MINUTES OF
Budget and
Control Board
Meeting
December 17, 1982
1:30 p.m.

013873

State of South Carolina

State Budget and Control Board

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

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

Box 12444
Columbia
29211

December 20, 1982

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary WAM

SUBJECT: Summary of Board Actions at December 17, 1982 Meetings

The following is a summary of actions taken by the Budget and Control Board at the meetings held on December 17, 1982:

1. Met in executive session with the Board of Corrections to discuss legal matters;

2. Approved the minutes of meetings held on November 3 and November 24, 1982;

3. Approved an Aiken County proposal to issue approximately $1,000,000 Industrial Revenue Bonds on behalf of the United Services, Inc., project, on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results;

4. Approved the following county proposals to issue industrial revenue bonds: (a) Lexington County, $382,500 on behalf of Morningside Associates project; and (b) Richland County, $525,000 on behalf of Carter-Miot Engineering Co., Inc., project;

5. Received as information a State Engineer report that the following permanent improvement projects have been reviewed by the Joint Bond Review Committee and released by staff: (a) on Summary 9-83: Employment Security Commission, item 9; (b) on Summary 11-83: Mental Retardation, items 10E, 10F, and 10G; (c) on Summary 15-83: Mental Retardation, items 6B and 6C; (d) on Summary 18-83: Mental Retardation, items 4A, 4B, 4C, and 4D; (e) on Summary 20-83: Mental Retardation, items 1A, 1B, 1C, and 1D; Adjutant General, items 2A, 2C, 2D, and 2F; USC Columbia, items 3A, 3B, and 3C; Francis Marion College, item 4; Clemson University, item 5; Technical and Comprehensive Education: item 6A and 6B; Criminal Justice Academy, items 7A, 7B, 7C, and 7D; (f) on Summary 21-83: Clemson University, items 1A, 1B and 1C; College of Charleston, item 2; Technical and Comprehensive Education (Greenville TEC), item 3; Mental Retardation, items 4A and 4B; Criminal Justice Academy, item 5; Department of Corrections, items 6A and 6B; USC-Coastal, items 7A and 7B; and (g) on Summary 22-83, Francis Marion College, item 1;

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6. Approved a right-of-way easement to the East Richland County Public Service District for the purpose of constructing and maintaining a discharge pipe in the Congaree River approximately 3.5 miles south of Columbia, as approved by the Attorney General's Office;

7. Received as information a State Auditor computation of the annual limitation on the number of State employees which showed that the 1983-84 state employees FTE limitation is 40,352.31 and that an allowable growth in 1983-84 within that limitation would be 5,497.23 FTE positions and which indicated that the new full-time equivalent positions recommended by the Board for 1983-84 total 125.01;

8. Received as information Local Government Division reports for October and November, 1982, and ratified the approvals previously given to the $150,000 grant to the Beaufort-Jasper Water Authority and the $300,000 grant to the Spartanburg Sanitary Sewer District;

9. Received as information a State Personnel Division report on new hires and employment trends during the fiscal year;

10. Received as information the activity report of the Division of State Fire Marshal for the month of November, 1982;

11. Received as information reports on payments of interviewee travel expenses made by the Department of Mental Health and the College of Charleston;

12. Received from Comptroller General Morris copies of the 1982 annual report of the Comptroller which includes financial statements presenting the financial position and the results of operations of the State for 1981-82;

13. Witnessed the presentation by Governor Riley and Assistant Director Randy Halfacre of a $250 cash award to Mrs. Julie Rotureau, an employee of the Division of General Services, for her suggestion pertaining to an address change for State buildings which resulted in those buildings being considered within the Columbia city limits with the result that water, sewer and fire services will cost the State approximately $1,000 less per year (this was the first award given under the Board's Employee Suggestion Program);

14. By a vote of three to two, authorized the Department of Corrections to use certain of the facilities located at State Park Health Center for housing aged, handicapped, and mentally retarded inmates and inmates with medically-related problems during the first year of use by that Department with the understanding that details associated with this authorization are to be worked out with the Budget and Control Board by the Department of Corrections;

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15. Adopted as the revised forecast of 1982-83 general fund revenue the figure of $1,912,000,000 and the figure of $2,066,000,000 for 1983-84, upon the recommendation of the Board of Economic Advisors, and approved the conceptual plan presented by staff for reducing the 1982-83 budget by $59,500,000 which included the following proposed reductions: $20,881,868 from public education (mandate five days school closing); $4,573,329 aid to subdivisions; $2,000,000 debt service; $20,607,462 personal service and employer contributions (with $11,578,055 represented by a required five days of furlough for all State employees; with $4,646,617 represented by recapturing unobligated salary budgets; and with $4,382,790 represented by the transfer to the general fund of "other funds" for furlough savings); specific reductions listed on Schedule I amounting to $1,639,000; one-time off budget reductions shown on Schedule II for a total of $9,647,765; $291,000 from the legislative branch; $98,885 from the judicial branch arising from the recommended five days of furlough for all classified/unclassified personnel; and admonished the staff to advise the agencies of their responsibilities in this budget reduction effort as soon as possible;

16. Was advised that the Whitten Center reduction-in-force review committee would not present a progress report at this meeting and carried over its consideration of that issue;

17. Granted an exemption from the provisions of the Consolidated Procurement Code to Francis Marion College for purchases of office and other supply items from the College Bookstore by departments of the College, on the condition that the sales of such supplies to other departments of the College under this exemption not exceed 5% of total bookstore sales or $30,000, whichever is less, in any fiscal year, and, further, on the condition that this exemption be effective for the same two-year period for which Francis Marion College is certified by the Board to make purchases above $2,500, as recommended by the Division of General Services in accord with the requirements of Procurement Code Section 11-35-710;

18. Approved a Clemson University request to reduce the amount of funds remitted as tuition fees, after it was advised by the Attorney General's Office of its view that it is legally proper for the Clemson University Board of Trustees to impose and the Budget and Control Board to approve tuition fees based upon a schedule producing only funds to meet principal and interest requirements when the Board determines that an appropriate reserve exists; and that the surplus in the debt service account for Clemson University's institution bonds may properly be transferred to other capital improvement uses such as construction of the new chemistry building; and that Clemson University is not required to issue the $2,000,000 in State Institution Bonds authorized by the proviso to Section 4 of Act 179 of 1981 before applying surplus debt service funds as well as general obligation bond funds to the construction of the chemistry building;

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19. Approved the following adjustments to the full-time equivalent positions base, upon the recommendation of the Joint Legislative Committee on Personal Service Financing and Budgeting: (a) increase Attorney General's Office by 6 State FTE positions; (b) Division of Research and Statistical Services, reduction of 3 FTE positions (2 State, 1 other) for transfer to Water Resources Commission; (c) Water Resources Commission, increase 3 FTE positions (2 State, 1 other); (d) Coastal Council, shift of source of funds on 4 FTE positions from federal to State; (e) Board of Financial Institutions (Consumer Finance), increase of 1 State FTE; (f) Board of Accountancy, increase of 0.40 State FTE positions; (g) Board of Pharmacy, increase of 0.25 State FTE positions; and (h) Highways and Public Transportation, increase of 17 other FTE positions;

20. Adopted a resolution authorizing the issuance of not exceeding $27,000,000 Hospital Facilities Revenue Bonds by the Medical University;

21. Approved a request by Commissioner McGowan of the Department of Labor for permission to expend State-appropriated funds only for a period not to exceed 30 days to provide for the continuation of the Occupational Safety and Health Program until an appropriation act or a new continuing resolution is adopted at the federal level and advised the Joint Appropriations Review Committee of this action so that it might review this request as is required by Section 133 of the 1982-83 Appropriations Act;

22. Adopted a statement indicating that employees demoted as a result of a reduction-in-force or other personnel action shall be treated the same as those receiving downward reclassifications or pay adjustments effective as of July 1, 1982;

23. Heard a report by Personnel Division Director Mullins on reductions-in-force accomplished during the September 1 - November 17, 1982 period which showed that 68.1% of the total number of employees involved in reductions-in-force in that period had been placed elsewhere or had retired or had declined employment assistance leaving 31.9% of those involved available for employment; and agreed to expand the number of classes an individual's name would appear in on reduction-in-force lists from one class to four classes for which the individual is qualified;

24. Approved the exemption of professional artists utilized by the South Carolina Arts Commission from the requirements of the Consolidated Procurement Code in accordance with the provisions of Section 11-35-710, upon the recommendation of the Division of General Services;

25. Approved a request by the Medical University to trade in an Irex System Sector Scanner Echocardiogram, with a value in excess of $25,000, toward the purchase of an Irex System III B Real Time Phasey Array Sector Scan, upon the recommendation of the Division of General Services;

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26. Approved the following purchases and lease/purchases: (a) Division of General Services, purchase of a DASD subsystem (2-3880 III, 3-3380-A4, 2-3380-B4) from IBM at a purchase price of $640,030 with 60 monthly payments of $13,717.14 at an interest rate of 10.375%, Southern National Leasing Corporation, financier; (b) Division of General Services, lease/purchase of four modems from IBM at a cost of $28,300, interest rate 10.375%, with 60 monthly payments of $606.75, Southern National Leasing Corporation, financier; (c) Greenville Technical College, lease/purchase of computer equipment from Digital Equipment Corporation under the State TEC-NET contract, total cost $25,160 at an interest rate of 10.375% with 36 monthly payments of $816.44, Southern National Leasing Corporation, financier; (d) Midlands Technical College (Airport and Beltline Campuses), lease/purchase of high resolution color monitors from E&O Systems Limited, $37,365 at an interest rate of 10.375% with 60 monthly payments of $801.10, Southern National Leasing Corporation, financier; (e) Midlands Technical College, Beltline Campus, VAX 11/780 computer system at a cost of $435,001.68 at an interest rate of 10.375% with 60 monthly payments of $9,326.43, Southern National Leasing Corporation, financier; (f) Midlands Technical College, Airport Campus, lease/purchase of VAX 11/730 computer system at a price of $108,474.03 at an interest rate of 10.375% with 60 monthly payments of $2,325.68, Southern National Leasing Corporation, financier;

27. Adopted a resolution authorizing the execution of a quit claim deed dated November 10, 1982, on its behalf by the President of the South Carolina School for the Deaf and the Blind thereby enabling that School to be the charitable beneficiary of approximately $800 from the sale of Lot 48, Tract 4753, Lucerene Vista, San Bernadino County, California;

28. Carried over requests by the Wildlife and Marine Resources Department and the Department of Mental Health for permission to transfer certain funds;

29. Postponed consideration of a request by the Mayor of the Town of Fort Mill for help in raising $3,500 to assist in financing the travel of the State champion Fort Mill High School Cheerleaders to a national competition to be held in Denver, Colorado;

30. Agreed to hold its next regular meeting at 10:00 A. M. on Tuesday, January 11, 1982, in the Governor's conference room in the State House;

31. After receiving legal advice on the State's responsibilities relating to the reactivation of the L-reactor at the Savannah River Plant by the U. S. Department of Energy, adopted the recommendation of the Executive Task Force previously named to examine this matter and requested that the Attorney General review the matter and report back to the Budget and Control Board appropriate action to assure protection of South Carolina's natural, human, and cultural resources and the integrity of the State's governmental and regulatory processes;

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32. Approved an exchange of properties on a dollar for dollar basis proposed by the Department of Parks, Recreation and Tourism and involving State properties in and nearby Santee State Park;

33. After receiving legal advice on the matter, agreed by a vote of four to one not to rescind its previous action relating to the payment of bills for hospital services;

34. Approved an extension of the disability leave of an employee of the University of South Carolina for an additional six months to April 16, 1983;

35. Approved salary levels for employees of the Department of Social Services, Clemson University, Lander College, University of South Carolina, and the Medical University;

36. Approved Department of Youth Services teachers, principals, and administrators pay scales for 1982-83 and approved the compensation of the Youth Services Superintendent of Education; and did not approve changing speech therapists and psychologists positions to unclassified; and

37. Ratified actions taken during executive session.

WAM:dw

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

DECEMBER 17, 1982 1:30 P. M.

The State Budget and Control Board met at 1:30 p.m. on Friday, December 17, 1982, in the Governor's conference room in the State House with the following members in attendance:

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

Also attending were Executive Director W. T. Putnam; Board Secretary William A. McInnis; Governor's Executive Assistant Katherine M. Clarke; Deputy Attorney General Frank K. Sloan; and staff members of the various Board divisions.

MINUTES OF PREVIOUS MEETINGS - Board members previously had been provided with a draft version of the minutes of Budget and Control Board meetings held on November 3 and November 24, 1982.

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

BLUE AGENDA - Board members were advised that the reviews required in connection with blue agenda item 1, relating to an Aiken County proposal to issue industrial revenue bonds, had not yet been completed; that item 4, relating to a Spartanburg County proposal to issue pollution control facilities revenue bonds, had been withdrawn; and item 8, a Local Government Division report on grants approved during October and November, included two items which had been approved by a poll and which must be ratified at this meeting.

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Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board gave conditional approval to blue agenda item 1, ratified the approval of two grants by the Local Government Division previously approved by a poll, and approved all other items on the blue agenda.

Blue agenda items are identified as such in these minutes.

INDUSTRIAL REVENUE BONDS (BLUE AGENDA #1-#4) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved an Aiken County proposal to issue approximately $1,000,000 Industrial Revenue Bonds on behalf of the United Services, Inc., project, on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results.

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the following county proposals to issue industrial revenue bonds: (a) Lexington County, $382,500 on behalf of Morningside Associates project; and (b) Richland County, $525,000 on behalf of Carter-Miot Engineering Company, Inc., project.

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

POLLUTION CONTROL FACILITIES REVENUE BONDS (BLUE AGENDA #4) - A Spartanburg County proposal to issue not exceeding $600,000 Pollution Control Facilities Revenue Bonds was withdrawn from consideration.

GENERAL SERVICES (STATE ENGINEER) - PERMANENT IMPROVEMENT PROJECT ACTION BY STAFF (BLUE AGENDA #5) - The Budget and Control Board received as information a State Engineer report that the following permanent improvement projects have been reviewed by the Joint Bond Review Committee and released by staff: (a) on Summary 9-83: Employment Security Commission, item 9; (b) on Summary 11-83: Mental Retardation, items 10E, 10F, and 10G; (c) on Summary 15-83: Mental Retardation, items 6B and 6C; (d) on Summary 18-83: Mental Retardation, items 4A, 4B, 4C, and 4D; (e) on Summary 20-83: Mental Retardation, items 1A, 1B, 1C, and 1D; Adjutant General, items 2A, 2C, 2D, and 2F; USC-Columbia, items 3A, 3B, and 3C; Francis Marion College, item 4; Clemson University, item 5; Technical and Comprehensive Education, items 6A and 6B; Criminal Justice Academy, items 7A, 7B, 7C, and 7D; (f) on Summary 21-83: Clemson University, items 1A, 1B, and 1C; College of Charleston, item 2; Technical and Comprehensive Education (Greenville TEC), item 3; Mental Retardation, items 4A and 4B; Criminal Justice Academy, item 5; Department of Corrections, items 6A and 6B; USC-Coastal, items 7A and 7B; and (g) on Summary 22-83, Francis Marion College, item 1.

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

GENERAL SERVICES - RIGHT-OF-WAY EASEMENT TO EAST RICHLAND COUNTY PUBLIC SERVICE DISTRICT (BLUE AGENDA #6) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved a right-of-way easement to the East Richland County Public Service District for the purpose of constructing and maintaining a discharge pipe in the Congaree River

approximately 3.5 miles south of Columbia, as approved by the Attorney General's Office.

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

FINANCE DIVISION - FTE POSITION REPORT, 1983-84 BUDGET RECOMMENDATIONS (BLUE AGENDA #7) - The Board received as information a report from the State Auditor consisting of the computation of the annual limitation on the number of State employees which showed that the 1983-84 state employees full-time equivalent position limitation is 40,352.31 and that an allowable growth in 1983-84 within that limitation would be 5,497.23 full-time equivalent positions and which indicated that the new full-time equivalent positions recommended by the Budget and Control Board for 1983-84 total 125.01.

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

DIVISION OF LOCAL GOVERNMENTS - EXPENDITURES OF RURAL IMPROVEMENT FUNDS IN OCTOBER AND NOVEMBER, 1982 (BLUE AGENDA #8) - The Budget and Control Board received as information Division of Local Government reports on rural improvement grants approved during October and November. The October report included 37 projects involving a total expenditure of $522,198 of state grant funds and indicated that a balance of $1,478,383 is available for grants; that 122 applications involving $2,151,327 had been approved to that point during the current fiscal year; and that 31 applications for $975,373 of grants were then pending.

The November report included 17 projects involving a total expenditure of $571,293 of state grants funds and indicated that a balance of $1,478,383 is available for grants, that 139 applications involving $2,722,619 in state grant funds had been approved as of the end of November during the current fiscal year, and that 14 applications involving $404,080 are pending.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board ratified the approvals previously given by poll to the November report item 8, relating to a $150,000 grant to the Beaufort-Jasper Water Authority, and to item 15, relating to a $300,000 grant to the Spartanburg Sanitary Sewer District.

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

STATE PERSONNEL DIVISION - NEW HIRES AND EMPLOYMENT TRENDS REPORT (BLUE AGENDA #9) - The Budget and Control Board received as information a State Personnel Division report on new hires and employment trends during the current fiscal year.

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

FIRE MARSHAL DIVISION - REPORT FOR NOVEMBER, 1982 (BLUE AGENDA #10) - The Budget and Control Board received as information a State Fire Marshal Division activity report for the month of November, 1982.

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

INTERVIEWEE TRAVEL EXPENSE PAYMENTS (BLUE AGENDA #11) - The Board received as information reports on the payment of interviewee travel expenses made by the Department of Mental Health and the College of Charleston.

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

COMPTROLLER GENERAL'S OFFICE - PRESENTATION OF FINANCIAL STATEMENTS - Comptroller General Morris presented to Governor Riley and to the Board copies of the 1982 annual report of the Comptroller which includes financial statements presenting the financial position and the results of operations of the state for fiscal year 1981-82. In making this presentation, Mr. Morris noted that the annual report of his office has been reduced from a research document to a meaningful financial statement and he commended the staff members Nichols, Lovett, Garvin, Braswell and others for their efforts in this regard.

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

EXECUTIVE DIRECTOR'S OFFICE - EMPLOYEE SUGGESTION PROGRAM AWARD - Executive Director Putnam introduced Assistant Director for Personnel Randy Halfacre for the purpose of a presentation. Mr. Halfacre then introduced Division of General Services staff member Julia Rotureau whose suggestion relating to an address change for state buildings and the resulting lesser costs of water, sewer and fire services had been adopted by the Suggestion Awards Committee for the first award given under the Board's employee suggestion program. Because the savings associated with this suggestion are approximately $1,000 per year, the award to Mrs. Rotureau was $250.

Governor Riley joined with Mr. Halfacre in making the presentation to Mrs. Rotureau.

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

HEALTH AND ENVIRONMENTAL CONTROL - STATE PARK HEALTH CENTER PROPOSAL - DHEC Commissioner Robert S. Jackson, Senator Hyman Rubin, and Representative Lloyd Hendricks, along with Board of Corrections member E. N. Zeigler and Commissioner William D. Leeke, appeared before the Board on this matter in a follow-up to the presentations made to the Board by Senator Rubin and Commissioner Jackson at the December 2, 1982 meeting.

Dr. Jackson advised the Board that, in accord with its direction given at the December 2 meeting, he had worked further on this matter with Division of General Services Director Copeland and had reached agreement with him that the Property Management Section of the Board would at a time it deems appropriate determine the market value of all state property and other state interests managed by Richland Memorial Hospital under terms of the proposed agreement relating to State Park. He further indicated that from that determination the Property Management Section would further determine the level of compensation due the state from Richland Memorial Hospital and that, under the terms of this later agreement, that compensation would be paid by the hospital into the Ordinary Sinking Fund of the state.

Senator Rubin advised the Board that he had met with DHEC officials and with representatives of the Department of Corrections and with citizens in the local area on this matter since the December 2 Board meeting. He

reported that a Richland County delegation meeting was held and that by a unanimous vote with two abstentions the delegation had recommended that the State Park Health Center continue as a health care facility. He acknowledged that the problems facing the Department of Corrections are serious but he urged that penal institutions be placed into non-populous areas rather than into established populated areas such as in the State Park vicinity. He concluded his brief remarks by expressing the view that it would be most wrong and inconsiderate to convert the State Park Health Center to a penal institution.

Representative Hendricks concurred in the remarks made by Senator Rubin.

Dr. Jackson reiterated that the financial considerations involved in the State Park issue are acute and immediate and expressed the view that the cost to the South Carolina taxpayer to convert the State Park Health Center to non-health care purposes would be approximately $90,000,000 over the next five years.

Mr. Morris noted that the DHEC proposal involves no additional tax dollars now and offers the prospect of saving a minimum of $2,000,000 in operating costs.

Board of Corrections E. N. Zeigler made a plea to the Board on behalf of the Department of Corrections for permission to use State Park Health Center as a minimum security correctional facility. He indicated that some 600-plus bed spaces could be made available there at an estimated start-up cost of about $2.5 million. He indicated the Department's desire

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to use the State Park facilities for geriatric and disabled prisoners.

Board of Corrections member Zeigler advised the Board of very serious lawsuits against the Department of Corrections which are now pending which, in his view, make it absolutely necessary to correct the Department's many deficiencies and to show good faith with the courts which are involved in this matter. He expressed the view that acquiring the use of the State Park facilities is the quickest and surest way to begin that process and noted that the prospect of showing a substantial good faith effort to overcome the overcrowded conditions in the correctional system hinges on getting the use of the State Park facilities.

Commissioner Leeke estimated that a 600-bed minimum security correctional facility would cost approximately $16.5 million in contrast to the approximately $2.4 million required as start-up funds for the State Park facilities plus $3.1 million to operate it annually. He indicated that if his department is allowed to place only 300 handicapped, geriatric inmates in the State Park facilities that would reduce the estimated cost of start-up funds to $1.3 million. Mr. Leeke also expressed a willingness to consider any of the existing State Park employees for jobs which would become available in the Department of Corrections if it were given the use of the facilities there.

Senator Rubin expressed the view that all of us are probably guilty to some degree for not facing up completely to the problems of the Department of Corrections and indicated his willingness to support an acceleration of bonding to finance needed facilities. He also indicated his feeling that

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it is not fair to try to bail out the Department of Corrections in a "quickie" way.

Mr. Morris noted that the task force which studied the State Park situation at the Governor's behest recommended that it be sold or closed or used as a health care facility.

Governor Riley expressed his appreciation to DHEC Commissioner Jackson and to Corrections Commissioner Leeke and others for their efforts in this matter and expressed the view that the time had come to decide the matter. He indicated that he had suffered over it for several days and had concluded as Governor and as Chairman of the Budget and Control Board that the state has no greater responsibility than that of doing something about its overcrowded prisons. He then expressed the view that the responsible thing for the Board to do in this matter would be to put the State Park facilities to use as a minimum security correctional facility for use by the Department of Corrections in the first year for handicapped and geriatric inmates.

Mr. Morris urged that the Board consummate the DHEC and Richland Memorial Hospital proposal and that it put top priority on facilities and operating funds for the Department of Corrections to show good faith. He expressed concern that allowing the Department of Corrections to use the State Park facilities would destroy the 225-acre site for the long term. He also expressed concern about the prospect of having to pay $7 million of Hill-Burton funds back to the federal government and he indicated that he would not vote to locate a prison facility at State Park.

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Governor Riley expressed his feeling that a waiver of the payback could be secured and he proposed making an immediate attempt to get such a waiver.

Commissioner Jackson reported that Hill-Burton appraisers had indicated to him that a payback would be required in that no prison use had ever been granted a waiver. Governor Riley noted that the state has had prisoners in the facilities there for years.

Mr. Patterson broached the idea of approving the DHEC proposal for a six-month period with an opportunity to study the matter after that time had elapsed and on that basis make a decision about the permanent use of the facilities. Commissioner Jackson expressed the view that the Richland Memorial Hospital would not consider this possibility and expressed the view that it would be a foolish business decision to enter into the arrangment for a six-month period.

Mr. Morris then moved that the Board approve the proposal of the Department of Health and Environmental Control including the codicil relating to determinations to be made by the Board's Property Management Section on the market value of the state property and other state interests which would be managed by Richland Memorial Hospital under terms of the agreement and he included in his motion a provision that the Board would recommend to the General Assembly the bonding and operating funding measures necessary to get the Department of Corrections out of its present dilemma.

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Senator Dennis indicated that this has been one of the most trying issues he has faced and he expressed the view that the Board and the General Assembly have done everything possible within the resources available to deal with the Corrections problem. He noted that it has been estimated that some $300,000,000 will be needed between now and the end of the century to provide the facilities needed to extricate ourselves from the overcrowded prison problem. He indicated that that point of evidence tips the scales with him. He observed that the Board is dealing with state property when it deals with the State Park site and it is dealing with a statewide problem when it deals with Corrections in contrast to the DHEC proposal which Senator Dennis characterized as being regional in scope. He further noted that this step for the Department of Corrections may well be viewed as a bandaid for now with the prospect of a major operation to come later. Senator Dennis then indicated his intention to vote in support of allowing the Department of Corrections to use certain of the State Park Health Center facilities for a correctional institution.

