expenditures with respect to the Project which would cause the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code, or (ii) the Company files with the Trustee an opinion of counsel satisfactory to the Trustee to the effect that a specified person, firm or corporation is taking or proposes to take action with respect to the Company or any Related Person, whether by acquisition of stock or otherwise, which action, if successful, will in the opinion of such counsel have the effect of causing the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code, then and in that event, prior to the happening of the events specified in clauses (i) and (ii) which would cause such tax exemption to be lost, there shall be paid by the Company to the Trustee an amount sufficient, when added to any amount then in the Sinking Fund available for the purpose, to retire and redeem all the Bonds, at the earliest possible date at the applicable Redemption Prices for such Bonds specified in subsection 3 of Section 202 of the Indenture, and such amount shall be applied, together with such other available moneys in the Sinking Fund to such redemption of the Bonds on said redemption date.

4. It is understood and agreed that the first of the following events to take place shall be conclusive for all purposes of this Section 6.5 of the occurrence of an event which shall cause the interest on the Bonds to lose its exemption under Section 103 of the Internal Revenue Code as provided in subsection 1 of this Section: (a) The filing of certificates of the independent accountant as provided in Section 6.6 which show that the total of the capital expenditures by the Company or any Related Person during the three-year period immediately following the issuance of the Bonds exceeds the difference between (i) the face amount of the Bonds, together with the capital expenditures paid or incurred by the Company or any Related Person during the three-year period prior to the issuance of the Bonds which are to be added pursuant to Section 103(c)(6)(D) of the Internal Revenue Code (as evidenced by the certificate of the independent public accountant delivered pursuant to Section 2.03 of the Indenture), and (ii) \$5,000,000; or (b) A determination by the Internal Revenue Service of the United States Treasury Department to the effect that the interest on the Bonds is no longer entitled to the exemption from Federal income tax pursuant to Section 103 of the Internal Revenue Code.

5. The obligations of the Company to make the payments provided for in this Section shall be absolute and unconditional to the same extent as provided in Section 3.4 of this Agreement in the case of the Company's obligation to pay rent, and shall be subject to all of the other provisions of said Section 3.4. The failure of the County to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Company of its obligations under this Section.

SECTION 6.6. *Counsel's Opinion and Accountant's Certificate as to Capital Expenditures and Other Matters.* 1. If at any time before , 1972, the Company or any Related Person proposes to pay or incur any capital expenditure within the meaning of and with the effect contemplated by subsection 1 of Section 6.5 hereof in an amount exceeding \$10,000 with respect to the Project or any other property located in York County, South Carolina, the Company will, prior to the payment or incurrence of such capital expenditure, file with the Trustee and the County an opinion of counsel satisfactory to the Trustee to the effect that such capital expenditure will not have the effect of causing the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code. If at any time during which any of the Bonds are Outstanding, the Com-



pany or any Related Person proposes to merge or consolidate with any corporation, or gain control of any person, firm or corporation, or assume liabilities incurred in connection with facilities located in York County, South Carolina, of another person, firm or corporation or acquire greater than 50% of the outstanding stock of another corporation, the Company shall first file with the Trustee and the County an opinion of counsel satisfactory to the Trustee to the effect that such action would not cause the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code.

2. The Company will, until \_\_\_\_\_, 1972 keep separate books and records with respect to the Project and any other property or facilities located in York County, South Carolina of which the Company or any Related Person is the principal user, which books and records shall be sufficient to indicate the nature of all expenditures with respect to the Project or such property or facilities. The Company will cause a yearly audit for the fiscal years 1969-1972 to be made of such books and records by an independent public accountant satisfactory to the Trustee. Such independent public accountant shall file with the Trustee and the County on each \_\_\_\_\_ 1 in the years 1970-1973, a certificate, which shall state that during the preceding fiscal year neither the Company nor any Related Person has paid or incurred any expenditures of the nature specified in subsection 1 of Section 6.5 or, in the event the Company or any Related Person has paid or incurred any such expenditure, such certificate shall specify the details, including the date and amount thereof.

SECTION 6.7. *Company's Obligation to File Statements With Internal Revenue Service.* The Company shall file with the Internal Revenue Service of the United States Treasury Department any and all statements or other instruments required under Section 103 of the Internal Revenue Code, including the regulations thereunder, in order for the Bonds to continue to qualify for tax exemption thereunder.

SECTION 6.8. *Financial Statements.* The Company shall deliver to each Holder of registered Bonds, and to each Holder of coupon Bonds who shall file its name and address with the Company, the following:

(a) Within 60 days after the end of each quarterly fiscal period of each fiscal year, the Balance Sheet as of the end of the quarter, and the Statement of Income and Earned Surplus for the fiscal period ended on such date of the Company, on a consolidated basis, all in

reasonable detail and examined by one of its financial officers stating in comparative form the corresponding figures for the corresponding time and period in the preceding fiscal year;

(b) Within 90 days after the end of each fiscal year, the Balance Sheet as of the end of such year and the Statement of Income and Earned Surplus for the year of the Company, on a consolidated basis, all in reasonable detail, and examined by independent public accountants of recognized standing selected by the Company, stating in comparative form the corresponding figures for the corresponding time and period in the preceding fiscal year;

(c) Promptly upon receipt thereof, copies of all other detailed reports (if any) submitted to the Company by independent accountants in connection with each annual or interim audit of the books of the Company and its Subsidiaries by such accountants;

(d) Such further information as to the property and business of the Company and its Subsidiaries as may be reasonably requested by any Bondholder.

(e) With each delivery required by Section 6.8 (a), a certificate of one of the Company's financial officers as to whether or not, as at the close of such preceding quarterly period, the Company was in compliance with all the provisions in this Article VI which relate to the Company, and if such financial officers shall have obtained knowledge of any default in such compliance or notice of such an event of default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof.

**SECTION 6.9. *Identification of Machinery and Equipment.*** All machinery, equipment and other personal property which shall become the property of the County pursuant to this Agreement shall be identified on ledger cards, as customarily kept by the Company, one copy of which shall be filed with the Trustee and one maintained by the Company on the leased premises. In this regard all machinery, equipment and other personal property of whatever nature situated on and in the leased premises shall be conclusively deemed to be owned by the County, rather than the Company unless installed by the Company and title to which is retained by the Company as provided in Section 4.1 hereof and marked by the appropriate tag or other device as the property of the Company.

SECTION 6.10. *Discharge of Liens.* If any lien shall be filed against the interest of the County, the Company, or the Trustee in the Project (including alterations made under Section 4.1 hereof) or asserted against any rent payable hereunder, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the leased premises (including such alterations) at the request or with the permission of the Company, or anyone claiming under the Company, the Company shall, within thirty (30) days after receipt of notice of the filing thereof or the assertion thereof against such rents, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof against the Project or such rents, by contest, payment, deposit, bond, order of Court or otherwise. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the County for the performance of any labor or services or the furnishing of any materials that would give rise to any such lien against the County's interest in the Project.

SECTION 6.11. *County's Authority; Covenant of Quiet Enjoyment.* The County covenants and agrees that it has full right and lawful authority to enter into this lease for the full term hereof, including the extension hereof referred to herein and to grant the options to purchase herein contained, and that so long as the Company shall pay the rent and all other sums payable by it under this Agreement and shall duly observe all the covenants, stipulations and agreements herein contained obligatory upon it, the Company shall have, hold and enjoy, during the term hereof, including any renewal term, peaceful, quiet and undisputed possession of the Project, and the County shall from time to time take all necessary action to that end.

## ARTICLE VII

### REMEDIES

SECTION 7.1. *Events of Default.* Any one or more of the following events shall constitute an "Event of Default" hereunder:

- (a) Failure of the Company to pay any installment of rent that has become due and payable by the terms hereof and the continuation of such default for five days after receipt of written notice of such non-payment;



(b) Failure of the Company to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except the obligation to pay rent) and (i) continuance of such failure for a period of 30 days after receipt by the Company of written notice specifying the nature of such default, or (ii) if by reason of the nature of such default the same cannot be remedied within the said 30 days, the Company fails to proceed with reasonable diligence after receipt of said notice to cure the same; and

(c) The dissolution or liquidation of the Company or the filing by the Company of voluntary petition in bankruptcy or the failure by the Company within 60 days to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Project, or the commission by the Company of any act of bankruptcy, or adjudication of the Company as a bankrupt or assignment by the Company for the benefit of its creditors, or the entry by the Company into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Company in any proceeding for its reorganization instituted under the provisions of any state or federal bankruptcy or similar laws, or appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver of the whole or any substantial part of the properties of the Company (provided such receiver shall not have been removed or discharged within 60 days of the date of his qualification). The term "dissolution or liquidation of the Company" as used in this subsection shall not be construed to include any action permitted by Section 6.1(a) hereof.

**SECTION 7.2. Remedies on Default.** Whenever any event of default referred to in Section 7.1 hereof shall have occurred and be continuing, the County, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in Section of the Indenture, may cause all installments of rent payable under Section 3.3 hereof for the remainder of the term of this Agreement, or any renewal thereof, to be immediately due and payable, whereupon the same shall become immediately due and payable;

(b) The County, with the prior written consent of the Trustee, may reenter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Company, holding the Company liable for the difference in the rent and other amounts payable by the sublessee in such subletting, and the rents and other amounts payable by the Company hereunder;

(c) The County with the prior written consent of the Trustee may terminate this Agreement, and exclude the Company from possession of the Project, and upon the expiration of the 5 or 30 day period referred to in Section 7.1 hereof, as the case may be, from the receipt by the Company of the notice specified in Section 7.1, this lease and all of the estate, right, title and interest herein granted or vested in the Company shall cease and terminate unless within such period all accrued unpaid rentals (exclusive of any such rentals accrued solely by virtue of the acceleration of the due date of the Bonds as provided in Section 7.01 of the Indenture), together with interest thereon at the rate of 6% per annum shall have been paid or any such default shall have been fully cured except in the event that the curing of such default takes more than 30 days and the Company is proceeding diligently to cure the default. No such termination of this lease shall relieve the Company of its liability and obligations hereunder and such liability and obligations shall survive any such termination.

(d) The County or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Company under this Agreement.

In the event that the Company fails to make any semiannual rental payment required in Section 3.3 hereof, the installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company will pay the same with interest thereon at the rate of 6% per annum until paid.

Notwithstanding the foregoing, unless and until the County, pursuant to Section 7.3 hereof, shall have entered into a firm bilateral agreement for the reletting of the Project for a period of at least one year—

(a) the Company may, at any time, pay all accrued unpaid rentals (exclusive of any such rentals accrued solely by virtue of acceleration of the due date of the Bonds as provided in Section 7.01 of the Indenture), together with interest thereon at the rate of 6% per annum, and fully cure all defaults; and

(b) in such event, this lease shall be fully reinstated, as if it had never been terminated, and the Company shall be accordingly restored to the use, occupancy and possession of the Project.

SECTION 7.3. *Reletting of Project.* If the right of the Company to the use, occupancy and possession of the Project shall be terminated in any way, the County will use its best efforts to relet the same or any part thereof for the account and benefit of the Company for such rental terms to such persons, firms or corporations and for such period or periods as may be fixed and determined by the County after notice to and approval by the Trustee, but the County shall not unreasonably refuse to accept or receive any suitable occupant or tenant offered by the Company. The County and the Trustee shall not otherwise be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Company, and if a sufficient sum shall not be received from any reletting to satisfy the rental payments hereby agreed to be made by the Company, after paying the expenses of reletting and collection, then the Company hereby agrees to pay and satisfy any such deficiency if, as and when the same exists; provided, however, any excess rentals from any such reletting shall be credited to any rental due or to become due by the Company.

SECTION 7.4. *Remedies Cumulative.* The rights and remedies of the County under this lease shall be cumulative and shall not exclude any other rights and remedies of the County allowed by law with respect to any default under this lease. Failure by the County to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Company hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandamus or other appropriate legal remedy a strict compliance by the Company with all of the covenants and conditions hereof, or of the right to exercise any such rights or remedies, if such default by the Company be continued or repeated, or of the



right to recover possession of the Project by reason thereof. Nothing in this Section 7.4 shall be deemed to restrict the right of the Company to reinstate this Agreement as provided in Section 7.2.

## ARTICLE VIII

### OPTIONS

SECTION 8.1. *Option to Purchase.* 1. At any time after the date of commencement of the term of this lease the Company shall have the option to purchase the Project. The purchase price payable if the Company exercises such option to purchase the Project shall be deposited in the Sinking Fund and shall be the full amount of money which will be necessary when added to the amount then in the Sinking Fund and, if the Project shall not then have been completed, the unencumbered balance in the Construction Fund to retire and redeem all the Bonds at the earliest possible date (including without limitation, principal interest and Redemption Premium, if any), but in no event less than \$1.00.

2. At any time after the payment in full of the Bonds and the interest thereon at maturity or upon earlier redemption, the Company shall have the option to purchase the Project at the purchase price of \$1.00.

3. Sixty days' written notice of the exercise of any such option to purchase as aforesaid must be given by the Company to the County in writing, accompanied by assurances in form satisfactory to the Trustee, that such purchase will be made.

SECTION 8.2. *Conveyance on Exercise of Option to Purchase.* At the closing of any purchase of the Project pursuant to Section 8.1 hereof, the County will, upon payment of the purchase price, deliver or cause to be delivered to the Company a release or satisfaction of the mortgage lien of the Indenture on the Project and other documents conveying to the Company good and marketable title to the property being purchased, as such property then exists, and all rights, alleys, ways, waters, privileges, appurtenances and advantages to the same belonging or in anywise appertaining subject to the following: (i) any liens, easements and encumbrances to which title to said property was subject when conveyed to the County; (ii) any liens, easements and encumbrances created at the request of the Company or to the creation or

suffering of which the Company consented in writing; (iii) any liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agreement; and (iv) any liens for taxes or assessments not then delinquent, and (b) documents releasing and conveying to the Company all of the County's rights and interests in and to any rights of action, or any insurance proceeds or condemnation award, with respect to the Project. Concurrently with the delivery of such title documents, there shall be delivered by the County to the Trustee any instructions or other instruments required by Section 10.01 of the Indenture to defease and pay the Bonds.

Upon conveyance of the Project pursuant to this Section, this lease and all obligations of the Company hereunder except as set forth in Sections 6.2, 6.3 and 6.5 shall be terminated. All expenses or redemption and Trustees' and Paying Agents' fees and expenses and counsel fees shall be paid by the Company.

**SECTION 8.3. *Options to Renew.*** The Company shall have and is hereby granted the options, provided that all the principal, interest and any redemption premium on the Bonds shall have been duly paid or provided for, to extend this Agreement for five (5) extension terms of five (5) years each for an annual rental of

per year, payable in advance on the first business day of each year of the extension term, and otherwise upon the terms, conditions and provisions of this Agreement. The options provided for herein shall be deemed automatically exercised by the Company (without requirement of any notice of exercise) unless sixty (60) days prior to the end of the initial term or any extension term the Company shall give the County written notice by certified or registered mail (with or without return receipt request) that the Company does not elect to have the lease term extended beyond the then current initial or extension term. Whenever the unqualified word "term" appears in this Agreement, the reference shall include the initial and any extension terms.

## ARTICLE IX

### MISCELLANEOUS

**SECTION 9.1. *Indenture; Amendment.*** Moneys received from the sale of the Bonds and all rentals paid by the Company and all other

moneys received by the County or the Trustee in connection with the Project shall be applied solely and exclusively in the manner and for the purposes expressed and specified in the Indenture and in the Bonds and as provided in this Agreement. The Company shall have and may exercise all the rights, powers and authority stated to be in the Company in the Indenture and in the Bonds, and the Indenture and the Bonds shall not be modified, altered or amended in any manner which adversely affects such rights, powers and authority so stated to be in the Company or otherwise adversely affects the Company without the written consent of the Company.

SECTION 9.2. *Force Majeure*. In case by reason of force majeure either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice, other than the obligation of the Company to make the rental payments or other payments required under the terms hereof, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State of South Carolina or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be fulfilled even though such existing or impending strikes, lockouts and



other industrial disturbances may not be settled and could have been settled by acceding to the demands of the opposing person or persons.

SECTION 9.3. *Assignment or Sublease.* The Company may assign or transfer this lease or sublet the whole or any part of the Project without the consent of the County provided that the Company shall nevertheless remain liable to the County for the payment of all rent and for the full performance of all of the terms, covenants and conditions of this Agreement. The Company shall furnish or cause to be furnished to the County and the Trustee a copy of any such assignment or sublease within 30 days after the delivery thereof.

SECTION 9.4. *Priority of Lease.* Pursuant to the Indenture, the County will mortgage the Project and pledge and assign the rentals and certain other moneys receivable under this Agreement to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but the Indenture and such mortgage, pledge and assignment thereunder shall be subject and subordinate to this Agreement.

SECTION 9.5. *Benefit of and Enforcement by Bondholders.* The County and the Company agree that this Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the County and the Company as set forth in this Agreement are hereby declared to be for the benefit of the holders from time to time of the Bonds and may be enforced as provided in Article VII of the Indenture on behalf of the Bondholders by the Trustee.

SECTION 9.6. *Amendments.* Except as provided in Section 6.4 hereof with respect to the release of an unimproved part of the Project, this Agreement may be amended only with the concurring written consent of the Trustee given in accordance with the provisions of the Indenture and only if Marion Manufacturing Company and its successors and assigns shall assume the obligations of such amended Agreement.

SECTION 9.7. *Notices.* All notices hereunder shall be sufficient if sent by United States registered or certified mail, postage prepaid, addressed, if to the County, at  
of

, and if to the Company, to

The County and the Company may, by like notice, designate any further or different addresses to which subsequent notices shall be sent.

*SECTION 9.8. Prior Agreements Superseded.* This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the County and the Company relating to the Project.

*SECTION 9.9. Severability.* If any clause, provision or Section of this Agreement be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or Section shall not affect any of the remaining provisions hereof.

*SECTION 9.10. Recording.* 1. This Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the office of the Clerk of Court for York County, South Carolina, or in such other office as may at the time be provided by law as the proper place for the recordation thereof. The security interest of the County created herein as to the personal property and fixtures and the assignment of such security interest to the Trustee shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code-Secured Transactions in the office of the Secretary of State in the State of South Carolina, in the City of Columbia, South Carolina and in the office of the Clerk of Court for York County. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code-Secured Transactions in order to continue the security interest created by this Agreement, to the end that the rights of the holders of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this Agreement) shall be fully preserved as against creditors or purchasers for value from the County or the Company.

2. Upon the completion of the 1969 Expansion the Company shall prepare a schedule listing all of the machinery and equipment owned

by the County and installed in the Project and not previously described in this Agreement in order to fully describe the machinery and equipment owned by the County and installed as a part of the Project not theretofore previously described. Such supplement shall be duly recorded and filed in the manner prescribed by subsection 1 of this Section. If requested by the County or the Trustee, the Company shall thereafter furnish to the County and the Trustee within 60 days after the end of each calendar year, a schedule listing all of the County's machinery and equipment then installed in the Project and not theretofore previously described herein; and the parties agree to enter into record and file as aforesaid a supplement to this Agreement in order to fully describe the County's machinery and equipment installed as part of the Project and not theretofore previously described. The County or the Company and the Trustee shall execute and deliver all instruments and shall furnish all information necessary or required in order to effect the due execution and delivery of the aforesaid supplement.

SECTION 9.11. *Effective Date; Counterparts.* This Agreement shall become effective upon its delivery. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the County has caused its corporate name to be hereunto subscribed by the duly authorized Chairman of the Board of Directors of York County, South Carolina and attested under the seal of the County by the Clerk of the Board of Directors of York County, South Carolina and the Company has caused its corporate name to be subscribed hereto by its President or one of its Vice-Presidents and attested under its corporate seal by its Secretary or Assistant Secretary, pursuant to a resolution duly adopted by its Board of Directors, all being done as of the year and day first above written.

YORK COUNTY, SOUTH CAROLINA

By .....  
Chairman of the Board of Directors of York County

[SEAL]



Signed, sealed and delivered in the presence of:

.....  
.....

ATTEST:

.....  
Clerk of the Board of Directors  
of York County

MARION MANUFACTURING COMPANY

[SEAL]

By .....

ATTEST:

.....  
Secretary  
Signed, sealed and delivered in the presence of:

.....  
.....

STATE OF SOUTH CAROLINA }  
 COUNTY OF YORK }

Personally appeared before me \_\_\_\_\_, who being  
 duly sworn says that he saw the corporate seal of YORK COUNTY affixed  
 to the foregoing Lease and Agreement, and that he also saw  
 \_\_\_\_\_ as Chairman of the Board of Directors of York County and  
 \_\_\_\_\_ as Clerk of the Board of Directors of York  
 County sign and attest the same, and that he with  
 witnessed the execution and delivery thereof as the act and deed of the  
 said York County.

Sworn to before me this  
 day of \_\_\_\_\_, 1969.

[SEAL]

Notary Public for the State of South Carolina  
 My Commission Expires:

STATE OF NORTH CAROLINA }  
 COUNTY OF \_\_\_\_\_ }

Personally appeared before me \_\_\_\_\_, who being duly  
 sworn says that he saw the corporate seal of MARION MANUFACTURING  
 COMPANY affixed to the foregoing Lease and Agreement, and that he  
 also saw \_\_\_\_\_ as \_\_\_\_\_ and \_\_\_\_\_ as  
 \_\_\_\_\_ sign and attest the same, and that he with  
 witnessed the execution and delivery thereof as the act and deed of  
 the said Marion Manufacturing Company.

Sworn to before me this  
 day of \_\_\_\_\_, 1969.

/s/

Notary Public for the State of North Carolina  
 My Commission Expires:

[SEAL]

45

Exhibit A

1177



46

Exhibit B

1178

## ASSIGNMENT OF LEASE AND AGREEMENT

STATE OF SOUTH CAROLINA  
COUNTY OF YORK

*KNOW ALL MEN BY THESE PRESENTS*, that YORK COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the undersigned Chairman of the Board of Directors of York County and the Clerk of the Board of Directors of York County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over, and by these presents does assign, transfer and set over unto First Union National Bank, a national banking association having its principal office in Charlotte, North Carolina, as Trustee under that certain Trust Indenture dated as of March 1, 1969, between said York County and said Bank, as Trustee:

All of the right, title and interest of said York County in and to the foregoing Lease and Agreement dated as of March 1, 1969, between said York County, as Landlord, and Marion Manufacturing Company, as Tenant.

This Assignment of Lease and Agreement is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of March 1, 1969, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subsequent to the recording of said Lease and Agreement and this Assignment of Lease and Agreement.

IN WITNESS WHEREOF, York County, South Carolina, has executed this Assignment of Lease and Agreement by causing its name to be hereunto subscribed by the Chairman of the Board of Directors of York County and the Clerk of the Board of Directors of York County and the official seal of said County to be impressed hereon, all being done as of the 1st day of March, 1969.

YORK COUNTY, SOUTH CAROLINA

By .....  
*Chairman of the Board of Directors*

By .....  
*Clerk of the Board of Directors*

[SEAL]

Signed, sealed and delivered in the presence of:

.....

.....

STATE OF SOUTH CAROLINA }  
 COUNTY OF YORK }

Personally appeared before me \_\_\_\_\_, who being  
 duly sworn says that he saw the corporate seal of YORK COUNTY affixed  
 to the foregoing Assignment of Lease and Agreement, and that he also  
 saw \_\_\_\_\_ as Chairman of the Board of Directors of  
 YORK County and \_\_\_\_\_ as Clerk of the Board of Directors  
 of YORK County sign the same and that he with  
 witnessed the execution and delivery thereof as the act and deed of the  
 said YORK County.

/s/

Sworn to before me this \_\_\_\_\_  
 day of \_\_\_\_\_, 1969.

/s/

*Notary Public for the State of South Carolina*

My Commission Expires:

[SEAL]

(7549-I)



BENJ. H. TYRREL—Phone 944-9222

7549-II—Proof of January 29th, 1969

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YORK COUNTY, SOUTH CAROLINA

TO

FIRST UNION NATIONAL BANK,  
as Trustee

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TRUST INDENTURE

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Dated as of March 1, 1969

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**THIS MORTGAGE AND INDENTURE OF TRUST** dated as of the first day of March 1, 1969, by and between York County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and First Union National Bank, Charlotte, North Carolina, as Trustee (the "Trustee").