In the ensuing discussion, Governor Riley and Mr. Patterson suggested that inmates assigned to the State Park Health Center facilities in the first year of their use by the Department of Corrections be restricted to the aged, handicapped, and mentally-retarded inmates and inmates with medically-related problems.

Mr. Morris inquired about the present employees at the State Park Health Center and was advised that a new wing being opened at the Tucker Center of the Department of Mental Health will provide some opportunities

for employment and those positions are being held open pending a resolution of the State Park issue.

Representative Mangum indicated his intention to vote for the DHEC proposal in view of the fact that the Department of Corrections apparently already will be several million dollars short in operating funds this year and next year and the proposal to allow that agency to use facilities at State Park would compound that operating cost shortfall.

Governor Riley then asked that the members vote either for the DHEC proposal or for the proposal which would authorize the Department of Corrections to use facilities at the State Park Health Center.

Governor Riley, Mr. Patterson, and Senator Dennis voted in support of the Department of Corrections use of certain of the facilities at State Park and Mr. Morris and Representative Mangum voted for the DHEC proposal involving the agreement with the Richland Memorial Hospital.

By a vote of three to two, therefore, the Board authorized the Department of Corrections to use certain of the facilities located at the State Park Health Center for housing aged, handicapped, and mentally-retarded inmates and inmates with medically-related problems during the first year of that Department's use of these facilities with the understanding that the details associated with this authorization are to be worked out with the Budget and Control Board by the Department of Corrections.

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

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FINANCE DIVISION - REVENUE FORECAST REVISIONS AND BUDGET RECOMMENDATIONS - State Auditor Edgar A. Vaughn and Deputy State Auditor Jesse Coles appeared before the Board on these matters.

Mr. Vaughn opened his remarks by pointing out that the projected $59.5 million additional shortfall forecasted by the Board of Economic Advisors would require an across-the-board reduction of 3.12% if no exemptions were granted or a 3.57% reduction if the same exemptions as granted during the 4.6% reduction are granted.

Mr. Vaughn then called the Board's attention to the material he had distributed which shows the following make-up of the 1982-83 operating budget: 36.49% for personal service and employer contributions; 11.07% for other operating expenses; 5.48% for debt service; 5.42% for case services; and 41.51% for flow-through funds.

Mr. Vaughn indicated that between a minimum of 1,000 and a maximum of 1,500 employees would have to be laid off if a strict across-the-board reduction is to be pursued to meet the latest projected shortfall. He noted that if this were to happen the state would have to pay accumulated annual leave and unemployment compensation and incur the loss of the services associated with those layoffs as well as the taxes lost as a result.

Mr. Vaughn then reviewed a concept of proposed budget reductions for 1982-83 involving a required closing of schools for five days, five days of furlough for all state employees and various other reductions.

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Mr. Vaughn then proposed that the Board reduce funding for public education by $20,881,868 and that it suggest to the General Assembly that legislation be passed mandating that the schools be closed for five days in order to achieve these savings. It was pointed out that the figure presented includes five days of transportation without state aid and that if the closing are not mandated these transportation savings would not be realized.

Mr. Vaughn then noted that the $4,573,329 reduction of aid to subdivisions is a 3.5% reduction across-the-board.

A $2 million reduction in appropriations for debt service also was listed.

Mr. Vaughn then discussed a proposed $20,607,462 reduction resulting from personal service and employer contributions. He noted that it includes three parts, namely, five days of furlough for all state employees ($11,578,055); the recapture of unobligated salary funds ($4,646,617); and transfer of "other" funds for furlough savings in the amount of $4,382,790. Mr. Vaughn noted that this literally is other funds and does not include federal funds.

In a brief discussion which followed this portion of Mr. Vaughn's presentation, Mr. Putnam noted that the proposal is to manage people rather than to fire them in response to Commissioner Jackson's comment about shift work employees and Dr. Coles noted that it might be argued that some of the proposed reductions represent a penalty for the "good" manager and Governor Riley noted that those reductions also might be an indication that those functions were over-funded in the first place. Mr. Vaughn expressed doubt that the legislation proposed would apply to constitutional officers and judges.

Mr. Vaughn then reviewed a list of items on Schedule I which represented a total of $1,639,000 of appropriated funds.

He also reviewed Schedule II which totalled $9,647,765 of other funds.

Governor Riley suggested that these recommendations be considered only as a concept.

In response to Representative Mangum, Mr. Vaughn indicated that the $291,000 reduction shown for the Legislative Department represents a 3.5% reduction after taking out legislator salary, mileage and per diem funds. Senator Dennis expressed the view that the salary of legislators and other funds for legislators should be reduced like all others.

Following a further discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board adopted as the revised forecast of 1982-83 general fund revenue the figure of $1,912,000,000 and the figure of $2,066,000,000 for 1983-84, upon the recommendation of the Board of Economic Advisors and approved the conceptual plan presented by staff for reducing the 1982-83 appropriations which included the several proposals outlined above.

The Board admonished the staff to advise the agencies of their responsibilities in this budget reduction effort as soon as possible and to continue the development of the concept.

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

EXECUTIVE DIRECTOR'S OFFICE - WHITTEN CENTER REDUCTION-IN-FORCE COMMITTEE - The Board was advised that the Whitten Center reduction-in-force review committee would not present a progress report at this meeting and carried over its consideration of that issue.

FRANCIS MARION COLLEGE - EXEMPTION OF OFFICE SUPPLY PROCUREMENTS THROUGH BOOKSTORE - With Vice President Casey Frederick of Francis Marion College and Tony Ellis of the Materials Management Office present, upon a motion by Mr. Morris, seconded by Senator Dennis, the Board granted an exemption from the provisions of the Consolidated Procurement Code to Francis Marion College for purchases of office and other supply items from the College bookstore by departments of the College, on the condition that the sales of such supplies to other departments of the College under this exemption not exceed 5% of total bookstore sales or $30,000, whichever is less, in any fiscal year, and, further, on the condition that this exemption be effective for the same two-year period for which Francis Marion College is certified by the Board to make purchases above $2,500, as recommended by the Division of General Services, in accordance with the requirements of Procurement Code Section 11-35-710.

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

ATTORNEY GENERAL'S OFFICE - OPINION ON CLEMSON TUITION FEES QUESTION - Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board approved the Clemson University request to reduce the amount of funds remitted as tuition fees, after it was advised by Deputy Attorney General Frank Sloan of his

view that it is legally proper for the Clemson University Board of Trustees and the Budget and Control Board to approve tuition fees based upon a schedule producing only funds to meet principal and interest requirements when the Board determines that an appropriate reserve exists. The Board also determined that the surplus in the debt service account for Clemson University's institution bonds may properly be transferred to other capital improvement uses such as the construction of the new chemistry building and that Clemson University is not required to issue the $2,000,000 in state institution bonds authorized by the proviso to Section 4 of Act 179 of 1981 before applying surplus debt service funds as well as general obligation bond funds to the construction of the chemistry building. This Board action was taken in response to the opinion of Deputy Attorney General Sloan.

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

JOINT LEGISLATIVE COMMITTEE ON PERSONAL SERVICE FINANCING AND BUDGETING - ADDITIONS TO FTE POSITIONS BASE - Finance Division staff member Curtis Holt advised the Board that the Joint Committee, at its meeting on December 13, recommended that 18.65 additional full-time equivalent positions be added to the previously-approved base, including 5.65 state, a reduction of 4 federal, and the addition of 17 FTE other funded positions.

In addition, the Joint Committee has recommended that the number of authorized state full-time equivalent positions for the Attorney General's Office be increased by six. In taking that action, the Committee did express

a desire that the new Attorney General attempt to reduce the number of positions in that office as he serves his term.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved an increase of 6 state FTE positions for the Attorney General's Office with no additional funding and with the understanding that the number would be reduced by attrition.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved an increase of one state-funded FTE position above the number authorized for the Board of Financial Institutions, Consumer Finance Division.

Upon a motion by Senator Dennis, seconded by Representative Mangum, the Board approved a request by the Board of Accountancy to establish a 0.4 state-funded FTE position above the number authorized.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved a Research and Statistical Services Division request to transfer three positions to the Water Resources Commission (two state funds and one other funds).

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the establishment of 17 other-funded FTE positions above the number authorized for the Department of Highways and Public Transportation to be financed from the collection of sales taxes on the casual sales of automobiles.

Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board approved the change in the source of funds on four 100% federally-funded FTE positions to 100% state-funded with no commitment to provide state funds in the future.

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Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved a Board of Pharmacy request to establish a 0.25 state-funded FTE position above the number authorized.

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

MEDICAL UNIVERSITY - HOSPITAL FACILITIES REVENUE BONDS - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution authorizing the issuance of not exceeding $27,000,000 of Hospital Facilities Revenue Bonds of the Medical University.

The Board was advised that $2,000,000 of these proceeds will retire the outstanding bond anticipation notes dated September 1, 1982 which mature April 1, 1983 and which are financing the on-going east wing hospital addition project. Not less than $14,000,000 would be used to finance that project. Approximately $5,000,000 would be used to finance various renovations of existing hospital facilities of the Medical University which previously were to have been financed from capital improvement bond funds.

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

DEPARTMENT OF LABOR - EXPENDITURE OF STATE FUNDS - The Board agreed to add to the agenda and, upon a motion by Mr. Morris, seconded by Senator Dennis, the Board approved a request by Commissioner McGowan of the Department of Labor for permission to expend state-appropriated funds only for a period not to exceed 30 days for the continuation of the Occupational Safety and Health program until an appropriation act or a new continuing resolution

is adopted at the federal level and advised the Joint Appropriations Review Committee of this action so that it might review this request as is required by Section 133 of the 1982-83 Appropriations Act..

[Secretary's Note: It was later learned that Section 133 of the 1982-83 Appropriations Act contains substantially the same language as was in the 1981-82 Appropriations Act and which had been found unconstitutional by the State Supreme Court.]

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

PERSONNEL DIVISION - SALARY RETENTION FOR DEMOTIONS - With Personnel Division Director Jack Mullins present, the Board, upon a motion by Mr. Morris, seconded by Mr. Patterson, adopted a statement indicating that employees demoted as a result of a reduction-in-force or other personnel actions shall be treated the same as those receiving downward reclassifications or pay adjustments effective as of July 1, 1982.

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

PERSONNEL DIVISION - REDUCTION-IN-FORCE REPORT - Dr. Jack Mullins presented a report on the reductions-in-force accomplished during the September 1 - November 17, 1982 period which showed that 68.1% of the total number of employees involved in those reductions-in-force had been placed elsewhere or had retired or had declined employement assistance. Dr. Mullins pointed out that this left 31.9% or 51 of those persons involved as being available for employment or reemployment.

Upon a motion by Mr. Patterson, seconded by Representative Mangum, the Board agreed to expand the number of classes an individual's name would appear in on reduction-in-force lists from one class to four classes for which the individual is qualified, upon the recommendation of Dr. Mullins.

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

GENERAL SERVICES - EXEMPTION OF PROFESSIONAL ARTISTS - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the exemption of professional artists utilized by the South Carolina Arts Commission from the requirements of the Consolidated Procurement Code in accordance with the provisions of Section 11-35-710, upon the recommendation of the Division of General Services.

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

GENERAL SERVICES - MEDICAL UNIVERSITY TRADE-IN - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved a request by the Medical University to trade in an IREX system sector scanner echocardiogram, with a value in excess of $25,000toward the purchase of an IREX system III B real time phasey array sector scan, upon the recommendation of the Division of General Services and in accordance with the provisions of Procurement Code Section 11-35,3820.

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

GENERAL SERVICES - PURCHASES AND LEASE/PURCHASES - Upon a motion by Mr. Morris, seconded by Representative Mangum, the Board approved the following purchases and lease/purchases: (a) Division of General Services, purchase of a DASD subsystem (2-3880 III, 3-3380-A4, 2-3380-B4) from IBM at a purchase price of $640,030 with 60 monthly payments of $13,717.14 at an interest rate of 10.375%, Southern National Leasing Corporation, financier; (b) Division of General Services, lease/purchase of four modems from IBM at a cost of $28,300, interest rate 10.375%, with 50 monthly payments of $606.75, Southern National Leasing Corporation, financier, (c) Greenville Technical College, lease/purchase of computer equipment from the Digital Equipment Corporation under the State TEC-NET contract, total cost of $25,160 at an interest rate of 10.375% with 36 monthly payments of $816.44, Southern National Leasing Corporation, financier; (d) Midlands Technical College (Airport and Beltline Campuses), lease/purchase of high resolution color monitors from E&O Systems Limited, $37,365 at an interest rate of 10.375% with 60 monthly payments of $801.10, Southern National Leasing Corporation, financier; (e) Midlands Technical College, Beltline Campus, VAX 11/780 computer system at a cost of $435,001.68 at an interest rate of 10.375% with 60 monthly payments of $9,326.43, Southern National Leasing Corporation, financier; (f) Midlands Technical College, Airport Campus, lease/purchase of VAX 11/730 computer system at a price of $108,474.03 at an interest rate of 10.375% with 60 monthly payments of $2,325.68, Southern National Leasing Corporation, financier.

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

SCHOOL FOR THE DEAF AND THE BLIND - QUIT CLAIM DEED EXECUTION - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board adopted a resolution authorizing the execution of a quit claim dated November 10, 1982, on its behalf, by the President of the South Carolina School for the Deaf and the Blind thereby enabling that School to be the charitable beneficiary of approximately $800 from the sale of Lot 48, Tract 4753, Lucerene Vista, San Bernadino County, California.

Information relating to this matter has been retained in these files and is identified as Exhibit 25.

FINANCE DIVISION - TRANSFER REQUESTS - The Board without objection agreed to carry over requests by the Wildlife and Marine Resources Department and the Department of Mental Health for permission to transfer certain funds.

Information relating to this matter has been retained in these files and is identified as Exhibit 26.

EXECUTIVE DIRECTOR'S OFFICE - CIVIL CONTINGENT FUND ALLOCATION POLICY - After Executive Director Putnam suggested that if would perhaps be better to deal with the Fort Mill request before attempting to develop a policy on Civil Contingent Fund allocations for various high school groups, Senator Dennis moved that the discussion of a policy on this subject be carried over to a future time. Mr. Patterson seconded that motion.

Governor Riley expressed the view that the Board really ought to have a policy on these matters and indicated his intention to vote against granting $3,500 from the Civil Contingent Fund for the Fort Mill High School Cheerleaders.

Following a very brief discussion, upon a motion by Representative Mangum, seconded by Senator Dennis, the Board postponed its consideration of a request by the Mayor of the Town of Fort Mill for help in raising $3,500 to assist in financing the travel of the state champion Fort Mill High School cheerleaders to a national competition in Denver, Colorado.

FUTURE MEETING - The Board agreed to hold its next regular meeting at 9:30 A. M. on Tuesday, January 11, 1982, in the Governor's conference room in the State House and directed that a relatively short agenda be prepared for that meeting to permit the members to participate in the opening ceremonies of the legislative session.

EXECUTIVE SESSION - Executive Director Putnam advised the Board that two contractual matters and four personnel matters are on the agenda for consideration in executive session and that a request to add one legal matter had been received.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board agreed to consider these matters in executive session whereupon Governor Riley declared the meeting to be in executive session.

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

(1) After receiving legal advice on the State's responsibilities relating to the reactivation of the L-reactor at the Savannah River Plant by the U.S. Department of Energy, adopted the recommendation of the Executive

Task Force previously named to examine this matter and requested that the Attorney General review the matter and report back to the Budget and Control Board appropriate action to assure protection of South Carolina's natural, human, and cultural resources and the integrity of the State's governmental and regulatory processes;

(2) Approved an exchange of properties on a dollar-for-dollar basis proposed by the Department of Parks, Recreation and Tourism involving State properties in and nearby Santee State Park;

(3) After receiving legal advice on the matter, agreed not to rescind its previous action relating to the payment of bills for hospital services;

(4) Approved an extension of the disability leave of an employee of the University of South Carolina for an additional six months to April 16, 1983;

(5) Approved salary levels for employees of the Department of Social Services, Clemson University, Lander College, University of South Carolina, and Medical University; and

(6) Approved Department of Youth Services teachers, principals, and administrators pay scales for 1982-83 and approved the compensation of the Youth Services Superintendent of Education; and did not approve changing speech therapists and psychologists positions to unclassified.

The meeting was adjourned at 5:17 p.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's press secretary in the State House and near the Board Secretary's office in the Wade Hampton Building on December 14, 1982.]

013905

Proposal withdrawn by bond counsel 1-17-83. W A McInnis

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The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-8820

December 14, 1982

Mr. William A. McInnis
Secretary
State Budget and Control Board
212 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: Not Exceeding $1,000,000 Aiken County, South Carolina, Industrial Development Revenue Note, 1982 (United Services, Inc. Project)

Dear Mr. McInnis:

Regarding the above-referenced note, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Deputy Attorney General

KLH/jvh
Enclosures

013906

Proposal withdrawn by bond counsel 1-17-83. W A McInnis

A RESOLUTION APPROVING THE ISSUANCE BY AIKEN COUNTY, SOUTH CAROLINA, OF AN APPROXIMATELY $1,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (UNITED SERVICES, INC. PROJECT) 1982, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Aiken County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended, (the "Act") requested the approval by the State Budget and Control Board of the issuance by Aiken County (the "County") pursuant to the Act of its Industrial Development Revenue Note (United Services, Inc. Project) in the aggregate principal amount of approximately $1,000,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of fabricating metal into pipe, tanks and structural metal components; and

WHEREAS, the Project is to be made available to United Services, Inc. (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Note and which secure the obligation of the Corporation by a mortgage and security interest in the Project; and

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

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Note, for review by the State Budget and Control Board, (ii) an Assistance Agreement by and between the Corporation and the County executed by the Governing Board on December 7, 1982, and (iii) a copy of a resolution and petition adopted by the County on December 7, 1982, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

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

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

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

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

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

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT

013908 DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

EXHIBIT A

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

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

The issuance by Aiken County of its Industrial Development Revenue Note (United Services, Inc. Project) in the original principal amount of approximately $1,000,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by United Services, Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of fabricating metal into pipe, tanks and structural metal components (the "Project") to be located in Aiken County. The Project will be made available to United Services, Inc. which will unconditionally covenant to make payments sufficient to pay the principal and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by United Services, Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: December 14, 1982.

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

013909

EXHIBIT

DEC 17 1982 NO. 1

RESOLUTION 82-12-202 STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY AIKEN COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (UNITED SERVICES, INC. PROJECT) 1982, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED IN THE PRINCIPAL AMOUNT OF APPROXIMATELY $1,000,000.

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

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

WHEREAS, the County and United Services, Inc., a South Carolina corporation (the "Corporation"), entered into an Assistance Agreement (the "Assistance Agreement") and executed by the County on December 7, 1982, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreement, the County proposes to issue its Industrial Development Revenue Note (United Services, Inc. Project) in the principal amount of approximately $1,000,000 (the "Note") under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and

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pursuant to the terms of a Financing Agreement (the "Agreement") to be entered into between the County and the Corporation; and

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Note in the principal amount of approximately $1,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 75 to 100 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided in the County.

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

(d) The issuance of the Note by the County in the principal amount of approximately $1,000,000 will be required to defray the cost of the Project.

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

013911

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

(g) The Project will consist of the items described in Exhibits A and B to the Agreement and the Indenture to be entered into between the County and Bankers Trust of South Carolina, as lender (the "Lender"), all such documents to be submitted with the Petition.

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is $1,000,000.

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

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

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

013912

Passed and approved December 7, 1982.

AIKEN COUNTY, SOUTH CAROLINA

By Carrol H. Warner
Carrol H. Warner, Chairman of
County Council, Aiken County,
South Carolina

(SEAL)

ATTEST:

Doris H. Shulse
Doris Shulse, Clerk of
County Council,
Aiken County, South Carolina

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

013913

STATE OF SOUTH CAROLINA)
)
AIKEN COUNTY)

TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

P E T I T I O N

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

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

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

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

4. The County has been advised by the Corporation that the estimated cost of the Project will be $1,000,000 and it has requested the County to execute and deliver its Industrial Development Revenue Note (United Services, Inc.

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Project) (the "Note") in the principal amount of approximately $1,000,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided in the County; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Note required to finance the Project is expected to be approximately $1,000,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Note and the maintenance of the Project; and (vi) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Note proposed to be issued to defray the cost of the Project.

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

(a) The Project, described in detail on Exhibits A and B to the Financing Agreement and the Indenture submitted herewith, consists of land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of fabricating metal into pipe, tanks and structural metal components. It is anticipated that, upon completion, the Project will provide directly 75 to 100 additional full time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be $1,000,000.

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

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

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

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

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

(D) The County acquires a mortgage and security interest in the Project as security for the obligations of the Corporation under the Financing Agreement.

(ii) The proposed Indenture between the County and Bankers Trust of South Carolina, as Lender (the "Lender"), provides in general:

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

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EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

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

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

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

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

Respectfully submitted,

AIKEN COUNTY, SOUTH CAROLINA

By Carrol H. Warner
Carrol H. Warner, Chairman,
County Council, Aiken County,
South Carolina

Dated: December 7, 1982.

(SEAL)

ATTEST:

Doris Shulse
Doris Shulse, Clerk,
County Council,
Aiken County, South Carolina

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EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 1 BLUE AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 1

STATE BUDGET & CONTROL BOARD

Agency: Aiken County

Subject: Proposal to Issue Industrial Revenue Bonds
(Approximately $1,000,000, United Services, Inc., Project)

The proposed project will provide employment for approximately ~~50~~ 75-100 persons at a facility for fabricating metal into pipe, tanks, and structural metal components.

The required reviews by the Attorney General's Office and the State Auditor's Office were incomplete as these agenda materials were being prepared. Staff will advise the Board on the reults of these reviews at the meeting.

Board Action Requested:

If review results are satisfactory, adopt a resolution approving the Aiken County proposal to issue approximately $1,000,000 Industrial Revenue Bonds on behalf of the United Services, Inc., project.

Staff Comment:

Attachments:

013918

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of Dec 17, 1982]

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

1. Local Government: Aiken County

2. Bond Counsel:

(a) Firm McNair

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

(c) Address Bankers Trust Tower, Columbia SC 29201

3. Project Name: United Services, Inc.

4. Issue Amount: $ approximately 1,000,000 Type: Industrial

5. Employment Impact of Project: Approximately 75-100 people

6. Type/Nature of Business of Firm Involved: Facility for fabricating metal into pipe, tanks, and structural metal components

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/petition	BJ 12/10	KH 12/10
(b) Documents on issuance/securing of bonds	BJ 12/9	KH 12/10
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: _____)	X	X
(3) Review by State Auditor's Office (memo)		xxxxxxxx
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (11 copies for certification for bond counsel)	BJ 12/9	KH 12/10
(f) Review by Attorney General's Office (letter)	OK 12/15	xxxxxxxx

Motion:
Second:
Absent:
Vote: For Against

Certificates signed:

Resolutions mailed:

013919

DEC 9 1982

MCNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P.A.
ATTORNEYS AND COUNSELORS AT LAW
EIGHTEENTH FLOOR
BANKERS TRUST TOWER
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
803-799-9800

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

DENNIS C. THELEN
WILLIAM S. ROSE, JR.
M. ELIZABETH CRUM
ROBERT T. BOCKMAN
ELIZABETH VAN DOREN GRAY
ROBERT E. STEPP
APRIL C. LUCAS
WILMOT B. IRVIN
BARBARA GEORGE BARTON
KATHLEEN E. CRUM
J. SIMON FRASER
E. RUSSELL JETER, JR.
WILLIAM E. CRAVER, III
BENJAMIN J. GRIFFIN
PAUL B. NIX
JOSEPH D. WALKER
CELESTE TILLER JONES
JANE W. TRINKLEY
J. LYLES GLENN, IV

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MADISON OFFICE BUILDING
1155 15TH STREET N.W.
WASHINGTON, D.C. 20005
202-659-3900

HILTON HEAD ISLAND OFFICE
BANKERS TRUST BUILDING
FIFTY-NINE POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29938
803-785-5169

GREENVILLE OFFICE
SUITE 406
BANKERS TRUST PLAZA
7 NORTH LAURENS STREET
GREENVILLE, S.C. 29601
803-271-4940

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

December 9, 1982

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

Re: Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982

Dear Mr. McInnis:

Enclosed please find the following documents in connection with the above-captioned transaction to be considered at the Budget and Control Board's meeting on Tuesday, December 14, 1982:

1. an original and 10 copies of the Resolution and Notice of approval;

2. draft copy of the Financing Agreement;

3. draft copy of the Indenture; and

4. draft copy of the Guaranty.

The following documents will be forwarded to you as soon as we receive them from Aiken County:

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1. copy of an executed Resolution and Assistance Agreement; and

2. executed Resolution and Petition to the Budget and Control Board.

Should you have any questions, please feel free to call our office.

Sincerely,

Brenton D. Jeffcoat / pa

Brenton D. Jeffcoat

BDJ/pa
Enclosures

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McNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P.A.
ATTORNEYS AND COUNSELORS AT LAW
EIGHTEENTH FLOOR
BANKERS TRUST TOWER
POST OFFICE BOX 11390
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SUITE 406
BANKERS TRUST PLAZA
7 NORTH LAURENS STREET
GREENVILLE, S.C. 29601
803-271-4940

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

December 10, 1982

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

Re: Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project)

Dear Mr. McInnis:

Enclosed please find the following documents in connection with the above-captioned transcation that were omitted from the package sent over on December 9:

1. Executed Resolution and Petition to the Budget and Control Board

2. Copy of an executed Resolution and Assistance Agreement.

Should you have any questions, please feel free to call.