**WITNESSETH:**

WHEREAS, the County has the necessary power and authority, among other things, to acquire from Marion Manufacturing Company (the "Company"), a North Carolina corporation, certain land situated in York County, together with improvements, buildings, fixtures, equipment and related facilities situated thereon, constituting an existing plant for the manufacture of yarn (the "Existing Plant"); to acquire and construct an expansion and improvement of such existing plant, to consist of buildings, improvements, fixtures, machinery, equipment and related facilities (such expansion of the Existing Plant is herein called the "1969 Expansion"); to lease the Existing Plant, together with the 1969 Expansion, to the Company; and to secure any bonds issued to finance the 1969 Expansion by a mortgage under a trust indenture covering the Existing Plant and the 1969 Expansion and by a pledge of the lease thereof, such acquisition, construction, leasing and mortgaging being for a proper public purpose and as an essential governmental function, in order to assist and encourage local industries to expand their investment in South Carolina, to promote the industrial development of the State and York County, to meet the growing competition for new industries, to strengthen the economy of the State and York County, to increase their commerce and to promote their welfare and prosperity, and to provide employment, all pursuant to the provisions of Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"); and

WHEREAS, contemporaneously with the execution of this Trust Indenture, the County and the Company have entered into a Lease and Agreement of even date (herein referred to as the "Lease and Agreement"), providing for the leasing of the Project by the County to the Company; and

WHEREAS, to provide funds for the acquisition and construction of the 1969 Expansion and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Bonds here-



inafter mentioned, the County has authorized the issuance of its Industrial Revenue Bonds, 1969 Marion Manufacturing Project (the "Bonds") in the aggregate principal amount of not exceeding \$2,500,000 pursuant to the Act and a resolution of the Board of Directors of York County, South Carolina adopted on \_\_\_\_\_, 1969 and this Trust Indenture; and

WHEREAS, the County Board adopted a resolution on \_\_\_\_\_, 1969 whereunder it elected to have the provisions of Section 103(c)(6)(D) of the Internal Revenue Code, providing for a \$5,000,000 exemption in lieu of a \$1,000,000 exemption with respect to industrial development bonds, apply to the Bonds; and

WHEREAS, the Bonds, interest coupons to be attached thereto and the Trustee's Certificate to be endorsed thereon are all to be in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Indenture (although not set forth on the forms, the approving opinion of bond counsel may be printed on the Bonds), to wit:

[FORM OF COUPON BOND]

State of South Carolina

YORK COUNTY, SOUTH CAROLINA

INDUSTRIAL REVENUE BOND, 1969 MARION MANUFACTURING PROJECT

No. .... \$5,000

York County, South Carolina a body politic and corporate and a political subdivision of the State of South Carolina (herein called the "County"), for value received, hereby promises to pay to bearer on the first day of March, 19\_\_\_\_, upon the presentation and surrender hereof, the principal sum of Five Thousand Dollars (\$5,000) solely from the lease rentals, revenues and receipts derived from or in connection with the Project hereinafter referred to as provided in the Indenture hereinafter referred to and to pay solely from such lease rentals, revenues and receipts interest on said principal sum from the date hereof, at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum until the payment of such principal sum, such interest being payable on the first day of September and the first day of March in each year but

only in the case of interest payable at or prior to the maturity of this Bond, upon presentation and surrender of the annexed coupons as they severally mature. The principal and interest on this Bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal office of First Union National Bank, Charlotte, North Carolina, or, at the option of the holder, at the principal office of or at the office designated for such payment of any successor thereof.

This Bond is one of a duly authorized issue of bonds designated as "Industrial Revenue Bonds, 1969 Marion Manufacturing Project" (hereinafter called the "Bonds") issued in the aggregate principal amount of \$2,500,000 under and pursuant to and in full compliance with the Constitution and Laws of the State of South Carolina, particularly Act No. 103 of the Acts of the General Assembly of the State of South Carolina (the "Act") and under and pursuant to a resolution adopted by the Board of Directors of the County on

authorizing the issuance of the Bonds, and with the approval of the State Budget and Control Board of South Carolina, and under a Trust Indenture dated as of March 1, 1969 (which Indenture, together with all supplemental indentures hereafter entered into in conformity with the terms and provisions thereof, is hereinafter referred to collectively as the "Indenture") made and entered into by and between the County and First Union National Bank, Charlotte, North Carolina, as Trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee"), for the purpose of financing the cost of acquisition and construction of buildings, improvements, fixtures, machinery, equipment and related facilities, to constitute an expansion and improvement of an existing plant for the manufacture of yarn (such existing plant and expansion and improvement are hereinafter called the "Project") and leasing the Project to Marion Manufacturing Company, a North Carolina corporation (hereinafter together with any assignee of such lease or subsequent lessee of the Project called the "Lessee"), under and pursuant to a Lease and Agreement dated as of March 1, 1969 (hereinafter together with any amendments thereof and any subsequent lease of the Project called the "Lease and Agreement"), which Lease and Agreement provides rentals sufficient to provide for the payment of the principal of, including any applicable redemption premiums, and interest on the Bonds as the same become due. Copies of the Indenture and the Lease and Agreement are on file

at the principal office of the Trustee in Charlotte, North Carolina, and reference is made to the Indenture and Lease and Agreement for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of rentals for the Project, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the County, the Lessee and the Trustee.

This Bond and the issue of which it is a part and the coupons appertaining thereto are limited obligations of the County, payable as to interest, principal and redemption premium solely from and secured by a pledge of the lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "York County Industrial Revenue Bond 1969 Marion Manufacturing Project Sinking Fund" (hereinafter called the "Sinking Fund") under the Indenture. The Bonds are further secured by a pledge of the Lease and Agreement and by the lien of the Indenture on the Project. This Bond and the interest coupons annexed hereto shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in and defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may be declared and may become due and payable before the stated maturity thereof, together with accrued interest thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture.



The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of registered Bonds without coupons in the denominations of \$5,000 or any multiple of \$5,000. The holder of any coupon Bond or Bonds may surrender the same, with all unmatured coupons attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered Bonds, without coupons, of the same series and maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds of the same series and maturity, with appropriate coupons attached, or of registered Bonds, without coupons, of the same series and maturity and of any other authorized denominations.

The Bonds are subject to redemption prior to maturity as a whole or in part (i) at any time prior to \_\_\_\_\_, 1971 at a redemption price equal to 102% of the principal amount thereof and (ii) on \_\_\_\_\_, 1971 and at any time thereafter, at the principal amount thereof, in each case together with accrued interest to the redemption date; provided that the Bonds are subject to redemption as a whole at any time at the principal amount thereof plus accrued interest to the redemption date if one or more of the following events shall have occurred:

(a) The Project shall have been damaged or destroyed to such extent that as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with the County and the Trustee (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operation of the Project for a period of six months, or (iii) the restoration cost of the Project would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(b) Title to, or the temporary use of, all or substantially all of the Project shall have taken or condemned by a competent authority which taking or condemnation results or is likely to result in the Lessee being thereby prevented from carrying on its normal operation of the Project for a period of six months, as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with County and the Trustee; or

(c) As a result of changes in the Constitution of the United States of America or of the State of South Carolina or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the Lessee's contest thereof, the Lease and Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Lessee; or

(d) The provisions of the Lease and Agreement shall require the Lessee to pay or incur any capital expenditures the effect of which would be to cause interest on the Bonds (other than those held by the Lessee or any related person, as defined in the Indenture) to lose its tax exemption under Section 103 of the Internal Revenue Code; or

(e) The Lessee files with the Trustee an opinion of counsel satisfactory to the Trustee to the effect that a specified person, firm or corporation is taking or proposes to take action with respect to the Lessee or any related person (as defined in the Indenture) whether by acquisition of stock or otherwise, which action, if successful, will in the opinion of such counsel have the effect of causing the interest on the Bonds (other than those held by the Lessee or any such related person) to lose its tax exemption under Section 103 of the Internal Revenue Code.

Notwithstanding the foregoing redemption provisions for the Bonds, if (i) the Lessee or any related person (as defined in the Indenture) should pay or incur any capital expenditures with respect to

facilities in York County, South Carolina, or acquire stock or otherwise gain control of any person, firm or corporation so as to cause such person, firm or corporation to become a related person to the Lessee within the meaning of Section 103(c)(6)(C) of the Internal Revenue Code, or merge or consolidate with another corporation, or take any other action, or (ii) any person, firm or corporation shall acquire the stock, or otherwise gain control, of the Lessee or any related person (as defined in the Indenture) so as to make the Lessee a related person to such other person, firm or corporation within the meaning of Section 103(c)(6)(C) of the Internal Revenue Code, and the effect of such capital expenditures, acquisition, control, merger, consolidation or other action by the Lessee (or any such related person) or such other person, firm or corporation would be to cause interest on the Bonds (other than those held by the Lessee or any such related person) to lose its tax exemption under Section 103 of the Internal Revenue Code, all as provided in the Lease and Agreement, no Bonds (except those for which notice of redemption shall have previously been given) shall be subject to redemption and no notice of redemption thereof shall be given, provided that the Bonds shall thereafter be subject to mandatory redemption prior to maturity as provided in the Indenture at any time, as a whole or in part, out of amounts available for the purpose in the Sinking Fund including special additional payments made under the Lease and Agreement at the redemption price of (i) 102% of the principal amount thereof, if the redemption date occurs at any time prior to , 1971 and (ii) 100% of the principal amount thereof if the redemption date occurs on , 1971 or any time thereafter, together with an additional redemption premium (expressed as a percentage of principal amount) applicable to the respective maturities of the Bonds and the redemption periods within which redemption occurs, as set forth in the following table, in each case together with accrued interest to the redemption date. The period of time commencing with the Tax Incidence Date (as defined in the Indenture) shall be divided for this purpose into the six successive redemption periods indicated in said table, each of which, except the last, shall be of 180 days' duration and the last of which shall extend to the date of final payment of the Bonds.



## Redemption Periods, Commencing with Tax Incidence Date

Maturity Dates	1	2	3	4	5	6
1970	%	%	%	%	%	%
1971						
1972						
1973						
1974						
1975						
1976						

In the event that any Bonds are paid at maturity or purchased or redeemed by operation of the Sinking Fund under the Indenture subsequent to the Tax Incidence Date without receiving payment of an amount at least equal to the applicable payment upon redemption in accordance with the above redemption provision and table, the holders of such Bonds upon establishing their ownership thereof shall be entitled to receive as a special premium thereon an amount equal to the difference between the amounts received upon such retirement of such Bonds and the amounts that would have been received if such Bonds had been redeemed on the date of such retirement at the applicable redemption prices (including the additional premium) as set forth in the above redemption provision and table.

This Bond is payable upon redemption at the above mentioned offices or agencies of the County. Notice of redemption, setting forth the place of payment, shall be published at least once in a newspaper printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York, not less than 30 days nor more than 60 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Indenture. In the event, however, that all of the Bonds being redeemed shall be registered Bonds, such notice of redemption need not be published but shall be deemed to have been sufficiently given if mailed by certified or registered mail to the registered owner of the Bonds at the address of such registered owner as the same shall appear on the books of the County kept for that purpose at the principal office of the Trustee. No notice of redemption need be given if the Holders of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee. If notice of redemption shall have been given as aforesaid, the Bonds specified in said notice shall become

due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on the Bonds so called for redemption shall cease to accrue and be payable and coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void.

Under the Lease and Agreement the right has been reserved to effect the release therefrom of part of the Project, all as set forth in the Lease and Agreement.

Neither this Bond nor any coupons for interest hereto attached shall be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance of this Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of South Carolina.

IN WITNESS WHEREOF, York County, South Carolina has caused this bond to be executed in its name by the manual or facsimile signature of the Chairman of the Board of Directors of York County, and the corporate seal of said County to be affixed, impressed, imprinted or otherwise reproduced hereon, and attested by the manual or facsimile signature of the Clerk of the Board of Directors of York County, and has caused the interest coupons hereto attached to be executed by the facsimile signatures of said Chairman and said Clerk, all as of the first day of March, 1969.

YORK COUNTY, SOUTH CAROLINA

By .....  
*Chairman of the Board  
 of Directors of York County*

[SEAL]

ATTEST:

.....  
*Clerk of the Board  
 of Directors of York County*

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## (FORM OF TRUSTEE'S CERTIFICATE)

## TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Indenture.

FIRST UNION NATIONAL BANK  
Trustee

By .....  
Authorized Signature

## [FORM OF COUPON]

No. .... \$.....

On the first day of , 19 (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the redemption price and redemption premium, if any, made or duly provided for) York County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, will pay to the bearer, at the principal office of First Union National Bank, Charlotte, North Carolina or, at the option of the bearer, at the principal office of

, or at the office designated for such payment of any successor thereof, upon presentation and surrender of this coupon, solely from the lease rentals, revenues and receipts lawfully pledged therefor referred to in the Bond hereinafter mentioned, the sum of ..... Dollars (\$.....) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, being the interest then due on its Industrial Revenue Bond, 1969 Marion Manufacturing Project, No.....

.....  
Chairman of the Board of  
Directors of York County

.....  
Clerk of the Board of  
Directors of York County



[FORM OF REGISTERED BOND WITHOUT COUPONS]

STATE OF SOUTH CAROLINA

YORK COUNTY, SOUTH CAROLINA

INDUSTRIAL REVENUE BOND, 1969 MARION MANUFACTURING PROJECT

No. .... \$.....

York County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (herein called the "County"), for value received, hereby promises to pay to

, or registered assigns, on the first day of March, 19 , upon the presentation and surrender hereof, the principal sum of ..... Dollars (\$) solely from the lease rentals, revenues and receipts derived from or in connection with the Project hereinafter referred to as provided in the Indenture hereinafter referred to and to pay to the registered owner hereof solely from such lease rentals, revenues and receipts interest on said principal sum from the date hereof, at the rate of ..... per cent ( % ) per annum until the payment of such principal sum, such interest being payable on the first day of September and the first day of March in each year but only in the case of interest payable at or prior to the maturity of this Bond. The principal and interest on this Bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, at the principal office of First Union National Bank, Charlotte, North Carolina, or, at the option of the holder, at the principal office of

, or at the office designated for such payment of any successor thereof.

This Bond is one of a duly authorized issue of bonds designated as "Industrial Revenue Bonds, 1969 Marion Manufacturing Project" (hereinafter called the "Bonds") issued in the aggregate principal amount of \$2,500,000 under and pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act No. 103 of the Acts of the General Assembly of the State of South Carolina (the "Act") and under and pursuant to a resolution adopted by the Board of Directors of the County on , 1969 authorizing the issuance of the Bonds, and with the approval of the State Budget and Control Board of South Carolina, and under

a Trust Indenture dated as of March 1, 1969 (which Indenture, together with all supplemental indentures hereafter entered into in conformity with the terms and provisions thereof, is hereafter referred to collectively as the "Indenture") made and entered into by and between the County and First Union National Bank, Charlotte, North Carolina, as Trustee (said bank and any successor thereto under the Indenture being referred to herein as the "Trustee") for the purpose of financing the cost of acquisition and construction of buildings, improvements, fixtures, machinery, equipment and related facilities, to constitute an expansion and improvement of an existing plant for the manufacture of yarn (such existing plant and expansion and improvement are hereinafter called the "Project") and leasing the Project to Marion Manufacturing Company, a North Carolina corporation (hereinafter together with any assignee of such lease or subsequent lessee of the Project called the "Lessee"), under and pursuant to a Lease and Agreement dated as of March 1, 1969 (hereinafter together with any amendments thereof and any subsequent lease of the Project called the "Lease and Agreement"). Copies of the Indenture and the Lease and Agreement are on file at the principal office of the Trustee in Charlotte, North Carolina, and reference is made to the Indenture and Lease and Agreement for the provisions relating, among other things, to the terms and security of the Bonds, the charging and collection of rentals for the Project, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, and the rights, duties and obligations of the County, the Lessee and the Trustee.

This Bond and the issue of which it is a part are limited obligations of the County, payable as to interest, principal and redemption premium solely from and secured by a pledge of the lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "York County Industrial Revenue Bond 1969 Marion Manufacturing Project Sinking Fund" (hereinafter called the "Sinking Fund") under the Indenture. The bonds are further secured by a pledge of the Lease and Agreement and by the lien of the Indenture on the Project. This bond shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any statutory limitation, and shall never constitute nor give rise to a pecu-

niary liability of the County or a charge against its general credit or taxing powers.

The holder of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in and defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may be declared and may become due and payable before the stated maturity thereof, together with interest thereon.

Modifications or alterations of the Indenture, or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the books of the County kept for that purpose at the above mentioned office of the Trustee by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, without coupons, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The County, the Trustee and any paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of registered Bonds without coupons in the denominations of \$5,000 or any multiple of \$5,000. The holder of any coupon Bond or Bonds may surrender the same, with all unmatured coupons attached, at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of registered

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Bonds, without coupons, of the same series and maturity, of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. In like manner, subject to such conditions and upon the payment of such charges, the owner of any registered Bond or Bonds without coupons may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds of the same series and maturity, with appropriate coupons attached, or of registered Bonds, without coupons, of the same series and maturity and of any other authorized denominations.

The Bonds are subject to redemption prior to maturity as a whole or in part (i) at any time prior to \_\_\_\_\_, 1971, at a redemption price equal to 102% of the principal amount thereof and (ii) on \_\_\_\_\_, 1971 and at any time thereafter, at the principal amount thereof, in each case together with accrued interest to the redemption date, provided that the Bonds are subject to redemption as a whole at any time at the principal amount thereof plus accrued interest to the redemption date if one or more of the following events shall have occurred:

(a) The Project shall have been damaged or destroyed to such extent that as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with the County and the Trustee (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Lessee is thereby prevented or likely to be prevented from carrying on its normal operation of the Project for a period of six months, or (iii) the restoration cost of the Project would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(b) Title to, or the temporary use of all or substantially all of the Project shall have been taken or condemned by a competent authority which taking or condemnation results or is likely to result in the Lessee being thereby prevented or likely to be prevented from carrying on its normal operation of the Project for a period of six months, as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with the County and the Trustee; or

(c) As a result of changes in the Constitution of the United States of America or of the State of South Carolina or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the Lessee's contest thereof, the Lease and Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Lessee; or

(d) The provisions of the Lease and Agreement shall require the Lessee to pay or incur any capital expenditures the effect of which would be to cause interest on the Bonds (other than those held by the Lessee or any related person, as defined in the Indenture) to lose its tax exemption under Section 103 of the Internal Revenue Code; or

(e) the Lessee files with the Trustee an opinion of counsel satisfactory to the Trustee to the effect that a specified person, firm or corporation is taking or proposes to take action with respect to the Lessee or any related person (as defined in the Indenture), whether by acquisition of stock or otherwise, which action, if successful, will in the opinion of such counsel have the effect of causing the interest on the Bonds (other than those held by the Lessee or any such related person) to lose its tax exemption under Section 103 of the Internal Revenue Code then and in that event.

Notwithstanding the foregoing redemption provisions for the Bonds, if (i) the Lessee or any related person (as defined in the Indenture) should pay or incur any capital expenditures with respect to facilities in York County, South Carolina, or acquire stock or otherwise gain control of any person, firm or corporation so as to cause such person, firm or corporation to become a related person to the Lessee within the meaning of Section 103(c)(6)(C) of the Internal Revenue Code, or merge or consolidate with another corporation, or take any other action, or (ii) any person, firm or corporation shall acquire the stock, or otherwise gain control, of the Lessee or any related person (as defined in the Indenture) so as to make the Lessee a related person to such other person, firm or corporation within the meaning of Section 103(c)(6)(C) of the Internal Revenue Code and the effect of such capital expenditures, acquisition, control, merger, consolidation or other action by the Lessee (or any such related person) or such other person, firm or corporation would be to cause interest on the Bonds (other than those held by the

Lessee or any such related person) to lose its tax exemption under Section 103 of the Internal Revenue Code, all as provided in the Lease and Agreement, no Bonds (except those for which notice of redemption shall have previously been given) shall be subject to redemption and no notice of redemption thereof shall be given, provided that the Bonds shall thereafter be subject to mandatory redemption prior to maturity as provided in the Indenture at any time, as a whole or in part, out of amounts available for the purpose in the Sinking Fund including special additional payments made under the Lease and Agreement at the redemption prices of (i) 102% of the principal amount thereof, if the redemption date occurs at any time prior to , 1971, and (ii) 100% of the principal amount if the redemption date occurs on , 1971 or any time thereafter, together with an additional redemption premium (expressed as a percentage of principal amount) applicable to the respective maturities of the Bonds and the redemption periods within which redemption occurs, as set forth in the following table, in each case together with accrued interest to the redemption date. The period of time commencing with the Tax Incidence Date (as defined in the Indenture) shall be divided for this purpose into the six successive redemption periods indicated in said table, each of which except the last shall be of 180 days' duration and the last of which shall extend to the date of final payment of the Bonds.

Redemption Periods, Commencing with Tax Incidence Date

Maturity Dates	1	2	3	4	5	6
1970	%	%	%	%	%	%
1971						
1972						
1973						
1974						
1975						
1976						

In the event that any Bonds are paid at maturity or purchased or redeemed by operation of the Sinking Fund under the Indenture subsequent to the Tax Incidence Date without receiving payment of an amount at least equal to the applicable payment upon redemption in accordance with the above provision and redemption table, the holders of such Bonds upon establishing their ownership thereof shall be entitled to receive as a special premium thereon an amount equal to the difference between the amounts received upon such retirement of such Bonds and the amounts that would have been received if such Bonds had been



redeemed on the date of such retirement at the applicable redemption prices (including the additional premium) as set forth in the above provision and redemption table.

This Bond is payable upon redemption at the above mentioned offices or agencies of the County. Notice of redemption, setting forth the place of payment, shall be published at least once in a newspaper printed in the English language and having a general circulation in the Borough of Manhattan, City and State of New York, not less than 30 days nor more than 60 days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Indenture. In the event, however, that all of the Bonds being redeemed shall be registered Bonds, such notice of redemption need not be published but shall be deemed to have been sufficiently given if mailed by certified or registered mail to the registered owner of the Bonds at the address of such registered owner as the same shall appear on the books of the County kept for that purpose at the principal office of the Trustee. No notice of redemption need be given if the Holders of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee. If notice of redemption shall have been published as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and be payable and coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void.

Under the Lease and Agreement the right has been reserved to effect the release therefrom of part of the Project, all as set forth in the Lease and Agreement.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate hereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance of this Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of South Carolina.

IN WITNESS WHEREOF, York County, South Carolina has caused this bond to be executed in its name by the manual or facsimile signature of the Chairman of the Board of Directors of York County and the corporate seal of the County to be affixed, impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of the Clerk of the Board of Directors of York County, all as of

YORK COUNTY, SOUTH CAROLINA

By .....  
*Chairman of the Board  
of Directors of York County*

ATTEST:

[SEAL]

.....  
*Clerk of the Board  
of Directors of York County*

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Indenture.

FIRST UNION NATIONAL BANK,  
*Trustee*

By .....  
Authorized Signature

## (FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns  
and transfers unto .....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

.....  
the within bond and all rights thereunder, and hereby irrevocably  
constitutes and appoints .....

..... attorney to transfer the  
within bond on the books kept for registration thereof, with full  
power of substitution in the premises.

Dated: .....

.....  
NOTICE: The signature to this assignment must  
correspond with the name as it appears upon the  
face of the within bond in every particular, without  
alteration or enlargement or any change whatever.

WHEREAS all things necessary to make the Bonds, when authenti-  
cated by the Trustee and issued as in this Indenture provided, the  
valid, binding and legal obligations of the County according to the im-  
port thereof, and to constitute this Indenture a valid lien on the  
properties mortgaged and a valid pledge of the lease rentals, revenues  
and receipts herein made to the payment of the principal of, premium,  
if any, and interest on the Bonds, have been done and performed, and  
the creation, execution and delivery of this Indenture, and the creation,  
execution and issuance of the Bonds, subject to the terms hereof, have  
in all respects been duly authorized;

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

That the County in consideration of the premises and the accept-  
ance by the Trustee of the trusts hereby created and of the purchase and  
acceptance of the Bonds by the holders and owners thereof, and of the  
sum of One Dollar, lawful money of the United States of America, to  
it duly paid by the Trustee at or before the execution and delivery  
of these presents, and for other good and value considerations, the  
receipt of which is hereby acknowledged, and in order to secure the  
payment of the principal of, premium, if any, and interest on the  
Bonds according to their tenor and effect and the performance and



observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease and Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto First Union National Bank, Charlotte, North Carolina, as Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the County hereinafter set forth, the following:

## I

The real property and interests therein situated in York County, State of South Carolina, which is described in Exhibit A hereto, with all buildings, additions and improvements now or hereafter located thereon, together with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining which may from time to time be owned by the County.

## II

All machinery, equipment and other personal property of every kind and nature whatever described in Exhibit A and Exhibit B hereto or otherwise acquired by the County and paid for out of the Construction Fund and placed on and in the land and improvements described in Exhibit A hereto, or elsewhere, including, without limitation all replacements and substitutions which become the property of the County pursuant to the provisions of the Lease and Agreement, all machinery, equipment or other property which under the terms of the Lease and Agreement is to become the property of the County or subjected to the lien of this Indenture; and without limiting the foregoing, all of the property of the County at any time installed or located on the land described in Exhibit A attached hereto. All such machinery, equipment and other personal property shall be identified on ledger cards, as customarily kept by the Company, one copy of which shall be filed with the Trustee and one copy maintained by the Company on the mortgaged property. In this regard, all machinery, equipment and other personal property of whatever nature situated on the land and in the buildings and improvements embodied in the mortgaged property shall be conclusively deemed to be owned by the County rather than the Company, unless purchased by the Company and placed

on the lands and in the buildings and improvements constituting the mortgaged property and marked by an appropriate tag or other device as being the property of the Company. Any machinery, equipment and personal property placed elsewhere than on the lands and in the buildings and improvements embodied in the mortgaged property must be marked by an appropriate tag or other device reflecting that it is owned by the County, leased to the Company, and covered by this Indenture.

### III

All right, title and interest of the Board in and to the Lease and Agreement, and all lease rentals, revenues and receipts received from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "York County Industrial Revenue Bond 1969 Marion Manufacturing Project Sinking Fund".

### IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the County or by any other person, firm or corporation, or with the consent of the County to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto attached issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds or coupons thereto attached over any of the others of the Bonds or coupons; provided, however, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, including any appli-

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cable redemption premiums, the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall make the payments into the Sinking Fund as required under Article V or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH that, and it is expressly declared, all the Bonds issued and secured hereunder are to be issued authenticated and delivered and all said lease rentals, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective holders and owners, from time to time of the Bonds or coupons thereto appertaining or any part thereof, as follows, that is to say:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. *Definitions.* The following terms shall have the following meanings in the Indenture:

*Act* shall mean Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session, as amended to the date of this Indenture.

*Authorized Newspaper* shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.



*Authorized Representative* shall mean, in the case of the County, any member of the Board of Directors of the County, the Clerk of the Board of Directors, or any officer or employee of the Board of Directors of the County authorized to perform specific acts or duties by resolution duly adopted by the Board of Directors of the County, and in case of the Company or any subsequent lessee, its Chairman of the Board, President, any Vice-President, and any other person duly authorized by its Board of Directors to act as an authorized representative for the purposes of this Indenture.

*Bonds* shall mean the County's proposed \$2,500,000 principal amount of Industrial Revenue Bonds, 1969 Marion Manufacturing Project authenticated and delivered under the Indenture.

*Bondholder, Holder of Bonds or Holder* shall mean any person who shall be the bearer or registered owner of any Bond or Bonds.

*Company* shall mean Marion Manufacturing Company, a North Carolina corporation, and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 6.1 of the Lease and Agreement.

*Construction Fund* shall mean the Fund established by Section 4.02.

*Existing Plant* shall mean the land described in Exhibit A hereto, and the easements of every nature, rights, licenses and appurtenances belonging to or appertaining in any way to such land, together with the buildings, fixtures, improvements, machinery, equipment and related facilities situated thereon, including, without limitation, such buildings, fixtures, improvements, machinery, equipment and related facilities described in said Exhibit A, constituting an industrial plant for the manufacture of yarn.

*Indenture* shall mean this Indenture as from time to time amended or supplemented by Supplemental Indentures in accordance with Article IX hereof.

*Lease and Agreement* shall mean the Lease and Agreement dated as of March 1, 1969 between the County and Marion Manufacturing Company referred to in the preambles of this Indenture, and shall include any and all amendments thereof hereafter made.

*1969 Expansion* shall mean the buildings, improvements, fixtures, machinery, equipment and related facilities to be acquired and con-

structed by the County as provided in the Lease and Agreement or subsequent lease thereof including, without limitation, the building, fixtures, improvements, machinery, equipment and related facilities described in Exhibit B hereto, constituting an expansion of the Existing Plant including improvements thereto.

*Outstanding* shall mean Bonds which have been authenticated and delivered under the Indenture, except:

(i) Bonds cancelled because of payment or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which funds equal to the principal amount, or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in the Sinking Fund (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(iii) Bonds in lieu of which other Bonds shall have been authenticated and delivered under Article II or Section 3.04.

*Paying Agent* shall mean any paying agent for the Bonds, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

*Permitted Encumbrances* shall mean as of any particular time, (i) any liens and encumbrances set forth in Exhibit A hereto (ii) liens for ad valorem taxes not then delinquent, (iii) the Lease and Agreement and the Indenture, (iv) utility, access and other easements and rights of way and encroachments that the County certifies will not interfere with or impair the operations of the Existing Plant, (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Existing Plant which shall be approved by the Company and the County as not materially impairing the use of the property affected thereby for the purpose for which it was acquired or is held by the Company, and (vi) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof, or otherwise.

*Project* shall mean the Existing Plant and the 1969 Expansion and any replacements, improvements or additions thereto, constructed and acquired as provided by the Lease and Agreement or subsequent lease thereof.

*Project Supervisor* shall mean an engineer or engineering firm registered and qualified to practice engineering in the State of South Carolina and who or which is not a full time employee of either the County or the Company (or subsequent lessee of the Project).

*Redemption Price* shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture and any additional premium or special premium payable pursuant to subsection 4 of Section 202 of the Indenture.

*Related Person*, when used with respect to the Company, shall mean any person, firm or corporation constituting a related person to the Company or any subsequent lessee of the Project within the meaning of Section 103(i)(7) of the Internal Revenue Code.

*Sinking Fund* shall mean the Fund established by Section 5.01.

*Supplemental Indenture* shall mean any indenture supplemental to or amendatory of the Indenture, adopted by the County in accordance with Article IX.

*Trustee* shall mean First Union National Bank, Charlotte, North Carolina and its successor or successors hereafter appointed in the manner provided in the Indenture.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa and words importing persons shall include firms, associations and corporations.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. *Authorized Amount of Bonds; Pledge Effected by the Indenture.* No Bonds may be authenticated and delivered under the provisions of the Indenture except in accordance with this Article. The total principal amount of Bonds that may be authenticated and delivered on original issuance hereunder is limited to \$2,500,000.



2. The lease rentals, receipts and revenues derived from or in connection with the Project, including moneys received under the Lease and Agreement which are required to be set apart and transferred to the Sinking Fund and pledged thereto (including the investments, if any, thereof), are hereby pledged for the payment of the principal or Redemption Price of, and interest on the Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms set forth in the Indenture. The Bonds shall be limited obligations of the County and shall be payable as to interest, principal and redemption premium, if any, from the moneys pledged therefor deposited in the Sinking Fund as hereinafter set forth, and shall be a valid claim of the holders thereof only against such fund and the lease rentals, revenues and receipts required to be set apart and transferred to such fund and pledged thereto. The Bonds are additionally secured by a lien on and a security interest in the Project. The Bonds and interest coupons appertaining thereto shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any 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 2.02. *Industrial Revenue Bonds, 1969 Marion Manufacturing Project.* 1. There shall be issued under and secured by the Indenture an issue of Bonds to be designated "Industrial Revenue Bonds, 1969 Marion Manufacturing Project" in the aggregate principal amount of \$2,500,000. The Bonds shall be dated March 1, 1969, except as otherwise provided in Section 2.05 of the Indenture in the case of fully registered Bonds, and shall mature on the dates and in the principal amounts and shall bear interest from March 1, 1969, payable semi-annually on the first day of September and March in each year at the respective rates per annum, shown below:

<u>1</u>	<u>Amounts Maturing</u>	<u>Interest Rate</u>
1970 .....	\$	%
1971 .....		
1972 .....		
1973 .....		
1974 .....		
1975 .....		
1976 .....		

2. The principal and Redemption Price of and interest on the Bonds shall be payable at the principal office of First Union National Bank, Charlotte, North Carolina, or at the option of the holders of the Bonds at the principal office of

, or at the principal office of any successor Paying Agent or Paying Agents.

3. The Bonds shall be subject to redemption prior to maturity as a whole or in part (i) at any time prior to , 1971, at a redemption price equal to 102% of the principal amount thereof, and (ii) on , 1971 and at any time thereafter, at the principal amount thereof; provided that the Bonds are subject to redemption as a whole at any time at the principal amount thereof plus accrued interest to the redemption date, if one or more of the following events shall have occurred:

(a) The Project shall have been damaged or destroyed to such extent that as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with the County and the Trustee (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Company or any subsequent lessee of the Project is thereby prevented or likely to be prevented from carrying on its normal operation of the Project for a period of six months, or (iii) the restoration cost of the Project would exceed the total amount of all insurance proceeds, including any deductible amount, in respect of such damage or destruction; or

(b) Title to, or the temporary use of, all or substantially all of the Project shall have been taken or condemned by a competent authority which taking or condemnation results or is likely to result in the Company or any subsequent lessee of the Project being thereby prevented from carrying on its normal operation of the Project for a period of six months, as evidenced by a certificate of an Independent Engineer acceptable to the Trustee and filed with the County and the Trustee; or

(c) As a result of changes in the Constitution of the United States of America or of the State of South Carolina or of legislative or executive action of said State or any political subdivision thereof or of the United States of America or by final decree or judgment of any court after the contest thereof by the Company

or subsequent lessee of the Project, the Lease and Agreement or other lease of the Project becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Company or subsequent lessee of the Project; or

(d) The provisions of the Lease and Agreement shall require the Company to pay or incur any capital expenditures the effect of which would be to cause interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code; or

(e) the Company files with the Trustee an opinion of counsel satisfactory to the Trustee to the effect that a specified person, firm or corporation is taking or proposes to take action with respect to the Company or any Related Person, whether by acquisition of stock or otherwise, which action, if successful, will in the opinion of such counsel have the effect of causing the interest on the Bonds (other than those held by the Company or any Related Person) to lose its tax exemption under Section 103 of the Internal Revenue Code.

For the purposes of this Section, the term "Independent Engineer" shall mean an engineer or engineering firm registered and qualified to practice engineering under the laws of the State of South Carolina and who or which is not a full time employee of either the County or the Company (or subsequent lessee of the Project).

In the case of any redemption pursuant to paragraphs (a) to (d), inclusive, above, of this subsection, the County or the Company shall deliver to the Trustee a certificate of an Authorized Representative not later than 45 days prior to the redemption date specifying the provisions of the above paragraphs under which the County is authorized to effect such redemption and that any condition to, or events connected with, such redemption therein specified have occurred or happened.

4. Notwithstanding the foregoing redemption provisions for the Bonds, if (i) the Company or any Related Person should pay or incur any capital expenditures with respect to facilities in York County, South Carolina, or acquire stock or otherwise gain control of any person, firm or corporation so as to cause such person, firm or corporation to become a Related Person to the Company, or merge or consolidate with another corporation, or take any other action, or (ii) any person,



firm or corporation shall acquire the stock, or otherwise gain control, of the Company or any Related Person to the Company so as to make the Company a Related Person to such other person, firm or corporation, and the effect of such capital expenditures, acquisition, control, merger, consolidation or other action by the Company (or any Related Person) or such other person, firm or corporation if the effect of such capital expenditures, acquisition, control, merger, consolidation or other action would be to cause interest on the Bonds (other than those held by the Company or any such related person) to lose its tax exemption under Section 103 of the Internal Revenue Code, all as provided in the Lease and Agreement, no Bonds (except those for which notice of redemption shall have previously been given) shall be subject to redemption and no notice of redemption thereof shall be given, provided that the Bonds shall thereafter be subject to mandatory redemption prior to maturity as provided in the Indenture at any time, as a whole or in part, out of amounts available for the purpose in the Sinking Fund including special additional payments made under the Lease and Agreement at the redemption price of (i) 102% of the principal amount thereof, if the redemption date occurs at any time prior to , 1971 and (ii) 100% of the principal amount thereof if the redemption date occurs on , 1971 or any time thereafter, together with an additional redemption premium (expressed as a percentage of principal amount) applicable to the respective maturities of the Bonds and the redemption periods within which redemption occurs, as set forth in the following table, in each case together with accrued interest to the redemption date. The period of time commencing with the Tax Incidence Date shall be divided for this purpose into the six successive redemption periods indicated in said table, each of which except the last shall be of 180 days' duration and the last of which shall extend to the date of final payment of the Bonds.

Redemption Periods, Commencing with Tax Incidence Date

Maturity Dates	1	2	3	4	5	6
1970....	%	%	%	%	%	%
1971....						
1972....						
1973....						
1974....						
1975....						
1976....						

In the event that any Bonds are paid at maturity or purchased or redeemed by operation of the Sinking Fund subsequent to the Tax Incidence Date without receiving payment of an amount at least equal to the applicable payment upon redemption in accordance with the above provision and table, the Holders of such Bonds upon establishing their ownership thereof shall be entitled to receive as a special premium thereon an amount equal to the difference between the amounts received upon such retirement of such Bonds and the amounts that would have been received if such Bonds had been redeemed on the date of such retirement at the applicable Redemption Prices (including the additional premium) as set forth in the above redemption provision and table.

**SECTION 203. *Delivery of Bonds.*** The Bonds shall be executed in the form and manner set forth in the Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of such Bonds, the Bonds shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Clerk of the Board of Directors of the County of the resolutions of the County (i) authorizing the execution and delivery of this Indenture, and awarding the Bonds to the purchasers thereof; and (ii) authorizing the execution delivery of the Lease and Agreement;

(b) an original executed counterpart of the Lease and Agreement;

(c) a written opinion by an attorney or firm of attorneys of recognized national standing on the subject of municipal bonds, to the effect that the issuance of the Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(d) a copy, duly certified by the Clerk of the Board of Directors of the County, of election of the County to have the provisions of Section 103(c)(6)(D) of the Internal Revenue Code, providing for a \$5,000,000 exemption in lieu of a \$1,000,000 exemption with respect to industrial development bonds, apply to the Bonds;

(e) a certificate of an independent public accountant selected by the Company and approved by the County setting forth the amount of all capital expenditures by the Company (or any Related Person) paid or incurred during the three year period im-

mediately preceding the issuance of the Bonds with respect to facilities located in York County, South Carolina;

(f) the written order to the Trustee signed by an Authorized Representative of the County to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of a specified sum plus accrued interest.

**SECTION 2.04. Form; Denominations; Medium of Payment.** The

Bonds shall be either in coupon form or in fully registered form without coupons. All such Bonds shall be issued in the denomination of \$5,000 in the case of coupon Bonds and in denominations of \$5,000 or any multiple thereof in the case of fully registered Bonds. The Bonds shall be substantially in the form set forth in the Recitals of the Indenture with such variations, insertions or omissions as are appropriate and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be payable with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**SECTION 2.05. Numbers, Date and Payment Provisions.** The Bonds shall be numbered in such manner as the County, with the concurrence of the Trustee, shall determine. Coupon Bonds shall bear interest from their date. Each registered Bond shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or unless authentication shall precede the first interest payment date for such Bonds, in which case it shall be dated as of the same date as the coupon Bonds; provided, however, that if at the time of authentication of any such registered Bonds, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

**SECTION 2.06. Execution of Bonds.** The Bonds shall be executed on behalf of the County by the manual or facsimile signature of the Chairman of the Board of Directors of York County, attested by the manual or facsimile signature of the Clerk of the Board of Directors of York County and the seal of the County shall be affixed thereto or imprinted thereon. The interest coupons attached to the Bonds shall



be executed with the reproduced facsimile of the signatures of said Chairman and Clerk. Any facsimile signatures shall have the same force and effect as if the appropriate had personally signed each of said Bonds and each of said coupons. In case one or any of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon or on the interest coupons attached thereto shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered, the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds or the interest coupons attached thereto had not ceased to be such officer.

SECTION 2.07. *Authentication.* Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee shall be entitled to any right or benefit under the Indenture. No Bond and no coupon appertaining to such Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on such Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under the Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all the Bonds. Before authenticating and delivering any Bonds the Trustee shall detach and cancel all matured coupons not in default, if any, appertaining thereto.

SECTION 2.08. *Registrar.* The Trustee shall also be the registrar for the Bonds.

SECTION 2.09. *Interchangeability of Bonds.* 1. Coupon Bonds, upon surrender thereof at the principal office of the Trustee with all unmatured coupons attached, may, at the option of the holder thereof, and upon payment by such holder of any charges which the Trustee may make as provided in Section 2.11, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any of the authorized denominations.

2. Fully registered Bonds, upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the

Trustee may make as provided in Section 2.11, be exchanged for an equal aggregate principal amount of coupon Bonds of the same maturity with appropriate coupons attached, or of registered Bonds of the same maturity of any other authorized denominations.

SECTION 2.10. *Negotiability, Transfer and Registry.* 1. Title to any coupon Bond, and to any coupon, shall pass by delivery as negotiable instruments payable to bearer.

2. Each registered Bond shall be transferable only upon the books of the County, which shall be kept for the purpose at the principal office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond the County shall issue in the name of the transferee a new registered Bond or Bonds or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and maturity as the surrendered Bond.

3. The County, the Trustee and each Paying Agent may deem and treat the person in whose name any registered Bond shall be registered upon the books of the County as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County, nor the Trustee or any Paying Agent shall be affected by any notice to the contrary.

4. All Bonds issued under the Indenture, whether in coupon or registered form, shall have such attributes of negotiability as are provided for under the laws of South Carolina.

5. The County, the Trustee and each Paying Agent may deem and treat the bearer of any coupon Bond or coupon as the absolute owner thereof, whether such Bond or coupon shall be overdue or not, for the purpose of receiving any payment on such Bond or coupon and for all other purposes and shall not be affected by any notice to the contrary.

SECTION 2.11. *Regulations With Respect to Exchanges and Transfer.* In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the County shall execute and the

Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Indenture. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Board nor the Trustee shall be required (a) to register, transfer or exchange Bonds for a period of ten days next preceding an interest payment date on the Bonds or next preceding any selection of Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption or (b) to register, transfer or exchange any Bonds called for redemption.

SECTION 2.12. *Bonds Mutilated, Destroyed, Stolen or Lost.* In case any Bond shall become mutilated or be destroyed, stolen or lost, the County shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like maturity and principal amount as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to it that such Bond and attached coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the County and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Trustee may incur. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it.

### ARTICLE III

#### REDEMPTION OF BONDS

SECTION 3.01. *Privilege of Redemption and Redemption Price.* Bonds subject to redemption prior to maturity pursuant to the Indenture shall be redeemable, upon published notice as provided in this Article III, at such times, at such Redemption Prices and upon such terms in addition to and consistent with the terms contained in this



Article III as shall be specified in Section 2.02 of this Indenture with respect to the Bonds.

SECTION 3.02. *Selection of Bonds to be Redeemed.* In the event of redemption of less than all the Outstanding Bonds of the same maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000.

SECTION 3.03. *Notice of Redemption.* When the redemption of Bonds is required by the Indenture, the Trustee shall give notice, in the name of the County, of the redemption of such Bonds, which notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any maturity are to be redeemed, the numbers of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication at least once in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date. The Trustee shall also mail a copy of such notice, postage prepaid, not less than 25 days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds. In the event, however, that all of the Bonds

being redeemed shall be registered Bonds, such notice of intention to redeem need not be published but shall be deemed to have been sufficiently given if mailed by certified or registered mail to the registered owner of the Bonds at the address of such registered owner as the same shall appear on the books of the County kept for that purpose at the principal office of the Trustee. No notice of redemption need be given if the Holders of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee.

SECTION 3.04. *Payment of Redeemed Bonds.* Notice having been given in the manner provided in Section 3.03, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption dates so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, together with, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to the redemption date, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If there shall be drawn for redemption less than all of a registered Bond, the Board shall execute and the Trustee shall authenticate and the Paying Agents deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of the same maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 3.05. *Mandatory Redemption.* Upon receipt of a payment by the Company pursuant to Section 6.5 of the Lease and Agreement, all the Bonds shall be called for redemption pursuant to subsection 4 of Section 202 by the Trustee in the manner provided in this Article, and notice of such redemption shall be given within ten days following the date of making of payment. Upon receipt from the Company of a notice pursuant to Section 6.5 of the Lease and Agreement of Bonds to be redeemed from special additional payments to be made thereunder and specifying the date of redemption of such Bonds, the Trustee shall proceed to call such Bonds for redemption pursuant to subsection 4 of Section 202 in the manner provided in this Article. Redemption pursuant to this Section shall be at the earliest date for which notice of redemption may then be given and shall be effected without any instructions or further act of the County or the Company.

#### ARTICLE IV

##### CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 4.01. *Deposit in Sinking Fund.* From the proceeds of the Bonds there shall be deposited in the Sinking Fund a sum equal to accrued interest on the Bonds to the date of delivery thereof.

SECTION 4.02. *Construction Fund.* There is hereby established with the Trustee a trust fund to be designated "York County Marion Manufacturing Project Construction Fund". The balance of the proceeds of the Bonds remaining after the deposit required by Section 4.01 has been made shall be deposited in the Construction Fund.

SECTION 4.03. *Application of Construction Fund.* 1. The Trustee shall apply the amounts in the Construction Fund as follows:

(a) Payment of the initial fees of the Trustee and the financial, legal, printing and other costs incurred by or for the account of the County in connection with the authorization, sale and issuance of the Bonds, including reimbursement of the County for the payment of any such costs;



(b) Payment of the cost of acquisition or construction of the 1969 Expansion and the acquisition and installation of the equipment, machinery and other facilities and appurtenances of the 1969 Expansion and the cost of construction, acquisition and installation of utility services comprising a part of the 1969 Expansion and the payment for labor, services, materials and supplies used or furnished in connection with site improvement and for the cost of all personal property deemed necessary in connection with the 1969 Expansion, including payment of the premium for title insurance covering Existing Plant, taxes, construction overhead, planning and development expenses, and payment of any other costs, including costs of architectural, engineering, legal and supervisory services, properly attributable to the foregoing or in connection with the issuance of the Bonds and heretofore or hereafter incurred; or payment to the Company or the County to reimburse it for any such payments.

(c) To the extent not paid by a contractor for construction or installation with respect to any part of the 1969 Expansion, payment or reimbursement of the Company for payment of the premiums on all insurance related to the 1969 Expansion maintained during the construction period.

(d) Payment of expenses incurred by or with the approval of the Company in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the 1969 Expansion.

(e) Payment of any other costs and expenses relating to the 1969 Expansion, including reimbursement payments to the County or the Company, that may be approved in writing by the Authorized Representative of the Company.

2. The Trustee is hereby authorized and directed to issue its checks for each disbursement from the Construction Fund (excepting any fees payable to the Trustee) upon a requisition submitted to the Trustee and signed by the Project Supervisor. Such requisition shall certify each item thereof as correct and proper under this Section and that none of the items for which the requisition is made has formed the basis for any disbursements theretofore made from the Construction Fund. The Trustee shall keep and maintain adequate records

pertaining to the Construction Fund and all disbursements therefrom and after completion of the Project shall file an accounting thereof with the County and the Company.

SECTION 4.04. *Completion of 1969 Expansion.* The completion of the 1969 Expansion and payment of all costs and expenses incident to the 1969 Expansion shall be evidenced by the filing with the County and the Trustee of a certificate of the Project Supervisor, stating the date of such completion and the amount, if any, required in its opinion for the payment of any remaining part of the costs of the 1969 Expansion. Upon the filing of such certificate, the balance in the Construction Fund in excess of the amount, if any, stated in such certificate, shall be deposited by the Trustee in the Sinking Fund. Thereafter, upon payment of all the costs and expenses incident to the 1969 Expansion any balance in the Construction Fund shall be deposited in the Sinking Fund. The Trustee shall promptly notify the Company of any amounts deposited in the Sinking Fund pursuant to this Section.

SECTION 4.05. *Investment of Construction Fund.* Amounts credited to the Construction Fund may, if and to the extent then permitted by law, be invested in (i) obligations of or guaranteed by the United States of America, (ii) obligations of the Federal National Mortgage Association, (iii) obligations of the Federal Intermediate Credit Banks, (iv) obligations of Federal Banks for Cooperatives, (v) obligations of Federal Land Banks, (vi) obligations of Federal Home Loan Banks, (vii) obligations of the Export-Import Bank of Washington, (viii) prime commercial or finance company paper, (ix) repurchase agreements fully secured by obligations described under (i) above, (x) prime bankers' acceptances, or (xi) negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association (including the Trustee or any Paying Agent) which is a member of the Federal Reserve System, having capital stock and surplus aggregating at least . . . Such investments shall mature in such amounts and not later than such times as may be necessary to provide funds when needed to make payments from such Fund and shall be made at the direction of an Authorized Representative of the Company, which direction shall be approved by an Authorized Representative of the County and the County shall not unreasonably withhold such approval. Net interest or gain received from such investments shall be credited to and held in such Fund.