Sincerely,

Paula P. Ash

Paula P. Ash
Paralegal - Bond Department

/PA
Enclosures

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EXHIBIT

AIKEN COUNTY, SOUTH CAROLINA DEC 17 1982 NO. 1

and STATE BUDGET & CONTROL BOARD

BANKERS TRUST OF SOUTH CAROLINA, as Lender

INDENTURE

Dated December __, 1982

Securing
Aiken County, South Carolina, Industrial Development
Revenue Note
(United Services, Inc. Project) 1982

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EXHIBIT A

EXHIBIT B

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THIS INDENTURE, dated December __, 1982 (the "Indenture"), between Aiken County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer") and Bankers Trust of South Carolina, a banking association organized and existing under the laws of South Carolina and having its principal office and place of business in Columbia, South Carolina (the "Lender"), as Lender.

WITNESSETH:

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

WHEREAS, United Services, Inc., a South Carolina corporation (the "Corporation"), has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon and all other machinery, apparatus, equipment, office facilities and furnishings deemed necessary, suitable or useful by the Corporation for the purpose of fabricating metal into pipe, tanks and structural metal components (the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action, authorized the issuance of its revenue note pursuant to the Act in order to make the proceeds thereof available to the Corporation to defray the cost of acquiring the Project pursuant to the terms of a Financing Agreement dated December __, 1982 (the "Agreement") between the Issuer and the Corporation under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal and interest on such revenue note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Indenture, the Agreement or the Project; and

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WHEREAS, the Issuer has determined to issue hereunder a note to be designated "Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982" (the "Note") in the original principal amount of $1,000,000 for the purpose of providing funds to defray the cost of acquiring the Project to be made available to the Corporation pursuant to the Agreement; and

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

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

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

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

[Form of Note]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
AIKEN COUNTY
INDUSTRIAL DEVELOPMENT REVENUE NOTE
(UNITED SERVICES, INC. PROJECT) 1982

$1,000,000 December __, 1982

Aiken County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby promises to pay to Bankers Trust of South Carolina or its registered assigns, upon the presentation and surrender hereof, the principal sum of

One Million Dollars ($1,000,000)

but solely from the revenues and receipts of the Issuer derived pursuant to the Financing Agreement (hereinafter

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referred to) as provided in the Indenture (hereinafter referred to), in 8 equal annual installments of $125,000 each beginning January __, 1985 following a two year interest only period, and to pay, but solely from such revenues and receipts, interest on the outstanding balance of said principal sum from the date hereof at the Interest Rate (hereinafter defined) until maturity or the payment of such principal in full, whichever accurs first, such interest being payable within the first two years on a quarterly basis on each January 1, April 1, October 1 and January 1, beginning April 1, 1983.

"Interest Rate" means (i) prior to an Event of Taxability (as defined in the Indenture) that results in a Determination of Taxability (as defined in the Indenture) sixty-two percent (62%) of BTSC Prime (hereinafter defined) per annum and (ii) after an Event of Taxability that results in a Determination of Taxability, _____. "BTSC Prime Rate" means the prime rate of interest publicly announced as such by Bankers Trust of South Carolina at Columbia, South Carolina including all changes in such rate as in effect from time to time. The final installment of the principal on this note shall be paid upon presentation and surrender hereof to United Services, Inc., a South Carolina corporation, at the principal office of the Lender or at such other address designated by the Lender pursuant to the terms of the Indenture. All other installments of principal and interest hereon shall be paid to the Lender or other registered owner at the address specified on the Note Register hereinafter mentioned.

This note is duly authorized and issued by the Issuer and designated as "Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982," issued in the original principal amount of $1,000,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, (the "Act") and under and secured by an Indenture by and between the Issuer and Bankers Trust of South Carolina, a national banking association (the "Lender"), dated December __, 1982 (the "Indenture"). This note is being issued to defray the costs of acquiring certain land and a building or buildings and other improvements thereon and all other machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of fabricating metal into pipe, tanks and structural metal components (the "Project"). The Project will be made available to United Services, Inc., a South Carolina corporation (the "Corporation"), pursuant to the terms of a Financing Agreement dated December __, 1982 (the "Agreement") between the Issuer and the Corporation.

013929

Pursuant to the terms of the Agreement, the Corporation has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal and interest on this note and has granted the Issuer a mortgage and security interest in the Project to secure such obligation. Pursuant to the Indenture, the Issuer has assigned and pledged its rights to receive payments under the Agreement (except for certain rights of indemnification and reimbursement of expenses) to the Lender to secure payment of this note. As further security for the payment of this note, the Issuer has assigned its rights under the Agreement including the security interest and mortgage of the Project given by the Corporation as security for its payment and performance under the Agreement. Payment of the principal and interest on this note has been unconditionally guaranteed to the Lender by Darin & Armstrong, Inc. a Michigan corporation (the "Guarantor") pursuant to the terms of a Guaranty dated December __, 1982 (the "Guaranty").

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

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

013930

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

This note may be prepaid prior to the stated maturity hereof as a whole at any time upon the exercise by the Corporation of its option to prepay all amounts payable by the Corporation pursuant to the provisions of the Agreement in the event of damage, destruction or condemnation of all or substantially all of the Project; changes in pertinent constitutional provisions, laws or regulations rendering the Agreement materially unenforceable or impossible of performance; unreasonable burdens or excessive liabilities are imposed rendering the operation of the Project uneconomic; or changes affecting the economic availability of factors of production or technological or other changes occur rendering continued operation of the Project uneconomic. In such case, this note shall be prepaid at a prepayment price equal to the principal amount thereof, together with unpaid interest accrued to the date fixed for prepayment, in the manner and subject to the provisions of the Indenture.

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

As provided in the Indenture, modifications or alterations of the Indenture, or of the rights and obligations of the Issuer and of the holder of this note in any particular may be made only with the consent of the Corporation and the holder hereof. Any such consent by the holder of this note shall be conclusive and binding upon

013931

such holder and all future holders and owners of this note irrespective of whether any notation of such consent is made upon this note.

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

IN WITNESS WHEREOF, Aiken County, South Carolina, has caused this note to be executed in its name and on its behalf by the manual signature of the Chairman of its County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced hereon and attested by the manual signature of the Clerk of its County Council, December __, 1982.

AIKEN COUNTY, SOUTH CAROLINA

By_____
Carrol H. Warner, Chairman, County Council of Aiken County, South Carolina

(SEAL)

ATTEST:

By_____
Doris Shulse, Clerk, County Council of Aiken County, South Carolina

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

The Issuer, in consideration of the premises and of the purchase and acceptance of the Note issued and secured hereunder by the holder and owner thereof, and of the execution and delivery by the Corporation of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal and interest on the Note according to its tenor and effect and the performance and observance of all of its covenants expressed or implied herein and in

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the Note, has granted, bargained, sold, released, conveyed, assigned, pledged and granted a security interest in, and does hereby, subject to the terms and provisions of the Agreement, grant, bargain, sell, release, convey, assign, pledge and grant a security interest in, unto Bankers Trust of South Carolina, as holder of the Note, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the Revenues (as hereinafter defined), and all moneys and securities in the Construction Fund (as hereinafter defined).

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

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and interest on the Note and the interest due or to become due thereon, at the times and in the manner mentioned in the Note, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Lender all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void, otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that the Note is to be issued and delivered and all moneys and securities hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Lender and with its successors and assigns as the holder and owner, from time to time, of the Note, or any part thereof as follows, that is to say:

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ARTICLE I

DEFINITIONS

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

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

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

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

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

"Bankers Trust Prime" shall mean the prime rate of interest publicly announced as such by Bankers Trust of South Carolina at Columbia, South Carolina including all changes in such rate, as in effect from time to time.

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

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

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

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

"Corporation" shall mean United Services, Inc., a South Carolina corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 7.02 of the Agreement.

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

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"Depositary" shall mean Bankers Trust of South Carolina, a state banking association, organized and existing under the laws of the State of South Carolina.

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

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

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

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the

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provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

"Guarator" shall mean Darin & Armstrong, Inc., a Michigan corporation.

"Guaranty" shall mean the Guaranty dated the date of this Indenture given by the Guarantor to the Lender.

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

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

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

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

"Lender" shall mean Bankers Trust of South Carolina, a state banking association organized and existing under the laws of the State of South Carolina, and its successors and assigns, as the Holder of the Note.

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

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

"Note" shall mean the $1,000,000 "Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982" authorized, executed and delivered by the Issuer under this Indenture.

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

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

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

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

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

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

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

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to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of the Agreement.

"Plant" shall mean the facility of the Corporation for the purpose of fabricating metal into pipe, tanks and structural metal components located in the jurisdiction of the Issuer.

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

"Project" shall mean the land described on Exhibit A hereto and to the Agreement and a building or buildings and other improvements thereon, the items of personalty described on Exhibit B hereto and to this Agreement and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein, acquired directly or indirectly from the proceeds of the Note including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom and also excluding the Corporation's own machinery and equipment installed at the Plant under the provisions of Section 8.03 of the Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, including all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after December 7, 1982.

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

"Revenues" shall mean all payments, receipts and revenues which the Issuer has a right to receive under or pursuant to the Agreement or in respect of the mortgage given thereunder (other than payment of Administration

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Expenses and indemnification payments pursuant to Section 4.01 and 7.04, respectively, of the Agreement) and the proceeds of the Note.

"State" shall mean the State of South Carolina.

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ARTICLE II

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

SECTION 2.01. Authorization and Details of Note. The Note shall be designated as "Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982." The Note shall be issued in the original principal amount of $1,000,000. The Note shall be dated _____ __, 1983, and shall bear interest from such date until maturity or until the date fixed for prepayment (whichever occurs first), at the rate per annum of _____ percent (__%) of the Prime Rate. Upon a Determination of Taxability, the Note shall bear interest from the Event of Taxability at the rate per annum of the Prime Rate plus _____ percent (____%). The interest on the Note shall be payable _____ on each _____ 1, _____ 1, _____ 1, and _____ 1, commencing _____ 1, ____. Principal on the Note shall be payable in _____ installments of $_____ each on each _____ 1 commencing _____ 1, ____.

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

In the manner and with the effect provided in this Indenture, the Note will be subject to prepayment prior to the stated maturity thereof without premium or penalty of any kind:

(a) as a whole at any time upon the exercise by the Corporation of its option under the Agreement to prepay all amounts payable by it thereunder; or

(b) As a whole at any time upon the occurrence of a Determination of Taxability with respect to the Note; or

(c) In part upon the completion of the Project from moneys remaining in the Construction Fund not needed for the payment of the Cost of the Project;

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

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

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

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

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

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

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

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

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

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

No breach by the Issuer of this Indenture or of any provision or condition hereof or in the Note or of any agreement contained herein or in the Note shall result in the imposition of any pecuniary liability upon the Issuer or any charge upon its general credit or against its taxing power. The liability of the Issuer under this Indenture and the Note or any provision or condition hereof or thereof or of any agreement herein or in the Note contained or of any warranty herein or in the Note included or for any breach or default by the Issuer of any of the foregoing shall be limited solely and exclusively to the property pledged herein. The Issuer shall not be required to execute or perform any of its duties, obligations, powers or covenants hereunder or under the Note except to the extent of the property pledged herein available therefor.

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

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

(a) A copy of the ordinance adopted by the Issuer authorizing the execution and delivery of the Agreement and this Indenture and the issuance and delivery of the Note, duly certified by the Clerk of the County Council

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of the Issuer under its corporate seal to have been duly enacted by the Issuer and to be in full force and effect on the date of such certification;

(b) Opinions, dated as of the date of Closing, of (A) Robert Bell, Esq. counsel for the Issuer; (B) McNair Glenn Konduros Corley Singletary Porter & Dibble, P.A., Bond Counsel, and (C) Butzel Long Gust Klein & Van Zile counsel for the Corporation and the Guarantor, in each case in such form as the Lender shall appprove;

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

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

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

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ARTICLE III

CONSTRUCTION FUND

SECTION 3.01. Creation of Construction Fund. There is hereby created and established with the Depositary a special and separate trust fund of the Issuer to be known and designated as the "Aiken County, South Carolina, Industrial Development Construction Fund (United Services, Inc. Project)." The Issuer shall pay to the Depositary the proceeds from the Note, and the Depositary shall deposit the same in the Construction Fund.

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

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

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

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

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

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

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

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

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

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ARTICLE IV

REPRESENTATIONS AND COVENANTS OF ISSUER

SECTION 4.01. Payment of Principal and Interest on Note. Subject to the provisions of Section 2.05 hereof, the Issuer covenants that it shall promptly pay or cause to be paid the principal and interest on the Note at the places, on the dates and in the manner specified in this Indenture and in the Note according to the true intent and meaning thereof.

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

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

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

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

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

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payment of, or reimbursement for, the costs of such rebuilding, repairing or restoration, the Corporation has agreed to complete the work thereof and will pay that portion of the costs thereof in excess of said proceeds.

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

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

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

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

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

SECTION 4.09. Enforcement of Agreement. The Issuer agrees that the Lender, as assignee of the Agreement may enforce in its name or in the name of the Issuer all rights of the Issuer and all obligations of the Corporation under and pursuant to the Agreement for and on behalf of itself as Holder of the Note, whether or not the Issuer is in default hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

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

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ARTICLE V

REPRESENTATIONS AND COVENANTS OF LENDER

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

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

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

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

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

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

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ARTICLE VI

DEFAULTS AND REMEDIES

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

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

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

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

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

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

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

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

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

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

(b) bring suit upon the Note;

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

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

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

SECTION 6.05. Nonwaiver. No delay or omission of the Lender or of the Holder of the Note to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this Article VI to the Holder of the Note may be exercised from time to time and as often as may be deemed expedient.

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

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

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ARTICLE VII

DEFEASANCE

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

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ARTICLE VIII

MISCELLANEOUS

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

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

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

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

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

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(a) if to the Issuer, at

Aiken County Council
Aiken County Complex
Aiken, South Carolina 29801
Attention: Chairman;

(b) if to the Corporation, at

United Services, Inc.
23999 Northwestern High
Southfield, Michigan 48037
Attention: President; and

(c) if to the Lender, at

Bankers Trust of South Carolina
Post Office Box 448
Columbia, South Carolina 29202
Attention: _____

(d) if to the Depositary, at

Bankers Trust of South Carolina
_____
_____
_____

(e) if to the Guarantor, at

Darin & Armstrong, Inc.
23999 Northwestern High
Southfield, Michigan 48037
Attention: _____

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

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

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

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

AIKEN COUNTY, SOUTH CAROLINA

By_____
Carrol H. Warner, Chairman, County Council

SEAL

ATTEST:

_____
Doris Shulse, Clerk,
County Council

WITNESSES:

_____

_____

PERSONALLY appeared before me _____, who being duly sworn says that he saw the corporate seal of Aiken County, South Carolina, affixed to the foregoing Indenture and that he also saw Carrol H. Warner, as Chairman of the County Council of Aiken County, South Carolina, and Doris Shulse, as Clerk of the County Council of Aiken County, South Carolina, sign and attest the same and that he with _____ witnessed the execution and delivery thereof as the act and deed of said Aiken County, South Carolina.

_____
Witness

SWORN to before me this

_____ day of December, 1982

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

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(SEAL)

BANKERS TRUST OF SOUTH CAROLINA, as Lender

ATTEST:

By_____ (name), (title)

By_____ (name), (title)

WITNESSES:

_____

_____

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

_____
Witness

SWORN to before me this

_____ day of December, 1982

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

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EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

AIKEN COUNTY, SOUTH CAROLINA

and

UNITED SERVICES, INC.

FINANCING AGREEMENT

Dated December __, 1982

Relating to Aiken County, South Carolina
Industrial Development Revenue Note
(United Services, Inc. Project) 1982

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, made and entered into December __, 1982, by and between AIKEN COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (the "Issuer"), and UNITED SERVICES, INC., a corporation organized and existing under the laws of the State of South Carolina (the "Corporation"),

WITNESSETH:

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

WHEREAS, the Corporation has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon and all other machinery, apparatus, equipment, office facilities and furnishings deemed necessary, suitable or useful by the Corporation for the purpose of fabricating metal into pipe, tanks and structural metal components (the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action, authorized the issuance of its revenue note pursuant to the Act in the principal amount of $1,000,000 (the "Note") and agreed to make the proceeds thereof available to the Corporation to defray the cost of acquiring the Project pursuant to the terms of this Financing Agreement (the "Agreement") under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal and interest on the Note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer in connection with the Indenture dated December __, 1982 (the "Indenture") between the Issuer and Bankers Trust of South Carolina, a banking association organized and

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existing under the laws of the State of South Carolina, as lender (the "Lender"), this Agreement or the Project;

NOW, THEREFORE, THIS AGREEMENT FURTHER WITNESSETH:

The Corporation, in consideration of the premises and the sum of One Dollar ($1.00) lawful money of the United States of America to it duly paid by the Issuer at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure payment of the sums due hereunder and performance and observance by the Corporation of all the provisions and covenants expressed or implied herein, has granted, bargained, sold, warranted, alienated, remised, released, conveyed, assigned, pledged, transferred, mortgaged, set over, confirmed and granted a security interest in, and does by these presents hereby grant, bargain, sell, pledge, transfer, mortgage, set over, confirm and grant a security interest, to the Issuer and its successors and assigns forever, in all and singular the following property, real and personal (said property being herein sometimes referred to as the "Mortgaged Property"), to wit:

ITEM A

Subject to Permitted Encumbrances as hereinafter defined, the parcel of real property located in the jurisdiction of the Issuer, consisting of the land described in Exhibit A hereto, together with all right, title and interest of the Corporation in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed upon said property or any part thereof, and the reversion or reversions, remainder or remainders, in and to said real property and each and every part thereof, and together with the entire interest of the Corporation in and to all and singular the tenements, hereditaments, easements, rights, privileges and appurtenances to said real property belonging or in any wise appertaining thereto, and all the estate, right, title, interest, claim or demand whatsoever of the Corporation either in law or in equity, in possession or expectancy, of, in and to said real property, subject, however, to the right reserved to the Corporation in Sections 6.04 and 6.05 of this Agreement to release and remove certain real property from this Agreement upon compliance with the terms and conditions of said Sections 6.04 and 6.05 of this Agreement and subject to the right of the Corporation to make additions, modifications or improvements which do not become a part of the Project under Sections 5.01 or 8.03 of this Agreement;

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ITEM B

Subject to Permitted Encumbrances as hereinafter defined, the items of personal property described in Exhibit B hereto, together with all other machinery, equipment, fixtures or personal property (a) the acquisiton of which was financed in whole or in part from the proceeds of the Note, or (b) which is installed in the Project in substitution or replacement of machinery, equipment, fixtures or personal property described in the preceding subparagraph (a) or which was installed in the Project in substitution or replacement of other such substitutions or replacements;

ITEM C

The rights of the Corporation under any construction contracts entered into by or on behalf of the Corporation with respect to the Project;

ITEM D

Until used and applied in accordance with the provisions hereof, all moneys and proceeds from the Project, including, without limiting the generality of the foregoing, proceeds of insurance, condemnation awards, and receipts from the sale of all or part of the Project;

ITEM E

Subject to Permitted Encumbrances as hereinafter defined, all rights, privileges, licenses, permits, immunities and easements of the Corporation of every kind and nature appurtenant to the properties and estates described in the foregoing Items A - D or appurtenant to any property covered by an instrument at any time hereafter conveying, mortgaging, pledging or assigning any property of any kind to the Issuer, or its successors or assigns to be included as part of the Mortgaged Property; and also all and singular the tenements, hereditaments or appurtenances belonging to said properties or any part thereof or in any wise appertaining thereto and the reversions, remainders, rents, issues and profits thereof (including the rents, income and profits during any period allowed by law for the redemption of the Mortgaged Property after any foreclosure or other sale); and all the estate, right, title and claim whatsoever, at law as well as in equity, which the Corporation now has or may hereafter acquire in and to the property and estates described in the foregoing Items A - D or any part thereof, whether now owned or hereafter acquired; and

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ITEM F

All other property which, by the express provisions of this Agreement, is required to be subjected to the lien hereof and any additional property that may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof by the Corporation or by anyone in its behalf, and the Issuer or its assigns is hereby authorized to receive the same at any time as additional security hereunder;

TO HAVE AND TO HOLD, all and singular, the Mortgaged Property, including all additional property which by the terms hereof has or may become subject to the lien of this Agreement, unto the Issuer and its successors and assigns forever, and conditioned, however, that if the Corporation shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorney's fees, and shall promptly, faithfully and strictly keep, perform and observe all of its covenants, warranties and agreements contained herein, then and in such event this Agreement shall cease, determine and be void and of no further force and effect, otherwise the same shall remain in full force and effect and upon the terms and subject to the covenants and conditions hereinafter set forth.

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

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ARTICLE I

DEFINITIONS

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

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

"Agreement" shall mean this Financing Agreement dated December __, 1982, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture.

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

"Bankers Trust Prime" shall mean the prime rate of interest publicly announced as such by Bankers Trust of South Carolina at Columbia, South Carolina, including all changes in such rate, as in effect from time to time.

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

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

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

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

"Corporation" shall mean United Services, Inc., a South Carolina corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 7.02 of this Agreement.

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

"Depositary" shall mean Bankers Trust of South Carolina, a state banking association, organized and existing under the laws of the State of South Carolina.

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

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 9.01 hereof.

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

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

"Guarantor" shall mean Darin & Armstrong Inc., a Michigan corporation.

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"Indenture" shall mean the Indenture, dated the date of this Agreement, between the Issuer and the Lender, as the same may be amended, modified or supplemented in accordance with the provisions thereof.

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

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

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

"Lender" shall mean Bankers Trust of South Carolina, a banking association organized and existing under the laws of the State of South Carolina, and its successors and assigns as the Holder of the Note.

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

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

"Note" shall mean the $1,000,000 "Aiken County, South Carolina, Industrial Development Revenue Note (United Services, Inc. Project) 1982" authorized, executed and delivered by the Issuer and delivered under the Indenture.

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

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

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

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

"Permitted Encumbrances" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) this Agreement and the Indenture; (iii) utility, access and other easements and rights of way, flood rights, leases, subleases, restrictions and exceptions that an Authorized Corporation Representative certifies will not interfere with or impair the means of access to and egress from the Project; (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 Project and as do not, in the opinion of the Corporation as evidenced by a certificate of an Authorized Corporation Representative, impair the character or significance of the Project for the purpose for which it was designed or last modified and as are not detrimental to the proper conduct of the business of the Corporation at the Project; (v) mechanic's and materialman's liens not filed or perfected in the manner prescribed by law in effect on the date hereof or otherwise; and (vi) any mortgage, lease or security interest with respect to machinery and equipment not constituting part of the Project.

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

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

"Plant" shall mean the facility of the Corporation to be used for the purpose of fabricating metal into pipe, tanks and structural metal components located in the jurisdiction of the Issuer.

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

"Project" shall mean the land described on Exhibit A hereto and to the Indenture and a building or buildings or other improvements thereon, the items of personalty

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described on Exhibit B hereto and to the Indenture and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein, acquired directly or indirectly from the proceeds of the Note including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom and also excluding the Corporation's own machinery and equipment installed under the provisions of Section 8.03 of this Agreement.

"Qualifying Costs" shall mean those Costs of the Project which (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, including all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after December 7, 1982.

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

"State" shall mean the State of South Carolina.

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ARTICLE II

REPRESENTATIONS

SECTION 2.01. Representations by Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a duly constituted political subdivision of the State and is duly authorized under the laws of the State, including the Act, to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the Indenture and all agreements collateral hereto and thereto;

(b) The South Carolina State Budget and Control Board has duly approved the proposal of the Issuer to issue the Note and the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the Issuer of this Agreement or the Indenture or to the issuance of the Note;

(c) The Issuer is entering into this Agreement and the Indenture, issuing the Note and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State;

(d) The Issuer is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the Note, or the transactions contemplated by this Agreement or the Indenture; and

(e) The authorization, execution and delivery of this Agreement and the Indenture, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with or constitute a breach of, or a default under, any existing law, court or administrative regulation, decree, order or any provision of the Constitution or laws of the State relating to the establishment of the Issuer or its affairs, or any agreement, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

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

(a) The Corporation is a corporation duly incorporated under the laws of the State of South Carolina and qualified to do business and is in good standing in the State of South Carolina, has corporate power to enter into this Agreement and by proper corporate action has duly authorized the execution and delivery of this Agreement;

(b) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, or the fulfillment of or compliance with the terms and conditions of this Agreement is not prevented or limited by, does not conflict with, does not result in a breach or contravention of and does not constitute a default under the Corporation's Articles of Incorporation or Bylaws or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, and will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation prohibited under the terms of any such instrument or agreement;

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

(d) Acquisition and construction of the Project was commenced subsequent to December 7, 1982;

(e) The Corporation intends to operate the Project as a facility for the purpose of fabricating metal into pipe, tanks and structural metal components and for such other purposes permitted under the Act as the Corporation deems appropriate; and

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

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ARTICLE III

COMMENCEMENT AND COMPLETION OF PROJECT BY CORPORATION; ISSUANCE OF NOTE

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

Anything in this Agreement to the contrary notwithstanding, upon prepayment of all amounts to be paid by it under this Agreement pursuant to the provisions of Section 10.01 or 10.03 hereof, the Corporation shall not be obligated to complete the acquisition of the Project. If the Corporation elects or is required to prepay the payments required to be made by it pursuant to the provisions of Section 10.01 or 10.03 hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Corporation Representative.