## ARTICLE V

## REVENUES AND FUNDS

SECTION 5.01. *Creation of Sinking Fund.* There is hereby created and established with the Trustee a special trust fund to be designated, York County Industrial Revenue Bond 1969 Marion Manufacturing Project Sinking Fund. There are also hereby created and established two separate accounts in such Fund to be respectively designated "Principal and Interest Account" and "Redemption Account".

SECTION 5.02. *Payments Into Sinking Fund.* The Trustee shall promptly deposit the following receipts in the Sinking Fund:

(a) The sum required by Section 4.01 to be deposited from the proceeds of the Bonds, which shall be credited to the Principal and Interest Account.

(b) Semiannual rental payments received by the Trustee pursuant to the Lease and Agreement and any subsequent lease of the Project, which shall be credited to the Principal and Interest Account. Each such rental payment shall be sufficient, together with amounts available in the Principal and Interest Account, to pay (i) the interest due on the Outstanding Bonds on the interest payment date next succeeding such rental payment, and (ii) the principal, if any, of the Outstanding Bonds due (otherwise than by call for redemption) on such interest payment date.

(c) Excess amounts in the Construction Fund required to be deposited in the Sinking Fund pursuant to Section 4.04, which shall be credited to the Principal and Interest Account.

(d) Advance rental payments received by the Trustee pursuant to the Lease and Agreement and any subsequent lease of the Project, which shall be credited to the Principal and Interest Account.

(e) All other receipts when and if required by the Lease and Agreement or any subsequent lease of the Project or by the Indenture to be paid into the Sinking Fund, which shall be credited to the Redemption Account.

SECTION 5.03. *Application of Sinking Fund.* 1. There shall be paid from the Principal and Interest Account in the Sinking Fund to



the respective Paying Agents on or before each interest payment date for the Bonds the amounts required for the payment of the principal and interest due on the Bonds on such date. Such amounts shall be applied by the Paying Agents to the payment of said principal and interest when due.

2. The amount deposited in the Principal and Interest Account as an advance rental payment shall be applied, as promptly as practicable, to the purchase of Bonds at prices not exceeding the principal amount thereof plus accrued interest. The Bonds to be purchased shall be selected by the Trustee. Any balance of such amount not so applied to the purchase of Bonds by 45 days prior to the next interest payment date shall be held in the Principal and Interest Account for application in accordance with subsection 1 of this Section. The Trustee shall promptly notify the Company or subsequent lessee of the Project of the Bonds so purchased from an advance rental payment and the balance thereof so held in said Account.

3. Amounts in the Redemption Account in the Sinking Fund shall be applied, as promptly as practicable, to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest. Any amount in the Redemption Account not so applied to the purchase of Bonds by 45 days prior to the next date on which the Bonds are so redeemable shall be applied to the redemption of Bonds on such redemption date; provided that if such amount aggregates less than \$25,000, it need not be then applied to such redemption. The Bonds to be purchased or redeemed shall be selected by the Trustee. Amounts in said Redemption Account to be applied to the redemption of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on or after such redemption date to the payment of the Redemption Price of the Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

4. In connection with purchases of Bonds out of the Sinking Fund as provided in this Section, the Trustee shall negotiate or arrange for such purchases in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its discretion determine. The payment of the purchase price and accrued interest shall be made out of the appropriate Account in the Sinking Fund.

SECTION 5.04. *Investment of Sinking Fund.* 1. Amounts in the Sinking Fund may, if and to the extent then permitted by law, be invested in obligations of or guaranteed by the United States of America or in negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association (including the Trustee or any Paying Agent) which is a member of the Federal Reserve System, provided that such certificates of deposit be continuously secured by obligations of or guaranteed by the United States of America, having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and lodged with the Trustee, as custodian. The bank, trust company or national banking association issuing each such certificate of deposit required to be secured as provided above shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit. The Trustee shall be entitled to rely on each such undertaking. Such investments shall be made by the Trustee at the direction of an Authorized Representative of the Company, which direction shall be approved by an Authorized Representative of the County and the County shall not unreasonably withhold such approval. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the Sinking Fund. Net income or gain received and collected from such investments prior to the date of completion of the Project (as certified by the Project Supervisor pursuant to Section 4.04) shall be deposited in the Construction Fund, and thereafter shall be credited to the Principal and Interest Account in the Sinking Fund and applied in accordance with subsection 1 of Section 5.03.

2. Prior to each semiannual rental payment date under the Lease and Agreement or any subsequent lease of the Project, the Trustee shall notify the Company or subsequent lessee of the Project of the amount of such net investment income or gain received and collected subsequent to the last such rental payment and then available in the Principal and Interest Account in the Sinking Fund.

SECTION 5.05. *Insurance and Condemnation Proceeds.* The Lease and Agreement provides for the payment of certain insurance proceeds

and condemnation awards, damages and compensation with respect to the Project into special funds held by the Trustee and for the investment and disbursement thereof. The Trustee shall perform its duties and obligations with respect to such insurance proceeds and awards, damages and compensations as specified in the Lease and Agreement or any subsequent lease of the Project, subject always to the terms of the Indenture. Such special funds shall constitute trust funds under the Indenture.

SECTION 5.06. *Cancellation of Bonds and Coupons.* All Bonds paid, redeemed or purchased and all appurtenant coupons paid shall forthwith be cancelled. All such Bonds and coupons so cancelled may be destroyed by the Trustee in such manner as it shall determine and an appropriate certificate with respect to such destruction shall be issued by the Trustee and an executed counterpart of each such certificate shall be filed with the County.

## ARTICLE VI

### PARTICULAR COVENANTS

SECTION 6.01. *County's Obligations not to Create a Pecuniary Liability.* Each and every covenant herein made, including all covenants made by the various sections of this Article VI, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease and Agreement, which are required to be set apart and transferred to the Sinking Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

SECTION 6.02. *Payment of Principal and Interest.* The County covenants that it will promptly pay or cause to be paid the principal of and interest on every Bond at the place, on the dates and in the manner provided in the Indenture and in the Bonds and in the coupons appertaining thereto according to the true intent and meaning



thereof. The principal or Redemption Price, if applicable, and interest are payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the Sinking Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent specified in the Indenture. The Bonds are further secured by a pledge of the Lease and Agreement and by the lien of Indenture on the Project. The Bonds and the interest thereon shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina of any statutory limitation, and shall never constitute nor give rise to a pecuniary liability of the County or a pledge against its general credit or taxing powers. The County shall not be required under the Indenture or the Lease and Agreement or any subsequent lease of the Project to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the lease rentals, revenues and receipts, rental income and other moneys held or derived from in connection with the Project or the sale thereof, and (iii) any income or gains therefrom.

*SECTION 6.03. Performance of Covenants; Authority.* The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders and owners thereof and the coupons appertaining thereto are and will be valid and enforceable obligations of the County according to the import thereof.

*SECTION 6.04. Books and Records; Certificate as to Defaults.* The County covenants and agrees that so long as any of the Bonds remain outstanding, proper books of record and account will be kept showing

complete and correct entries of all transactions relating to the Project, and that the Holders of any of the Bonds shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. In this regard, so long as the Lease and Agreement is in force and effect, records furnished by the County and the Company to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the County's obligations under this Section 6.04. The County shall also within 30 days prior to the end of each calendar year commencing with 1969 file with the Trustee a certificate signed by an Authorized Representative of the County stating that it is not in default under the Indenture, or, if it shall be in default, specifying the particulars of such default.

SECTION 6.05. *Lease and Agreement and Subsequent Leases.* 1. It is understood and agreed that the Project has been leased to the Company under the Lease and Agreement. The Lease and Agreement is recorded in the office of Clerk of Court for York County, and an executed copy is on file in the office of the County and in the office of the Trustee. Reference is hereby made to the Lease and Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. The lien of this Indenture is subject and subordinate to the Lease and Agreement. The County agrees to enforce all covenants and obligations of the Company under the Lease and Agreement and agrees that the Trustee, in its own name or in the name of the County, may and is hereby granted the right to enforce all rights of the County and all obligations of the Company under and pursuant to the Lease and Agreement, whether or not the County is in default in its covenant to enforce such rights and obligations.

2. If for any reason the Company fails or ceases to use and occupy the Project in accordance with the terms of the Lease and Agreement, then the County covenants and agrees to cause the Project to be used and occupied by any other lessee that may be determined to serve the general welfare of the County and to enter into a lease agreement with such lessee providing that said lessee will pay rentals therefor at least in the amounts and at the times specified in the Lease and Agreement and that the County and said lessee shall have, observe and perform under such lease agreement substantially the same respective obligations, covenants, conditions and rights as are specified in the Lease and Agreement with respect to the County and the Company, respec-

tively; provided that such subsequent lease may contain rental terms and other provisions substantially different from those contained in the Lease and Agreement, if the consent of the Holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Bonds at the time Outstanding is given and procured as provided in Section 9.03 for the amendment of the Lease and Agreement or subsequent lease of the Project.

SECTION 6.06. *Creation of Liens; Indebtedness; Sale of Project.* The Indenture is and will continue to be a first lien upon the property of the Project subject only to Permitted Encumbrances, and the County will not create or suffer to be created any lien or charge having priority or preference over the lien of the Indenture upon the property of the Project or any part thereof and within three months after the same shall accrue the County shall pay and discharge or cause to be paid and discharged the lawful claims and demands of mechanics, materialmen, laborers, or others which if unpaid will by law be given preference to the lien of the Indenture as a lien or charge upon the property of the Project or any part thereof. The County shall not create or suffer to be created any lien or charge upon or pledge of the revenues and rental income from or in connection with the Project, except the lien, charge and pledge created by the Indenture and the Bonds. The County shall not incur any indebtedness or issue any evidences of indebtedness, other than the Bonds herein authorized, secured by a lien on or pledge of such revenues and rental income which is prior to or equal with the lien and pledge securing the Bonds hereunder. The County further covenants and agrees not to sell, convey, transfer, mortgage or encumber the Project or any part thereof except as specifically permitted under the Indenture, the Lease and Agreement or any subsequent lease of the Project, so long as any of the Bonds are Outstanding.

SECTION 6.07. *Ownership; Instruments of Further Assurance.* The County covenants that it lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances), and that it will defend the title thereto and every part thereof to the Trustee for the benefit of the holders of the Bonds against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may



reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of the Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County heretofore made by this Section 6.07.

SECTION 6.08. *Recording and Filing.* 1. This Indenture and all indentures supplemental thereto shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court for York County, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in the personal property and fixtures which are to be part of the Project, and in the other property, rights and interests herein described, shall be perfected by the filing in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, and in the office of the Clerk of Court for York County, of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions. This Indenture shall be re-recorded and re-indexed whenever in the opinion of the counsel satisfactory to the Trustee (who may be counsel to the County or to the Company) such action is necessary to preserve the lien hereof and in addition, such financing or continuation statements as in the opinion of such counsel become necessary to preserve the lien of this Indenture shall be filed in said office of the Secretary of State of South Carolina, and in the office of the Clerk of Court for York County. The County will, within ten days after any such filing, recording or other act, furnish the Trustee with an opinion of such counsel as to the adequacy and reciting the details of such filing, recording or other act and specifying any re-recording or re-filing to be effected in the future with respect to the Lease and Agreement, or the Indenture.

2. On or before March 1, 1970 and on or before each March 1 thereafter the County will deliver to the Trustee an opinion of such

counsel, addressed to the Trustee, stating that all appropriate steps on the part of the County, the Company, and the Trustee then requisite to the perfection of the respective security interests of the Trustee and the holders from time to time of the Bonds in and to all property (whether real, personal or mixed) which by the terms hereof is to be subjected to the lien of the Indenture have been taken; and stating that no filing or recording and no re-filing or re-recording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section, or if such filing or recording or re-filing or re-recording is necessary, setting forth the requirements with respect thereto.

SECTION 6.09. *Taxes, Charges and Assessments.* The County covenants that it will promptly cause to be paid all lawful taxes, charges, assessments, imposts and governmental charges at any time levied or assessed upon or against the Project, or any part thereof, which might impair or prejudice the lien and pledge created by this Indenture; provided, however, that nothing contained in this Section shall require the County to cause to be paid any such taxes, assessments, imposts or charges so long as the validity thereof is being contested in good faith and by appropriate legal proceedings, and provided further, that such delay in payment shall not subject the Project or any part thereof to forfeiture or sale.

SECTION 6.10. *Maintenance and Repairs.* The County covenants that it will at all times cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs so that the operation and business pertaining to the Project shall at all times be conducted properly and so that the Project shall be fully maintained. It is understood that the County has made provisions in the Lease and Agreement for such maintenance pursuant to the terms of which the Company is obligated to maintain the Project as set forth in the Lease and Agreement, and so long as the Lease and Agreement is in force and effect the County shall be deemed to be in compliance with its obligations under this Section 6.10.

SECTION 6.11. *Insurance.* The County covenants that at all times while any Bonds are outstanding, it will keep or cause to be kept the Project insured against loss or damage by fire, with standard extended coverage endorsement covering perils of windstorm, hail, explosion,

counsel, addressed to the Trustee, stating that all appropriate steps on the part of the County, the Company, and the Trustee then requisite to the perfection of the respective security interests of the Trustee and the holders from time to time of the Bonds in and to all property (whether real, personal or mixed) which by the terms hereof is to be subjected to the lien of the Indenture have been taken; and stating that no filing or recording and no re-filing or re-recording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section, or if such filing or recording or re-filing or re-recording is necessary, setting forth the requirements with respect thereto.

SECTION 6.09. *Taxes, Charges and Assessments.* The County covenants that it will promptly cause to be paid all lawful taxes, charges, assessments, imposts and governmental charges at any time levied or assessed upon or against the Project, or any part thereof, which might impair or prejudice the lien and pledge created by this Indenture; provided, however, that nothing contained in this Section shall require the County to cause to be paid any such taxes, assessments, imposts or charges so long as the validity thereof is being contested in good faith and by appropriate legal proceedings, and provided further, that such delay in payment shall not subject the Project or any part thereof to forfeiture or sale.

SECTION 6.10. *Maintenance and Repairs.* The County covenants that it will at all times cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs so that the operation and business pertaining to the Project shall at all times be conducted properly and so that the Project shall be fully maintained. It is understood that the County has made provisions in the Lease and Agreement for such maintenance pursuant to the terms of which the Company is obligated to maintain the Project as set forth in the Lease and Agreement, and so long as the Lease and Agreement is in force and effect the County shall be deemed to be in compliance with its obligations under this Section 6.10.

SECTION 6.11. *Insurance.* The County covenants that at all times while any Bonds are outstanding, it will keep or cause to be kept the Project insured against loss or damage by fire, with standard extended coverage endorsement covering perils of windstorm, hail, explosion,



riots, civil commotion, aircraft, vehicles and smoke (except as limited in the standard form of extended coverage endorsement at the time in use in South Carolina) at all times in an amount such that the proceeds of such insurance in the event of a total loss shall be equal to not less than 80% of the full insurable value thereof or equal to the principal amount of the outstanding Bonds, whichever is lesser, and, to the extent not paid by a contractor for the construction or acquisition of any part of the Project, pay the premiums thereon. The Trustee shall be named as a party insured pursuant to a standard mortgagee clause as its interest may appear. It is understood that the County has made provisions in the Lease and Agreement for such insurance, pursuant to the terms of which the Company is obligated to keep the property insured as set forth in the Lease and Agreement, and so long as the Lease and Agreement is in force and effect, the County shall be deemed to be in compliance with its obligations under this Section 6.11.

The Trustee is entitled to rely upon the copies or certificates of the insurance provided for in Section 4.4 of the Lease and Agreement evidencing compliance with the requirements of this Section 6.11 and shall have no duty to examine the actual policies of insurance required by the terms of the Lease and Agreement either as to coverage or to value insured, or have any other duty in connection with such insurance. If there are no boilers or pressure vessels, the County shall so notify the Trustee in writing, and the Trustee shall be entitled to rely upon said notification until notified in writing to the contrary by the County.

## ARTICLE VII

### REMEDIES OF BONDHOLDERS

SECTION 7.01. *Events of Default; Acceleration of Due Date.* 1. Each of the following events is hereby defined as and shall constitute an "event of default":

(a) Default in the due and punctual payment of the interest on any Bond;

(b) Default in the due and punctual payment of the principal or Redemption Price of any Bonds, whether at the stated maturity thereof or upon proceedings for redemption thereof.

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the

County in the Indenture or in the Bonds contained and the continuance thereof for a period of 30 days after written notice given by the Trustee or by the Holders of not less than 25% of the principal amount of Bonds then Outstanding.

2. Upon the happening and continuance of any event of default specified in clause (a) or (b) of subsection 1 of this Section, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the County) or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the County and the Trustee) may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding; provided however, if such event of default arises on account of default by the Company in the observance of the covenant contained in Section 6.5 of the Lease and Agreement, the principal of the Bonds so declared due and payable shall mean and include the amounts of the Redemption Prices of the Bonds calculated pursuant to subsection 4 of Section 202 of the Indenture. The right of the Trustee or of the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, all overdue installments of interest upon the Bonds and the principal of all Bonds which shall have matured by their terms, together with the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the County or provision satisfactory to the Trustee shall be made for such payment and the mortgaged premises shall not have been sold as provided in this Article VII, then and in every such case any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

SECTION 7.02. *Foreclosure and Enforcement of Remedies.* 1. Upon the happening and continuance of any event of default, the Trustee may proceed, and upon the written request of the Holders of not less than 66 $\frac{2}{3}$ % in principal amount of the Bonds Outstanding shall proceed, to sell, subject to statutory requirements, to the highest bidder all and singular the property of the Project, and all right, title and

interest, claim and demand therein and thereto, and all right of redemption thereof. Such sale or sales shall be made at public auction at such place or places, and at such time and upon such terms as the Trustee may fix and briefly specify in the notice of sale to be given as hereinafter provided, or as may be otherwise required by law. Notice of any such sale, whether made under the power of sale herein granted or under or by virtue of judicial proceedings, shall state the time and place when and where the same is to be made and shall contain a brief and general description of the property to be sold, and such notice shall be sufficiently given if published once each week for four successive weeks prior to the date fixed for such sale in one newspaper of general circulation published in the City of Columbia, South Carolina, and one newspaper (if any) of general circulation published in York County, South Carolina and if a copy of such notice is served upon the Company or subsequent lessee of the Project by registered mail. Such notice shall also comply with any requirements of law. Upon the completion of any such sale or sales, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or other instruments conveying, assigning, and transferring the property sold. The Trustee is hereby irrevocably appointed the true and lawful attorneys of the County in its name and stead to make all deliveries and to execute all deeds and instruments of conveyance, assignment, and transfer, and may substitute one or more persons with like power, the County hereby ratifying and confirming all that its said attorney or such substitute or substitutes may lawfully do by virtue hereof. Nevertheless, the County shall, if so requested by the Trustee, ratify and confirm any sale by executing and delivering to the Trustee or to such purchaser or purchasers, or by joining in the execution of all such deeds and instruments as may be necessary or in the judgment of the Trustee proper for the purpose, and as may be designated in such request. The proceeds or avails of any such sale shall be paid into the Sinking Fund.

2. Upon the happening and continuance of any event of default, then and in every case the Trustee may proceed, and upon the written request of the Holders of not less than 10% in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Act and under the Indenture forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or



agreement contained in the Indenture or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture.

3. In the enforcement of any right or remedy under the Indenture or under the Act, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the County, for principal, Redemption Price, interest or otherwise under any of the provisions of the Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the County, but solely as provided in the Indenture and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect (but solely from the moneys in the Sinking Fund) in any manner provided by law, the moneys adjudged or decreed to be payable.

4. Regardless of the happening of an event of default, the Trustee, if requested in writing by the Holders of not less than 25% in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the resolution by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; provided, that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not be unduly prejudicial to the interests of the Holders of Bonds not making such request.

SECTION 7.03. *Appointment of Receiver.* Upon the occurrence of an event of default specified in clause (a) or (b) of subsection 1 of Section 7.01, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the

Bondholders under the Indenture, the Trustee shall be entitled to the appointment of a receiver to administer the Project on behalf of the County, with power to charge and collect rent sufficient to provide for the payment of the principal and interest on the Bonds then Outstanding and for the payment of operating expenses, and to apply the income and revenue in conformity with the Act.

*SECTION 7.04. Application of Revenues and Other Moneys After Default.* 1. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Sinking Fund and all moneys so deposited in such Fund and available for payment of the Bonds shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

*First*—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

*Second*—To the payment to the persons entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the prin-

principal and interest (at the rate or rates expressed thereon) then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

2. Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

3. Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and Paying Agents have been paid, any balance remaining in the Sinking Fund shall be paid to or upon the order of the County.

*SECTION 7.05. Actions by Trustee.* All rights of action under the Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 7.04, be for the equal benefit of the Holders of the Outstanding Bonds and coupons.

*SECTION 7.06. Majority Bondholders Control Proceedings.* Anything in the Indenture to the contrary notwithstanding, the Holders of



a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

**SECTION 7.07. *Individual Bondholder Action Restricted.*** 1. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Holder shall have previously given to the Trustee written notice of the happening of an event of default, as provided in this Article, and the Holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of South Carolina or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds or coupons shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Holders of the Outstanding Bonds and coupons.

2. Nothing in the Indenture or in the Bonds or coupons contained shall affect or impair the right of any Bondholder to payment of the principal or Redemption Price, if applicable, of and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal or Redemption Price, if applicable, of and interest on each of the Bonds to the respective Holders thereof at the time, place,

from the source and in the manner herein and in said Bonds and the appurtenant coupons expressed.

SECTION 7.08. *Effect of Discontinuance of Proceedings.* In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County, the Trustee, and the Bondholders shall be restored, respectively, to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceedings had been taken.

SECTION 7.09. *Remedies Not Exclusive.* No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 7.10. *Delay or Omission.* No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

SECTION 7.11. *Notice of Default.* The Trustee shall promptly mail to registered Holders of Bonds, and to all Bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

SECTION 7.12. *Waivers of Default.* The Trustee shall waive any default hereunder and its consequences upon the written request of the holders of one-half in aggregate principal amount of all the Bonds then outstanding; provided, however, that there shall not be waived

without the consent of the Holders of all the Bonds Outstanding (a) any event of default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 7.13. *Rights and Remedies Subject to Lease.* The rights and remedies provided in favor of the Trustee and the Holders of the Bonds by the provisions of the Indenture are in each case subject to, and may be exercised only subject and subordinate to, the rights of the Company (or subsequent lessee of the Project) under the Lease and Agreement (or subsequent lease of the Project).

## ARTICLE VIII

### TRUSTEE AND PAYING AGENTS

SECTION 8.01. *Appointment and Acceptance of Duties.* 1. First Union National Bank, Charlotte, North Carolina, is hereby appointed as Trustee. All provisions of this Article VIII shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Lease and Agreement as fully for all intents and purposes as if this Article VIII were contained in the Lease and Agreement.

2. \_\_\_\_\_ and  
are hereby appointed as Paying Agents for the Bonds. The County may also from



time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 8.09 for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the County and to the Trustee a written acceptance thereof. The principal offices of the Paying Agents are designated as the respective offices or agencies of the County for the payment of the principal or Redemption Price and the interest on the Bonds.

SECTION 8.02. *Indemnity.* The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers under the Indenture, until it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its misconduct, negligence or bad faith.

SECTION 8.03. *Responsibilities of Trustee.* The Trustee shall have no responsibility in respect of the validity or sufficiency of the Indenture or the security provided thereunder or the due execution thereof by the County, or in respect of the title or the value of the Project, or in respect of the validity of any Bonds authenticated and delivered by the Trustee in accordance with the Indenture or of the coupons appertaining thereto or to see to the recording or filing of the Indenture or any financing statement or any other document or instrument whatsoever. The recitals, statements and representations contained in the Indenture and in the Bonds shall be taken and construed as made by and on the part of the County and not by the Trustee, and it does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds.

2. The Trustee shall not be liable or responsible because of the failure of the County to perform any act required of it by the Indenture or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depositary other than itself in which such moneys shall have been deposited under the Indenture.

The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the Indenture or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own misconduct, negligence or bad faith. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees and agents.

3. The Trustee, prior to the occurrence of an event of default (as defined in Section 7.01) and after curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an event of default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise under the circumstances in the conduct of his own affairs.

4. The Trustee shall not be liable or responsible for the failure of the Company to effect or maintain insurance on the Project as provided in the Lease and Agreement nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the County, the Company, the Trustee or any other person.

SECTION 8.04. *Compensation.* The Trustee and Paying Agents shall be entitled to receive and collect from the Company as provided in the Lease and Agreement (and from any subsequent lessee of the Project as shall be provided in the subsequent lease thereof) payment or reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonable and necessarily made or incurred by the Trustee or Paying Agents in connection therewith. Upon an event of default, but only upon an event of default, the Trustee and Paying Agents shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs and expenses incurred.

SECTION 8.05. *Evidence on Which Trustee May Act.* 1. In case at any time it shall be necessary or desirable for the Trustee to make

The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the Indenture or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own misconduct, negligence or bad faith. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees and agents.

3. The Trustee, prior to the occurrence of an event of default (as defined in Section 7.01) and after curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an event of default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise under the circumstances in the conduct of his own affairs.

4. The Trustee shall not be liable or responsible for the failure of the Company to effect or maintain insurance on the Project as provided in the Lease and Agreement nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the County, the Company, the Trustee or any other person.

SECTION 8.04. *Compensation.* The Trustee and Paying Agents shall be entitled to receive and collect from the Company as provided in the Lease and Agreement (and from any subsequent lessee of the Project as shall be provided in the subsequent lease thereof) payment or reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonable and necessarily made or incurred by the Trustee or Paying Agents in connection therewith. Upon an event of default, but only upon an event of default, the Trustee and Paying Agents shall have a first lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs and expenses incurred.

SECTION 8.05. *Evidence on Which Trustee May Act.* 1. In case at any time it shall be necessary or desirable for the Trustee to make



any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which the Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of the Indenture, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

2. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of the Indenture, or upon the written opinion of any attorney (who may be an attorney for the County or the Company), engineer, appraiser, or accountant believed by the Trustee to be qualified in relation to the subject matter.

*SECTION 8.06. Trustee and Paying Agents May Deal in Bonds.* Any national banking association, bank or trust company acting as a Trustee or Paying Agent, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

*SECTION 8.07. Resignation or Removal of Trustee.* The Trustee may resign and thereby become discharged from the trusts created under the Indenture by notice in writing to be given to the County and by notice published once in an Authorized Newspaper not less than 60 days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a successor Trustee, pursuant to Section 8.08, if such successor Trustee shall be appointed before the time specified by such notice and shall accept such trusts.

2. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Holders of not less than a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. The Trustee shall promptly give notice of such filing to the County.

SECTION 8.08. *Successor Trustee.* 1. If at any time the Trustee shall resign, or shall be removed, be dissolved or otherwise become incapable of acting or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator thereof, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the County shall appoint a successor Trustee to fill such vacancy. Within 20 days after such appointment, the County shall cause notice of such appointment to be published in an Authorized Newspaper.

2. At any time within one year after any such vacancy shall have occurred, the Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys-in-fact thereunto duly authorized and filed with the County, may appoint a successor Trustee, which shall, immediately and without further act, supersede any Trustee theretofore appointed. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Holder of any Bond then Outstanding, or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

3. Any Trustee appointed under this Section shall be a national banking association or a bank or trust company duly organized under the laws of any State of the United States authorized to exercise corporate trust powers. At the time of its appointment, any successor Trustee shall have a capital stock and surplus aggregating not less than \$25,000,000.

4. Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the County, an instrument in writing accepting such appointment, and thereupon such successor Trustee,

without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor, with like effect as if originally named as such Trustee; but such predecessor shall, nevertheless, on the written request of its successor or of the County, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 8.04, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor; and every predecessor Trustee shall deliver all property and moneys held by it under the Indenture to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such Trustee, the estate, properties, rights, immunities, power and trusts vested or intended to be vested in the predecessor Trustee any such instrument in writing shall, on request, be executed, acknowledged and delivered by the County. Any successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

5. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any State of the United States, and shall be authorized by law to perform all the duties imposed upon it by the Indenture, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

SECTION 8.09. *Resignation or Removal of Paying Agent; Successors.* 1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 60 days' written notice to the County and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the County. Any successor Paying Agent shall be appointed by the County, with the approval of the Trustee, and shall be a bank or trust company duly organized under the laws of any State of the United States or a national banking association, having a capital stock and surplus aggregating at least



\$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successors, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

SECTION 8.10. *Trust Estate may be Vested in Separate or Co-Trustee.* It is the intent of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease and Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, or hold title to the property mortgaged hereunder, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 8.10 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable the co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming

to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the rights, estates and properties, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

## ARTICLE IX

### AMENDMENTS OF INDENTURE AND LEASE

SECTION 9.01. *Limitation or Modifications.* The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article.

SECTION 9.02. *Supplemental Indentures Without Bondholders' Consent.* 1. The County may, from time to time and at any time, adopt Supplemental Indentures without consent of the Bondholders as follows:

(a) To cure any formal defect, omission or ambiguity in the Indenture if such action is not adverse to the interests of the Bondholders; or

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as heretofore in effect; or

(c) To add to the covenants and agreements of the County in the Indenture, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(d) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the properties of the Project, or revenues or rental income from or in connection with the Project or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

2. Before the County shall adopt any Supplemental Indenture pursuant to this Section, there shall have been filed with the Trustee an opinion of counsel satisfactory to the Trustee stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon enactment it will be valid and binding upon the County in accordance with its terms.

SECTION 9.03. *Supplemental Indentures With Bondholders' Consent.* 1. Subject to the terms and provisions contained in this Article and not otherwise, the Holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, to consent to and approve the adoption by the County of any Supplemental Indenture as shall be deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount or Redemption Price of any Outstanding Bond or the rate of interest thereon, without the consent of the Holder of such Bond, or (ii) the creation of a lien upon or pledge of revenues or rental income from or in connection with the Project ranking prior to or on a parity with the lien or pledge created by the Indenture, or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

2. If at any time the County shall determine to adopt any Supplemental Indenture for any of the purposes of this Section, it shall cause notice of the proposed Supplemental Indenture to be published at least once a week for two successive weeks in an Authorized Newspaper, and shall also cause a similar notice to be mailed, postage prepaid, to all registered Bondholders and all Bondholders who shall have filed their names and addresses with the County for such purpose. Such notice



shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

3. Within one year after the date of the first publication of such notice, the County may adopt such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the County (a) the written consents of Holders of not less than  $66\frac{2}{3}\%$  in aggregate principal amount of the Bonds then Outstanding and (b) the opinion of counsel satisfactory to the Trustee stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the County in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the adoption of such Supplemental Indenture.

4. If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the County from adopting the same or from taking any action pursuant to the provisions thereof.

5. Upon the adoption of any Supplemental Indenture pursuant to the provisions of this Section, the Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the County, the Trustee and all Holders of Bonds then Outstanding shall thereafter

be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

SECTION 9.04. *Supplemental Indenture Part of the Indenture.* Any Supplemental Indenture adopted in accordance with the provisions of this Article shall thereafter form a part of the Indenture; and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

SECTION 9.05. *Rights of Lessee.* Anything herein to the contrary notwithstanding, any Supplemental Indenture under this Article which affects any rights, powers and authority of the Company under the Lease and Agreement or of any subsequent lessee with respect to the Project or requires a revision of the Lease and Agreement or subsequent lease of the Project shall not become effective unless and until the Company or such subsequent lessee, as the case may be, shall have given its written consent signed by its duly authorized officer to such Supplemental Indenture.

SECTION 9.06. *Amendments of Lease Not Requiring Consent.* The County and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Lease and Agreement or subsequent lease of the Project as may be required (i) for the purpose of curing any ambiguity or formal defect or omission, or (ii) in connection with any other change therein which, in the judgment of the Trustee and a financial consultant selected by the County and acceptable to the Trustee, is not materially to the prejudice of the Trustee or the Holders of the Bonds. For the purposes of this Section the term financial consultant shall mean an investment institution having a research and analysis department of recognized national standing. Nothing in this Indenture shall require the consent of the Trustee for any amendment, change or modification of the Lease and Agreement or the release of any part of the Project or interest therein in accordance with Section 11.02 or 11.03. The Trustee shall have no liability to any Bondholder or any other person for any action taken by it in good faith pursuant to this Section.

SECTION 9.07. *Amendments of Lease Requiring Consent of Bondholders.* Except as provided in Section 9.06 hereof, the County and the Trustee shall not consent to any amendment, change or modifica-

tion of the Lease and Agreement, including the substitution of an assignee of the lease for the Company and the release of the Company from the obligations of the Lease and Agreement, or any subsequent lease of the Project without publication of notice and the written approval or consent of the Holders of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Bonds at the time Outstanding given and procured as in Section 9.03 provided. If at any time the County and the Company under the Lease and Agreement or the lessee under a subsequent lease of the Project shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 9.03 with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

## ARTICLE X

### DEFEASANCE

SECTION 10.01. *Discharge of Indenture.* 1. If the County shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and coupons, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any lease rentals, revenues or receipts from or in connection with the Project under the Indenture and the estate and rights hereby granted, and all covenants, agreements and other obligations of the County to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the County all such instruments as may be appropriate to satisfy such lien and to evidence such discharge and satisfaction, and the Trustee, County and the Paying Agents shall pay over or deliver to the County or on its order all moneys or securities held by them pursuant to the Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds or coupons not theretofore surrendered for such payment or redemption.

2. Bonds or coupons for the payment or redemption of which moneys shall then be held by the Trustee or Paying Agents, whether



at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 10.01; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the County shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice; and provided, further, that, if the maturity or redemption date of any such Bond shall not then have arrived, provision shall have been made by the County by deposit with the Trustee or other methods satisfactory to the Trustee for the payment to the Holders of any such Bonds and coupons, upon surrender thereof, whether or not prior to the maturity or redemption date thereof, of the full amount to which they would be entitled by way of principal or Redemption Price and interest to the date of such maturity or redemption, and provision shall have been made by the County, satisfactory to the Trustee, for the publication, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, of a notice to the Holders of such Bonds and coupons that such moneys are so available for such payment.

## ARTICLE XI

### PRIORITY OF LEASE; RELEASE PROVISIONS

SECTION 11.01. *Subordination to Rights of Lessee.* The Indenture and the rights and privileges hereunder of the Trustee and the Bondholders are specifically made subject and subordinate to the rights and privileges of the Company (or subsequent lessee of the Project) set forth in the Lease and Agreement (or subsequent lease of the Project). So long as not otherwise provided in the Indenture, the County shall be suffered and permitted to possess, use and enjoy the Project and appurtenances so as to carry out its obligations under the Lease and Agreement (or subsequent lease of the Project).

SECTION 11.02. *Release of Leased Land; Granting of Easements.* Reference is made to the provisions of the Lease and Agreement, including without limitation Section 6.4 thereof, whereby the County and the Company have agreed to the withdrawal of any unimproved part of the Project or any rights of way, easements, permits or licenses with respect to the Project, upon compliance with the terms and conditions of the Lease and Agreement. The Trustee shall release from the

lien of the Indenture such unimproved part of the Project so withdrawn or any such rights of way, easements, permits or licenses with respect to the Project so granted, upon compliance with the provisions of the Lease and Agreement.

SECTION 11.03. *Release of Leased Equipment.* Reference is made to the provisions of the Lease and Agreement, including without limitation Section 4.2 thereof, whereby the Company may withdraw certain improvements, fixtures, machinery, equipment or facilities from the Project upon compliance with the terms and conditions of the Lease and Agreement. The Trustee shall at the request of the County or the Company confirm that any such improvements, fixtures, machinery, equipment or facilities from the Project are no longer included in the Lease and Agreement or subject to the lien of the Indenture upon compliance with the provisions of the Lease and Agreement and shall release said improvements, fixtures, machinery, equipment and facilities from the lien of the Indenture.

## ARTICLE XII

### MISCELLANEOUS

SECTION 12.01. *Evidence of Signatures of Bondholders and Ownership of Bonds.* 1. Any request, consent, revocation of consent or other instrument which the Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds or coupons appertaining thereto, shall be sufficient for any purpose of the Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgements of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof,

or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of registered Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

3. Except as otherwise provided in Section 9.03 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the County or the Trustee or any Paying Agent in accordance therewith.

SECTION 12.02. *Priority of Indenture over Liens.* This Indenture is given in order to secure funds to pay for new construction and by reason thereof, it is intended that this Indenture shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Project subsequent to the recordation thereof.



SECTION 12.03. *Moneys Held for Particular Bonds and Coupons.* The amounts held by the Trustee or Paying Agents for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds or coupons shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds and coupons entitled thereto.

SECTION 12.04. *Suspension of Newspaper Publication.* If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to the Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 12.05. *Notice.* Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the County or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of the Indenture if and when sent by registered mail return receipt requested:

- (i) To the County, at  
or at such other address as may be designated in writing by the County to the Trustee;
- (ii) To the Trustee at its then principal office.

SECTION 12.06. *Parties Interested Herein.* Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the County, the Trustee, the Paying Agents, and the Holders of the Bonds and the coupons thereunto appertaining, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Trustee, the Paying Agents, and the Holders of the Bonds and the coupons thereunto appertaining.

SECTION 12.07. *Partial Invalidity.* In case any one or more of the provisions of the Indenture or of the Bonds or coupons shall for any reason be held to be illegal or invalid, such illegality or invalidity

shall not affect any other provision of the Indenture or of the Bonds or coupons, but the Indenture and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the County contained in the Bonds or in the Indenture shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the County to the full extent permitted by law.

IN WITNESS WHEREOF, York County, South Carolina has caused these presents to be signed in its name and behalf of the Chairman of the Board of Directors of York County and its corporate seal to be hereunto affixed and attested by the Clerk of the Board of Directors of said County, and, to evidence its acceptance of the trust hereby created, First Union National Bank has caused these presents to be signed in its name and behalf by \_\_\_\_\_ and its corporate seal to be hereunto affixed and attested by \_\_\_\_\_  
all as of the day and year first above written.

YORK COUNTY, SOUTH CAROLINA

By .....  
*Chairman of the Board of  
Directors of York County*

ATTEST:

[SEAL]

*Clerk of the Board of  
Directors of York County*

In the presence of:

[SEAL]

ATTEST:

FIRST UNION NATIONAL BANK  
*As Trustee*

By .....

In the presence of:

STATE OF SOUTH CAROLINA }  
COUNTY OF YORK } ss.:

Personally appeared before me \_\_\_\_\_, who being  
duly sworn says that she saw the corporate seal of York County affixed  
to the foregoing Trust Indenture, and that she also saw \_\_\_\_\_,  
as Chairman of the Board of Directors of York County and  
\_\_\_\_\_, as Clerk of the Board of Directors of said County, sign  
and attest the same, and that she with \_\_\_\_\_ witnessed  
the execution and delivery thereof as the act and deed of the said York  
County.

[SEAL]

Sworn to before me this  
day of \_\_\_\_\_, 1969.

Notary Public  
My Commission expires

STATE OF NORTH CAROLINA }  
COUNTY OF \_\_\_\_\_ } ss.:

Personally appeared before me \_\_\_\_\_, who being  
duly sworn says that he saw the corporate seal of First Union National  
Bank affixed to the foregoing Trust Indenture, and that he also saw  
\_\_\_\_\_ as \_\_\_\_\_ and \_\_\_\_\_  
as \_\_\_\_\_ of First Union National Bank, sign and attest  
the same, and that he with \_\_\_\_\_ witnessed the execu-  
tion and delivery thereof as the act and deed of the said Bank.

[SEAL]

Sworn to before me this  
day of \_\_\_\_\_, 1969.

Notary Public  
My Commission expires



EXHIBIT A

76

EXHIBIT B

(7549-11)

1261

# South Carolina State Board of Health

J. MARION SIMS BUILDING  
COLUMBIA 29201

## EXECUTIVE COMMITTEE

W. WYMAN KING, M.D., CHM. - - - BATESBURG  
JOHN B. MARTIN, JR., M.D., V.-CHM., ANDERSON  
R. W. HANCKEL, M.D. - - - - - CHARLESTON  
O. B. MAYER, M.D. - - - - - COLUMBIA  
KEITH H. SMITH, M.D. - - - - - GREENVILLE  
J. HOWARD STOKES, M.D. - - - - FLORENCE  
W. R. WALLACE, M.D. - - - - - CHESTER



## EXECUTIVE COMMITTEE

HOWARD B. HIGGINS, D.D.S. - - - SPARTANBURG  
RAY G. WHITLOCK, Ph.G. - - - SPARTANBURG  
MRS. MARIE R. HARRIS, R.N. - - - GREENVILLE  
L. D. RODGERS, D.V.M. - - - - GREENWOOD  
DANIEL R. MCLEOD, ATTY. GEN. - - COLUMBIA  
HENRY MILLS, COMP. GEN. - - - - COLUMBIA

E. KENNETH AYCOCK, M.D.  
SECRETARY AND STATE HEALTH OFFICER

February 18, 1969

Mr. Pat C. Smith, Secretary  
State Budget & Control Board  
Wade Hampton Building  
Columbia, South Carolina 29201

Dear Pat:

Beginning in October, 1968, we have been discussing the disposal of our dairy and swine herds at State Park Health Center. On Friday, November 22, 1968, a meeting was held with our representative and representatives of the Department of Corrections, the Department of Mental Health, and the Director of the Department of Juvenile Correction regarding the question of the operation of dairies by these agencies, or in the case of the Department of Mental Health, the purchase of milk from the Department of Corrections.

It was my understanding that those present agreed that the State Board of Health should not be in the dairy business, but as I recall, you told Mr. Boylston later that the final decision about disposition of these animals would rest with the Budget and Control Board.

The continued operation of the dairy herd is resulting in a loss, and we at the State Board of Health are very desirous of ridding ourselves of this expense and burden. I am attaching a copy of the Act to Transfer the S. C. Sanatorium to the South Carolina State Board of Health for your review. Since this act transferred all properties to the State Board of Health, we are wondering if this is sufficient legislation for us to proceed with disposal of this herd, with the approval of the Budget and Control Board. If the Board does not agree that it has authority to grant our request to dispose of the herds, please let us know, so that we can introduce legislation granting this authority.

Details of the sale and the handling of funds will be worked out with your office as soon as we get authority to sell the animals.

Sincerely,

*E. Kenneth Aycock*

E. Kenneth Aycock, M.D.,  
State Health Officer

Copy to  
Mr. Boylston  
Dr. Marett

1262



# South Carolina State Board of Health

J. MARION SIMS BUILDING  
COLUMBIA 29201

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Sincerely,

*E. Kenneth Aycock*

E. Kenneth Aycock, M.D.,  
State Health Officer

Copy to  
Mr. Boylston  
Dr. Marett

1262

(R1103, H2497)

**An Act To Transfer All Powers, Duties, Personnel, Funds And Properties Of The South Carolina Sanatorium Board To The State Board Of Health And To Create A Tuberculosis Control Advisory Committee.**

Be it enacted by the General Assembly of the State of South Carolina:

**SECTION 1.** Notwithstanding the provisions of Sections 32-885 through 32-892, Code of Laws of South Carolina, 1962, or any other provision of law, all powers, duties, personnel, funds and properties of the South Carolina Sanatorium Board are hereby transferred to the State Board of Health.

**SECTION 2.** There is hereby created the Tuberculosis Control Advisory Committee to be appointed by the Governor, upon the recommendation of the Executive Committee of the State Board of Health.

The committee shall consist of six members who shall serve for terms of two years and until their successors are appointed and qualify. The present chairman of the South Carolina Sanatorium Board shall be appointed as an original member of the committee.

The other five members shall consist of: two practicing physicians (one from the South Carolina Thoracic Society and one from the South Carolina Medical Association); one representative from the South Carolina Department of Public Welfare; one representative from the South Carolina Vocational Rehabilitation Department; and one representative from the South Carolina Tuberculosis Association.

The committee shall advise the State Board of Health in all matters relating to the control, prevention and treatment of tuberculosis and chronic respiratory diseases.

**SECTION 3.** This act shall take effect July 1, 1968.

In the Senate House the 2nd day of April

In the Year of Our Lord One Thousand Nine Hundred and Sixty-eight.

JOHN C. WEST,  
*President of the Senate.*

SOLOMON BLATT,  
*Speaker of the House of Representatives.*

Approved the 2nd day of April, 1968.

ROBERT E. MCNAIR,  
*Governor.*

Printer's No. 37—S.

## PERSONNEL ADVICE

FORM 413

FISCAL YEAR 1968-69

DEPARTMENT	DIVISION	CODE NO.
<u>Adjutant General</u>		<u>307</u>

## SECTION I. CHANGE IN PERSONNEL

(A) NAME OF EMPLOYEE WHOSE SERVICES ARE TERMINATING <u>Barringer F. Wingard</u>	TITLE <u>Asst. Adjutant General</u>
SOC. SEC. NUMBER <u>248-42-7798</u>	ANNUAL SALARY . . . . . \$ <u>11,000.00</u>
EFFECTIVE DATE <u>7 February 1969</u>	SOURCE OF FUNDS:
	STATE \$ <u>11,000.</u> FEDERAL \$ _____ OTHER \$ _____
(B) NAME OF NEW EMPLOYEE <u>Robert L. McCrady</u>	TITLE <u>Asst. Adjutant General</u>
SOC. SEC. NUMBER <u>248-42-2559</u>	ANNUAL SALARY . . . . . \$ <u>15,828.00</u>
EFFECTIVE DATE <u>1 March 1969</u>	SOURCE OF FUNDS:
	STATE \$ <u>15,828.</u> FEDERAL \$ _____ OTHER \$ _____

IF TERMINATING EMPLOYEE LEAVES A VACANCY, INDICATE BY INSERTING "VACANCY" IN SECTION B.  
IF NEW EMPLOYEE IS FILLING A VACANCY, INDICATE BY INSERTING "VACANCY" IN SECTION A.

## SECTION II. CHANGE IN SALARY OR CREATION OF A NEW POSITION

NAME	SOC. SEC. NO.	TITLE
(A) PRESENT ANNUAL SALARY . . . . . \$ <u>11,000.00</u>	(B) PROPOSED ANNUAL SALARY . . . . . \$ <u>15,828.00</u>	
SOURCE OF FUNDS:	SOURCE OF FUNDS:	
STATE . . . . . \$ <u>11,000.00</u>	STATE . . . . . \$ <u>15,828.00</u>	
FEDERAL . . . . . _____	FEDERAL . . . . . _____	
OTHER . . . . . _____	OTHER . . . . . _____	
DATE PRESENT SALARY ESTABLISHED <u>1 July 1968</u>	EFFECTIVE DATE OF PROPOSED SALARY <u>1 March 1969</u>	

## JUSTIFICATION

To secure an individual with the military and educational background, along with the executive ability, experience and maturity essential for fulfillment of the responsibilities of this office, it is absolutely necessary that the salary be adjusted as requested. This is within range of the salary schedule proposed by the Classification Board.

IF NEW POSITION IS BEING CREATED, FILL IN ONLY SECTION B.

APPROVAL OF THIS REQUEST BY THE STATE BUDGET AND CONTROL BOARD IS CONDITIONED ON THE PRESENT AVAILABILITY OF FUNDS TO COVER THE ADDITIONAL COST THEREOF.

STATE BUDGET AND CONTROL BOARD

SIGNED \_\_\_\_\_ FOR THE BOARD

DATE 1261





HENRY J. CAUTHEN *general manager* • GEORGE E. BAIR *director of education*

February 18, 1969

*members of the commission •*

R. M. JEFFERIES, JR., *chairman*

J. WILLIAM BRADFORD

A. LEE CHANDLER

DAVID G. ELLISON, JR.

CLARENCE M. FORD

R. A. JOLLEY, SR.

JOHN M. RIVERS

*ex officio members •*

SEN. EDGAR A. BROWN

SEN. JAMES P. MOZINGO, III

REP. HAROLD D. BREAZEAL

REP. R. J. AYCOCK

CYRIL B. BUSBEE

The State Budget and Control Board  
c/o Office of the State Auditor  
P. O. Box 11333  
Columbia, South Carolina 29211

Gentlemen:

Over the past ten years South Carolina has developed one of the finest ETV systems in the world. There can no longer be any serious doubt that it can be and is a powerful and positive instrument for the upgrading of education at all levels. The demands for ETV service both in the public schools and in other areas are now overwhelming. In the future, these demands will be even greater.

The South Carolina ETV Commission has studied and experimented with many uses of educational television since its creation in 1960. Nearly every basic question concerning the use and the potential use of educational television has been examined in depth. The future use of ETV as a resource to all public schools, state agencies, and other educational institutions is clearly indicated by massive documentation of past efforts.

Although the physical expansion of the network itself is not yet complete, the basis for future expansion has been clearly set. There is no question that the combination of multi-channel closed circuit and single channel broadcasting service is the only solution to effectively meeting the demands placed upon the Commission and providing the necessary capability for service in the future.

However, should new technology provide additional means of distributing ETV programming, this would in no way change the requirements and design of the network production headquarters. At present, the Commission leases facilities on a year-to-year basis from private interests. Three years ago, the need for additional space became apparent. At that time, our landlord agreed to a limited expansion. Before this expansion could be begun, his untimely death and the subsequent unwillingness of his heirs to proceed prevented the completion of these plans.