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

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

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

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

SECTION 3.04. Cooperation as to Documents. The Corporation and the Issuer agree to cooperate in furnishing to the Depositary the documents referred to in Section 3.03 hereof that are required to effect payments out of the Construction Fund and to cause such orders to be directed by the Authorized Corporation Representative to the Depositary as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.03 hereof. Such obligation is subject to any provision of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

SECTION 3.05. Completion Date. The Completion Date shall be evidenced to the Lender and Depositary by a certificate of an Authorized Corporation Representative

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stating that the acquisition, construction and installation of the Project has been completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or the liability for payment of which is being contested or disputed by the Corporation. The Corporation shall cause such certificate to be furnished to Lender and Depositary as soon as the Project shall have been completed. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

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

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

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

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

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ARTICLE IV

PAYMENTS BY CORPORATION TO ISSUER

SECTION 4.01. Payments to be Made by Corporation. In consideration of the application of the proceeds of the Note to defray the Cost of the Project the Corporation absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the times and places required the amounts required to pay the principal and interest on the Note together with the Administration Expenses and any other amounts required to be paid under the terms hereof or by the Issuer under the Indenture. The principal amount of such payments shall be equal to the principal amount of the Note. The Corporation agrees to pay to, or to the order of, the Issuer in immediately available funds, as payment of such amounts a sum equal to the principal amount of the Note together with interest on the unpaid balances thereof, at the interest rate or rates payable by the Issuer on the Note in the amounts and on the dates as follows:

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

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

In addition to the options and obligations of the Corporation under Article X hereof to prepay the entire unpaid balance payable under this Section 4.01, the Corporation shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such payments, together with interest accrued to the date of such payment to be paid on the Note if such prepayment is to be used for the prepayment of the Note. The Lender shall apply such prepayments in such manner consistent with the provisons of the Indenture as may be directed by an Authorized Corporation Representative.

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

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

SECTION 4.02. Assignment and Pledge by Issuer to Lender. It is understood and agreed that this Agreement and all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement) and the moneys held in the funds and accounts established under the Indenture, including the investment income thereon, are to be pledged and assigned by the Issuer to the Lender pursuant to the Indenture. The Corporation assents to such pledge and assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Corporation, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Corporation by the Issuer. The Issuer directs the Corporation, and the Corporation agrees, to pay to the Lender, as holder of the Note at the address of the Lender as it last appears on the Note Register, all payments payable by the Corporation to the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to this Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement).

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ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Corporation. The Corporation will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Corporation because of damage or destruction by a cause not within the control of the Corporation or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Corporation prepays all amounts due under the provisions of Section 10.01 or 10.03 hereof.

Subsequent to the Completion Date, the Corporation shall, subject to the provisions of Section 6.03 hereof, have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Corporation, and the same shall be the property of the Corporation and except as provided in Section 8.03 hereof, shall be included under the terms of this Agreement as part of the Project.

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

SECTION 5.02. Taxes, Other Governmental Charges and Utility Charges. The Corporation will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges levied or assessed by any Federal, state or any municipal government upon the Issuer or the Corporation with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held under the Indenture when the same shall become due; (b) duly

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

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

All proceeds of insurance against property damage to the Project shall be made payable to the Corporation and the Corporation shall collect and retain such proceeds, except as provided in Section 6.06 hereof, and all claims under any insurance policy referred to in this Agreement may be settled by the Corporation without the consent of the Issuer or the Lender.

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ARTICLE VI

PROVISIONS RELATING TO
MORTGAGE AND SECURITY AGREEMENT

SECTION 6.01. Warranty; Identification of Project. (a) The Corporation warrants to the Issuer and the Lender that the Corporation has good and marketable fee simple title to the land described in Exhibit A hereto and has, or will have upon requisition of payment therefor from the Construction Fund, good and marketable fee simple title to the entire Project subject only to Permitted Encumbrances. This Agreement constitutes a first mortgage lien upon and security interest in the Project subject only to Permitted Encumbrances. The Corporation will not create, permit to be created or suffer to exist any encumbrance upon the Project or any portion thereof, other than Permitted Encumbrances, and will promptly discharge any encumbrance other than Permitted Encumbrances which may be found to exist. The Corporation covenants that it will defend its title to the Project and any portion thereof and defend the mortgage and security interest created by this Agreement against all claims or demands of any person whomsoever claiming or to claim the same.

(b) The Corporation agrees to maintain such records with respect to the Project as will permit the ready identification thereof. The Corporation shall furnish the Lender with such information with respect to the Project promptly upon request by the Lender and shall supply the Lender with a copy of the records maintained by it hereunder upon request.

SECTION 6.02. Title Insurance. The Corporation agrees to obtain title insurance for the benefit of the Issuer and its assigns, including the Lender, in the amount of $_____ covering all that portion of the Project which would pass without enumeration thereof with title to the land included therein. Said title insurance shall insure the priority of the mortgage and security interest created by this Agreement subject only to Permitted Encumbrances and any requirement with respect to refiling of financing statements under the Uniform Commercial Code. The proceeds of such title insurance shall be used to prepay amounts due hereunder or to remedy the defect in title giving rise thereto.

SECTION 6.03. Removal of Equipment. The parties hereto understand that certain machinery, equipment and related property (hereinafter "Equipment") shall be acquired in whole or in part from the proceeds of the Notes and

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installed in the Project. If no Default under this Agreement shall have happened and be continuing, in any instance where the Corporation in its discretion determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Corporation may remove such item of Equipment from the Project and sell, trade-in, exchange or otherwise dispose of it (as a whole or in part) without consent of either the Issuer or the Lender therefor if the value of such Equipment (as measured by its original cost) is equal to or less than $_____. In all other cases the Corporation shall either:

(a) Substitute and install in the Project other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Project; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Equipment to anyone other than a related person or in the case of the scrapping thereof, the Corporation shall pay to the Lender as prepayment of the Note, the proceeds from such sale or the scrap value therof, as the case may be, (ii) that in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be installed in the Project, the Corporation shall pay to the Lender as prepayment of the Note the amount of the credit received by it in such trade-in, or (iii) that in the case of the sale of any such Equipment to a related person or in the case of any other disposition thereof, the Corporation shall pay to the Lender, as prepayment of the Note, an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

In the event any removal of machinery, equipment or related property under this section causes damage to existing buildings or structures included in the Project the Corporation shall restore the same or repair such damage at its sole expense.

The removal from the Project of any portion of the Equipment pursuant to this section shall not entitle the Corporation to any abatement or diminution of the amounts payable under Section 4.01 hereof except to the extent of any payments made hereunder.

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(c) The Corporation shall report annually on _____ 1 of each year to the Lender each such removal, substitution, sale and other disposition required to be reported and shall pay to the Lender upon filing such report such amounts as are required by the preceding provisions of this section to be paid to the Lender in consequence of the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made in any year of this Agreement (_____ 1 through the following _____ 30 [31]) unless the amount to be so paid on account of all such sales, trade-ins or other dispositions aggregates at least $_____.

The Issuer agrees to execute and deliver such documents (if any) as the Corporation may properly request in connection with any action taken by the Corporation in conformity with this section. The Corporation will pay any costs (including reasonable counsel fees) incurred in subjecting to the lien of this Agreement any items of machinery, equipment or related property that under the provisions of this section are to become part of the Project. The Corporation shall not remove, or permit the removal of, any of the Equipment from the Project except in accordance with the provisions of this section.

SECTION 6.04. Release of Unimproved Land. So long as no Default exists hereunder, the Corporation shall have, and is hereby granted, the option to remove any unimproved part of the land included in the Project, at any time and from time to time, upon payment to the Lender for the account of the Issuer of a release price equal to the cost thereof ($_____ per acre for the land and the original cost of any transportation, parking or utility facilities located thereon) provided that it furnishes the Issuer and the Lender with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the land with respect to which such option is to be exercised and (ii) a statement that the Corporation intends to exercise its option to release such land on a date stated, which shall not be less than 45 nor more than 90 days from the date of such notice;

(b) A certificate of an Authorized Corporation Representative, dated not more than 90 days prior to the date of the release and stating that, in the opinion of the person signing such certificate; (i) the portion of the land with respect to which the option is exercised is not needed for the operation of the Project for the purpose hereinbefore stated; (ii) the release will not impair the usefulness of the Project as a manufacturing

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facility and will not destroy the means of ingress thereto or egress therefrom and (iii) no Default exists hereunder; and

(c) An amount of money as prepayment of the Note equal to the release price paid therefor, computed as provided in this section.

The Issuer agrees that upon receipt of the notice and certificate and any money required in this section to be furnished to it by the Corporation, the Issuer and the Lender will promptly apply such money for the prepayment of the Note and release from the mortgage and security interest hereof such portion of the land with respect to which the Corporation shall have exercised the option granted to it in this section.

In the event the Corporation shall exercise the option granted to it under this Section, the Corporation shall not be entitled to any abatement or diminution of the amounts payable under Section 4.01 hereof and if such option relates to land on which transportation, parking or utility facilities are located, the Issuer shall retain for the life of this Agreement and so long as it and its successors or assigns shall have any interest in the Project as a consequence hereof an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

SECTION 6.05. Release of Land, Easements. The Issuer agrees that so long as the Corporation is not in default hereof the Corporation may convey fee title, grant easements, rights of way, licenses, execute party wall agreements or terminate any of the foregoing or enter into such other similar agreements for the purposes of providing railroad service, utility services, roadway or roadway access whether for the Project or other land or for such other similar purposes as may be deemed necessary or desirable by the Corporation upon receipt by the Issuer and the Lender of the following:

(a) a legal description of the real property proposed to be conveyed or affected by such grant, license or agreement;

(b) the instrument in the form necessary for such purpose;

(c) a certificate of the president or chief financial officer of the Corporation stating that the Corporation is not in default under this Agreement;

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(d) a certificate from an Authorized Corporation Representative stating that (i) the conveyance, grant, license or agreement will not impair the character or significance of the Project for the purpose for which it was last designed or modified and is not detrimental to the proper conduct of the business of the Corporation at the Project and (ii) such conveyance, grant, license or agreement will not destroy the means of ingress to the Project or egress therefrom;

(e) an Opinion of Counsel that the proposed conveyance, grant, or agreement is not in violation of the terms hereof or of the Indenture; and

(f) the consideration, if any, paid to the Corporation in return for such conveyance, grant or easement.

Upon receipt of the foregoing, the Issuer or the Lender shall promptly execute and deliver any release required to effect such conveyance, grant or agreement and shall apply the consideration, if any, paid therefor in prepayment of the Note.

No release effected under the provisions of this section of this Agreement shall entitle the Corporation to any abatement or diminution of the amounts payable under Section 4.01 hereof.

SECTION 6.06. Damage and Destruction. Immediately after the occurrence of any damage or loss to the Project in excess of $25,000, the Corporation shall notify the Issuer and the Lender as to the nature and extent of such damage or loss. If the Corporation shall determine that rebuilding, repairing or restoring is practicable and desirable, the Corporation shall forthwith proceed with such rebuilding, repairing or restoring and shall notify the Issuer and the Lender upon the completion thereof. In such case, any property damage insurance proceeds received in respect of such damage or loss shall be used by the Corporation for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. In the event any insurance proceeds are not sufficient to pay in full the costs of such rebuilding, repair or restoration, the Corporation will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said proceeds. The Corporation shall not, by reason of the payment of such excess costs, be entitled to any reimbursement from the Issuer, the Lender or any abatement or diminution of the amounts payable under Section 4.01 hereof.

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

SECTION 6.07. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any Person, there shall be no abatement or reduction in the payments required under Section 4.01 hereof to be made by the Corporation. Immediately after the occurrence of any such taking of the Project, the Corporation shall notify the Issuer and the Lender as to the nature and extent of such taking and, as soon as practicable thereafter, notify the Issuer and the Lender whether it is practicable and desirable to restore the Project. If the Corporation shall determine restoration is practicable and desirable, the Corporation shall forthwith proceed with such restoration, shall apply the proceeds of such taking to the restoration of the Project and shall notify the Issuer and the Lender upon the completion thereof. Any balance of the proceeds of any such taking remaining after such restoration, or if no restoration is made all such proceeds, shall be paid to the Lender as prepayment of the Note pursuant to the Indenture, unless the Note has been fully paid or provision for the payment thereof has been made in accordance with the Indenture, in which case such proceeds shall be retained by the Corporation.

SECTION 6.08. Property Not in Project. The Corporation shall be solely entitled to receive and hold any insurance proceeds and each condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of property which does not constitute a part of the Project.

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ARTICLE VII

SPECIAL COVENANTS

SECTION 7.01. No Warranty of Design, Condition or Suitability by Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Corporation's purposes or needs.

SECTION 7.02. Maintenance of Corporate Existence. The Corporation agrees that as long as the Note is outstanding it will maintain its separate corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreement contained in this Section, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, if (i) the surviving, resulting or transferee corporation, as the case may be, irrevocably and unconditionally assumes by means of an instrument in writing delivered to the Issuer and Lender all of the obligations of the Corporation herein and qualifies to do business in the State and (ii) immediately after the consummation of the transaction, and after giving effect thereto, (A) no Event of Default, or event which with notice or lapse of time or both would become an Event of Default, would exist and (B) the resulting, surviving or transferee corporation, as the case may be, would have, after giving effect to such merger, consolidation or acquisition, a net worth (computed in accordance with generally accepted accounting principles) equal to or greater than the net worth (computed as aforesaid) of the Corporation immediately prior to such merger, consolidation or transfer.

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

SECTION 7.03. Covenants with Respect to Tax Exemption. The Corporation represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of the Note that it

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

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

SECTION 7.04. Indemnification. The Corporation releases the Issuer and the Lender, including the members of the governing body of the Issuer, and the employees, officers and agents of the Issuer and the Lender (herein collectively referred to as the "Indemnified Parties") from, agrees that Indemnified Parties shall not be liable for, and agrees to hold Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof except for that occasioned by acts of an Indemnified Party which are unrelated to the utilization of the Project and except for any wanton or willful misconduct of an Indemnified Party; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the net proceeds, if any, received by an Indemnified Party from any insurance carried by the Corporation with respect to the loss sustained. The Corporation further agrees to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses and claims arising from any breach or default on the part of the Corporation in the performance of any covenant or agreement on the part of the Corporation to be performed pursuant to the terms of this Agreement or arising from any act or negligence of or failure to act by the Corporation, or any of its agents, contractors, servants, employees, or licensees, or arising from any accident, injury or damage whatsoever caused to any Person occurring during the term of this Agreement, in or about the Project, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against an Indemnified Party by reason of any such claim, the Corporation upon notice from such Indemnified Party covenants to resist or defend such action or proceedings at the Corporation's expense.

SECTION 7.05. Corporate Information. Within 90 days after the close of its fiscal year, the Corporation

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

SECTION 7.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Corporation, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Corporation or the Issuer, the Corporation and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 7.07. Recording, Filing and Registration. The Corporation covenants with the Issuer, for the benefit of the Lender and all who shall at any time be Holders of the Note, that the Corporation will take all action required to effect the recording, filing and registering required under the provisions of Section 4.08 of the Indenture.

SECTION 7.08. Inspection of Project. The Corporation agrees that the Issuer, the Lender and their authorized agents shall have the right at all reasonable times to enter upon and examine and inspect the Project to determine whether the Project continues to constitute a Project under the Act. The Issuer, the Lender and their authorized agents shall also be permitted, at all reasonable times, to examine the Plans and Specifications and the other books and records of the Corporation with respect to the Project. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Corporation shall prescribe which conditions shall be deemed to include, but not be limited to, those necessary to protect the Corporation's trade secrets and proprietary rights.

SECTION 7.09. Qualification in State. The Corporation warrants that it is duly qualified to do business in the State and covenants that it will continue to be so qualified so long as it operates the Project. The Corporation agrees that it will always be subject to service of process in the State and, during such time as there is no agent for service of process listed in the office of the

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Secretary of State, the Corporation hereby designates and appoints the Secretary of State of the State, as its agent for service of process in the State. The aforesaid agents shall serve as the respective agents of the Corporation upon whom may be served all process, pleadings, notices or other papers which may be served upon the Corporation as a result of any of its obligations under this Agreement.

SECTION 7.10. No Liability of Issuer's Personnel. All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of the governing body of the Issuer or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the Issuer herein contained or for any claims based thereon against any member of the governing body of the Issuer or any officer, agent, servants or employee of the Issuer.

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ARTICLE VIII

ASSIGNMENT, LEASE AND SALE

SECTION 8.01. Assignment, Lease and Sale of Project. So long as the Note is outstanding, the Corporation will not sell, lease or otherwise dispose of or encumber its interest in the Project except for Permitted Encumbrances and as provided in Sections 5.01, 6.03, 6.04, 6.05, 6.08 and 7.02 hereof and in this Section 8.01. This Agreement may be assigned in whole or in part, and the Corporation's interest in the Project may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the Issuer or the Lender, subject, however, to the following conditions:

(a) No sale, assignment or leasing (other than pursuant to Section 7.02 hereof) shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Corporation shall continue to remain primarily liable for the payments of all amounts specified in Section 4.01 hereof and for performance and observance of the other agreements on its part herein provided; and

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

SECTION 8.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Corporation pursuant to this Agreement.

SECTION 8.03. Other Property of Corporation. The Corporation may from time to time, in its sole discretion and at its own expense, install additional machinery, equipment and other items of personal property on the Project. All machinery, equipment and personal property so installed by the Corporation shall remain the sole property of the Corporation in which neither the Issuer nor the Lender shall have any interest, and may be modified or removed by the Corporation at any time. In the event any removal of machinery, equipment or related property of the Corporation causes damage to the existing buildings or structures included in the Project the Corporation shall restore the same or repair such damage at its sole expense.

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ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01 Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events:

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

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

(c) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 9.01, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Lender by certified mail, unless the Issuer and the Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Lender will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected;

(d) The dissolution or liquidation of the Corporation; provided, however, that the term "dissolution" or "liquidation" as used in this Section 9.01 shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or dissolution or liquidation of the Corporation following a transfer of all or substantially all of its assets as an entirety under the conditions permitting such actions with respect to the Corporation contained in section 7.02 hereof;

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

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

The provisions of subsection (c) of this Section 9.01 are subject to the following limitations: If by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the Government of the United States or of the State or any department, agency, political subdivision or official of either of them or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Corporation, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Section 4.01

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hereof, the Corporation shall not be deemed in default during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Corporation unfavorable to the Corporation. The occurrence of any of the events described in paragraphs (a), (b), (d), (e) and (f) of this Section 9.01 shall constitute an Event of Default regardless of the reason for such failure to perform.

SECTION 9.02. Remedies. Whenever any Event of Default referred to in Section 9.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken; provided that, no remedial steps shall be taken by the Issuer or the Lender hereunder the effect of which would be to entitle the Issuer to funds necessary for the payment of principal and interest on the unpaid balance of the Note unless at the time of such remedial action there shall be in effect a declaration under the Indenture that such principal and interest are due and payable:

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

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

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

SECTION 9.03. Mandatory Waiver of Default. Notwithstanding the provisions of Section 9.10 hereof limiting the authority of the Issuer to waive a Default hereunder, if, after the maturity of the Note shall have been accelerated by the Lender upon occurrence of an event

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

SECTION 9.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 9.05. Attorney's Fees and Expenses. In the event under any of the provisions of this Agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other expenses so incurred and that such obligation shall be secured hereby just as any other sum due and payable hereunder.

SECTION 9.06. Surrender of Possession of Project. Upon the occurrence of an Event of Default and while such Event of Default shall be continuing, but only if and to the extent then permitted by applicable law, the Corporation,

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upon demand of the Issuer or Lender, shall forthwith surrender to the Lender possession of the Project, together with the books and records of the Corporation pertaining thereto and its rights to hold, operate and manage the same. If an Event of Default shall have occurred and be continuing, and to the extent then permitted by applicable law, the Issuer or the Lender, personally or by their agents or attorneys, may enter into and take possession of the Project and forthwith operate and manage the same and exercise all rights, powers and franchises of the Corporation in respect thereto, including the making of all needful repairs and improvements to the Project as the Issuer or the Lender may deem wise and lease the Project or any portion thereof in the name and for the account of the Corporation. The Issuer or the Lender may (i) collect and receive the rents and revenues from the Project; (ii) pay all proper costs and expenses of taking, holding and managing the same (including reasonable compensation to the Issuer or the Lender, their agents and counsel, any charges of the Issuer or the Lender under this Agreement and any taxes and assessments and other charges prior to the lien of this Agreement, and all expenses of such repairs and improvements), which the Issuer or the Lender may deem it wise to pay; and (iii) apply the remainder of the moneys so received in accordance with the provisions of Section 6.06 of the Indenture. Whenever such Event of Default shall have been corrected the Issuer or the Lender shall surrender possession of the Project to the Corporation, its successors and assigns.

SECTION 9.07. Additional Powers of Issuer or Lender. Upon the occurrence and during the continuation of an Event of Default, the Issuer or the Lender may exercise any of the rights and powers hereinafter set forth in this section (in addition to the powers granted to it in Section 9.02 of this Agreement):

(a) The Issuer or the Lender may exercise any of the rights of a secured party under the Uniform Commercial Code of the State, as then in effect, with respect to such part of the Mortgaged Property as is covered by such Code.

(b) The Issuer or the Lender, as a matter of right, without notice and without giving bond to the Corporation or anyone claiming under it, may have appointed, and shall be entitled to the appointment of, a receiver in equity with power to charge and collect rents and to apply the revenues from the Project in accordance with the provisions of this Agreement and such other powers as the court making the appointment may confer.

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(c) The Issuer or the Lender, with or without entry, may foreclose the lien on the Project created and vested by this Agreement and sell the Project, either by proceedings in equity or at public auction at such place or places as may be required by law, having first given notice of such sale by publication or otherwise as may be required by law, and upon such sale may make and deliver to the purchaser a good and sufficient deed or deeds or bill or bills of sale or assignment or assignments for the same. The Issuer or the Lender may become the purchaser at any forclosure sale if the highest bidder. The Corporation, for it and for all who may claim through or under it, if and to the extent permitted by law, hereby expressly waives and releases all rights to have the Mortgaged Property marshalled upon any foreclosure sale, and the Issuer or the Lender or any court in which the foreclosure of this Agreement is sought shall have the right to sell the Mortgaged Property as an entirety and in a single parcel or several parcels or lots in the discretion of the Issuer or the Lender. The Corporation covenants that, if and to the extent permitted by law, it will not at any time insist upon or plead, claim or take any benefit or advantage of any stay or extension law or any laws providing for the valuation or appraisal of the Mortgaged Property prior to any sale or sales thereof nor after any such sale or sales claim or exercise any right to redeem the property so sold, and the Corporation, to the extent permitted by law, hereby expressly waives for itself and on behalf of each and every person claiming by, through or under the Corporation all benefit and advantage of any such law or laws.

(d) The Issuer or the Lender may proceed to protect and enforce its rights under this Agreement by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the foreclosure of this Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Issuer or the Lender may deem most effective to protect and enforce any of the rights or interests under the Notes, the Indenture or this Agreement or both.

SECTION 9.08. Remedies Under Agreement Vested in Lender; Appointment of Lender as Agent of Issuer. If and to the extent permitted by law, in order to have the claims of the Issuer against the Corporation allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the Corporation shall be a party, the

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

SECTION 9.09. Waiver of Event of Default. As assignee hereof, the Lender may in its discretion waive any Event of Default and its consequences hereunder.

SECTION 9.10. Nonwaiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the provisions of the Indenture, the Issuer shall have no power to waive any default hereunder by the Corporation without the consent of the Lender to such waiver.

014005

ARTICLE X

PREPAYMENTS

SECTION 10.01. Optional Prepayment. The Corporation shall have, and is hereby granted, options to prepay, at any time, payment in full of the amounts payable under Section 4.01 hereof with respect to the Note, as follows:

(a) if (i) all or substantially all of the Project is damaged or destroyed to such extent that in the opinion of the Corporation it cannot be reasonably restored to its condition immediately preceding such damage or destruction within a period of six months or to such extent that the Corporation, in its opinion, would be prevented or would likely be prevented from carrying on normal operations at the Project or the Plant for a period of six months or more or to such an extent that the cost of restoration or repair would exceed by 25% the original Cost of the Project; or (ii) all or substantially all of the Project or the Plant is condemned or taken under the exercise of the power of eminent domain by any governmental authority to such extent that the Corporation, in its opinion, would be prevented or would likely be prevented from carrying on normal operations at the Project or the Plant for a period of six months or more; or (iii) any change occurs in the Constitution of the State or the Constitution of the United States of America or there occurs any legislative or administrative action (whether state or Federal) or any final decree, judgment or order of any court or administrative body (whether state or Federal), the result of which is to render the obligations of the Corporation under this Agreement unenforceable or impossible of performance in any material respect in accordance with the intent and purpose of the parties as expressed in this Agreement; or (iv) unreasonable burdens or excessive liabilities are imposed on the Issuer or the Corporation with respect to the Project or the operation thereof, including without limitation, Federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement which, in the judgment of the Corporation, render the continued operation of the Project uneconomical for its intended use; or (v) changes in the economic availability of raw materials, labor, operating supplies, energy sources, facilities or supplies necessary for the efficient operation of the Project or technological or other changes have occurred which the Corporation cannot reasonably control or overcome and which, in the reasonable judgment of the Corporation,

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render continued operation of the Project uneconomical for its purposes, in any of which cases the prepayment price shall be a sum sufficient, together with other funds held by the Lender and available for such purpose (i) to pay the principal amount of the Note then outstanding and interest accrued thereon on the date fixed for prepayment, and (ii) to pay all Administration Expenses relating to the Note accrued and to accrue through the date or dates fixed for prepayment; or

(b) Under circumstances other than those described in subsection (a) of this Section 10.01 or in Section 10.03 hereof, in which case the Corporation shall pay a sum sufficient (i) to pay the principal amount of the Note then outstanding and all interest accrued thereon to the date fixed for prepayment; (ii) to pay any prepayment premium on the Note required under the terms thereof and of the Indenture, and (iii) to pay all Administration Expenses relating to the Note accrued and to accrue through the date or dates fixed for prepayment or the maturity date or dates, as the case may be.