1 1265

With facilities already overcrowded and expansion not possible, it became imperative that the ETV Commission study alternatives for the future. The Commission wanted an expert and impartial study of our needs. The highly respected firm of Lyles, Bissett, Carlisle, and Wolff--architects, engineers, and planners--was commissioned to conduct the study.

The major points the study covered and the conclusions arrived at by the consultants follow:

I. Should ETV continue its present annual leasing arrangement?

Conclusion: This alternative is not viable because--

- a. Existing facilities are already overcrowded and projected space needs could in no way be provided,
- b. The serious possibility that the year-to-year leasing arrangement at some time in the future could easily be peremptorily cancelled by the heirs of the previous leasor,
- c. Inadequacy of present facilities with respect to suitability for ETV operations including low construction standards, inadequate parking, necessity of crossing two streets within the existing operation, etc.,

II. Should ETV purchase and expand existing facilities?

Conclusion: The consultants rejected this move because--

- a. The main building is of minimum construction requiring high maintenance cost,
- b. Present studios are inadequate for proper television production,
- c. Lighting throughout the facility is below accepted standards,
- d. Circulation is poor and related functions are not in proximity to each other,
- e. The facility contains approximately one-half the required square footage for the present staff alone,
- f. Parking is totally inadequate,
- g. Inability to rezone adjacent properties which could contain future expansion,
- h. Exceedingly high per acre cost for the seriously limited amount of property available.

III. Should ETV purchase existing facilities to be destroyed, with new facilities to be built at the same location?

Conclusion: The consultants rejected Alternative III because--

- a. Each of the reasons stated under II above,
- b. Impossibility of construction at the present site without lengthy and total interruption of ETV service.

The State Budget and Control Board--February 18, 1969

3

IV. Should ETV relocate its headquarters in new facilities in a different location?

Conclusion: Lyles, Bissett, Carlisle, and Wolff recommend in the attached report "that ETV should move to a new site in the Columbia area."

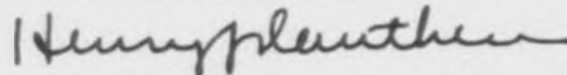
The ETV Commission fully concurred with all the findings and recommendations of the consultants at its last meeting on January 9, 1969, and by unanimous vote instructed the staff to present these recommendations to the State Budget and Control Board and Legislative authorities at the earliest possible moment.

The Commission feels that it is imperative--with facilities already three years overdue for expansion and with necessarily a three to four year period before new facilities could be occupied--that expanded facilities be acquired as soon as possible.

Unlike many State Agencies whose growth patterns have stabilized, The ETV Commission is still a growing agency just beginning to provide service in many areas. Failure to acquire adequate facilities could seriously impair ETV services and development.

Therefore, the Commission respectfully requests that the State Budget and Control Board recommend to the General Assembly the issuance of bonds in the amount of \$4,550,000 to carry out the recommendations in the attached consultants report.

Respectfully submitted,



Henry J. Cauthen  
General Manager

HJC:tlb

1267



# PROPOSED DEVELOPMENT PROGRAM

for the  
**SOUTH CAROLINA ETV NETWORK**



1208

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

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.
2. DOCUMENTS ARE OF POOR LEGIBILITY AND MAY NOT PHOTOGRAPH WELL.
3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.
4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
6. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.

# **PROPOSED DEVELOPMENT PROGRAM**

*for the*  
**SOUTH CAROLINA ETV NETWORK**





FOR DENSITY TESTING PURPOSES ONLY

# PROPOSED DEVELOPMENT PROGRAM

for the  
**SOUTH CAROLINA ETV NETWORK**



SOUTH CAROLINA ETV COMMISSION

R. M. Jefferies, Jr., Chairman

J. William Bradford

A. Lee Chandler

David G. Ellison, Jr.

Clarence M. Ford

R. A. Jolley, Sr.

John M. Rivers

Sen. Edgar A. Brown

Sen. James P. Mozingo, III

Rep. Harold D. Breazeale

Rep. R. J. Aycock

Cyril B. Busbee

Henry J. Cauthen, General Manager

---

PROPOSED DEVELOPMENT PROGRAM  
SOUTH CAROLINA  
EDUCATIONAL TELEVISION NETWORK

---

Prepared for the  
SOUTH CAROLINA EDUCATIONAL TELEVISION COMMISSION

---

Prepared by  
LYLES, BISSETT, CARLISLE & WOLFF  
ARCHITECTS-ENGINEERS-PLANNERS  
COLUMBIA-WASHINGTON-RALEIGH-ALEXANDRIA

---

January, 1969

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## INTRODUCTION

Education in all its phases involves approximately half of the American people - one hundred million - and accounts for expenditures of \$50 billion a year. With a continued economic expansion and population growth, enrollments in public and private schools are expected to increase at a rate of one million a year. This means that our teacher shortage will become more acute. In addition to our increasing public and private school enrollments, industry and business will be faced with the responsibility of updating the skills and knowledge of their employees in order to avoid labor shortages. Many of our people are in a constant state of learning.

In order to increase learning opportunities for all citizens in the future, it will be necessary to make extensive use of electronic communications. Television is the most powerful medium of communication ever developed by man. Although education presently spends large sums of money for a variety of audio visual devices, television encompasses the features of each of them and adds a power, immediacy, and impact otherwise unavailable. The role of television in education, training, and informing our people is constantly increasing. There are 168 educational television broadcasting stations now on-the-air in the United States and, in addition, hundreds of closed circuit and 2500 megacycle operations are daily providing education for their viewers.

Recognizing the importance of educating and training our state's people, the South Carolina Educational Television Commission is making sound plans to improve its operation and provide more extensive educational services. To make these plans, the Commission has undertaken a detailed study of its present facility as the basis for preparing for the future. This report contains the findings and recommendations of the study.

## SCETV - PURPOSE AND CHALLENGE

The SCETV Commission was created and is financed by the Legislature of the State of South Carolina to provide a comprehensive educational opportunity for the people of the State through the medium of television. The purpose and priorities are as follows:

- The Commission's primary responsibility is to provide instructional television lessons for use in all the schools of the State, be they elementary, secondary, institutions of higher learning or technical training facilities.
- A second responsibility is to provide comprehensive opportunities for the teachers of the State to continue their professional education.
- An additional responsibility lies in the area of providing continuing professional education for South Carolina citizens through the production and transmission of post-graduate courses in such fields as medicine, law, dentistry, pharmacy, law enforcement, correctional institution training, food service and any others as the need arises or is recognized.
- A responsibility closely tied to the economic progress of the State is to provide educational television materials for the continuing training and education of business and industrial personnel.
- An additional responsibility is to cooperate with all State agencies by providing informational programming for the public, training for agency personnel, and inter-agency communications.
- A final responsibility inherent in any institution of education, be it school, college, museum, or television station, is to provide general information reflecting knowledge of and interest in our world.



#### SCOPE OF WORK

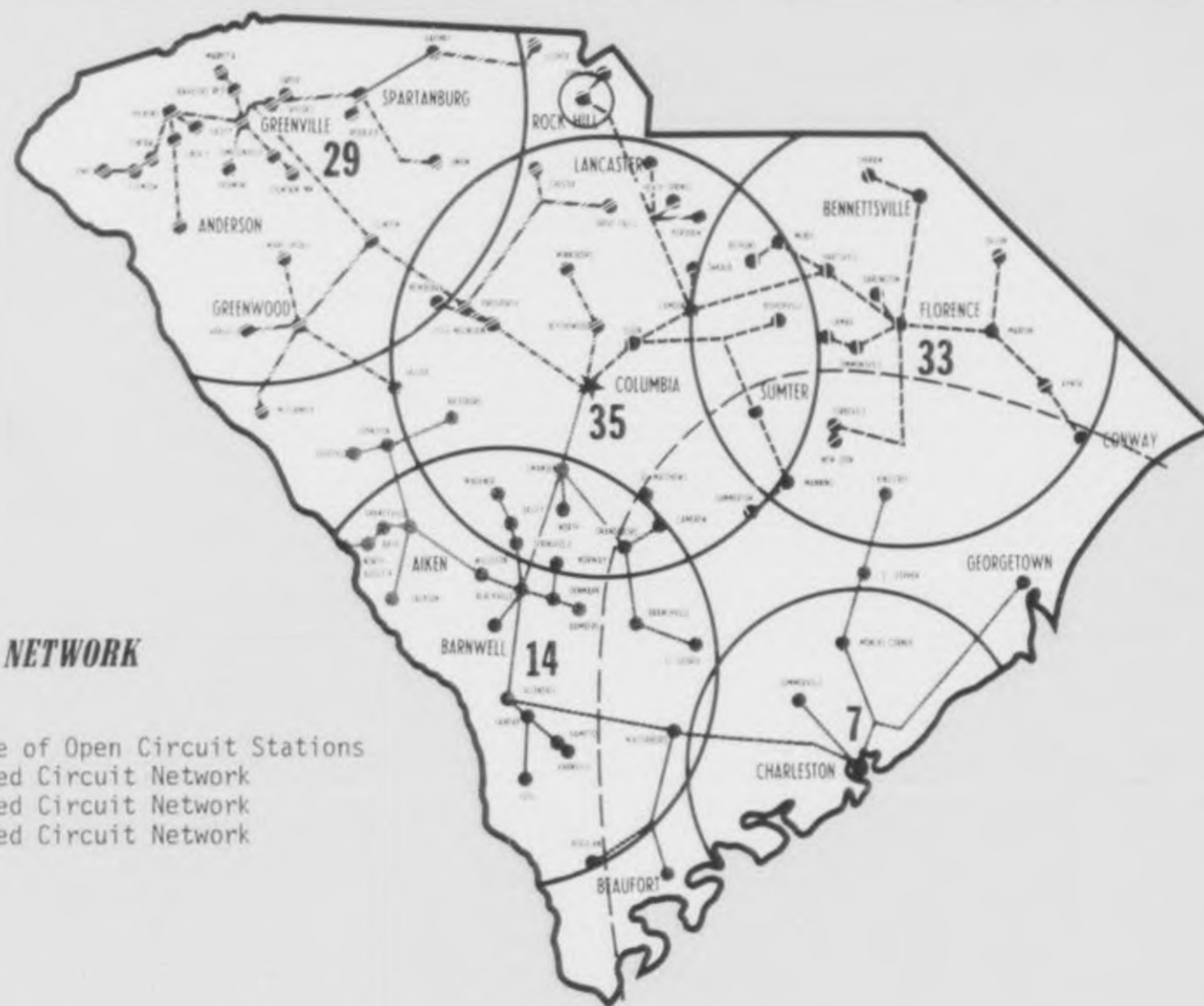
In establishing the approach for analyzing ETV, it was concluded that careful study should be devoted to existing facilities as well as future needs. Generally the scope of work recommended by the consultants and approved by the Commission is as follows:

- I Establish a program of future space needs.
- II Study the present site - giving careful consideration to condition of buildings, parking and traffic circulation, surrounding neighborhood conditions, zoning, and land acquisition problems, including cost estimates for acquiring additional land.
- III Study the feasibility of relocating all facilities to a new and larger site in the Columbia area.
- IV Prepare conceptual sketches which will illustrate building size and how new facilities will be arranged on a new site; and prepare construction cost estimates for all new facilities.
- V Prepare a report, consisting of appropriate text and graphic materials, which will include comments identifying advantages and disadvantages of each situation along with appropriate recommendations which should be followed to insure the orderly growth of the South Carolina Educational Television Center.

# ***SOUTH CAROLINA ETV NETWORK***

1968-1969

- Circles Indicate Coverage of Open Circuit Stations
- Indicates AF Leg of Closed Circuit Network
- ▨ Indicates AG Leg of Closed Circuit Network
- Indicates AC Leg of Closed Circuit Network
- Proposed Tower Increase



## EXISTING CONDITIONS

### Service Area

From a rather meager beginning with the construction of a small studio at Dreher High School - designed to serve Columbia students - in 1958, SCETV has expanded its facilities to serve practically all of South Carolina. The system consists of a closed circuit network which serves every county in the State. In addition there are five broadcasting stations located at Barnwell, Florence, Greenville, Charleston and Columbia, along with a translator in Rock Hill. Educational television has an important role to play in supplementing instruction at all levels. It can be of service in kindergartens, the public schools, technical and vocational education, higher education, and adult education as well as for business and industrial training, continuing professional education, state agency training and communication, and for serving the general public. Therefore, every effort is being made to study the potential of present facilities for better serving the State of South Carolina.

1 1276



#### Land and Buildings

ETV occupies approximately three acres of land within a block bounded by Millwood Avenue, Woodrow, Cypress and Maple Streets; several properties on the south side of Cypress Street are used for offices and off-street parking. The entire installation occupies about seven acres. All offices and studios are housed in one building - containing eight sections - and eight old, but modestly remodeled single family houses.

The main structure, which contains executive offices and studios, was used originally as a grocery store. A portion of the main building has a second floor which is used for general offices and the Art Department. Additions have been made to house new equipment and to provide for prop storage and office space. The additions have been constructed (by the lessor) on the basis of immediate and pressing need; therefore, each has been added without the benefit of a total development plan.



### Building Conditions

A team of technical personnel, an architect, electrical engineer, mechanical engineer, construction specialist and urban planner, inspected and evaluated all buildings being used by ETV.

The major building and additions are of the same type of construction - load bearing masonry walls, brick exterior with concrete block backup and bar joist framed second floors. Ceilings are acoustical tile and floors are either asphalt tile or vinyl asbestos. The main building is classified as minimum construction which usually means high maintenance costs. Studio ceilings are too low which makes it difficult to suspend lights and other equipment; lighting generally appears to be below accepted intensity standards. Heating and cooling is all electric and consists of a conglomeration of systems, resulting in increased operating and maintenance cost.

#### EXISTING FLOOR SPACE

Type	Sq.Ft.
Administrative	4,000
Education	3,000
Operations	5,800
Studios	3,600
Technical & Storage	7,700
Special Services-Equipment	10,540
Miscellaneous	9,066
Total Sq. Ft.	43,706

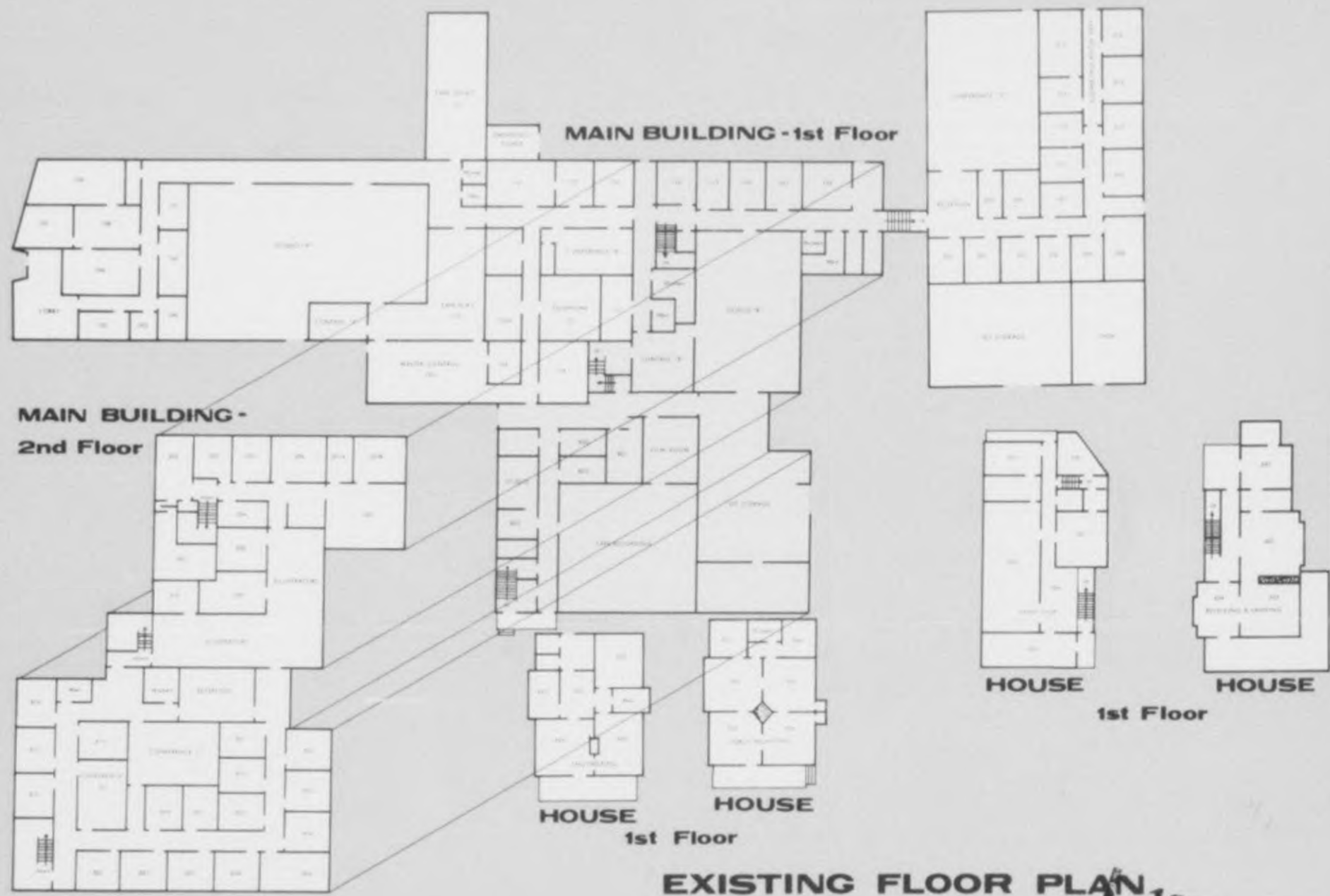




1280

The floor plan for the present facility illustrates rather vividly that circulation is poor and that related services are not usually in close proximity to each other. It is critical for set construction and storage to be very near or adjacent to studios. This is a major weakness of the present facility. In addition to the set construction and storage problems, present engineering facilities are definitely too far away from studios and control rooms. Since a variety of services - set construction, art, photography, engineering and printing - are necessary to support an educational television facility, it is very important that each be located strategically to facilitate ETV operations.

In addition to having the various services mentioned above properly related to each other, it is also necessary that they have adequate space. SCETV presently employs approximately 175 professional and clerical personnel who are working under rather crowded conditions. The present facility contains approximately 44,000 square feet of floor space and almost twice that amount is needed to accommodate the present staff. As ETV grows, the space problem will become more acute.



**EXISTING FLOOR PLAN** 1282



### Zoning and Traffic

SCETV is located on a major traffic artery - Millwood Avenue - which is being developed for general commercial uses. This artery handles large volumes of traffic daily because it provides rather direct access to Downtown Columbia for a large residential area in the eastern part of the Columbia Metropolitan area. Also, there is considerable military traffic from Fort Jackson utilizing Millwood Avenue. Woodrow Street, a north-south street, is immediately west of ETV and it serves as connector between Gervais and Devine and Blossom Streets. In addition to these major streets, which prevent ETV facilities from being located on the same site, a new expressway is being planned for the area; however, the precise alignment is not known at this time.

Parking for the facility is inadequate. ETV has approximately 148 off-street parking spaces for employees and visitors; of this number, 15 to 20 spaces are usually occupied by persons patronizing the adjoining retail shops. Since ETV employs 175 people and has numerous visitors, including large numbers of school children, parking presents a rather critical problem.

The present ETV facility is surrounded by a mixture of residential, office and retail uses. Zoning within the general area reflects the existing land use pattern. Properties along Millwood Avenue and Woodrow Street - including ETV - are zoned for General Commercial (C-4) uses. This particular zoning permits most service and retail functions such as offices, grocery stores, clothing shops and service stations. The residential area to the rear of ETV along Cypress Street is zoned for General Residential (RG-1) which permits single-family and duplex dwellings.

#### Property Values

Interviews with local realtors indicate that land prices along Millwood Avenue in the immediate vicinity of ETV have been increasing in recent years - especially since ETV moved into the area. Current land prices range from \$3.00 square foot for fringe properties to \$4.00 square foot for prime locations on Millwood Avenue. Several properties presently for sale along Millwood Avenue, but not immediately adjacent to ETV, have been priced in excess of \$100,000 per acre. Properties in the residential area to the rear of ETV are less expensive; however, only a few are on the market, and present zoning does not permit them to be used by ETV. The ETV Commission, on several occasions, has tried unsuccessfully to have some properties in the residential area rezoned to permit expansion of facilities.

The properties presently occupied by ETV were appraised recently for \$860,000. This appraisal tends to substantiate prices being asked for land in the area at this time. The land and buildings are leased on a year-to-year basis by the ETV Commission for \$75,384. In addition to this annual rental, ETV is responsible for all maintenance with the exception of major renovations or remodeling. If land values in this area remain constant - which is not likely - for the next decade, ETV would spend more than \$750,000 in rentals during a ten year period. If property values increase and the property can be put to more intensive use. Since ETV is already suffering from overcrowded conditions and it is obvious additional space will be required in the future, the necessity of making a decision on future expansion becomes more critical each day. Since the untimely death of the lessor, the heirs have indicated that they are not interested in future expansion, including a limited amount already planned prior to the death of the original lessor. Thus, the question is raised as to whether or not ETV can or should continue to occupy the present facilities. Perhaps of greater concern to ETV is the fact there is not enough land on the present site to provide for necessary expansion. In addition to this fact, local realtors report that it is difficult to assemble any appreciable amount of acreage adjacent to the main ETV building on Millwood Avenue. If several acres were available, the cost would be very high.

1285



#### PROJECTED SPACE NEEDS

During the past year, the ETV office of Special Services has evaluated existing space requirements and considered requests for additional space from the various departments, including engineering, art, photography. In addition to the floor space analysis, the special services office studied employment trends and has made projections for a ten year period. These employment projections are related to past trends since ETV began operating in 1960. An increase from 21 employees in 1960 to 175 in 1968 reflects a 29 percent annual growth rate. Careful study has been given to the number of personnel which will be required to provide educational television for South Carolina. Considerable increases in personnel will be required during the next five to six years; however, it is anticipated that growth will level off and be comparable to growth of other State agencies in the mid-1970's. Projected employment is as follows:

EMPLOYMENT		
Year	<u>Number of Employees</u>	<u>Percent Increase</u>
1968	175	
1969	210	20
1970	248	18
1971	288	16
1972	328	14
1973	367	12
1974	404	10
1975	436	8
1976	458	5
1977	481	5
1978	505	5

1286

#### FLOOR SPACE NEEDS

In order to function at a high level of efficiency, it is essential that personnel have adequate space in which to carry out their duties. Based on department requests, facilities are needed to provide approximately 164,000 gross square feet of floor space.

PROJECTED SPACE	
Type	Sq. Ft.
Administration	16,115
Education	13,260
Operations & Engineering	23,810
Studios	31,800
Prop Storage	24,000
Auditorium & Conf. Rooms	11,588
Cafeteria	2,990
Printing, Shops & Special Services	16,650
Shipping & Receiving	7,017
Art, Photography & Technical	17,050
Total Sq. Ft.	164,280

### Summary and Conclusions

One of the major reasons for undertaking this study was to determine if ETV should continue in its present location or move to a new site. Another major assignment was to establish, in consultation with ETV personnel, how much floor space would be necessary to eliminate overcrowded conditions and provide for future growth. The space needs study was significant because it had a direct bearing on the matter of enlarging existing facilities. The site analysis and space needs study were undertaken simultaneously, and upon completion, the present buildings were inspected to evaluate their condition and determine if they could be expanded to provide for new growth.

While certain individual television stations are housed in multi-story buildings, it appears that a horizontal type building is better suited for extensive television network operations. All departments and technical areas should be in close proximity to one another. This is especially true for studios, engineering, prop storage and master control. Some television equipment is heavy and bulky; therefore, it is easier to handle if it can be kept on the same floor. The ground floor is preferable because equipment can be moved outside very easily for special programming.

After undertaking several design studies, it was concluded that the present facilities did not lend themselves to extensive remodeling. The main building site, bounded generally by Millwood Avenue, Woodrow, Cypress and Maple Streets, contains approximately three acres and is not large enough to permit the construction of very much additional office space. It should be noted that a multi-story building probably could be constructed



on the site; however, most of the existing buildings would have to be removed at the outset. The existing buildings were not designed with adequate foundations to permit the adding of multi-stories. Therefore, any extensive remodeling or new construction on the present site will interfere with regular ETV operations. It should also be noted that high-rise buildings used for general office purposes are costing from \$20 to \$24 square foot to construct; therefore, to construct a multi-story building on the present site could cost in excess of \$3.8 million. Since television stations require extensive technical areas, a multi-story ETV facility containing 160,000 square feet could cost more than \$4 million.