SECTION 10.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 10.01 hereof, the Corporation shall give the Issuer and the Lender written notice of the date of such prepayment, which date shall not be less than three days after the date the notice is mailed.

SECTION 10.03. Mandatory Prepayment. If there shall be a Determination of Taxability, all amounts payable under Section 4.01 hereof with respect to the Note then outstanding shall be accelerated to and such amounts shall be due and payable on the date specified by the Lender pursuant to Section 2.01 of the Indenture.

In such case, the prepayment price shall be a sum sufficient (i) to prepay the Note under the Indenture at the prepayment price specified in Section 2.01(c) thereof, (ii) to pay the interest which will become due on the Note to the date fixed for prepayment by the Lender pursuant to Section 5.03 of the Indenture and (iii) to pay all Administration Expenses relating to the Note accrued and to accrue through the date fixed for the prepayment thereof.

014007

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Note (including interest thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Corporation under this Agreement, including (without limitation) interest thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

(a) if to the Issuer,

Aiken County Council
Aiken County Complex
Aiken, South Carolina 29801
Attention: Chairman

(b) if to the Corporation,

United Services, Inc.
23999 Northwestern High
Southfield, Michigan 48037
Attention: _____

(c) if to the Lender,

Bankers Trust of South Carolina
Post Office Box 448
Columbia, South Carolina 29202
Attention: _____

(d) if to the Depositary,

Bankers Trust of South Carolina
_____
_____
Attention: _____

(e) if to the Guarantor,

Darin & Armstrong Inc.
23999 Northwestern High
Southfield, Michigan 48037
Attention: _____

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A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Corporation to the other shall also be given to the Guarantor and the Lender. The Issuer, the Guarantor, the Corporation and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 11.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Corporation and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.02, 8.01 and 8.02 hereof.

SECTION 11.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reason, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Corporation, as the case may be, to the full extent permitted by law.

SECTION 11.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Corporation and consented to in writing by the Lender.

SECTION 11.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.07. Limited Obligation of Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder, including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Note available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Corporation in obtaining any license or permit or other legal approvals a deposit by the Corporation of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in

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excess of such costs to be returned to the Corporation; and (c) the liability of the Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and exclusively to the proceeds of the Note available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

SECTION 11.08. State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 11.09. Rights of Lender. The agreements or obligations made herein by the Corporation to or for the benefit of the Lender are intended by the Corporation to be specifically enforceable by the Lender, and the Corporation acknowledges that the acquisition of the Note by the Lender is consideration for any such agreements or obligations.

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

SEAL

ATTEST:

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

AIKEN COUNTY, SOUTH CAROLINA

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

In the Presence of:

_____

_____

PERSONALLY appeared before me _____ who on oath says that (s)he saw the within Aiken County by Carrol H. Warner, the Chairman of the County Council of Aiken County and Doris Shulse, the Clerk of the County Council of Aiken County sign the within Financing Agreement and the said Aiken County by said officers, seal by its act and deed and deliver the within Financing Agreement and that (s)he with _____ witnessed the execution thereof.

_____
Witness

SWORN to before me this

____ day of December, 1982.

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

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UNITED SERVICES, INC.

By_____
(name), (title)

SEAL

ATTEST:

_____
(name), (title)

IN THE PRESENCE OF:

_____

_____

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

_____
Witness

SWORN to before me this

____ day of December, 1982.

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

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EXHIBIT A

[Description of Realty]

EXHIBIT B

[Description of Personalty]

EXHIBIT

DEC 17 1982 NO. 1

STATE BUDGET & CONTROL BOARD

GUARANTY

between

DARIN & ARMSTRONG INC.

and

BANKERS TRUST OF SOUTH CAROLINA

Dated December __, 1982

Relating to

$1,000,000

Aiken County, South Carolina

Industrial Development Revenue Note

(Darin & Armstrong, Inc. Project) 1982

GUARANTY

THIS GUARANTY, dated December __, 1982, is by and between Darin & Armstrong Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Michigan (the "Guarantor"), and Bankers Trust of South Carolina, a banking association organized and existing under and by virtue of the laws of the State of South Carolina, as lender (the "Lender").

WITNESSETH:

WHEREAS Aiken County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), has agreed to make available to United Services, Inc., a South Carolina corporation and a wholly-owned subsidiary of the Guarantor (the "Corporation"), under a Financing Agreement dated December __, 1982 by and between the Issuer and the Guarantor (the "Agreement"), the funds required to defray the cost of acquiring, by construction and purchase, certain facilities located within the jurisdiction of the Issuer to be operated by the Guarantor for the purpose of fabricating metal into pipe, tanks and structural metal components (the "Project"); and

WHEREAS the Issuer intends to defray the cost of acquiring, by construction and purchase, the Project by the issuance of its Industrial Development Revenue Note, (United Services, Inc. Project) 1982 in the original principal amount of $1,000,000 (the "Note"), pursuant to an Indenture dated December __, 1982 (the "Indenture"), by and between the Issuer and the Lender; and

WHEREAS the Guarantor specifically approves the terms and conditions of the Agreement and the Indenture; and

WHEREAS the Guarantor desires the Issuer to issue the Note and is willing to enter into this Guaranty in order to enhance the marketability of the Note and thereby achieve reduced interest costs and other savings to the Guarantor and as an inducement to the acquisition of the Note by each person who shall at any time become a holder thereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Guarantor does hereby covenant and agree with the Lender as follows:

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ARTICLE I

REPRESENTATIONS AND WARRANTIES OF GUARANTOR

Section 1.1. The Guarantor hereby represents and warrants that it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Michigan, has power to enter into this Guaranty, and by proper corporate action has duly authorized the execution and delivery of this Guaranty. The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions hereof are not prevented or limited by, do not conflict with or result in a breach of, and do not contravene or constitute a default under, the Guarantor's articles of incorporation, bylaws or any evidence of indebtedness, indenture, commitment, agreement or other instrument to which the Guarantor is a party or by which it is bound or any existing law, rule, regulation, judgment, order or decree binding upon it.

ARTICLE II

GUARANTEE

Section 2.1. Guarantee of Payment. (a) The Guarantor hereby irrevocably and unconditionally guarantees to the Lender, and its successors and assigns as holders from time to time of the Note: (i) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for prepayment or otherwise; (ii) the full and prompt payment of any interest on any Note when and as the same shall become due; and (iv) the full and prompt payment of any other sum due and payable by the Issuer pursuant to the terms of the Note or the Indenture. The Guarantor hereby irrevocably and unconditionally agrees that upon any default by the Issuer in the payment, when due, of the principal or interest on any Note or of any sum payable by the Issuer under the Note or the Indenture, the Guarantor will promptly pay the same.

(b) All payments by the Guarantor shall be paid in lawful money of the United States of America.

Section 2.2. Obligations Unconditional. The obligations of the Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal and interest on the Note shall have been paid in full. Such obligations shall not be affected, modified or impaired by any statement of

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facts or by the happening from time to time of any event, including without limitation any of the following, whether or not such event shall occur with notice to, or the consent of, the Guarantor:

(a) the waiver, surrender, compromise, settlement, discharge, release or termination of any or all of the obligations, covenants or agreements of the Issuer contained in the Indenture or in the Note;

(b) the failure to give notice to the Guarantor of the occurrence of a default under this Guaranty or an event of default under the terms and provisions of the Indenture or the Agreement;

(c) the transfer, assignment, mortgaging, leasing or the purported transfer, assignment, mortgaging or leasing of all or any part of the interest of the Issuer or the Guarantor in the Project or any failure of title with respect to the Issuer's or the Guarantor's interest in the Project or the invalidity, unenforceability or termination of the Agreement;

(d) the waiver, surrender, compromise, settlement, release or termination of the Issuer's obligations, covenants or agreements contained in the Agreement;

(e) the waiver, surrender, compromise, settlement, release or termination of any of the obligations, covenants or agreements of the Guarantor under the Agreement or of any other obligor under the Agreement;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Agreement, the Note or the Indenture;

(g) the taking or the omission of any action by the Issuer or the Lender referred to in the Agreement or the Indenture or of any action by the Lender under this Guaranty;

(h) any failure, omission, delay or lack of diligence on the part of the Issuer, the Lender or any other person in the enforcement, assertion or exercise of any right, power or remedy conferred on the Issuer or the Lender under the Agreement or the Indenture, or conferred on the Lender in this Guaranty, or the inability of the Issuer or the Lender to enforce any provision of the Agreement or the Indenture or this Guaranty for any other reason, or any other act or

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omission on the part of the Issuer, the Lender or any of the holders from time to time of the Note;

(i) the dissolution, sale or other disposition of all or substantially all the assets, liquidation, the marshaling of assets and liabilities, receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, arrangement, adjustment, composition or other similar proceedings affecting the Guarantor or any obligor under the Agreement or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty or the Agreement or the disaffirmance of the Agreement in any such proceeding;

(j) the illegality, invalidity or unenforceability of, or any defect in, the Agreement, the Note or the Indenture;

(k) any present or future law or order of any government (de jure or de facto) or of any agency thereof purporting to reduce, amend or otherwise affect the Note or any other obligation of the Issuer or any other obligor or to vary any terms of payment;

(l) any claim of immunity on behalf of the Issuer or any other obligor or with respect to any property of the Issuer or any other obligor;

(m) the release, sale, exchange, surrender or other change in any security for payment of the Note;

(n) the extension of the time for payment of any principal or interest on the Note or any part thereof owing or payable on such Note or under this Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of the Agreement, the Note, the Indenture or this Guaranty or the renewal of any such obligations, covenants or agreements;

(o) any other circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or a guarantor;

(p) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty; or

(q) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the

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Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty.

Section 2.3. Waiver of Notice. The Guarantor waives notice of the issuance of the Note and notice from the Lender of the acceptance and reliance on the benefits of this Guaranty. The Guarantor also waives presentment, demand for payment, protest and notice of nonpayment or dishonor and all other notices and demands whatsoever relating to the Note.

Section 2.4. Other Security. The Lender may pursue its rights and remedies under this Guaranty notwithstanding (i) any other guaranty of or security for the Note or the obligations or liabilities of the Issuer under the Indenture and (ii) any action taken or omitted to be taken by the Lender or any other person to enforce any of the rights or remedies under such guaranty or with respect to any other security.

Section 2.5. No Set-off by Guarantor. No set-off, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder) which the Issuer may have or assert, or which the Guarantor may have or assert against the Issuer or the Lender or any holder of the Note, shall be available hereunder to the Guarantor against the Lender.

ARTICLE III

DEFAULT AND REMEDIES

Section 3.1. Events of Default. Any of the following occurrences shall constitute an event of default hereunder:

(a) default in the due and punctual payment of any amount due under Section 2.1 hereof; and

(b) failure to cure within 30 days after notice by the Lender any other default or the breach of any other agreement or covenant on the part of the Guarantor contained herein.

Section 3.2. Remedies. The Lender shall have the right, power and authority to do all things it deems necessary or advisable to enforce the provisions of this Guaranty and protect its interests as the holder of the Note and, in the event of a default, the Lender may institute or

appear in such appropriate judicial proceedings as the Lender shall deem most effectual to protect and enforce any of its rights, whether for the specific enforcement of any covenant or agreement in this Guaranty or the Indenture or in aid of the exercise of any power granted herein or therein or to enforce any other proper remedy. Without limiting the generality of the foregoing, in the event of a default in payment of the principal or interest on the Note when due, the Lender may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Guarantor and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Guarantor, wherever situated.

Section 3.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Lender herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity.

Section 3.4. Separate Causes of Action. Each and every default in payment of the principal or interest on the Note or any other sum due under the Note or the Indenture shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder by the Lender as each cause of action arises. In the event of such a default, the Lender shall have the right to proceed first and directly against the Guarantor under this Guaranty without proceeding against the Issuer or any other person or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Lender.

Section 3.5. Recovery of Costs. The Guarantor agrees to pay to the Lender all reasonable costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by the Lender in enforcing or attempting to enforce the Indenture, the Note or this Guaranty or protecting any of its rights or pursuing any of its remedies following any default on the part of the Guarantor whether the same shall be enforced by suit or otherwise.

Section 3.6. No Waiver. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

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Section 3.7. Service of Process. The Guarantor hereby designates and appoints, without power of revocation so long as any of the principal or interest on the Note remains unpaid, the Secretary of State of the State of South Carolina as the agent of the Guarantor upon whom may be served all process, pleadings, notices or other papers which may be served upon the Guarantor as a result of any of its obligations under this Guaranty.

Section 3.8. Consent to Jurisdiction and Venue. The Guarantor irrevocably, so long as any of the principal or interest on the Note remains unpaid, (i) agrees that any suit, action or other legal proceeding arising out of this Guaranty may be brought in any court in the State of South Carolina or the courts of the United States located in such State, (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding, and (iii) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts.

ARTICLE IV

GENERAL

Section 4.1. Guarantor to Maintain Corporate Existence. The Guarantor agrees that, as long as any principal or interest on the Note remains unpaid, it will maintain its separate corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, that the Guarantor may, without violating the agreement contained in this Section 4.1, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, if: (i) the resulting, surviving or transferee corporation, as the case may be, irrevocably and unconditionally assumes, by means of an instrument in writing which is delivered to the Lender, all of the obligations of the Guarantor under this Guaranty and (ii) immediately after the consummation of the transaction, and after giving effect thereto (a) no Event of Default, or event which with notice or lapse of time or both would become an Event of Default, would exist and (b) the resulting, surviving or transferee corporation, as the case may be, would have, after giving effect to such merger, consolidation or acquisition, a net worth (computed in accordance with generally accepted accounting principles)

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equal to or greater than the net worth (computed as aforesaid) of the Guarantor immediately prior to such merger, consolidation or transfer.

Section 4.2. Obligations of Guarantor Arise on Sale of Note. The obligations of the Guarantor under this Guaranty shall arise absolutely and unconditionally upon the issue, sale and delivery of the Note. This Guaranty is separate and independent of the Agreement, and any modification, limitation, or discharge of the Guarantor's liability under the Agreement arising out of or by virtue of any bankruptcy, arrangement, reorganization or similar proceeding shall not modify, limit, discharge or otherwise affect the liability of the Guarantor under this Guaranty in any manner whatsoever.

Section 4.3. Application of Moneys. All moneys recovered by the Lender pursuant to this Guaranty (other than those provided for in Section 4.5 hereof) shall be applied to the payment of the principal and interest on the Note. This Guaranty is entered into by the Guarantor for the benefit of the Lender, and its successors and assigns, as the holder from time to time of the Note and may be enforced by any such holder of the Note in accordance with the provisions of this Guaranty. This Guaranty shall not be deemed to create any right in, or to be in whole or in part for the benefit of, any person other than such holders, the Guarantor, the Issuer and their permitted successors and assigns.

Section 4.4. Amendments. The Guarantor and the Lender may, without the consent of or any notice to any other party amend, change or modify this Guaranty to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein or to make provision with respect to matters arising hereunder for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Agreement, the Indenture and this Guaranty.

Section 4.5. Survival. All warranties, representations and covenants made by the Guarantor herein shall be deemed to have been relied upon by the Lender in acquiring the Note and shall survive the delivery to the Lender of this Guaranty regardless of any investigation made by the Lender or any other holder from time to time of the Note or on their behalf.

Section 4.6. Notices. All communications under this Guaranty shall be in writing and shall be deemed given when delivered and, if delivered by mail, shall be mailed by

registered or first class mail, postage prepaid, and addressed as follows:

To the Guarantor:

Darin & Armstrong Inc.
23999 Northwestern High
Southfield, Michigan 48037
Attention: _____

To the Lender:

Bankers Trust of South Carolina
Post Office Box 448
Columbia, South Carolina 29202
Attention: _____

To the Issuer:

Aiken County Council
Aiken County Complex
Aiken, South Carolina 29801
Attention: Chairman

A duplicate copy of each communication hereunder by either the Guarantor or the Lender shall also be given to the Issuer.

Section 4.7. Miscellaneous. This Guaranty (i) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (ii) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (iii) may be modified only by an instrument in writing signed by the duly authorized representatives of the parties and only if the modification is made for the purposes and in accordance with Section 4.4 hereof; and (iv) shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the law of the State of South Carolina. If any provision of this Guaranty shall be held to be invalid by any court of competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

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IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name and behalf by its President or a Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, and the Lender has accepted the same by causing these presents to be signed in its name and behalf by a _____ and its corporate seal to be impressed hereon and attested by a _____, all as of the date first above written.

DARIN & ARMSTRONG INC.

By:_____
(name), (title)

ATTEST:

By:_____
(name), (title)

(SEAL)

014025

Accepted as of this ____ day of December, 1982

BANKERS TRUST OF SOUTH CAROLINA

By: _____
(name), (title)

(SEAL)

ATTEST:

By: _____
(name), (title)

014026

DEC 15 1982

The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-8820

December 14, 1982

Mr. William A. McInnis
Secretary
State Budget and Control Board
212 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: $382,500 Lexington County, South Carolina, Industrial Revenue Bonds, 1982 (Morningside Associates Project)

Dear Mr. McInnis:

Regarding the above-referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Deputy Attorney General

KLH/jvh
Enclosures

014027

First National Bank

12-16-82

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

December 3, 1982

State Budget and Control Board
Post Office Box 1244
Columbia, South Carolina 29211

RE: Richland County, South Carolina, Industrial Revenue Bonds
(Morningside Associates Project) - $500,000.00

Gentlemen:

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

Very truly yours,

E N Howle

Emmet N. Howle
Vice President

ENH/lkw

014028

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY LEXINGTON COUNTY, SOUTH CAROLINA OF $382,500 PRINCIPAL AMOUNT INDUSTRIAL REVENUE BONDS, (MORNINGSIDE ASSOCIATES PROJECT) 1982 PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976).

WHEREAS, the County Council of Lexington County, South Carolina (the "County Board"), has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Lexington County (the "County") pursuant to the Act of its Industrial Revenue Bonds (Morningside Associates Project) 1982, in the aggregate principal amount of $382,500 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the costs of acquiring by construction and purchase, certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used in a facility for the warehousing and distributing of electronic components and other goods; and

WHEREAS, Morningside Associates (the "Company") is to make payments sufficient to pay the principal of and premium, if any, and interest on the Bonds and the costs and expenses related to the issuance of the Bonds; and

WHEREAS, it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the Project, and in addition by a first mortgage on the Project; and

WHEREAS, the County has submitted with the Petition drafts of the documents to be entered into by the County in connection with the issuance of the Bonds, for review by the State Budget and Control Board, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

014029

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

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

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

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

Section 2. In consequence of the foregoing, the proposal of the County to finance the project by the issuance of Bonds secured by a pledge of the revenues to be derived from the Project and a first mortgage on the Project, be and the same is hereby in all respects approved.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in a newspaper having general circulation in Lexington County.

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

Section 5. This Resolution shall take effect immediately.

014030

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29

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

The issuance by Lexington County of its Industrial Revenue Bonds (Morningside Associates Project) 1982, in the aggregate principal amount of $382,500 (the "Bonds"), to defray the costs of acquiring, by construction and purchase, certain machinery, apparatus, equipment, office facilities and furnishings to be used as a facility for the warehousing and distributing of electronic components and other goods (the "Project") to be located in Lexington County. The Project will be owned by Morningside Associates, a general partnership which will unconditionally covenant to pay the principal of, premium (if any) and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from such payments, and are to be additionally secured by a pledge of the Loan Agreement with respect to the Project and a first mortgage on the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: _____, 1982

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 1:30 p.m., Friday, December 17, 1982, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION	AGAINST MOTION
5	0

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

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

014032

December 20, 1982

William A. McInnis

Secretary

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 2 BLUE AGENDA
MEETING OF December 17, 1982 ITEM NUMBER 2

STATE BUDGET & CONTROL BOARD

Agency: Lexington County

Subject: Proposal to Issue Industrial Revenue Bonds
($382,500, Morningside Associates Project)

The proposed project will provide employment for approximately 18-20 persons at a facility for warehousing and distributing electronic components and other goods.

The required reviews by the Attorney General's Office and the State Auditor's Office were incomplete as these agenda materials were being prepared. Staff will advise the Board on the reults of these reviews at the meeting.

Board Action Requested:

If review results are satisfactory, adopt a resolution approving the Lexington County proposal to issue $283,500 Industrial Revenue Bonds on behalf of the Morningside Associates project.

Staff Comment:

Attachments:

014033

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of Dec. 17, 1982]

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

1. Local Government: Lexington County

2. Bond Counsel:

(a) Firm Boyd, Knowlton, Tate & Finlay

(b) Contact Person Robert S. Galloway Phone 779-3080

(c) Address 1122 Lady Street, Columbia, SC 29201

3. Project Name: Morningside Associates

4. Issue Amount: $382,500 Type: Industrial

5. Employment Impact of Project: 18-20

6. Type/Nature of Business of Firm Involved: facility for warehousing and distributing electronic components and other goods

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	RG 12/9	KH 12/9
(b) Documents on issuance/securing of bonds	RG 12/9	KH 12/9
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: First National Bank)	RG 12/9	EAV 12/9
(3) Review by State Auditor's Office (memo)	OK 12/17	xxxxxxxx
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (7 copies for certification for bond counsel)	RG 12/9	KH 12/9
(f) Review by Attorney General's Office (letter)	OK 12/15	xxxxxxxx

Motion:
Second:
Absent:
Vote: For : Against

Certificates signed:

Resolutions mailed:

014034

CHARLES W. KNOWLTON
H. SIMMONS TATE, JR.
KIRKMAN FINLAY, JR.
WILLIAM C. BOYD, III
FRANCIS P. MOOD
J. DONALD DIAL, JR.
JOHN H. LUMPKIN, JR.
MANTON M. GRIER
GEORGE S. KING, JR.
THOMAS R. GOTTSHALL
HAMILTON OSBORNE, JR.
EARL D. HEWLETTE, JR.
DARYL L. WILLIAMS
HENRY L. MOISE
ROBERT M. NETTLES, JR.
JOHN W. FOSTER
JOHN C. BRUTON, JR.
WALTER W. THEUS, JR.
ELIZABETH A. CARPENTIER
BENTON D. WILLIAMSON
SUE C. ERWIN
ROBERT S. GALLOWAY, III
JOHN B. McARTHUR
CLARKE W. DuBOSE
JAMES H. LENGEL

BOYD, KNOWLTON, TATE & FINLAY
ATTORNEYS AT LAW
TWELFTH FLOOR SCN CENTER
1122 LADY STREET
POST OFFICE BOX 11598
COLUMBIA, SOUTH CAROLINA 29211

TELEPHONE 803 779-3080
CABLE ADDRESS: PALMETTO

W.C. BOYD 1904-1975
JOHN C. BRUTON 1907-1969

JOHN H. LUMPKIN, SR.
OF COUNSEL

HILTON HEAD ISLAND OFFICE
GINN BUILDING
SEA PINES CIRCLE
POST OFFICE BOX 6095
HILTON HEAD, S.C. 29938
TELEPHONE 803 842-5254

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

December 8, 1982

HAND DELIVERED

State Budget and Control Board
Wade Hampton Building
Room 212
Columbia, South Carolina 29201

Re: Lexington County, South Carolina
Industrial Revenue Bonds (Morningside Associates Project) 1982

Gentlemen:

You will find enclosed a Petition and Resolution by the Lexington County Council respectfully requesting your approval, pursuant to S. C. Code Ann. §4-29-140 of the above-referenced bond issue. Also enclosed are copies of the Loan Agreement and Assignment, as well as the commitment letter of First National Bank of South Carolina, pertaining to this matter.

The following information responds to S. C. Code Ann. §4-29-140:

(a) The Project will be a facility for warehousing and distributing electronic components and other goods to be located in Lexington County. The County has determined that, in addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been completed and placed in operation, the Project will provide additional permanent employment for citizens of the County with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

(b) The Project is reasonably estimated to cost in excess of $382,500.

(c) First National Bank of South Carolina has agreed to pruchase the revenue bonds. The Company will grant a first mortgage lien on the Project to the Lender. The Loan Agreement entered into

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

between the County and the Company will provide that the County will incur no pecuniary liability or any charge upon its general credit or against its taxing powers. The Company's obligations under the Loan Agreement will be personally guaranteed in full by the three partners of the Company.

On the basis of the foregoing, it is respectfully requested that this matter be placed on the December 17, 1982 agenda, that this Board approve the transaction described above and that it allow the notice required by S. C. Code Ann. §4-29-140 to be published.

Very truly yours,

Robt. S. Galloway, III

Robert S. Galloway, III

RSGIII/dr

CHARLES W. KNOWLTON
H. SIMMONS TATE, JR.
KIRKMAN FINLAY, JR.
WILLIAM C. BOYD, III
FRANCIS P. MOOD
J. DONALD DIAL, JR.
JOHN H. LUMPKIN, JR.
MANTON M. GRIER
GEORGE S. KING, JR.
THOMAS R. GOTTSHALL
HAMILTON OSBORNE, JR.
EARL D. HEWLETTE, JR.
DARYL L. WILLIAMS
HENRY L. MOISE
ROBERT M. NETTLES, JR.
JOHN W. FOSTER
JOHN C. BRUTON, JR.
WALTER W. THEUS, JR.
ELIZABETH A. CARPENTIER
BENTON D. WILLIAMSON
SUE C. ERWIN
ROBERT S. GALLOWAY, III
JOHN B. McARTHUR
CLARKE W. DuBOSE
JAMES H. LENGEL

BOYD, KNOWLTON, TATE & FINLAY
ATTORNEYS AT LAW
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TELEPHONE 803 779-3080
CABLE ADDRESS: PALMETTO

W.C. BOYD 1904-1975
JOHN C. BRUTON 1907-1969

JOHN H. LUMPKIN, SR.
OF COUNSEL

HILTON HEAD ISLAND OFFICE
GINN BUILDING
SEA PINES CIRCLE
POST OFFICE BOX 6095
HILTON HEAD, S.C. 29938
TELEPHONE 803 842-5254

December 14, 1982

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
Office of the Director
State Budget and Control Board
Wade Hampton Building
Room 212
Columbia, South Carolina

Re: Morningside Associates Revenue Bond

Dear Donna:

With regard to the information you requested concerning the Morningside Associates project, it is my understanding that eighteen to twenty persons will be employed in the facility.

In addition, I enclose six copies of the Resolution of the Budget and Control Board in this matter for execution upon the Board's approval.

Please let me know if you need any further information.

Very truly yours,

Robert S. Galloway, III

RSGIII:ss

Enclosures

014037

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF LEXINGTON COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL REVENUE BONDS (MORNINGSIDE ASSOCIATES PROJECT) 1982 or 1983, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING $500,000.

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

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

WHEREAS, the County and Morningside Associates, a South Carolina partnership (the "Company"), have entered into an Inducement Agreement (the "Inducement Agreement") authorized by an Inducement Resolution passed on November 9, 1982, pursuant to which and in order to implement the public purposes enumerated in the Act, the County proposes to issue its Industrial Revenue Bonds (Morningside Associate Project) 1982 or 1983 (the "Bonds") in the principal amount of not exceeding $500,000 under and pursuant to the Act to defray the costs of acquiring certain land, building and other improvements (the "Project") to be located in the County, and subject to the approval of the State Budget and Control Board of South Carolina, to finance the Project under and pursuant to the terms of the Loan Agreement to be entered into between the County and the Company; and

014038

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10(3) of the Act, and the issuance of the Bonds in the principal amount of not exceeding $500,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

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

(c) The issuance of the Bonds by the County in the principal amount not exceeding $500,000 will be required to defray the cost of the Project.

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

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

(f) The Project will consist of certain land, buildings and equipment to be used in a facility for the warehousing and distributing of electronic components and other goods.

(g) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is in excess of $500,000.

(h) In addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been

completed and placed in operation, the Project will provide additional permanent employment for citizens of the County with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

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

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

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

Passed and approved November 17, 1982.

Billy R. Oswald, Chairman
Lexington County Council

ATTEST:

Dorothy K. Wingard, Clerk
Lexington County Council

014040

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

P E T I T I O N

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

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

2. The Act empowers the County, subject to obtaining the approval of the State Budget and Control Board: (i) To acquire or cause to be acquired, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects which shall be located within the County; (ii) enter into a financing agreement with such industry prescribing the terms and conditions of the payments to be made by the industry to the issuer, or its assignee, to meet payments that shall become due on bonds; and (iii) to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project, and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Morningside Associates, a South Carolina partnership (the "Company") by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain land, buildings and equipment to be used in a facility for warehousing and distributing electronic components and other goods, to be located in the County (the "Project").

4. The County has been advised by the Company that the estimated cost of the Project will be in excess of $500,000 and it has requested the County to execute and deliver its Industrial Revenue Bonds (Morningside Associates Project) 1982 or 1983 (the "Bonds") in the principal amount of not exceeding $500,000 to defray such costs.

014041

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the principal amount of the Bonds required to finance the Project is expected not to be in excess of $500,000; (iv) the amount necessary in each year to pay the principal of and the interest on the Bonds will be set forth in the Loan Agreement between the Company and the County, a draft of which will be submitted to the State Budget and Control Board; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the Bonds and the maintenance of the Project; and (vi) the terms under which the Project is to be financed provide that the Company shall maintain the Project and carry all proper insurance with respect thereto.

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

(a) The Project consists of certain land, buildings, equipment and other improvements to be used in a facility for warehousing and distributing electronic components and other goods. It is anticipated that, upon completion, the Project will provide stimulation to the economy of the County and areas adjacent thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be in excess of $500,000.

(c) The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves.

(i) The proposed Loan Agreement between the Company and the County will provide in general:

(A) Proceeds derived from the placement of the Bonds, will be used and applied by the County upon request of the Company solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

014042

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

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

(ii) The proposed Assignment (the "Assignment") from the County to the Lender will provide in general:

(A) An irrevocable pledge and assignment for the benefit of the holder of the Bonds of the County's right, title and interest in and to the Project, the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement or any lease or the sale of the Project (except payments and rights to payments of certain indemnification payments and administration expenses), and all the moneys and securities in funds created under the Loan Agreement.

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

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted

014043

herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the proposed financing of the cost thereof by the County through the issuance of the Bonds pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

LEXINGTON COUNTY, SOUTH CAROLINA

By Billy R. Oswald
Billy R. Oswald, Chairman
Lexington County Council

Dated: November 17, 1982

(SEAL)

ATTEST:

Dorothy K. Wingard
Dorothy K. Wingard, Clerk
Lexington County Council

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

014044

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

LEXINGTON COUNTY, SOUTH CAROLINA

AND

FIRST NATIONAL BANK OF SOUTH CAROLINA

ASSIGNMENT

Dated as of December 1, 1982

014045

THIS ASSIGNMENT, dated as of December 1, 1982 (hereinafter called the "Assignment"), is entered into by and between Lexington County, South Carolina, a body politic and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), as assignor, and First National Bank of South Carolina, a national banking association (hereinafter called the "Lender") as assignee.

WITNESSETH:

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

WHEREAS, Morningside Associates, a South Carolina general partnership (hereinafter referred to as the "Company") has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, buildings (or any enlargement, improvement or expansion thereof or to existing buildings) and equipment, which facilities are deemed necessary, suitable or useful by the Company for the purpose of operating a facility for the warehousing and distributing of electronic components and other goods (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and to make the proceeds thereof available to defray the cost of acquiring the project to be made available to the Company pursuant to the terms of a Loan Agreement dated as of December 1, 1982 (thereinafter called the "Agreement") between the Issuer and the Company under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bond as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Assignment, the Agreement or the Project; and

014046

WHEREAS, the Issuer has determined to issue hereunder an initial bond to be designated "Lexington County, South Carolina, Industrial Revenue Bonds (Morningside Associates Project)" (herein sometimes called the "Bond") in the original principal amount of $382,500 for the purpose of providing funds to defray the cost of acquiring the project to be made available for the Company pursuant to the Agreement; and

WHEREAS, in order to provide for the payment of the principal, premium, if any, and interest on the Bond to the Lender, the Issuer has duly authorized and directed the execution and delivery of this Assignment; and

WHEREAS, the Issuer has duly authorized the execution and delivery of the Agreement and the execution and deliver of the Bond upon and subject to the terms and conditions therein set forth; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Bond, when executed and delivered by the Issuer, the legal, valid and binding limited obligation of the Issuer in accordance with its terms and to make this Assignment a valid and binding agreement for the assignment of the obligations of the Company to the Lender.

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

The Issuer, in consideration of the premises and of the purchase and acceptance of the Bond issued pursuant to the Agreement by the holder and owner thereof, and of the execution and delivery by the Company of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to provide for the payment of the principal, premium, if any, and interest on the Bond according to its tenor and effect and the performance and observance by the Issuer of all covenants expressed or implied in the Agreement and in the Bond, does hereby, subject to the terms and provisions of the Agreement, sell, assign and convey unto First National Bank of South Carolina, as holder of the Bond, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the revenues under the Agreement, and all monies and securities in the Construction Fund (as defined in the Agreement).

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The Issuer hereby authorizes the Lender to exercise all rights of the Issuer under the Agreement in the name of the Lender and, to the extent that any such right is required by law to be exercised in the name of the Issuer, the Issuer hereby authorizes the Lender to pursue such right in the name of the Issuer and for the benefit of the Lender.

IN WITNESS WHEREOF, Lexington County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its County Council and attested to by the Clerk of its County Council and First National Bank of South Carolina has accepted this Assignment by causing its name to be hereunto subscribed by its _____, all as of the date first above written.

Lexington County, South Carolina

By: _____
Chairman of County Council

SEAL

ATTEST:

_____
Clerk, Lexington County
Council South Carolina

First National Bank
of South Carolina

By: _____
Its:

SEAL

ATTEST:

_____

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

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EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

LEXINGTON COUNTY, SOUTH CAROLINA

and

MORNINGSIDE ASSOCIATES

LOAN AGREEMENT

Dated as of December 1, 1982

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of December 1, 1982, by and between LEXINGTON COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (hereinafter referred to as the "Issuer"), and Morningside Associates, a South Carolina general partnership (hereinafter referred to as the "Company"),

WITNESSETH:

WHEREAS, the Act (as hereinafter defined) authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into loan agreements with such an industry, to issue revenue bonds, and to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such bonds in the manner authorized in the Act; and

WHEREAS, the Company has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, land, buildings (or any enlargement, improvement or expansion thereof or to existing buildings) and equipment, which facilities are deemed necessary, suitable or useful by the Company for the purpose of operating a facility for the warehousing and distributing of electronic components and other goods (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and agreed to make the proceeds thereof available to defray the cost of acquiring and constructing the Project to be made available to the Company pursuant to the terms of this Loan Agreement (hereinafter called the "Agreement") under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bonds as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer in connection with this Agreement or the Project.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended to and including the date hereof.

"Additional Bonds" shall mean Bonds, other than the 1982 Bonds, duly executed and delivered under the terms hereof.

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

"Agreement" shall mean this Loan Agreement dated as of December 1, 1982, between the Issuer and the Company, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Assignment" shall mean the Assignment, dated the date hereof, whereby the Issuer has assigned all of its rights hereunder to the Lender.

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Company by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Company by the person or persons signing this Agreement on behalf of the Company or by such other persons who have the legal authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different sections of this Agreement. An Authorized Company Representative may be an employee of the Company. Lender or Issuer may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them of the authority of any Authorized Company Representative to legally bind the Company.

"Bond" or "Bonds" shall mean any or all, as the case may be, of the Lexington County, South Carolina, Industrial Revenue Bonds (Morningside Associates Project) authorized, executed and delivered by the Issuer and delivered under the provisions of this Agreement, including the 1982 Bonds and any Additional Bonds.

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

"Bondholder" or "Holder of the Bonds" or "Holder" shall mean the Registered Owner of any Bond.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.07 hereof.

"Construction Fund" shall mean the fund created under Section 3.03 hereof.

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

"Company" shall mean Morningside Associates, a South Carolina general partnership.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction or purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender, the Issuer and the Depositary, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the execution and delivery of the Bond; (e) all other costs which the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) any sums required to reimburse the Company for advances made by it for any of the above items, or for any of the work done and costs incurred by the Company, which are properly chargeable to the capital account of the Project for federal income tax purposes or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and (g) any amount specified for the payment of interest on Bonds prior to the Completion Date.

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"Depositary" shall mean the corporate trust department of First National Bank of South Carolina, a national banking association, and its successors and assigns.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Bond is includable in the gross income of a holder or former holder thereof; (b) the issuance of a statement by the Company to the effect that it has taken or intends to take some action with the effect of exceeding the limit set forth under IRC Section 103(b)(6)(A); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Bond has become includable in the gross income of the holder thereof for any reason other than that such holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(9); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Company, either directly, or with the cooperation of any holder or former holders of the Bond, a protest being actively prosecuted in good faith by the Company which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service.

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 9.01 hereof

"Guarantors" shall mean Carol Reyner Barnett, Allen S. Guignard, and Alan J. Reyner.

"Guaranty" shall mean the guaranty agreement executed by the Guarantors of even date herewith.

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

"IRC" shall mean the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Bond.

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

"Lender" shall mean First National Bank of South Carolina, a national banking association, and its successors and assigns as the Holder of the 1982 Bond.

"Mortgage" shall mean the Mortgage and Security Agreement executed by the Company, as the same may be amended, modified or supplemented from time to time in conformity with Section 7.11 of this Agreement.

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"Neutral Costs" shall mean, with respect to any Bond, that amount of the proceeds from the sale of such Bond used for (i) the payment of the reasonable expenses of issuing such Bond including, without limitations, advertising, recording and printing costs; accountant's, financial advisor's and counsel fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Bonds.

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

"Outstanding" when used with reference to the Bonds shall mean, at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all such Bonds authorized, executed and delivered hereunder, except:

(a) Bonds canceled or surrendered to the Company or the Issuer for cancellation upon payment;

(b) Bonds in substitution for which another Bond or Bonds shall have been executed and delivered.

In determining whether the Holders of the requisite aggregate principal amount of the Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Agreement, Bonds which are owned by the Issuer or the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Permitted Encumbrances" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) liens for ad valorem taxes and special assessments which are delinquent but the validity of which is being contested in accordance with Section 5.02 of this Agreement; (iii) the Mortgage or any other security interest held by the Lender; (iv) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions that an independent engineer or architect not an employee of the Company and the Authorized Company Representative each certify will not interfere with or impair the operations being conducted therein, or the operations for which the Project was designed or last modified; (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as do not, in the aggregate, in the opinion of counsel satisfactory to the Lender, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Company; (vi) mechanic's and materialman's liens not filed or perfected in the manner prescribed by law in effect on the date of execution hereof; (vii) any mortgage, lease or security interest with respect to machinery and equipment not constituting part of the Project granted in the ordinary course of business; and (viii) such other leases, liens, encumbrances, easements and other

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property interests which were properly filed of record prior to the date of this Agreement.

"Permitted Investments" shall mean any one or more of the following investments, if and to the extent of the same are then legal investments under the applicable laws of the State and regulations governing the Depositary for moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agency of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of any political unit in the State; (iv) repurchase agreements collaterally secured by government agencies; (v) short-term government money market funds; (vi) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vii) certificates of deposit of any bank or trust company if such certificates are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (viii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are insured by an agency of the United States of America; (ix) commercial paper rated Prime-1 by Moody's or A-1 by Standard & Poor's rating Services and (x) any other investment permitted by law.

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

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Company Office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.11 of this Agreement. The Plans and Specifications shall be made available to the Lender and the Issuer for inspection at such times as the Lender or the Issuer may reasonably request.

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

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"Project" shall mean the land and a building or buildings (or any enlargement, improvement or expansion thereof) or other improvements thereon described on Exhibit A hereto and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein more particularly described on Exhibit B hereto, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Company or any related person, as such term is employed in IRC Section 103, after November 9, 1982.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register, as defined in the Agreement.

"State" shall mean the State of South Carolina.

"Supplemental Agreement" or "agreement supplemental hereto" shall mean any agreement supplemental to or amendatory of this Agreement as originally executed which is duly entered into in accordance with the provisions hereof.

"1982 Bond" or "1982 Bonds" shall mean the Bond in the original principal amount of $382,500 initially issued under the provisions of this Agreement.

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ARTICLE II

REPRESENTATIONS

SECTION 2.01. Representations by Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a duly constituted political subdivision of the State and is duly authorized under the laws of the State, including the Act, to enter into the transactions contemplated by this Agreement and the Assignment and to carry out its obligations hereunder and thereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the Assignment and all agreements collateral hereto and thereto.

(b) The South Carolina State Budget and Control Board has duly approved the proposal of the Issuer to issue the 1982 Bond and to finance the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the Issuer of its obligations under this Agreement or the Assignment or to the issuance of the 1982 Bond.

(c) The Issuer is entering into this Agreement and the Assignment, issuing the 1982 Bond and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State.

(d) The Issuer is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the 1982 Bond, or the transactions contemplated by this Agreement or the Assignment.

(e) The authorization, execution and delivery of this Agreement and the Assignment, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with or constitute a breach of, or a default under, any existing law, regulation, decree, order or any provision of the Constitution or laws of the State relating to the establishment of the Issuer or its affairs, or any agreement, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

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

(a) The Company is a general partnership duly organized and validly existing under the laws of the State of South Carolina, has power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement;

(b) The execution and delivery of this Agreement and the Mortgage, the consummation of the transactions contemplated hereby and thereby, or the fulfillment of or compliance with the terms and conditions of this Agreement and the Mortgage is not prevented or limited by, does not conflict with, does not result in a breach or contravention of, and does not constitute a default under, the Company's partnership agreement or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, and will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company prohibited under the terms of any such instrument or agreement;

(c) The issuance of the 1982 Bond by the Issuer and the use by the Company of the proceeds thereof to defray the costs of the acquisition, by construction and purchase, of the Project, as provided by this Agreement, has induced the Company to locate and remain in Lexington County, South Carolina;

(d) Acquisition and construction of the Project was commenced subsequent to November 9, 1982;

(e) The Company intends to operate the Project as a facility for warehousing and distributing electronic components and other goods and to use the Project for such other purposes permitted under the Act as the Company deems appropriate.

(f) The Project is subject to no mortgage, lien or encumbrance prior to the lien of the Mortgage, except as may be disclosed in the title insurance policy described in Section 5.03 of this Agreement.

(g) The financial statements of the Company for the fiscal year ended December 31, 1981, and interim statements through October 31, 1982, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and fairly present its financial position

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and the results of operations at the dates and for the periods indicated (such statements and balance sheets are collectively referred to as the "Financial Information").

(h) Since the date of the latest Financial Information, there has been no material adverse change in the condition, financial or otherwise, business or operations of the Company or of the Guarantors.

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ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT BY THE COMPANY; CONSTRUCTION FUND; ISSUANCE OF THE 1982 BOND

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

Anything in this Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the acquisition of the Project upon the prepayment in full of all amounts to be paid by it under this Agreement with respect to all Outstanding Bonds pursuant to the provisions of Section 10.01 hereof and the making of any such payments in the amounts required by, and in accordance with the terms of, this Agreement. If the Company elects to prepay the Outstanding Bonds in full pursuant to the provisions of Section 10.01 hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Company Representative.

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

SECTION 3.02. Issuance of 1982 Bond. In order to provide funds to defray a portion of the Cost of the Project, the Issuer will issue, execute and deliver the 1982 Bond and deposit the proceeds thereof with the Depositary.

SECTION 3.03. Creation of Construction Fund. There is hereby created and established with the Depositary a special and separate trust fund of the Issuer to be known and designated as the "Lexington County, South Carolina, Industrial Revenue Bond Construction Fund (Morningside Associates Project)." The Issuer shall pay to the Depositary the proceeds from the sale by the Issuer of the Bonds, and the Depositary shall deposit the same in the Construction Fund.

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The Depositary shall be responsible only for the duties expressly contained in this Agreement, and shall be entitled to compensation for the performance of such duties at its standard published rates, which compensation shall constitute an Administration Expense. The Depositary may resign from such duties upon 30 days' written notice to the Company, the Lender and the Issuer.

SECTION 3.04. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depositary and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Bonds until paid out as herein provided.

SECTION 3.05. Requisitions. So long as no Event of Default has occurred and is continuing the Depositary shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) at least 90% of the proceeds received from the Bond issue (after payment of Neutral Costs) theretofore requisitioned from the Construction Fund, including the amount requisitioned, has been or, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) the person signing such requisition has no notice of any vendor's, mechanic's or other liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which would be satisfied or discharged before such payment is made; (viii) such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; (ix) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof; and (x) confirming Lender's rights as a secured party under the Mortgage pursuant to Section 7.11 of this Agreement.

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SECTION 3.06. Retention of Requisitions. For a minimum of five years from the date thereof the Depositary shall retain in its possession all requisitions received by it, subject to the inspection of the Issuer, its agents and representatives, the Company and Bondholders and their representatives at all reasonable times.

SECTION 3.07. Disposition of Balances Remaining in Construction Fund. Upon completion of the Project or completion of any enlargements, improvements or expansions thereof the cost of which has been defrayed out of the proceeds of one or more Bonds, in accordance with the Plans and Specifications, the Depositary shall be furnished with a certificate of an Authorized Company Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the payment of the principal of the Bond the issuance of which resulted in such deposit.

SECTION 3.08. Moneys to be Continuously Secured. All moneys received by the Depositary hereunder shall be continuously held for the benefit of the Holders of the Bonds.

SECTION 3.09. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or Depositary may be retained uninvested as trust funds and shall, upon written direction from the Company, if an Event of Default shall not then exist or be continuing, be invested by the Depositary in Permitted Investments.

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

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SECTION 3.10. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment for the Cost of the Project (including moneys from the proceeds of any Additional Bonds issued to finance the completion of the Project) shall not be sufficient to pay the Cost of the Project in full, the Company will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Issuer makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Company shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Issuer (except from the proceeds of Additional Bonds), the Lender or the Holders of any of the Bonds, nor shall it be entitled to any diminution or postponement of the payments required under this Agreement.

SECTION 3.11. Revision of Plans and Specifications. The Company may revise the Plans and Specifications at any time and from time to time prior to the Completion Date provided that in the case of any change that would render materially inaccurate the description of the Project contained in Exhibits A and B hereto, there shall first be delivered to the Depositary, the Lender and the Issuer (i) revised Exhibits A and B containing a description of the Project as revised by the revision in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Company Representative, (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the proceeds of the Bonds for the Cost of the Project described therein would not impair the exemption of interest on Outstanding Bonds from Federal income taxation; and (iii) an Opinion of Counsel that all approvals required by law, including the Act, necessary in connection with the Project described in the revised Exhibits A and B have been obtained and remain in full force and effect. Upon satisfactory receipt of such documents and approval by the Lender, such revision shall be effective.

SECTION 3.12. Additional Bonds. Subsequent to the execution and delivery of the 1982 Bond, one or more Additional Bonds may be issued for the purpose of providing funds to (i) finance the Cost of completion of the Project; (ii) finance the Cost of enlargements, improvements or expansions to the Project; or (iii) to refund any Bonds then Outstanding. Any such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then outstanding. The issuer may execute and deliver such Additional Bonds to the purchaser thereof, provided that, prior to such delivery:

(a) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing such Additional Bonds as are then required;

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(b) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing the execution and delivery by the Issuer of any agreement which is necessary to amend this Agreement to (i) increase or adjust the payments to be made under the Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal, premium, if any, and interest on all Outstanding Bonds, including such Additional Bonds, (ii) include as part of the Project all land and any building or buildings or other improvements thereon and any machinery, apparatus, equipment, office facilities or furnishings, the cost of which is being defrayed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Agreement as are necessitated by the issuance of such Additional Bonds (provided, however, that such other revisions shall not prejudice the rights of the Holders of Outstanding Bonds as granted them under the terms of this Agreement) as are required by the Act or other statutes of the State;

(c) The Issuer shall receive a written statement by the Company (i) approving the issuance of such Additional Bonds and (ii) certifying that it is not then in default under this Agreement;

(d) The Issuer shall receive a written statement signed by the Lender approving the issuance of such Additional Bonds;

(e) The Issuer shall have received an Opinion of Bond Counsel addressed to the Issuer and the Lender, to the effect that all the conditions precedent to the issuance of such Additional Bonds set forth in this Agreement and the Supplemental Agreement authorizing such Additional Bonds have been satisfied and such issuance will not impair the exemption of interest on the 1982 Bond and any other Additional Bonds previously issued as "tax exempt" bonds, interest on which is exempt from Federal income taxation;

(f) The Issuer shall have made provision satisfactory to the Lender for the application of the proceeds of such Additional Bonds as is required by the Act, this Agreement and the Supplemental Agreement pursuant to which such Additional Bonds are issued;

(g) There shall have been delivered to the Lender and the Holder of any other Bond then Outstanding a duplicate copy of all the documents used in connection with the issuance of the Additional Bonds and an Opinion of Counsel satisfactory to the Lender stating that the Mortgage will continue to have the priority accorded hereto prior to the issuance of such Additional Bonds; and

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(h) Lender shall receive as Depositary the proceeds of the sale of such Additional Bonds, shall deposit such funds in a Construction Fund, and shall administer the disbursement of such funds, unless Lender chooses not to act in such capacity.