Based on the study of existing conditions, considering future needs and costs, it is concluded that ETV should move to a new site in the Columbia area. While the present facilities are reasonably close to other State agencies in Downtown Columbia, they do not lend themselves to extensive remodeling as indicated by the reasons listed below:

- Present facility is overcrowded and space is poorly arranged;
- Existing buildings are of minimum construction, resulting in high maintenance costs;
- Present site is not large enough to provide for future growth.
- Existing site does not have sufficient off-street parking space for employees and visitors;
- Possibility of year-to-year lease not being renewed;
- Existing buildings cannot be renovated without interfering extensively with present ETV operations.

## PROPOSED DEVELOPMENT PROGRAM

Planning for an Educational Television facility is more complicated than planning for a commercial facility. ETV requires greater operating flexibility than a commercial station because of the diverse and frequently experimental programming. Since an ETV station produces most of its own programming, it utilizes its studios much more than the average commercial station. A commercial station can and usually does rely heavily on national networks for programming. To the contrary, SCETV is a Network originating as many as nine simultaneous program feeds. This simultaneous programming output of the SCETV Network alone is greater than the combined output of the Nation's three commercial networks - NBC, CBS, and ABC - and a half-dozen commercial stations. Therefore, more space and equipment is usually necessary to maintain a quality educational television facility.

The proposed development program recommends that the South Carolina Educational Television Commission relocate all of its facilities from the present properties on Millwood Avenue to a new location elsewhere in the Columbia area. This recommendation is based on the study of existing conditions and future needs which reveals that the present facilities do not lend themselves to practical expansion.

F 1290

#### PROPOSED FLOOR SPACE PLAN

While it is beyond the scope of this study to develop a fully designed structure, a preliminary floor plan has been developed to illustrate how spaces could be related to provide maximum flexibility.

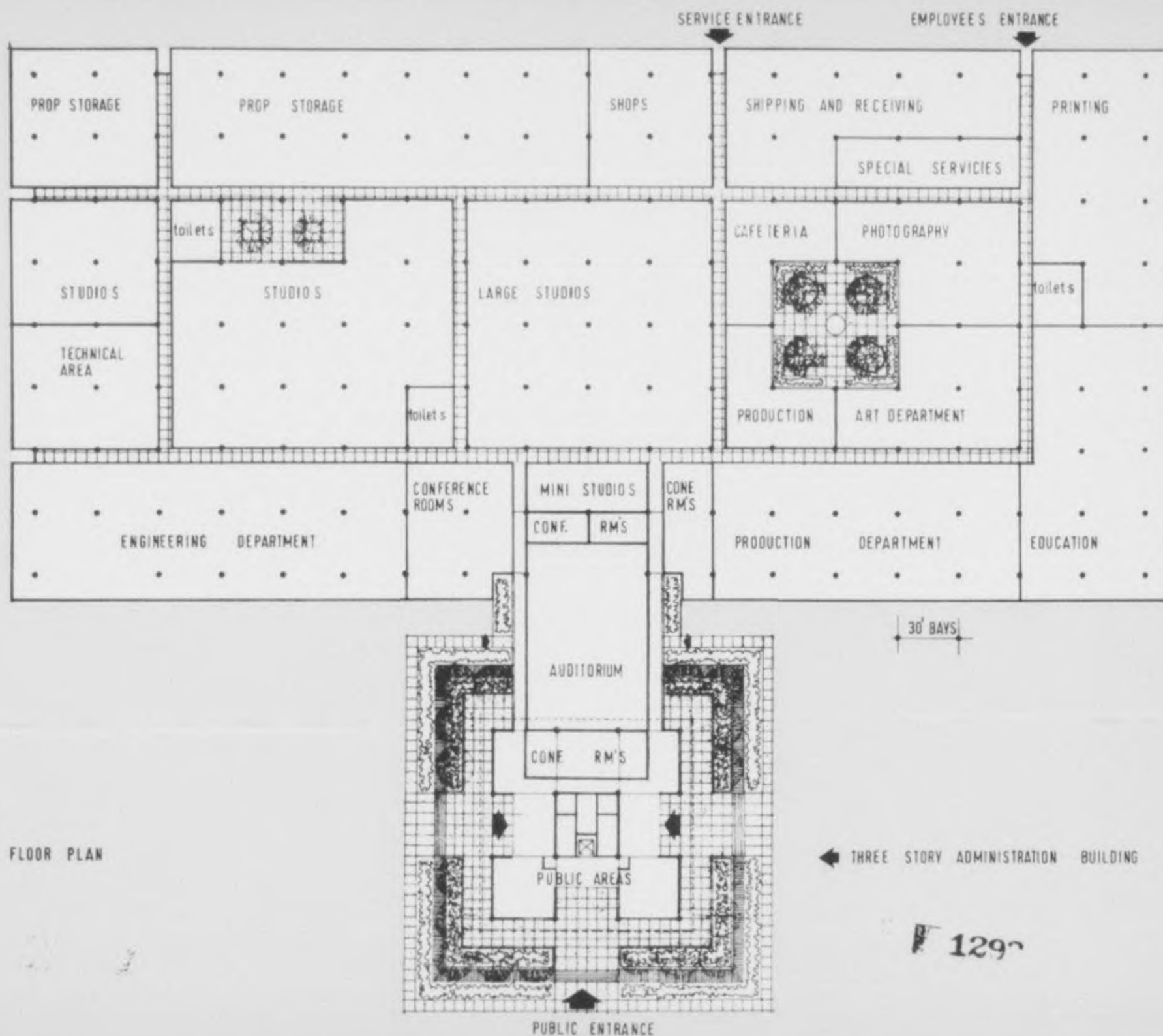
This is a very important factor because ETV performs overall community services and must be prepared to undertake different types of programming. The floor layout is divided basically into four areas: (1) administration; (2) engineering, studios and storage; (3) special services, printing, art and photography; and (4) production and education.

Studios, prop storage and engineering are located in close proximity to each other to insure maximum utility of facilities. Studios have been arranged so that they can be operated independently of the rest of the installation. Therefore, each may operate simultaneously while producing different programs. Master control is located close by to regulate this type of activity. Two courtyards have been provided to permit the production of programs in a natural area.

Special services, art, photography and printing, are somewhat dependent; therefore, they have been located close together. These departments also must work with education and production personnel to develop programs which means they should be in the same general area within the building.

The administrative and executive offices are in an area which is separated from the technical portion of the building by an auditorium. The auditorium may be used for public meetings and serve as a briefing area for groups visiting the facility. Large conference rooms are close to the administrative and technical parts of the building.





FLOOR PLAN

129

#### SITE PLAN

The building site plan provides for employee and visitor parking, service deliveries, motor pool, tower and garage for housing mobile units. The studios are also arranged so that mobile equipment can be used in place of or along with fixed equipment within the building. Proper access is planned to avoid conflict with visitor and ETV related traffic.

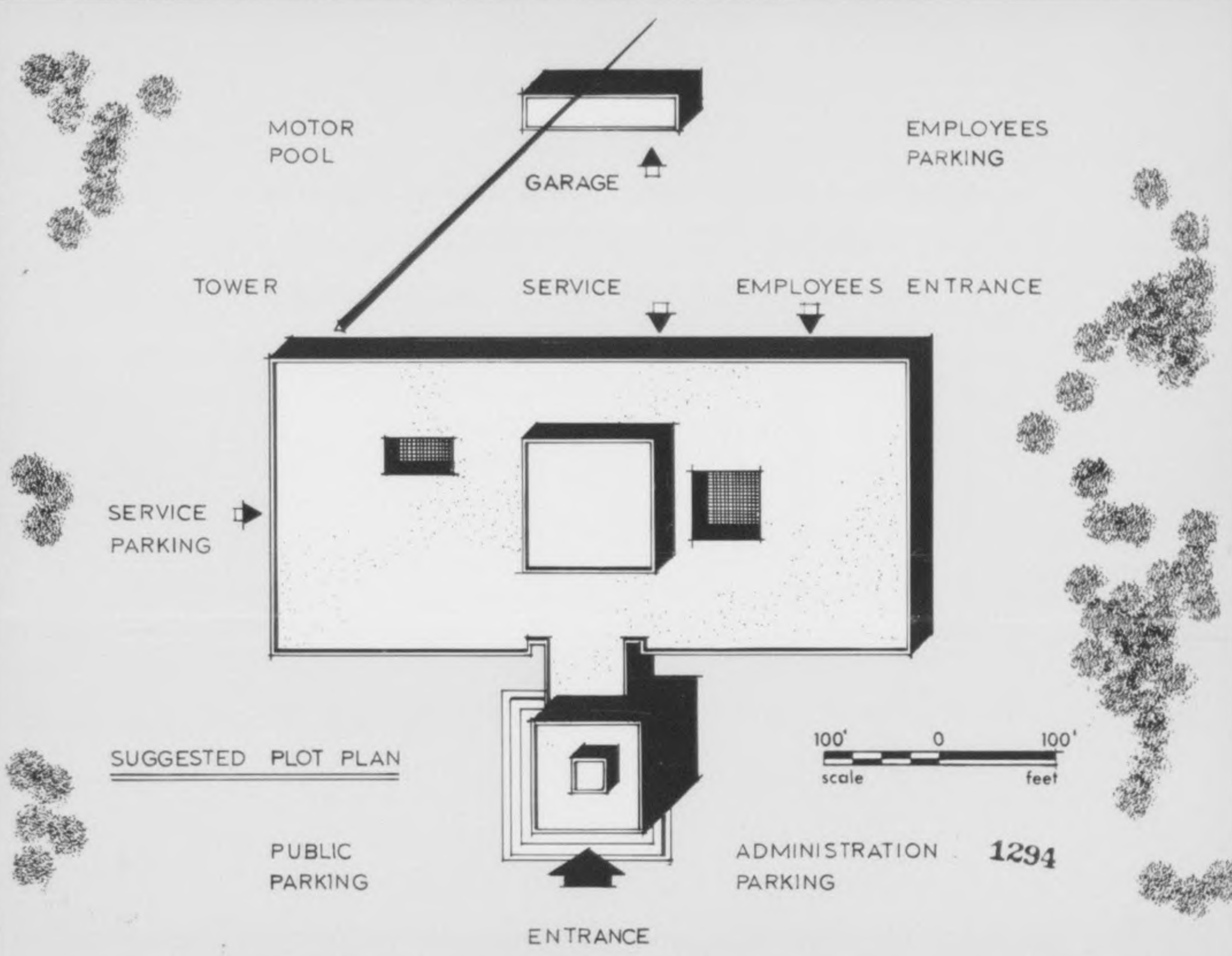
#### THE PROPOSED ETV BUILDING

The proposed building, which may be modified upon authorization to proceed with detailed design studies, provides for a three-story administrative tower with two-story height studios and single floor for technical areas. It is beyond the scope of this study to determine the specific type of materials which should be used to construct the building.

#### PLANNING CONCEPT

Illustrated by the various drawings, the planning considerations and objectives are as follows:

- Proposed facility should be designed to provide for maximum utility of operations and future expansion.
- Site plan should provide for proper access, adequate parking space and proper landscaping to reflect the proper image of a State agency.
- Building should blend with the surrounding neighborhood and be in an area with compatible uses.



SUGGESTED PLOT PLAN

100' 0 100'  
scale feet

1294





1295  
ARCHITECTS ENGINEERS PLANNERS  
LBCGW

#### LAND ACQUISITION

Since ETV has experienced phenomenal growth in recent years, and assuming that this growth will continue, it becomes increasingly important to consider how much land will be necessary to construct new facilities which can be expanded as may be required in the future. With the rapid increase of land values in recent years, which is likely to continue into the future, it is recommended that sufficient acreage be acquired at this time to accommodate future expansion. Eventually the Commission will have to make use of color which requires additional equipment and space. In addition, areas can be developed to permit outdoor filming, provide sites for separate buildings - if necessary - to house a communications center, energy facility and perhaps special buildings to assist public schools in training people in radio and television. It is recommended that the ETV Commission consider purchasing 20 or more acres to construct needed facilities and provide for future growth. The precise amount will have to be determined on the basis of available land in a satisfactory location at appropriate cost per acre. Depending on the location selected, it is possible that adjoining land would appreciate in value; therefore, it is necessary to secure land to provide for future growth. Additional land can also serve as a buffer from surrounding uses.

Preliminary Cost Data

	<u>Cost</u>
<u>Space A</u>	
Administrative, Finance, Public Relations, Education and Operations	\$ 800,000
<u>Space B</u>	
Engineering, Studios, Art, Photo- graphy, Auditorium and Cafeteria	1,700,000
<u>Space C</u>	
Prop Storage, Printing, Shops, Shipping and Receiving	<u>700,000</u>
Construction Cost	\$3,200,000
Contingency	200,000
Equipment	500,000
Site Development	150,000
Land Acquisition	250,000
Design and Consultant Fees	<u>250,000</u>
Total Estimated Cost	\$4,550,000

L-1297



Cover Design - SCETV Art Department

LYLES, BISSETT, CARLISLE & WOLFF PROJECT STAFF

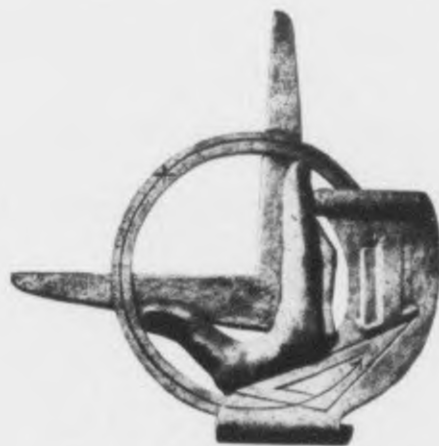
DEPARTMENT OF PLANNING

Dennis E. Daye, Director of Planning  
William G. Roberts, Asst. Director-Chief Planner  
Mike Mewborn, Report Layout  
Alex James, Field Survey  
Wilma Harley, Typist

DESIGN DEPARTMENT

Louis Wolff, Director of Professional Services  
D. J. Edwards, Chief Architect  
Allen Marshall, Designer  
Glenn McGee, Designer  
Harold Swygert, Mechanical  
Paul Turko, Construction

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LYLES, BISSETT, CARLISLE & WOLFF ARCHITECTS/ENGINEERS/PLANNERS

A Progress Report

TEN YEARS OF ETV SERVICE

Respectfully submitted to  
THE SOUTH CAROLINA GENERAL ASSEMBLY

By  
THE SOUTH CAROLINA ETV COMMISSION

January, 1969

1. 1300



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There can no longer be any serious doubt that educational television can be a powerful and positive instrument for the upgrading of education at all levels. Massive documentation attests to this. At this particular time in the development of education in South Carolina, educational television can play a more important role than ever before. The shortage of teaching talent is becoming more acute each day. Subject matter is changing rapidly and becoming more complex, and a sense of unrest is growing within all of education. Educational television is capable of providing vast resources to teachers throughout the state and of helping them immeasurably in their efforts to provide uniformly excellent educational opportunities to all their students.

We have now completed ten years of ETV experience in South Carolina. Much progress has been made. The answers to many questions have been found. Patterns have evolved that the Commission feels are educationally, technically, and economically sound.

The highlights of these findings and the recommendations for the future that result from them follow.

#### OUTSTANDING ACHIEVEMENTS

##### 1. SOUTH CAROLINA ETV WORLD LEADER

South Carolina has developed the outstanding ETV system in the country, if not the world. Studies, formal and informal evaluations by education and technical experts from throughout the world, as well as staff and Commission analyzation of results and progress attest to this conclusion.

##### 2. ENROLLMENT JUMPS DRAMATICALLY

Public school ETV enrollment has grown steadily each year. In 1958 ETV enrollment was 300. Today it exceeds 332,000.

education system"; Dr. William L. Bowden of the Southern Regional Educational Board, "You have overwhelmed me. A miracle has been performed in South Carolina. My whole concept of the use of television will have to be substantially changed."

7. STUDIES COMMEND SOUTH CAROLINA ACHIEVEMENT

Virtually every study involving South Carolina ETV has come out with very positive reports and recommendations. The Carnegie Commission Study of ETV stated, "It is clear that there resides in television the power to make massive contributions to formal education." The report pointed to South Carolina as the outstanding example of a statewide system.

The Cresap, McCormick & Padgett Report recommended, "The state should seek a major expansion in the use of television facilities for instruction and teacher in-service training."

The Joint Legislative Study Committee's Report stated, "The progress of South Carolina Educational Television during the past year is a worthy source of satisfaction to the people of the state. The evidence of cooperation between ETV and related agencies is firming the foundation for more complete and effective use of this relatively new medium. The television Commission and leadership responsible for its development are to be congratulated for continued persistence and flexibility in seeking to make this medium an effective tool for improvement of the state."

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1304



CORRECTION

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3. PROFESSIONAL TRAINING OFFERED

South Carolina was the first state to develop statewide ETV training programs for: (a) physicians, (b) nurses, (c) dentists, (d) pharmacists, (e) lawyers, (f) law enforcement officers, (g) business and industrial personnel, and many others.

4. AWARDS RECOGNIZE SOUTH CAROLINA ACHIEVEMENTS

ETV has won more than 25 awards for outstanding television programming including the Alfred P. Sloan Award for our Driver Education series which is being used in schools throughout the nation.

5. SOUTH CAROLINA SYSTEM MODEL FOR NATION AND WORLD

South Carolina ETV has become a model for the development of the ETV systems throughout the world, including the 6-channel system in American Samoa, 8-channel systems in Glasgow, Scotland and London, England, the 4-channel statewide system in Delaware, the statewide systems in Kentucky, Mississippi, and elsewhere. Education and government officials from all fifty states and 45 foreign countries have come to South Carolina to study our ETV system.

6. EDUCATORS LAUD SOUTH CAROLINA ETV

Many education leaders have commended the South Carolina ETV system including Dr. Sterling McMurrin, then U. S. Commissioner of Education and presently directing the U. S. Government study of Instructional Television, "South Carolina has a very genuine lead over the nation in educational television"; Dr. Alvin C. Eurich, then Director of the Fund for the Advancement of Education, "South Carolina has the basis and blueprint for what educational television needs to bring about a healthy revolution in the American



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A recent South Carolina Education Association Survey entitled "Profile of the South Carolina Public School Teacher" gave a high rating to ETV revealing:

.....82% of South Carolina teachers feel ETV is a good to excellent in-service educational media.

.....79% of South Carolina teachers feel ETV is a good to excellent instructional media for the teaching of math and science.

.....69% of South Carolina teachers feel ETV is a good to excellent media for the teaching of social studies and literature.

.....90% of South Carolina teachers feel ETV is a good to excellent educational and cultural media for the public.

The Teacher Attitude Survey, conducted by Dr. Lark O. Daniel, PhD, San Diego State College, backed up the SCEA Survey stating, "The elementary and the secondary teachers of South Carolina have a very positive attitude toward televised instruction, hold the procedures and products of the South Carolina ETV Center in high regard, and consider instructional television to be an integral and important aspect of the education of the children in this state. From such a solid base as this, it is to be expected that educational television will serve an increasingly important role in the educational institutions of the State of South Carolina."

The Medical College of South Carolina Survey reported, "South Carolina physicians overwhelmingly endorse the medical training [redacted] am now in its eighth year on ETV. Eighty percent of doctors responding to a Medical College of South Carolina survey indicate they have seen more than half of the programs offered and consider them to be very worthwhile.

1305

The ETV Evening Audience Survey reported that, "Fifty percent of Columbia households watch ETV." This survey conducted by the University of South Carolina Journalism and Communications Research Center also indicated that family members in more than 16% of capital city homes have taken ETV courses.

8. ETV RESOURCES CONTINUE TO EXPAND

Course offerings:

1958 - 2 courses      1968 - 117 courses  
(48 for public school students, 21 for  
teacher education, 33 for continuing  
professional education, and 15 for  
business and industrial management  
training)

Daily program offerings:

1958 - 2      1968 - 104

Yearly program production:

1958 - 320 programs      1968 - 1270 programs

ETV enrollment:

1958 - 300 students, 35 adults, Total 335  
1968 - 325,000 students, 80,000 adults, Total 405,000

9. TEACHERS IMPROVE SKILLS THROUGH ETV

Teacher in-service involvement has increased. Since 1967 almost 8,000 teachers have taken advantage of in-service courses on ETV to improve their teaching abilities. 3700 teachers have taken State Department of Education credit courses.



10. SOUTH CAROLINA HUB OF SOUTHERN ETV NETWORK

South Carolina has become the center for many ETV activities. Southern Educational Communications Association (SECA), a non-profit organization consisting of nearly half of the ETV stations in the nation, serving states from Maryland to Texas was organized and is headquartered across the street from the South Carolina ETV Center in Columbia.

11. SOUTH CAROLINA IS REGIONAL CENTER FOR NATIONAL NETWORK

The South Carolina ETV Center in Columbia will be the regional distribution point to serve the 15 southern states for the newly created National Educational Television Network.

12. MEDICAL BROADCASTERS ORGANIZED IN COLUMBIA

The National Association of Medical Broadcasters was organized in 1965 at the Wade Hampton Hotel in Columbia. Dr. Dale Groom, then of the Medical College of South Carolina, was elected its first president.

13. UNIQUE PROGRAM COMBATS UNEMPLOYMENT


The "Job Man Caravan," a unique programming concept created by the ETV Center to help combat unemployment in the state, has proven a resounding success. The weekly series aims to reach the 18 to 25 age group, predominantly Negro. A recent audience survey reveals that 53% of households for whom it is designed watch the program. More important, 3,000 requests have been received for information about specific jobs.

14. LAW ENFORCEMENT SERIES TRAINS STATE'S OFFICERS

South Carolina Law Enforcement Division (SLED) and the South Carolina Educational Television Network cooperatively developed the nation's first statewide training program for law enforcement

1307

officers in the state. This highly successful continuing series has been regularly attended by 90% of all law enforcement officers in the state. FBI Director, J. Edgar Hoover, commended South Carolina for this program and the National Association of Police Chiefs presented the series its Police Science Award for outstanding contribution to law enforcement through science and technology.

 1308

RECOMMENDATIONS

There is absolutely no question that South Carolina leads the nation and the world in most areas of ETV development and use. This state has developed an exceedingly versatile and successful ETV system. From the experience we have gained over the past 10 years, we have arrived at a number of conclusions from which we have developed the following recommendations:

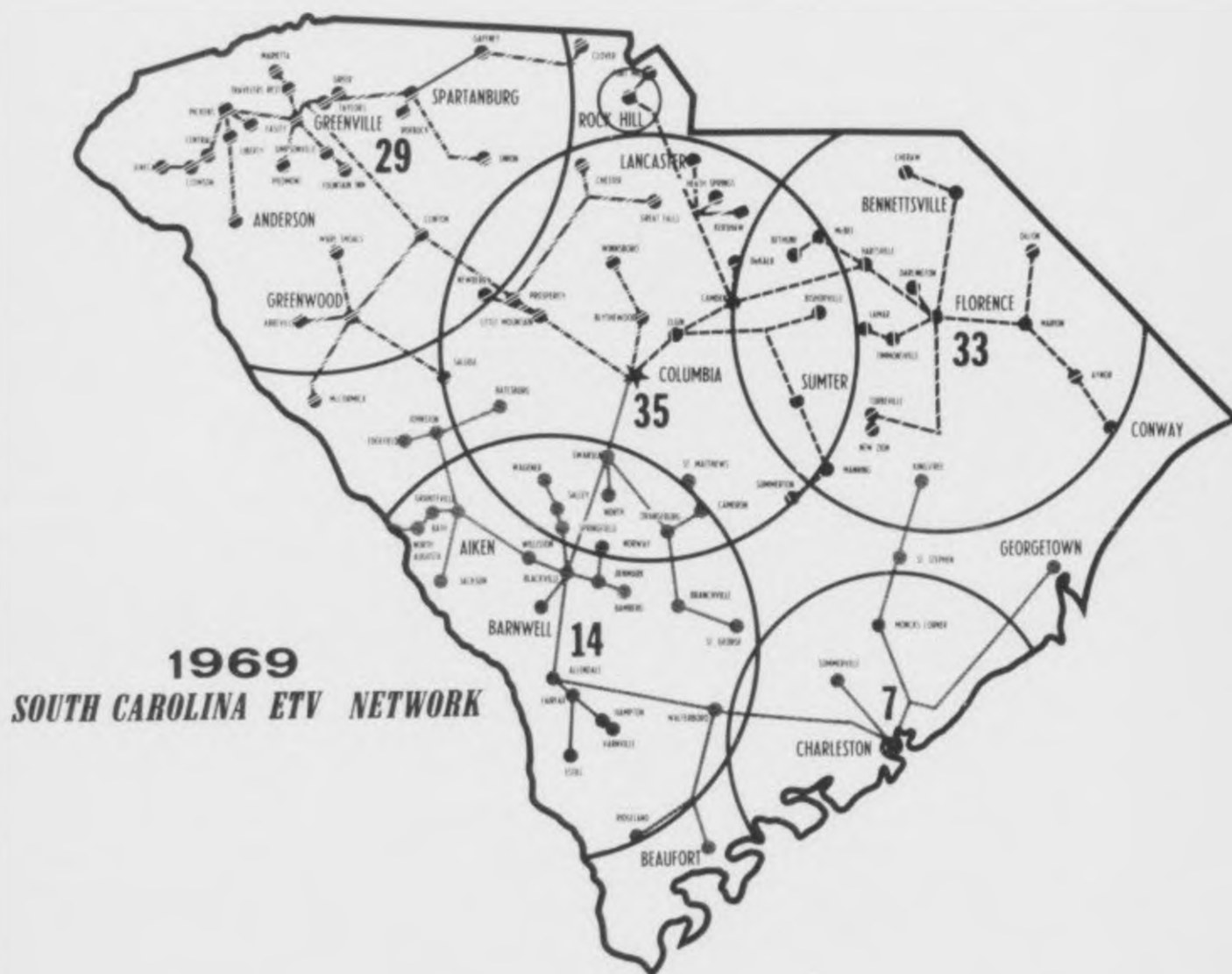
1. Closed circuit expansion to the secondary schools should be on a multi-channel basis. (The multi-channel demonstration project in Greenville, Florence, and Darlington Counties has unequivocally demonstrated that the effectiveness and utilization of ETV courses at the secondary level is directly and dramatically related to the availability of the materials on a multi-channel basis.)
2. Open circuit transmission at present is adequate for providing service to the elementary schools.
3. Schools should receive financial assistance for the purchase of television receivers if they are to receive maximum benefit from the ETV service. Multi-channel distribution and TV receivers are the two most important factors controlling increased effectiveness and utilization of ETV resources in South Carolina.
4. Field utilization personnel should be expanded to provide service to all eleven regions in the state. Our experience has shown that these personnel are a very important element in developing an interest in and an understanding of ETV that results in successful continued use of ETV resources by the schools.