SECTION 3.13. Amendment of Agreement upon Issuance of Additional Bonds. The Company agrees that in the event the Issuer shall, at the request of the Company: (i) issue one or more Additional Bonds for the purpose of (A) completing the payment of the Cost of the Project or (B) enlarging, improving or expanding the Project, or (ii) issue one or more Additional Bonds for the purpose of refunding any Bonds, the Company will, if necessary, enter into an amendment to this Agreement containing such provisions as shall be required in respect of the issuance of such Additional Bonds including without limitation the provisions required pursuant to Section 3.12 of this Agreement. The amount of the payments required to be made by the Company pursuant to Section 4.01 hereof shall be adjusted or increased, if necessary, by the amount required to pay in full as and when due the principal, premium, if any, and interest payable on each Additional Bond.

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ARTICLE IV

PAYMENTS BY COMPANY TO ISSUER

SECTION 4.01. Payments to be made by Company. In consideration of the application of the proceeds of the sale of each Bond to defray the Cost of the Project or for the purposes specified in Section 3.07 hereof, the Company absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the time and places required the amounts required to pay when due the principal, premium, if any, and interest on all the Bonds Outstanding together with the Administration Expenses and any other amounts required to be paid under the terms hereof. Without limiting the generality of the foregoing, the Company agrees to pay to, or to the order of, the Issuer, as payment of such amounts a sum equal to the aggregate principal amount of each Bond, together with interest on the unpaid balances on each Bond, and any premium thereon, in the amounts and on the dates as follows:

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

(b) On or before each Principal Payment Date or mandatory redemption date, the sum which will equal the principal of each Bond which will become due and payable on such Principal Payment Date or mandatory redemption date.

In addition to the options and obligations of the Company under Article X hereof to prepay the entire unpaid balance payable under this Section 4.01, the Company shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such payments. The Lender shall apply such prepayments pro rata against principal payments due.

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

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

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SECTION 4.02. Assignment by the Issuer to the Lender. It is understood and agreed that this Agreement and all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement) and the moneys held in the funds and accounts established hereunder, including the investment income thereon, are to be assigned by the Issuer to the Lender pursuant to the Assignment. The Company assents to such assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer. The Issuer directs the Company, and the Company agrees, to pay to the Lender, as Holder of the 1982 Bond at the address of the Lender as it appears herein or as it may be changed from time to time by the Lender in writing, all payments payable by the Company to the Issuer pursuant to this Agreement by reason of the issuance of the 1982 Bond (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement).

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ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Company. The Company will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Company prepays all amounts due under the provisions of Section 10.01 hereof.

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

SECTION 5.02. Taxes, other Governmental Charges and Utility Charges. The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Issuer or the Company with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Company pursuant to Section 4.01 of this Agreement other than as provided in Section 4.02 hereof to the Lender. If the Company shall in good faith contest any such tax, assessment, lien or charge as permitted in Section 7.10 hereof, such action by the Company shall not be considered as a breach by it of any of its covenants under this Agreement.

SECTION 5.03. Insurance. (a) The Company shall at its expense continuously maintain or cause to be maintained insurance with specific reference to the Project under valid and enforceable policies with insurers of recognized responsibility insuring against such risks as are customarily insured against by businesses of like size and character, paying as and when the same become due all premiums with respect thereto, including but not necessarily limited to:

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(i) Title Insurance: Mortgagee title insurance on all real property included in the Mortgage issued by a company approved by the Lender insuring the priority of the lien of the Mortgage as a first mortgage lien upon the Project, subject to no encumbrances other than Permitted Encumbrances (provided, however, that the title policy may not be subject to the encumbrances which may exist at the date of the closing described in subparagraph (vi) of the definition of Permitted Encumbrances), in an amount not less than $382,500. The net proceeds of such insurance shall be used, at the direction of the Company: (i) to remedy any title defect, resulting in the payment thereof and, to the extent not required to remedy such defect, to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement or (ii) to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement.

(ii) Fire and Extended Coverage. Policies of insurance against loss or damage to the Project and any other property covered by the Mortgage by fire, with standard extended coverage endorsement covering loss or damage, by lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement with deductible provisions not exceeding $10,000. Such policy shall contain an agreed value endorsement (which value shall be not less than the principal amount of the Bonds Outstanding in any year) or a co-insurance provision not greater than 80%. During the construction of any improvements constituting a part of the Project, the Company shall keep, or cause the contractor doing the construction to keep, any improvements constituting a part of the Project insured under "builders risk" insurance (or similar insurance) in such amount as is required in this paragraph.

(iii) Public Liability. General comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project and the adjoining sidewalks and passageways, or in any way related to the operations of the Project, in the minimum amounts of $1,000,000 for death of or bodily injury to any one person, $5,000,000 for aggregate death and bodily injury claims resulting from any one occurrence, and $1,000,000 for property damage.

(b) All policies of insurance required pursuant to this Section may be in the form of blanket policies of insurance. So long as any of the Bonds remain Outstanding, policies of insurance required by paragraph (a) (ii) of this Section shall contain standard mortgagee clauses requiring that all net proceeds of insurance in excess of $10,000 resulting from any claim for loss or damage covered thereby be paid to the Lender. The net proceeds of all policies required by paragraph (a) (ii) of this Section shall be applied as provided in Section 6.01 hereof. The net proceeds of all policies required by paragraph

(a) (iii) of this Section shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. All such policies shall, to the extent obtainable, provide that any loss shall be payable notwithstanding any act of negligence of the Company which might otherwise result in forfeiture of said insurance.

The policies of insurance required by this Section shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of the Issuer or the Lender or cancelled without at least 10 days' prior written notice to the Issuer and the Lender.

The Company covenants to furnish to the Issuer or Lender, promptly upon request, certificates from the insurers evidencing the existence of all insurance policies required by this Section; and prior to the expiration of any such policy the Company shall furnish the Issuer or Lender with evidence satisfactory to them, that the policy has been renewed or replaced or is no longer required by this Agreement.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 6.01 Damage and Destruction. If at any time Bonds are Outstanding, all or any part of the Project shall be destroyed or damaged, the Company, at its sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose), shall (unless the Company determines that the rebuilding, restoration, replacement or repair of the Project is not practicable or desirable and the Company exercises its option to apply such proceeds to the prepayment of Bonds), promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Project to either the value thereof immediately prior to such damage or destruction or to such extent as is necessary to resume use of the Project as it was being used immediately prior thereto. The Company shall apply the net proceeds of insurance carried pursuant to Section 5.03 (a)(ii) hereof received as a result of such damage or destruction of the Project either to the required rebuilding, restoration, replacement or repair of the Project, or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to such prepayment. In the event the insurance proceeds available therefor are not sufficient to pay the costs of rebuilding, replacing, restoring or repairing the Project and the excess costs thereof are paid by the Company, the Company shall not be entitled to any reimbursement of such excess costs from the Issuer or the Lender or any abatement, postponement or diminution of the amounts payable under Article IV hereof. If the estimated cost of rebuilding, replacing, restoring or repairing the Project after any particular incident shall exceed $10,000, the Company shall promptly notify the Issuer and the Lender of the occurrence of such incident and the completion of the required rebuilding, replacement, restoration or repair.

The net proceeds of insurance carried pursuant to Section 5.03(a)(ii) hereof received by the Lender shall be available to the Company to pay the cost of the required rebuilding, restoration, replacement or repair of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to prepay the Bonds. Upon the Company's compliance with the provisions of this Agreement including without limitation Section 3.05 hereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in Section 3.05, the Company shall be paid from the insurance proceeds received and held by the Lender on account of such damage or destruction, the cost of the repairs, rebuilding or restoration, as certified to the Lender in accordance with Section 3.05, up to the full amount of such insurance proceeds and the balance, if any, of such insurance proceeds shall be applied to the prepayment of the Bonds. Any balance of such insurance proceeds exceeding the amount necessary to prepay all

the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

SECTION 6.02. Condemnation. If at any time Bonds are Outstanding, title to, or the temporary use of all or part of the Project shall be taken by the exercise of the power of eminent domain or condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall notify the Issuer and the Lender as to the nature and extent of such loss. The Issuer and the Company shall, subject to all the terms of this Agreement, be entitled to, and shall receive, the entire award for the taking as their interests may appear. So long as any of the Bonds remain Outstanding, the Issuer and the Company hereby irrevocably assign all their right title and interest in and to such award or awards to the Lender, and the Issuer and the Company shall immediately pay the same to the Lender.

If after such taking, the Company does not exercise an option to apply such proceeds to the prepayment of Bonds, this Agreement shall nevertheless continue in full force and effect without abatement (except such credit as is expressly provided pursuant to Section 4.01 hereof as a result of the prepayment of all or a portion of the Bonds). If such taking shall have caused damage to, or necessitated restoration or rebuilding of any of the Project, unless the Company exercises its option to apply such proceeds to the prepayment of Bonds, the Company, at its sole cost and expense, shall promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Project by the Company, whether or not the award is sufficient for this purpose.

The award held by the Lender as a result of such taking shall be available to the Company to pay the cost of the required restoration or rebuilding of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to pay the prepayment price thereof. Upon the Company's compliance with the provisions of this Agreement, including without limitation Section 3.05 hereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in Section 3.05, there shall be paid from the award received and held by the Lender on account of such taking, the cost of the repairs or restoration as certified to the Lender in accordance with Section 3.05, up to the full amount of such award and the balance, if any, of such award shall be applied to the prepayment of the Bonds. Any balance of such award exceeding the amount necessary to prepay all the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

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The Issuer shall cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project without the consent of the Company.

The Company shall be solely entitled to receive and hold any condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of its own property, including but not limited to such buildings, improvements, machinery, equipments and fixtures which do not constitute part of the Project, or for damages on account of the taking of or interference with the Company's right to possession or occupancy of the Project.

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ARTICLE VII

SPECIAL COVENANTS

SECTION 7.01. No Warranty of Design, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Company's purposes or needs.

SECTION 7.02. Maintenance of Existence. The Company agrees that so long as any Bond is Outstanding it will maintain its existence.

SECTION 7.03. Covenants with Respect to Tax Exemption. The Company represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of any Bond issued hereunder, the interest on which is excludable from the gross incomes of such Holders when such Bonds were issued (except such Holders as are "substantial users" of the Project or related thereto under IRC Section 103), that it has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate such exemption of interest.

Without limiting the generality of the foregoing, the Company covenants that it will not make, or give its consent for the Depositary to make any use of the proceeds of any of the Bonds or of any moneys which may be deemed to be the proceeds of the Bonds pursuant to section 103(c) of the IRC and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of said section 103(c) of the IRC and said regulations, as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bonds.

SECTION 7.04. Indemnification. Company shall and agrees to indemnify and save the Issuer, the Lender and the Depositary harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the time any Bonds are Outstanding, and the Company further shall indemnify and save the Issuer, the Lender and the Depositary harmless against and from all claims arising during the time any Bonds are Outstanding from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act of negligence of the Company or any of its agents, contractors, servants, employees or licensees. The Company shall indemnify and save the Issuer, Lender and the Depositary harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and

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upon notice from the Issuer, the Lender or the Depositary, the Company shall defend them or either of them in any such action or proceeding.

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

SECTION 7.05. Company Information. Within 90 days of receipt of a request by the Lender, the Company shall furnish the Lender with copies of its financial statements, signed by any two of the Guarantors, for the preceding annual period. The Company shall also furnish such other information and shall permit inspection of its property and records with respect to it or the Project as may reasonably be requested by the Issuer or the Lender.

The Company shall notify the Lender promptly upon the occurence of any Event of Default hereunder or under any other agreement or contract to which it is a party or by which it is bound.

SECTION 7.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Company, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Company or the Issuer, the Company and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 7.07. Recording, Filing and Registering. The Company covenants that it will take all action required to effect the recording, filing and registering required under the provisions of the Mortgage.

SECTION 7.08. No Liability of Issuer's Personnel. All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants,

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

SECTION 7.09. Liens. Subject to Section 7.10 hereof, the Company will not create or permit to be created or to remain, and will discharge, any lien, encumbrance or charge (other than Permitted Encumbrances) upon the Project, any part thereof, or any other property owned by the Company on the date the Bonds are executed and delivered.

SECTION 7.10. Permitted Contests. The Company shall not be required to pay, discharge or remove any tax, lien, or assessment, or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the Project or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, so long as the Company shall, after prior written notice to the Issuer and the Lender, at the Company's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of said Project or any part thereof to satisfy the same or to enforce such compliance provided that the Company shall have given reasonable security as may be demanded by the Issuer or the Lender, or both to insure such payment and prevent any sale or forfeiture of the Project or any part thereof by reason of such nonpayment or noncompliance. Such contest may be made by the Company in the name of the Issuer or, of the Company, or both, as the Company shall determine, and the Issuer agrees that it will, at Company's expense, cooperate with the Company in any such contest to such extent as the Company may reasonably request. It is understood, however, that the Issuer shall not be subject to any liability for the payments of any costs or expenses in connection with any such proceeding brought by the Company, and the Company covenants to pay, and indemnify and save harmless the Issuer from any such costs or expenses.

SECTION 7.11. The Mortgage. The Company shall deliver, concurrently with the requisition of any funds from the Construction Fund, such mortgages, security agreements, financing statements, pledges or other instruments necessary to grant Lender a first lien on any part of the Project, and giving Lender such rights as it may resonably request as a secured party, whether in confirmation of, or in addition to, its rights hereunder.

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ARTICLE VIII

ASSIGNMENT, LEASING AND SELLING

SECTION 8.01. Assignment, Leasing and Selling of Project. So long as any Bond is Outstanding, the Company will not sell, lease or otherwise dispose of or encumber its interest in the Project except with the consent of the Lender.

SECTION 8.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Company pursuant to this Agreement.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events, the occurrence of any one of which, without presentation, demand, protest, or notice of any kind (except as expressly provided), shall give rise to the remedies described in this Agreement:

(a) Failure by the Company to make any payment in respect of principal or interest on the Bonds or any other payment of money required under this Agreement when such payment shall be due;

(b) Failure by the Company or the Guarantors to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Agreement other than as referred to in subsection (a) of this Section 9.01, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company or the Guarantors by the Lender by certified mail, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

(c) The event that any representation or warranty of the Company contained in this Agreement or of the Guarantors in the Guaranty or of either the Company or the Guarantors or any party acting on their behalf in any other document delivered in connection with the transactions contemplated herein was materially false or erroneous when made;

(d) The commencement by the Company or the Guarantors of any case, proceeding or other action in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of their respective debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the application by the Company or the Guarantors for a receiver, custodian or trustee of the Company or the Guarantors or for all or a substantial part of their respective property; or the making by the Company or the Guarantors of an assignment for the benefit of creditors; or the inability by the Company or the Guarantors or the admission in writing of the inability to pay their respective debts as they become due; or a default by the Company or the Guarantors in payment of any other indebtedness owed to the Lender which results in the acceleration in time of payment of other indebtedness owed to the Lender

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without such acceleration having been rescinded or annulled; or the taking of any action by the Company or the Guarantors indicating their consent to approve of or acquiescence in, or in the furtherance of, any of the foregoing.

(e) The entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Company or the Guarantors, or adjudging the Company or the Guarantors a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Company or the Guarantors under the Federal Bankruptcy Act or any other applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or similar official) of or for the Company or the Guarantors or any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

SECTION 9.02. Remedies. Whenever any Event of Default referred to in Section 9.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The Lender may, at its option, declare all unpaid amounts payable under Section 4.01 hereof to be immediately due and payable.

(b) The Lender may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement or any other document delivered in connection with these transactions.

SECTION 9.03. Application of Moneys upon Event of Default. Any moneys received by the Lender pursuant to this Article IX shall, after payment of all Administration Expenses, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First--To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments of interest, to the extent permitted by law, at the highest rate per annum borne by 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 of such interest

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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 premium, if any, on any of the Bonds which shall have become due with interest as aforesaid on such principal and premium, if any, from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal, premium, if any, and interest thereon, due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest thereon, as aforesaid, without preference or priority of principal and premium, if any, over interest or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.04 hereof, then, subject to the provisions of paragraph (b) of this Section 9.03 which shall be applicable in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section 9.03.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.03, such moneys shall be applied at such times, and from time to time, as the Lender 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 Lender 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 date shall cease to accrue. The Depositary shall give such notice by mail as it may deem appropriate of the receipt by it of any such moneys and of the fixing of such date.

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SECTION 9.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. The Lender may, from time to time, at its sole discretion, rescind any declaration given under this Article IX.

SECTION 9.05. Attorney's Fees and Expenses. In the event under any of the provisions of this Agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other reasonable expenses so incurred.

SECTION 9.06. Nonwaiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the provisions of the Assignment, the Issuer shall have no power to waive any default hereunder by the Company without the consent of the Lender to such waiver and the Issuer shall be bound by any waiver of the Lender which does not affect any unassigned rights of the Issuer hereunder.

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ARTICLE X

PREPAYMENTS

SECTION 10.01. Optional Prepayment. The Company shall have, and is hereby granted, the option to prepay, at any time upon thirty (30) days' written notice delivered to the Lender, in whole or in part, the amounts payable under Section 4.01 hereof with respect to one or more Bonds.

In the event the Company exercises the option granted pursuant to this Section, the Company shall pay a sum sufficient, together with other funds held by the Lender and available for such purpose (i) to prepay at the earliest practicable date the Bonds to be prepaid at a prepayment price equal to the principal amount thereof to be prepaid, such payment to reduce principal payments pro rata, (ii) to pay the interest which will become due on such Bonds to the date or dates fixed for prepayment and (iii) to pay all Administration Expenses relating to such Bonds accrued and to accrue through the date or dates fixed for prepayment.

SECTION 10.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 10.01 hereof, the Company shall give the Issuer and the Lender written notice of the date of such prepayment.

SECTION 10.03. Mandatory Prepayment. In the event after completion of the Project there remain monies in the Construction Fund not needed for the payment of Costs of the Project, the Bonds shall be prepaid with such proceeds or such monies, prepayments reducing principal payments pro rata.

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ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Bonds (including interest and premium, if any, thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Company under this Agreement, including (without limitation) interest, premiums and other charges, if any, thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

(a) if to the Issuer,

Lexington County Council
212 South Lake Drive
Lexington, South Carolina 29072
Attention: County Attorney

(b) if to the Company,

Morningside Associates
Columbia, South Carolina

Attention: Alan J. Reyner, Jr.

copy to the Guarantors,

Carol Reyner Barnett
_____
_____,

Allen S. Guignard
_____
_____,

Alan J. Reyner, Jr.
P. O. Box 11929
Columbia, South Carolina 29211

(c) if to the Lender,

First National Bank of South Carolina
P. O. Box 111
Columbia, South Carolina 29202
Attention: Commercial Loan Department

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(d) if to the Depositary,

First National Bank of South Carolina
Columbia, South Carolina
Attention: Corporate Trust Department

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Company to the other shall also be given to the Lender. The Issuer, the Company and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 11.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.02, 8.01 and 8.02 hereof.

SECTION 11.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reasons, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Company, as the case may be, to the full extent permitted by law.

SECTION 11.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Company and consented to in writing by the Lender.

SECTION 11.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.07. Limited Obligation of the Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Company in obtaining any license or permit or other legal approvals a deposit by the Company of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Company; and (c) the liability of the

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Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and exclusively to the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

SECTION 11.08 State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 11.09 Rights of Lender. The agreements or obligations made herein by the Company to or for the benefit of the Lender are intended by the Company to be specifically enforceable by the Lender and the Company acknowledges that the acquisition of the 1982 Bond by the Lender is consideration for any such agreements or obligations.

IT WITNESS WHEREOF, Lexington County, South Carolina, has executed this Loan Agreement by causing its name to be hereunto subscribed by the Chairman of its County Council and attested by the Clerk of its County Council and Morningside Associates, a general partnership, has executed this Loan Agreement by causing its name to be hereunto subscribed by its partners, all as of the date first above written.

Lexington County, South Carolina

By: _____
Billy R. Oswald
Chairman, Lexington County Council

ATTEST:

_____
Clerk, Lexington County
Council South Carolina

Morningside Associates,
a general partnership

By: _____
Carol Reyner Barnett
General Partner

By: _____
Allen F. Guignard
General Partner

By: _____
Alan J. Reyner, Jr.
General Partner

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EXHIBIT A

[real property description]

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EXHIBIT B

[personal property description]

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EXHIBIT C

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LEXINGTON COUNTY
INDUSTRIAL REVENUE BOND
(Morningside Associates Project)

1982

$382,500 December _____, 1982

Lexington County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby promises to pay to First National Bank of South Carolina or registered assigns, the principal sum of Three Hundred Eighty-two Thousand Five Hundred Dollars ($382,500), payable in monthly installments of _____ Dollars ($_____) each on the _____ day of each month, commencing January ___ , 1983, to and including final maturity on December ___ , 1992, together with interest on the unpaid principal balance until paid, payable on the first day of each month, commencing January ___ , 1983, to ard including final maturity. The interest rate on this bond shall be a rate per annum equal to seventy-two per cent (72%) of the prime interest rate charged by First National Bank of South Carolina, adjusted monthly on the first calendar day of each month, for the period during which the interest on this Bond to be determined has accrued.

Upon a Determination of Taxability, as defined in the Loan Agreement, the interest rate shall be a rate equal to the one hundred fifteen per cent of the prime interest rate of First National Bank of South Carolina, adjusted monthly on the first calendar day of each month, such rate to apply retroactively to the date on which interest on this bond became taxable. In addition, upon a Determination of Taxability, _____ _____ .

The installments of principal, premium, if any, 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. The final installment of principal and premium, if any, on this Bond is payable, upon surrender hereof, to the Depositary (hereinafter referred to). The interest on this Bond and all other payments of principal and premium, if any, when due and payable, shall be paid to the registered owner hereof in immediately available funds by check or draft mailed to such person at his address appearing in the Loan Agreement

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(hereinafter referred to) or at such place as he may have informed the Company (hereinafter referred to) in writing.

This Bond is duly authorized and issued by the Issuer and designated as "Lexington County, South Carolina, Industrial Revenue Bond (Morningside Associates Project) 1982" (the "1982 Bond"), issued in the original principal amount of $382,500 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act") and under a Loan Agreement (the "Loan Agreement") and Assignment (the "Assignment") by and between the Issuer and Morningside Associates, a South Carolina general partnership (the "Company"), each dated as of December 1, 1982. The 1982 Bond is being issued to defray the costs of acquiring a building or buildings or any enlargement, improvement or expansion thereof and all machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of warehousing and distributing electronic components and other goods (the "Project"). As provided in the Loan Agreement, additional bonds may be issued for the purpose of (a) defraying the cost of completing the Project or the cost of enlarging, improving or expanding the Project, or (b) refunding any bonds issued and outstanding under the Loan Agreement (said additional bonds and the 1982 Bond and all bonds issued and outstanding under the Loan Agreement being referred to as the "Bonds").

Pursuant to the terms of the Loan Agreement, the Company has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal, premium, if any, and interest on the Bonds. Pursuant to the Assignment, the Issuer has assigned its rights to receive payments under the Loan Agreement (except for certain rights of indemnification and reimbursement of expenses) to First National Bank of South Carolina and its successors and assigns as holder of this Bond (the "Lender") to facilitate payment of the Bonds.

Copies of the Loan Agreement and Assignment are on file at the principal corporate office of the Lender and in the Office of the Clerk of Court for Lexington County, South Carolina, and reference is made to the Mortgage and Security Agreement executed by the Company (the "Mortgage")(and all mortgages and security agreements supplementary thereto and amendatory thereof) as referenced in the Loan Agreement, the Loan Agreement and the Assignment (and all amendments or supplements thereto) for the provisions relating, among other things,to the terms and security for the Bonds, the collection and disposition of the revenues and receipts of the Issuer derived pursuant to the Loan Agreement, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of Bonds, the rights, duties and obligations of the Issuer, the Company and the Lender and the modification or amendment of any of the foregoing.

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The 1982 Bond and the Bonds are and will be equally and ratably secured, to the extent provided in the Loan Agreement. THE BONDS AND THE INTEREST PAYMENTS BECOMING DUE HEREON AND THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE LOAN AGREEMENT, AND DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT AND TAXING POWER OF THE ISSUER ARE NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

The transfer of this Bond is registrable, as provided in the Loan Agreement, at the principal office of First National Bank of South Carolina as Depositary under the Loan Agreement (the "Depositary"), by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Depositary duly executed by the registered owner or his attorney duly authorized in writing, whereupon such Bond shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer as provided in the Loan Agreement, and upon payment of the charges therein prescribed. The Issuer and the Company 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 1982 Bond will be subject to prepayment prior to the stated maturity hereof:

(a) As a whole or in part at any time upon 30 days' notice upon the exercise by the Company of its option under the Loan Agreement to prepay in whole or in part any payment required to be paid under the Loan Agreement.

(b) In part upon the completion of the Project from moneys remaining in the Construction Fund (as such term is defined in the Loan Agreement) not needed for the payment of the Cost of the Project (as such term is defined in the Loan Agreement).

(c) As a whole or in part at the option of the Company in the event that certain insurance or condemnation proceeds are paid, as is more fully described in the Loan Agreement.

In each such case, the 1982 Bond shall be prepaid at a prepayment price equal to the principal amount thereof, together with unpaid interest accrued to the date fixed for prepayment, in the manner and subject to the provisions of the Loan Agreement; such partial prepayments to apply to principal payments pro rata.