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5. ETV must be responsive to the needs of the schools. In the past these needs have been determined through our Educational Advisory Committee. This committee is made up of educators from throughout the State and representatives of the State Department of Education. Responding to these needs developed through this process requires continued expansion and replacement of course materials. Just to keep the present 48 courses updated (typical life of courses is 3-6 years) 10 new courses must be produced or acquired each year. The teaching and production staff requested for next year will make it possible to produce 5 new courses each year leaving 5 to be acquired elsewhere. ETV should be adequately staffed to meet the needs of other state agencies. This year alone we will provide 627 programs for 45 state agencies.
6. ETV can play a major role in any pre-school or kindergarten program undertaken by the state. It is recommended that careful consideration be given to the maximum utilization of the proven capacity of television for motivating and educating the pre-school age child. ETV stands ready to cooperate in any way.
7. ETV and the Medical College of South Carolina are now engaged in the development of a plan for a medical ETV network which would provide training courses in all areas of medical education to every hospital and health center in the state. If approved, it is possible that this project could be totally supported by Federal and other non-state funds available for medical education. It is recommended that this proposal be given high priority in state planning and be pursued with maximum speed.

8. The State Department of Education and the ETV Commission have approved a proposed transfer of the instructional department of ETV to the State Department of Education. Both agencies consider this cooperative involvement a major step forward in that it will directly involve the talents and expertise of the State Department of Education in the development of ETV resources for the public schools and will greatly increase the value of the ETV system to the state.



**1969**  
**SOUTH CAROLINA ETV NETWORK**

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## HISTORY

### 1957-58

The General Assembly passed a concurrent resolution which called for a study of the use of television in the public schools. R. M. Jefferies, Jr. was chairman of the subcommittee that carried out this study. On March 11, 1958, that committee recommended that a pilot project be set up in one Columbia school.

### 1958-59

In the summer of 1958 a studio was built at Dreher High School and equipment installed under the direction of Henry J. Cauthen, technical director. During that school year, French and Geometry were offered and the project was evaluated by R. Lynn Kalmbach of the Columbia City Schools. ETV enrollment - 300.

### 1959-60

Educational television services were extended to five Columbia area schools and Algebra was added to the programming originating from Dreher. ETV enrollment - 1500.

### 1960-61

The General Assembly created the South Carolina Educational Television Commission with R. M. Jefferies, Jr., serving as chairman. The Commission selected R. Lynn Kalmbach as general manager. Four courses were offered on video tape to 31 schools in 11 counties. To provide this closed circuit expansion, the first reduced tariff rate for educational television in the nation was negotiated. ETV enrollment - 3300.

### 1961-62

ETV course offerings were increased to seven. State agencies began utilizing ETV for continuing professional education with a pioneering program in postgraduate medical education. For the first time, continuing professional education for South Carolina teachers was available through the ETV system. Dr. George E. Bair joined the staff as Director of Education. The closed circuit network was extended to include 50 schools in 26 counties. ETV enrollment - 14,400.

### 1962-63

ETV course offerings increased to eleven. The closed circuit network expanded to all counties reaching 155 public high schools, 36 elementary schools, most state colleges, all university extension centers, five private colleges, two private high schools, and ten hospitals. ETV enrollment - 18,500.

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1963-64

In September, the ETV Network signed on its first open circuit station, WNTV in Greenville with WITV in Charleston signing on a few months later. ETV course offerings continued to expand. ETV enrollment - 47,200.

1964-65

With the state in the midst of a dramatic business and industrial expansion, specialized training for personnel in these fields was offered with funding from Educational Resources Foundation. The closed circuit network continued to expand and funds were appropriated for the third open circuit station to be located in Columbia. In June, General Manager R. Lynn Kalmbach passed away. ETV enrollment - 88,700.

1965-66

Henry J. Cauthen was named Executive Director of the ETV Network. ETV services expanded and diversified offering elementary school series, programs for the general public, and increased series for continuing professional education with special emphasis on teacher education. The nation's first statewide program for training of law enforcement officers was begun. ETV enrollment - 116,300.

1966-67

The Columbia open circuit station signed on and was named in honor of the late R. Lynn Kalmbach. Extensive programming for elementary schools was offered for the first time through the three broadcast stations. ETV offerings for the public schools reached a total of 32 courses. Construction was begun on the final two stations of the state's open circuit network. ETV enrollment - 172,900.

1967-68

WJPM-TV, Florence, signed on September 3 and was named for the Honorable James P. Mozingo, III, of Darlington. On September 5, WEBA-TV, Barnwell, signed on and was named for the Honorable Edgar Allan Brown of Barnwell. A demonstration project of multi-channel closed circuit transmission was initiated in 46 secondary schools in Greenville, Florence and Darlington Counties. ETV enrollment - 294,700.

1968-69

The State Department of Education and the ETV Commission approved transfer of instructional department of ETV to State Department of Education. The multi-channel project resulted in an increase in enrollment of more than 10 times. A demonstration project in Fairfield County indicated ETV utilization is directly related to set availability. A translator was added at Rock Hill. The Southern Educational Communications Association, a network of southern ETV stations, was organized and is located across the street from the ETV Center. S. C. ETV will be the regional distribution point to serve 15 southern states for national educational television. ETV enrollment - 332,022.

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STATE DEPARTMENT OF EDUCATION SURVEY SHOWS  
ETV ENROLLMENT INCREASE

Partial returns of a recent survey conducted by the State Department of Education show that ETV enrollment has increased sharply in the past year. With 76.1% of the responses now tabulated the results are as follows:

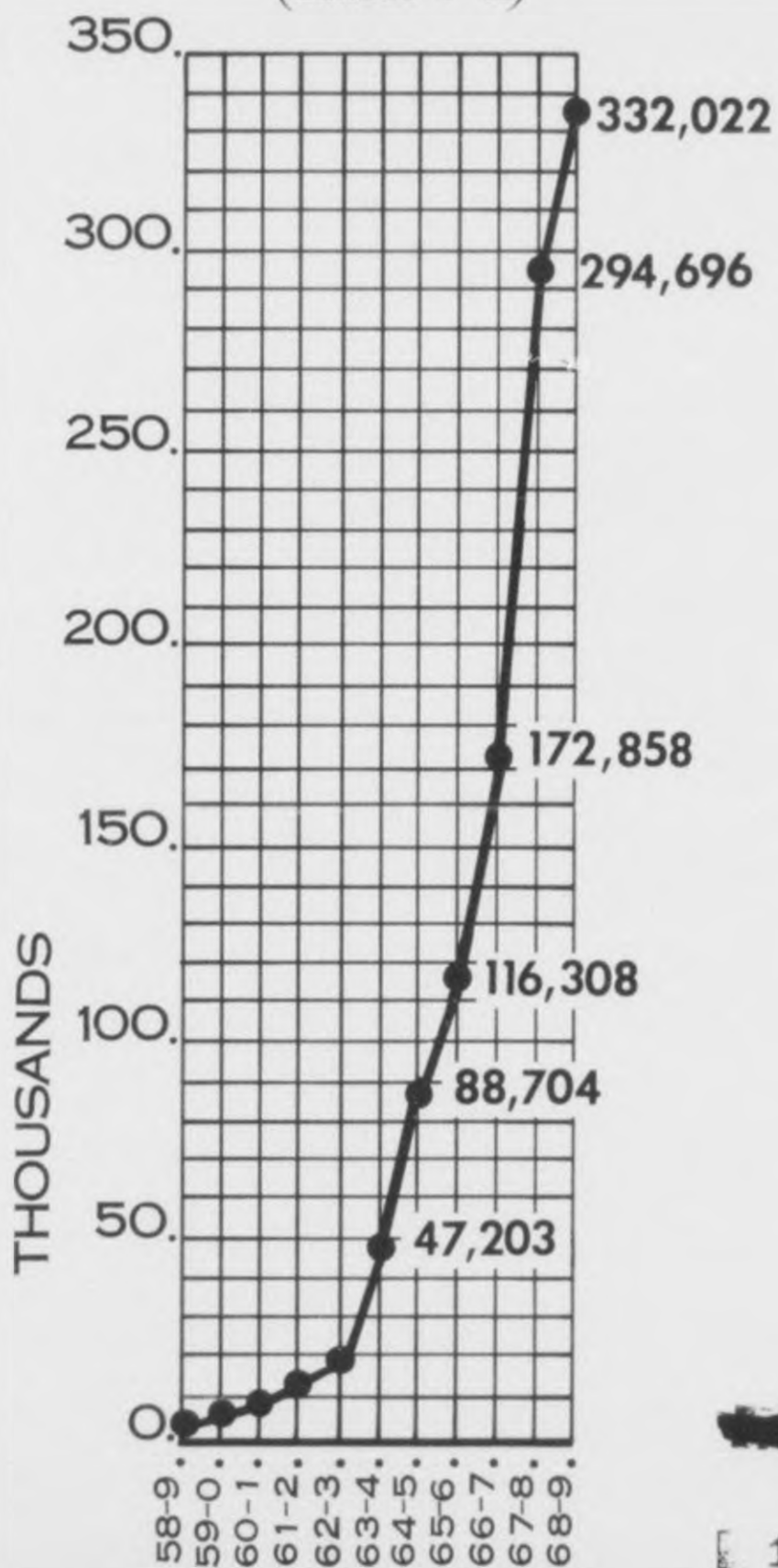
SCHOOL YEAR 1968-69

SCHOOLS USING ETV	649
SCHOOLS USING ETV LAST YEAR	506
ENROLLMENT (RESPONSES TO DATE)	240,629
TOTAL PROJECTED ENROLLMENT	332,022
LAST YEAR ENROLLMENT	294,696
PROJECTED INCREASE	37,326

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# ETV ENROLLMENT (GRADES 1-12)



MULTI-CHANNEL SERVICE IS ESSENTIAL TO SECONDARY SCHOOLS

Test projects in Greenville, Florence and Darlington Counties prove conclusively that multi-channel transmission is essential for effective utilization of ETV by secondary schools. When service in these areas was expanded to four channels, enrollment increased rapidly as can be seen below.

	<u>SINGLE CHANNEL 1966-67</u>	<u>MULTI- CHANNEL 1967-68</u>
ENROLLMENT IN FLORENCE/DARLINGTON COUNTIES	1335	12,180
ENROLLMENT IN GREENVILLE COUNTY	1237	22,123
TOTAL ENROLLMENT	2572	34,303
NUMBER OF TEACHERS USING ETV	85	586
AVERAGE NUMBER OF WEEKLY PROGRAMS	70	300

ETV UTILIZATION DEPENDS ON TV SET AVAILABILITY

A demonstration project in Fairfield County indicates that ETV utilization increases dramatically when television sets are available in every classroom. The results of a survey conducted October 8-14, 1968, by personal interview with each teacher in ten elementary schools is as follows:

TEACHERS WITH TV SET IN CLASSROOM - 111

96 use ETV

13 sets defective

2 do not use ETV

TOTAL STUDENT ENROLLMENT - 3,444

TOTAL STUDENTS ENROLLED IN ETV - 3,165

92% STUDENTS PARTICIPATED

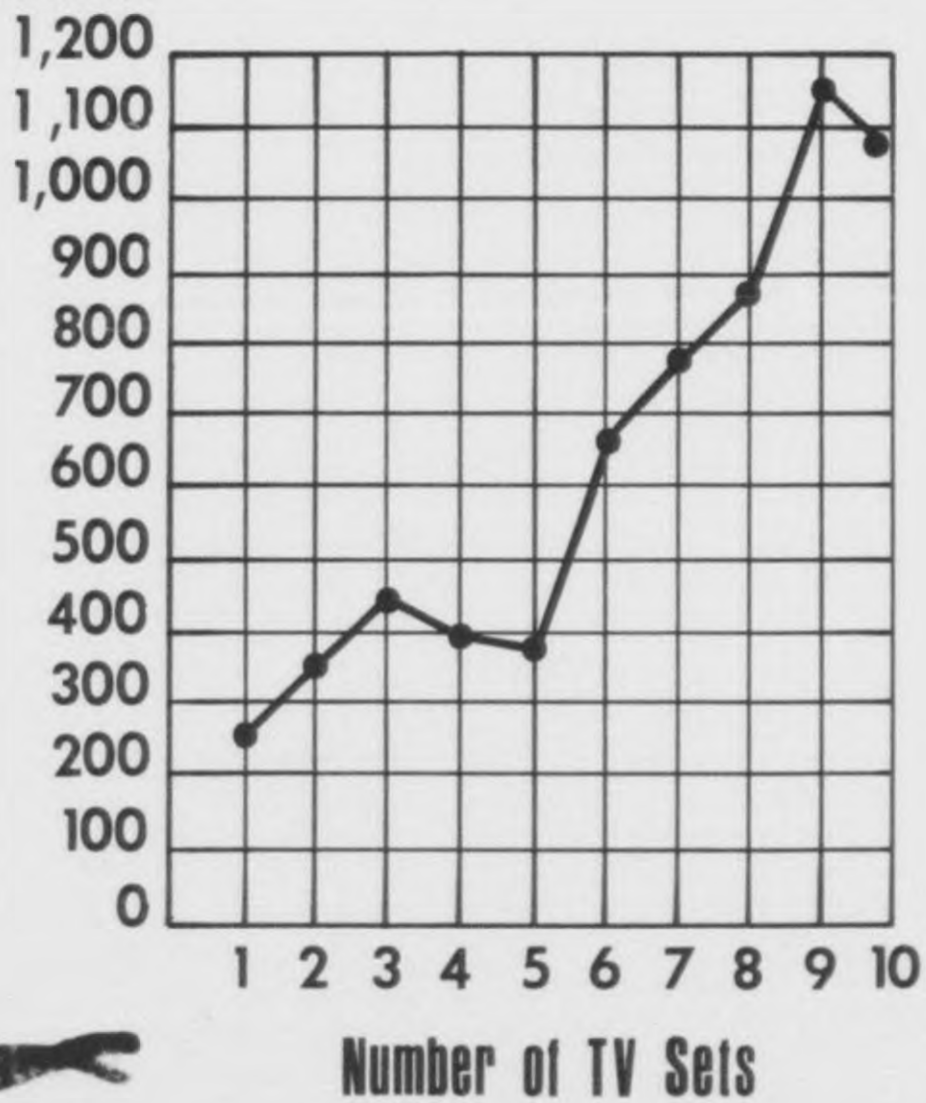
AVERAGE 3 COURSES EACH



### TV SETS AND HOW THEY AFFECT UTILIZATION

The State Department of Education ETV Utilization Survey indicated that there is almost a direct correlation between the number of television receivers owned by a school and the utilization of ETV by that school. For example, the average ETV enrollment of schools owning 1 receiver was 246; 6 receivers, 644; 10 receivers, 1070.

### ETV Enrollment



ETV RESOURCES HAVE EXPANDED RAPIDLY IN TEN YEARS

With ten years of ETV experience completed in South Carolina, much progress has been made and resources to teachers throughout the state have rapidly expanded, helping public schools immeasurably in their efforts to provide uniformly excellent educational opportunities to all their students.

	<u>1958</u>	<u>1968</u>
COURSE OFFERINGS	2	117
DAILY PROGRAM TRANSMISSIONS	2	104
YEARLY PROGRAM PRODUCTIONS	320	1270
ETV ENROLLMENT		
STUDENTS	300	332,000
ADULTS	35	80,000
TOTAL ENROLLMENT	335	412,000

ETV IN-SCHOOL COURSES EXPAND TO MEET NEEDS OF PUBLIC SCHOOLS

Never in the past 10 years of experience has the need and demand for programming efforts to serve the public schools been so clearly apparent. Forty-eight courses are currently scheduled on ETV for the 1968-69 school year.

MATHEMATICS	10 Courses	805 Lessons
SCIENCE	8 Courses	472 Lessons
FOREIGN LANGUAGES	5 Courses	470 Lessons
SOCIAL STUDIES	7 Courses	255 Lessons
ART	3 Courses	120 Lessons
MUSIC	5 Courses	324 Lessons
LANGUAGE ARTS	5 Courses	143 Lessons
OTHERS		
MEDICAL SELF-HELP		10 Lessons
DRIVER EDUCATION		30 Lessons
SEWING		6 Lessons
AGRICULTURE		36 Lessons
PHYSICAL EDUCATION		17 Lessons
TOTAL	48 COURSES	2688 LESSONS



NEW ETV IN-SCHOOL COURSES ARE NOW BEING PRODUCED

As subject matter changes and becomes more complex ETV courses must be constantly revised and updated. In addition to this effort ETV continues the development of new resources and currently has 23 courses in planning or production.

MATHEMATICS	2 Courses	120 Lessons
SCIENCE	2 Courses	145 Lessons
SOCIAL STUDIES	3 Courses	90 Lessons
ART	1 Course	35 Lessons
MUSIC	3 Courses	161 Lessons
LANGUAGE ARTS	3 Courses	105 Lessons
OTHERS		
HUMANITIES		60 Lessons
BUSINESS EDUCATION		60 Lessons
PRE-SCHOOL READINESS	4 Courses	120 Lessons
PHYSICAL EDUCATION	2 Courses	60 Lessons
VOCATIONAL EDUCATION		35 Lessons
TOTAL	23 COURSES	1061 LESSONS

# TEACHERS IMPROVE ABILITIES THROUGH ETV IN-SERVICE COURSES

The results of an independently conducted teacher attitude survey show conclusively that South Carolina teachers have a very positive attitude toward using ETV. This attitude is reflected in the increasing number of teachers who have availed themselves of the opportunity to improve their teaching skills through ETV in-service courses. Since 1967 almost 8000 have taken advantage of this program and 3700 have taken credit courses developed by the State Department of Education through ETV.

In-service courses currently scheduled include:

PARLONS FRANCAIS	34 Lessons
COMMUNISM: MYTH vs REALITY	12 Lessons
TIME FOR SOUNDS	10 Lessons
INTRODUCTION TO MATHEMATICS I	17 Lessons
INTRODUCTION TO MATHEMATICS II	11 Lessons
MODERN ALGEBRA FOR TEACHERS	20 Lessons
EFFICIENT READING	12 Lessons
SPECIAL INDIVIDUAL PROGRAMS	75 Lessons

Courses for credit include:

COMPETITIVE POLITICAL ECONOMIC SYSTEMS	30 Lessons
MATHEMATICS FOR THE ELEMENTARY TEACHER	36 Lessons
TEACHING OF READING	33 Lessons

Courses in planning and production include:

EARTH SCIENCE	30 Lessons
EARLY CHILDHOOD	30 Lessons
ENGLISH FOR ELEMENTARY TEACHERS	30 Lessons

TOTAL	14 COURSES	380 LESSONS
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PROFESSIONAL GROUPS CONTINUE EDUCATION ON ETV

Since 1964, 48,000 supervisory personnel from business and industry have received management training courses through ETV and the Educational Resources Foundation. In addition, a wide variety of other professional groups continue their education through ETV programs which currently include:

PHYSICIANS	24 PROGRAMS
VETERINARIANS	9 PROGRAMS
WILDLIFE OFFICERS	15 PROGRAMS
LAW ENFORCEMENT OFFICERS	12 PROGRAMS
HEALTH SERVICES PERSONNEL	46 PROGRAMS
ADULT BASIC EDUCATION	64 PROGRAMS
ADULT ELECTRONICS EDUCATION	90 PROGRAMS
DEPARTMENT OF PUBLIC WELFARE PERSONNEL	12 PROGRAMS
FOOD SERVICE PERSONNEL	9 PROGRAMS
TEACHERS & PARENTS OF MENTALLY RETARDED	11 PROGRAMS
CORRECTIONAL OFFICERS	6 PROGRAMS
BUSINESS & INDUSTRIAL SUPERVISORY PERSONNEL	80 PROGRAMS
DENTISTS	10 PROGRAMS
USC JOURNALISM DEPARTMENT	36 PROGRAMS
CLEMSON UNIVERSITY AGRICULTURAL EXTENSION	104 PROGRAMS
S.C. HIGHWAY DEPARTMENT	52 PROGRAMS
S.C. STATE BOARD OF HEALTH	52 PROGRAMS
TOTAL 33 SERIES	627 PROGRAMS



NEW RESOURCES ARE BEING DEVELOPED FOR STATE AGENCIES AND OTHERS

Other areas of possible ETV course development in the future include the fields of pre-school education, higher education, adjunct education and two-year college education. Courses which are presently in planning or production include these for the following state agencies and others:

TECHNICAL EDUCATION COMMITTEE	270 PROGRAMS
WINTHROP COLLEGE	8 PROGRAMS
S. C. MENTAL HEALTH COMMISSION	1 PROGRAM
S. C. COMMISSION FOR THE BLIND	1 PROGRAM
OFFICE OF THE SECRETARY OF STATE	8 PROGRAMS
HIGH SCHOOL GUIDANCE COUNSELORS (University of South Carolina)	12 PROGRAMS
OFFICE OF THE ATTORNEY GENERAL	1 PROGRAM
S. C. ARTS COMMISSION	1 PROGRAM
OFFICE OF ECONOMIC OPPORTUNITY	1 PROGRAM
ATOMIC ENERGY COMMISSION	1 PROGRAM
TOTAL 10 AGENCIES	300 PROGRAMS

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TYPE AND SOURCE OF PROGRAMMING

The South Carolina ETV Commission was created and is financed by the Legislature of the State of South Carolina to provide a comprehensive educational opportunity for the people of the State through the medium of television.

It has set as its objective the following programming priorities:

1. To provide instructional television lessons for the schools.
2. To provide comprehensive opportunities for the teachers of the State to continue their professional education.
3. To provide continuing professional education.
4. To provide educational television materials for the continuing training and education of business and industrial personnel.
5. To cooperate with all State agencies by providing informational programming for the public, training for agency personnel, and inter-agency communications.
6. A final responsibility inherent in any institution of education be it school, college, museum, or television station, to provide general information reflecting knowledge of and interest in our world.

Educational television in South Carolina must provide service for many specialized "audiences," each of which has particular needs, particular problems, and particular solutions which television can best provide. The following statistical information reflects the programming schedule for November, 1968 showing the portions of ETV effort spent on each type of programming.

	<u>PRODUCED</u>	<u>ACQUIRED</u>	<u>TOTAL</u>
I. INSTRUCTIONAL			
A. In-School	54.3	17.3	71.6
B. Teacher In-Service	<u>2.5</u>	<u>1.2</u>	<u>3.7</u>
	56.8	18.5	75.3
II. CONTINUING EDUCATION			
A. Professional Ed.	1.3		1.3
B. State Agencies,			
Bus. and Ind.	<u>4.6</u>		<u>4.6</u>
	5.9		5.9
III. CHILDREN'S	2.3	3.3	5.6
IV. GENERAL EDUCATION	3.9	3.3	7.2
V. COMMUNITY SERVICES	<u>.8</u>	<u>4.8</u>	<u>5.6</u>
TOTAL	69.7	29.9	99.6

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