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

As provided in the Loan Agreement, modifications or alterations of the Loan Agreement, or of any agreement supplemental thereto, and of the rights and obligations of the Issuer and of the holder of the Bonds in any particular may be made only with the consent of the Company and the holders of each of the affected Bonds then outstanding under the Loan Agreement. Any such consent by the holder of this Bond shall be conclusive and binding upon such holder and all future holders and owners of this Bond irrespective of whether any notation of such consent is made upon this Bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Loan Agreement 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 in due time, form and manner, 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 Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Lexington County, South Carolina has caused this Bond to be executed in its name and on its behalf by the manual signature of the Chairman of its County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced thereon and attested by the manual signature of the Clerk of its County Council, as of the date first above written.

LEXINGTON COUNTY, SOUTH CAROLINA

By _____
Chairman, County Council of
Lexington County, South Carolina

(SEAL)

ATTEST:

By _____
Clerk, County Council of
Lexington County, South
Carolina

EXHIBIT

DEC 17 1982 NO. 2

STATE BUDGET & CONTROL BOARD

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The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-8820

December 14, 1982

Mr. William A. McInnis
Secretary
State Budget and Control Board
212 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: $525,000 Richland County, South Carolina, Industrial Revenue Bonds, 1982 (Carter-Miot Engineering Co., Inc. Project)

Dear Mr. McInnis:

Regarding the above-referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson

Karen LeCraft Henderson
Deputy Attorney General

KLH/jvh
Enclosures

014095

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

12-14-82

December 2, 1982

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

State Budget and Control Board
Post Office Box 1244
Columbia, South Carolina 29211

RE: Richland County, South Carolina
Industrial Revenue Bonds (Carter-Miot
Engineering Company Project) - $525,000

Gentlemen:

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

Sincerely,

Culver P. Choate

Culver P. Choate
Vice President

jmc

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EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY RICHLAND COUNTY, SOUTH CAROLINA OF $525,000 PRINCIPAL AMOUNT INDUSTRIAL REVENUE BONDS, (CARTER-MIOT ENGINEERING CO., INC. PROJECT) 1982 PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976).

WHEREAS, the County Council of Richland County, South Carolina (the "County Board"), has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Richland County (the "County") pursuant to the Act of its Industrial Revenue Bonds (Carter-Miot Engineering Co., Inc. Project) 1982, in the aggregate principal amount of $525,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the costs of acquiring by construction and purchase, certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used in a facility for the manufacturing of signs and automatic teller machine environments; and

WHEREAS, Carter-Miot Engineering Co., Inc. (the "Company") is to make payments sufficient to pay the principal of and premium, if any, and interest on the Bonds and the costs and expenses related to the issuance of the Bonds; and

WHEREAS, it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the Project, and in addition by a first mortgage on the Project; and

WHEREAS, the County has submitted with the Petition drafts of the documents to be entered into by the County in connection with the issuance of the Bonds, for review by the State Budget and Control Board, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

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

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

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

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

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

Section 2. In consequence of the foregoing, the proposal of the County to finance the project by the issuance of Bonds secured by a pledge of the revenues to be derived from the Project and a first mortgage on the Project, be and the same is hereby in all respects approved.

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

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29

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

The issuance by Richland County of its Industrial Revenue Bonds (Carter-Miot Engineering Co., Inc. Project) 1982, in the aggregate principal amount of $525,000 (the "Bonds"), to defray the costs of acquiring, by construction and purchase, certain machinery, apparatus, equipment, office facilities and furnishings to be used as a facility for the manufacturing of signs and automatic teller machines (the "Project") to be located in Richland County. The Project will be owned by Carter-Miot Engineering Co., Inc., a corporation which will unconditionally covenant to pay the principal of, premium (if any) and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from such payments, and are to be additionally secured by a pledge of the Loan Agreement with respect to the Project and a first mortgage on the Project.

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

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: _____, 1982

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EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 1:30 p.m., Friday, December 17, 1982, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION	AGAINST MOTION
5	0

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

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

014100

December 20, 1982

William A. McInnis

Secretary

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF RICHLAND COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL REVENUE BONDS (CARTER-MIOT ENGINEERING CO. PROJECT) 1982, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING $525,000.

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

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

WHEREAS, the County and Carter-Miot Engineering Co., a South Carolina corporation(the "Company"), have entered into an Inducement Agreement (the "Inducement Agreement") authorized by an Inducement Resolution passed on December 1, 1982, pursuant to which and in order to implement the public purposes enumerated in the Act, the County proposes to issue its Industrial Revenue Bonds (Carter-Miot Engineering Co., Project) 1982 or 1983 (the "Bonds") in the principal amount of not exceeding $525,000 under and pursuant to the Act to defray the costs of acquiring certain equipment and other improvements (the "Project") to be located in the County, and subject to the approval of the State Budget and Control Board of South Carolina, to finance the Project under and pursuant to the terms of the Loan Agreement to be entered into between the County and the Company; and

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

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

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

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10(3) of the Act, and the issuance of the Bonds in the principal amount of not exceeding $525,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

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

(c) The issuance of the Bonds by the County in the principal amount of $525,000 will be required to defray the cost of the Project.

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

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

(f) The Project will consist of certain land, buildings and equipment to be used in a facility for manufacturing automatic teller machine environments and signs.

(g) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is in excess of $525,000.

(h) In addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been completed and placed in operation, the Project will provide additional permanent employment for citizens of the County with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

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

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

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

Passed and approved December 1, 1982.

John V. Green, Chairman,
County Council Richland County

ATTEST:

Brenda Fuller

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

014103

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

P E T I T I O N

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

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

2. The Act empowers the County, subject to obtaining the approval of the State Budget and Control Board: (i) To acquire or cause to be acquired, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects which shall be located within the County; (ii) enter into a financing agreement with such industry prescribing the terms and conditions of the payments to be made by the industry to the issuer, or its assignee, to meet payments that shall become due on bonds; and (iii) to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project, and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Carter-Miot Engineering Co., a South Carolina corporation (the "Company") by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain land, buildings and equipment to be used in a facility for manufacturing automatic teller machine environments and signs, to be located in the County (the "Project").

4. The County has been advised by the Company that the estimated cost of the Project will be in excess of $525,000 and it has requested the County to execute and deliver its Industrial Revenue Bonds (Carter-Miot Engineering Co. Project) 1982 or 1983 (the "Bonds") in the principal amount of not exceeding $525,000 to defray such costs.

014104

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the principal amount of the Bonds required to finance the Project is expected to be $525,000; (iv) the amount necessary in each year to pay the principal of and the interest on the Bonds are set forth in drafts of the proposed Loan Agreement between the County and the Company to be submitted to the State Budget and Control Board; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the Bonds and the maintenance of the Project; and (vi) the terms under which the Project is to be financed provide that the Company shall maintain the Project and carry all proper insurance with respect thereto.

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

(a) The Project consists of certain land, buildings, equipment and other improvements to be used in a facility for manufacturing automatic teller machine environments and signs. It is anticipated that, upon completion, the Project will provide stimulation to the economy of the County and areas adjacent thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be in excess of $525,000.

(c) The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves.

(i) The proposed Loan Agreement between the Company and the County will provide in general:

(A) Proceeds derived from the placement of the Bonds, will be used and applied by the County upon request of the Company solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

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

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

(ii) The proposed Assignment (the "Assignment") from the County to the Lender will provide in general:

(A) An irrevocable pledge and assignment for the benefit of the holder of the Bonds of the County's right, title and interest in and to the Project, the Loan Agreement and all payments, receipts and revenues which the County has a right to receive under the Loan Agreement or any lease or the sale of the Project (except payments and rights to payments of certain indemnification payments and administration expenses), and all the moneys and securities in funds created under the Loan Agreement.

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

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the proposed financing of the cost thereof by the County through the issuance of the Bonds pursuant to the Act (including changes in any details of the said financing as finally consummated which do not

materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

RICHLAND COUNTY, SOUTH CAROLINA

By _____
John V. Green, Chairman,
of County Council

Dated: December 1, 1982

(SEAL)

ATTEST:

Brenda Fuller
Brenda Fuller, Clerk of the
County Council

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

014107

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 3 BLUE AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 3

STATE BUDGET & CONTROL BOARD

Agency: Richland County

Subject: Proposal to Issue Industrial Revenue Bonds
($525,000, Carter-Miot Engineering Co., Inc., Project)

The proposed project will provide employment for approximately 35 people at a facility for manufacturing signs and automatic teller machine environments.

The required reviews by the Attorney General's Office and the State Auditor's Office were incomplete as these agenda materials were being prepared. Staff will advise the Board on the reults of these reviews at the meeting.

Board Action Requested:

If review results are satisfactory, adopt a resolution approving the Richland County proposal to issue $525, 000 Industrial Revenue Bonds on behalf of the Carter-Miot Engineering Co., Inc., project.

Staff Comment:

Attachments:

014108

CHARLES W. KNOWLTON
H. SIMMONS TATE, JR.
KIRKMAN FINLAY, JR.
WILLIAM C. BOYD, III
FRANCIS P. MOOD
J. DONALD DIAL, JR.
JOHN H. LUMPKIN, JR.
MANTON M. GRIER
GEORGE S. KING, JR.
THOMAS R. GOTTSHALL
HAMILTON OSBORNE, JR.
EARL D. HEWLETTE, JR.
DARYL L. WILLIAMS
HENRY L. MOISE
ROBERT M. NETTLES, JR.
JOHN W. FOSTER
JOHN C. BRUTON, JR.
WALTER W. THEUS, JR.
ELIZABETH A. CARPENTIER
BENTON D. WILLIAMSON
SUE C. ERWIN
ROBERT S. GALLOWAY, III
JOHN B. McARTHUR
CLARKE W. DuBOSE
JAMES H. LENGEL

BOYD, KNOWLTON, TATE & FINLAY
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TELEPHONE 803 779-3080
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W. C. BOYD 1904-1975
JOHN C. BRUTON 1907-1969

JOHN H. LUMPKIN, SR.
OF COUNSEL

HILTON HEAD ISLAND OFFICE
GINN BUILDING
SEA PINES CIRCLE
POST OFFICE BOX 6095
HILTON HEAD, S.C. 29938
TELEPHONE 803 842-5254

December 14, 1982

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
Office of the Director
State Budget and Control Board
Wade Hampton Building
Room 212
Columbia, South Carolina

Re: Carter-Miot Engineering Co., Inc. Revenue Bond

Dear Donna:

I enclose six copies of the Resolution of the Budget and Control Board in this matter for execution upon the Board's approval.

It is my understanding that Carter-Miot has increased the number of employees at its facility by 25 in anticipation of its planned expansion. I am also told that up to 10 more employees could be hired in the future as the expansion is completed.

Please let me know if you need any further information.

Very truly yours,

Robt. S. Galloway III

Robert S. Galloway, III

RSGIII:ss

Enclosures

014109

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of Dec 17, 1982]

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

1. Local Government: Richland County
2. Bond Counsel:
   (a) Firm Boyd, Knowlton, Tate & Ir
   (b) Contact Person Robert S. Galloway, III Phone 779-3080
   (c) Address 1122 Lady Street, Columbia SC 29201
3. Project Name: Carter-Mist Engineering Co., Inc.
4. Issue Amount: $525,000 Type: Industrial
5. Employment Impact of Project: 25-35
6. Type/Nature of Business of Firm Involved: Facility for manufacturing signs and automatic teller machine enviromets

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	RG 12/9	KH 12/9
(b) Documents on issuance/securing of bonds	RG 12/9	KH 12/9
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: C & S National Bank)	RG 12/9	EAV 12/9
(3) Review by State Auditor's Office (memo)	OK 12/17	xxxxxxxx
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (7 copies for certification for bond counsel)	RG 12/9	KH 12/9
(f) Review by Attorney General's Office (letter)	OK 12/15	xxxxxxxx

Motion:
Second:
Absent:
Vote: For : Against

Certificates signed:

Resolutions mailed:

014110

CHARLES W. KNOWLTON
H. SIMMONS TATE, JR.
KIRKMAN FINLAY, JR.
WILLIAM C. BOYD, III
FRANCIS P. MOOD
J. DONALD DIAL, JR.
JOHN H. LUMPKIN, JR.
MANTON M. GRIER
GEORGE S. KING, JR.
THOMAS R. GOTTSHALL
HAMILTON OSBORNE, JR.
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JOHN H. LUMPKIN, SR.
OF COUNSEL

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GINN BUILDING
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HILTON HEAD, S.C. 29938
TELEPHONE 803 842-5254

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

December 8, 1982

HAND DELIVERED

State Budget and Control Board
Wade Hampton Building
Room 212
Columbia, South Carolina 29201

Re: Richland County, South Carolina
Industrial Revenue Bonds (Carter-Miot Engineering Co., Inc. Project) 1982

Gentlemen:

You will find enclosed a Petition and Resolution by the Richland County Council respectfully requesting your approval, pursuant to S. C. Code Ann. §4-29-140 of the above-referenced bond issue. Also enclosed are copies of the Loan Agreement and Assignment, as well as the commitment letter of The Citizens and Southern National Bank, pertaining to this matter.

The following information responds to S. C. Code Ann. §4-29-140:

(a) The Project will be a facility for manufacturing signs and automatic teller machine environments to be located in Richland County. The County has determined that, in addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been completed and placed in operation, the Project will provide additional permanent employment for citizens of the County with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

(b) The Project is reasonably estimated to cost in excess of $525,000.

(c) The Citizens and Southern National Bank has agreed to purchase the revenue bonds. The Company will grant a first mortgage lien on the Project to the Lender. The Loan Agreement entered into between the County and the Company will provide that the County will

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

incur no pecuniary liability or any charge upon its general credit or against its taxing powers. The Company's obligations under the Loan Agreement will be guaranteed in full by Ray O. Carter, the president of the Company.

On the basis of the foregoing, it is respectfully requested that this matter be placed on the December 17, 1982 agenda, that this Board approve the transaction described above and that it allow the notice required by S. C. Code Ann. §4-29-140 to be published.

Very truly yours,

Robt. S. Galloway, III

Robert S. Galloway, III

RSGIII/gmh

014112

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

AND

THE CITIZENS AND SOUTHERN NATIONAL
BANK OF SOUTH CAROLINA

ASSIGNMENT

Dated as of December 1, 1982

014113

THIS ASSIGNMENT, dated as of December 1, 1982 (hereinafter called the "Assignment"), is entered into by and between Richland County, South Carolina, a body politic and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), as assignor, and The Citizens and Southern National Bank of South Carolina, a national banking association (hereinafter called the "Lender") as assignee.

WITNESSETH:

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

WHEREAS, Carter-Miot Engineering Co., Inc., a South Carolina corporation (hereinafter referred to as the "Company") has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, buildings (or any enlargement, improvement or expansion thereof or to existing buildings) and equipment, which facilities are deemed necessary, suitable or useful by the Company for the purpose of manufacturing signs and automatic teller machine environments (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and to make the proceeds thereof available to defray the cost of acquiring the project to be made available to the Company pursuant to the terms of a Loan Agreement dated as of December 1, 1982 (thereinafter called the "Agreement") between the Issuer and the Company under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bond as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Assignment, the Agreement or the Project; and

WHEREAS, the Issuer has determined to issue hereunder an initial bond to be designated "Richland County, South Carolina, Industrial Revenue Bonds (Carter-Miot Engineering Co., Inc. Project)" (herein sometimes called the "Bond") in the original principal amount of $525,000 for the purpose of providing funds

014114

to defray the cost of acquiring the project to be made available for the Company pursuant to the Agreement; and

WHEREAS, in order to provide for the payment of the principal, premium, if any, and interest on the Bond to the Lender, the Issuer has duly authorized and directed the execution and delivery of this Assignment; and

WHEREAS, the Issuer has duly authorized the execution and delivery of the Agreement and the execution and deliver of the Bond upon and subject to the terms and conditions therein set forth; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Bond, when executed and delivered by the Issuer, the legal, valid and binding limited obligation of the Issuer in accordance with its terms and to make this Assignment a valid and binding agreement for the assignment of the obligations of the Company to the Lender.

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

The Issuer, in consideration of the premises and of the purchase and acceptance of the Bond issued pursuant to the Agreement by the holder and owner thereof, and of the execution and delivery by the Company of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to provide for the payment of the principal, premium, if any, and interest on the Bond according to its tenor and effect and the performance and observance by the Issuer of all covenants expressed or implied in the Agreement and in the Bond, does hereby, subject to the terms and provisions of the Agreement, sell, assign and convey unto The Citizens and Southern National Bank of South Carolina, as holder of the Bond, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the revenues under the Agreement, and all monies and securities in the Construction Fund (as defined in the Agreement).

The Issuer hereby authorizes the Lender to exercise all rights of the Issuer under the Agreement in the name of the Lender and, to the extent that any such right is required by law to be exercised in the name of the Issuer, the Issuer hereby authorizes the Lender to pursue such right in the name of the Issuer and for the benefit of the Lender.

IN WITNESS WHEREOF, Richland County, South Carolina, has executed this Assignment by causing its name to be hereunto subscribed by the Chairman of its County Council and attested to by the Clerk of its County Council and The Citizens and Southern

014115

National Bank of South Carolina has accepted this Assignment by causing its name to be hereunto subscribed by its _____, all as of the date first above written.

Richland County, South Carolina

By: _____
Chairman of County Council

SEAL

ATTEST:

_____
Clerk, Richland County Council
South Carolina

The Citizens and Southern National
Bank of South Carolina

By: _____
Its:

SEAL

ATTEST:

_____

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

014116

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

and

CARTER-MIOT ENGINEERING CO., INC.

LOAN AGREEMENT

Dated as of December 1, 1982

014117

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of December 1, 1982, by and between RICHLAND COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (hereinafter referred to as the "Issuer"), and Carter-Miot Engineering Co., Inc., a South Carolina corporation (hereinafter referred to as the "Company"),

WITNESSETH:

WHEREAS, the Act (as hereinafter defined) authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into loan agreements with such an industry, to issue revenue bonds, and to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such bonds in the manner authorized in the Act; and

WHEREAS, the Company has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, land, buildings (or any enlargement, improvement or expansion thereof or to existing buildings) and equipment, which facilities are deemed necessary, suitable or useful by the Company for the purpose of manufacturing signs and automatic teller machine environments (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and agreed to make the proceeds thereof available to defray the cost of acquiring and constructing the Project to be made available to the Company pursuant to the terms of this Loan Agreement (hereinafter called the "Agreement") under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bonds as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer in connection with this Agreement or the Project.

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NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended to and including the date hereof.

"Additional Bonds" shall mean Bonds, other than the 1982 Bonds, duly executed and delivered under the terms hereof.

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

"Agreement" shall mean this Loan Agreement dated as of December 1, 1982, between the Issuer and the Company, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Assignment" shall mean the Assignment, dated the date hereof, whereby the Issuer has assigned all of its rights hereunder to the Lender.

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Company by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Company by the person or persons signing this Agreement on behalf of the Company or by such other persons who have the legal authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different sections of this Agreement. An Authorized Company Representative may be an employee of the Company. Lender or Issuer may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them of the authority of any Authorized Company Representative to legally bind the Company.

"Bond" or "Bonds" shall mean any or all, as the case may be, of the Richland County, South Carolina, Industrial Revenue Bonds (Carter-Miot Engineering Co., Inc. Project)

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authorized, executed and delivered by the Issuer and delivered under the provisions of this Agreement, including the 1982 Bonds and any Additional Bonds.

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

"Bondholder" or "Holder of the Bonds" or "Holder" shall mean the Registered Owner of any Bond.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.07 hereof.

"Construction Fund" shall mean the fund created under Section 3.03 hereof.

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

"Company" shall mean Carter-Miot Engineering Co., Inc., a South Carolina corporation.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction or purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender, the Issuer and the Depositary, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the execution and delivery of the Bond; (e) all other costs which the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) any sums required to reimburse the Company for advances made by it for any of the above items, or for any of the work done and costs incurred by the Company, which are properly chargeable to the capital account of the Project for federal income tax purposes or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and (g) any amount specified

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for the payment of interest on Bonds prior to the Completion Date.

"Depositary" shall mean the corporate trust department of The Citizens and Southern National Bank of South Carolina, a national banking association, and its successors and assigns.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Bond is includable in the gross income of a holder or former holder thereof; (b) the issuance of a statement by the Company to the effect that it has taken or intends to take some action with the effect of exceeding the limit set forth under IRC Section 103(b)(6)(A); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Bond has become includable in the gross income of the holder thereof for any reason other than that such holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(9); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Company, either directly, or with the cooperation of any holder or former holders of the Bond, a protest being actively prosecuted in good faith by the Company which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service.

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 9.01 hereof.

"Guarantor" shall mean Ray O. Carter.

"Guaranty" shall mean the guaranty agreement executed by the Guarantor of even date herewith.

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

"IRC" shall mean the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Bond.

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

"Lender" shall mean The Citizens and Southern National Bank of South Carolina, a national banking association, and its successors and assigns as the Holder of the 1982 Bond.

"Mortgage" shall mean the Mortgage and Security Agreement executed by the Company, as the same may be amended, modified or supplemented from time to time in conformity with Section 7.11 of this Agreement.

"Neutral Costs" shall mean, with respect to any Bond, that amount of the proceeds from the sale of such Bond used for (i) the payment of the reasonable expenses of issuing such Bond including, without limitations, advertising, recording and printing costs; accountant's, financial advisor's and counsel fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Bonds.

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

"Outstanding" when used with reference to the Bonds shall mean, at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all such Bonds authorized, executed and delivered hereunder, except:

(a) Bonds canceled or surrendered to the Company or the Issuer for cancellation upon payment;

(b) Bonds in substitution for which another Bond or Bonds shall have been executed and delivered.

In determining whether the Holders of the requisite aggregate principal amount of the Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Agreement, Bonds which are owned by the Issuer or the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Permitted Encumbrances" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) liens for ad valorem taxes and special assessments which are delinquent but the validity of which is being contested in accordance with Section 5.02 of this Agreement; (iii) the Mortgage or any other security interest held by the Lender; (iv) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions that an independent engineer or architect not an employee of the Company and the Authorized Company Representative each certify will not interfere with or impair the operations being conducted therein, or the operations for which the Project was designed or last modified; (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as do not, in the aggregate, in the opinion of counsel satisfactory to the Lender, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Company; (vi) mechanic's and materialman's liens not filed or perfected in

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the manner prescribed by law in effect on the date of execution hereof; (vii) any mortgage, lease or security interest with respect to machinery and equipment not constituting part of the Project granted in the ordinary course of business; and (viii) such other leases, liens, encumbrances, easements and other property interests which were properly filed of record prior to the date of this Agreement.

"Permitted Investments" shall mean any one or more of the following investments, if and to the extent of the same are then legal investments under the applicable laws of the State and regulations governing the Depositary for moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agency of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of any political unit in the State; (iv) repurchase agreements collaterally secured by government agencies; (v) short-term government money market funds; (vi) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vii) certificates of deposit of any bank or trust company if such certificates are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (viii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are insured by an agency of the United States of America; (ix) commercial paper rated Prime-1 by Moody's or A-1 by Standard & Poor's rating Services and (x) any other investment permitted by law.

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

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Company Office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.11 of this Agreement. The Plans and Specifications shall be made available to the

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Lender and the Issuer for inspection at such times as the Lender or the Issuer may reasonably request.

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

"Project" shall mean the land and a building or buildings (or any enlargement, improvement or expansion thereof) or other improvements thereon described on Exhibit A hereto and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein more particularly described on Exhibit B hereto, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications, but not including the Company's own machinery and equipment installed at the Plant under the provisions of Section 8.03 of this Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Company or any related person, as such term is employed in IRC Section 103, after December 1, 1982.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register, as defined in the Agreement.

"State" shall mean the State of South Carolina.

"Supplemental Agreement" or "agreement supplemental hereto" shall mean any agreement supplemental to or amendatory of this Agreement as originally executed which is duly entered into in accordance with the provisions hereof.

"1982 Bond" or "1982 Bonds" shall mean the Bond in the original principal amount of $525,000 initially issued under the provisions of this Agreement.

ARTICLE II

REPRESENTATIONS

SECTION 2.01. Representations by Issuer. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

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(a) The Issuer is a duly constituted political subdivision of the State and is duly authorized under the laws of the State, including the Act, to enter into the transactions contemplated by this Agreement and the Assignment and to carry out its obligations hereunder and thereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the Assignment and all agreements collateral hereto and thereto.

(b) The South Carolina State Budget and Control Board has duly approved the proposal of the Issuer to issue the 1982 Bond and to finance the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the Issuer of its obligations under this Agreement or the Assignment or to the issuance of the 1982 Bond.

(c) The Issuer is entering into this Agreement and the Assignment, issuing the 1982 Bond and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State.

(d) The Issuer is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the 1982 Bond, or the transactions contemplated by this Agreement or the Assignment.

(e) The authorization, execution and delivery of this Agreement and the Assignment, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with or constitute a breach of, or a default under, any existing law, regulation, decree, order or any provision of the Constitution or laws of the State relating to the establishment of the Issuer or its affairs, or any agreement, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

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

(a) The Company is a corporation duly organized and validly existing under the laws of the State of South Carolina, has power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement;

(b) The execution and delivery of this Agreement and the Mortgage, the consummation of the transactions contemplated hereby and thereby, or the fulfillment of or compliance with the terms and conditions of this Agreement

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and the Mortgage is not prevented or limited by, does not conflict with, does not result in a breach or contravention of, and does not constitute a default under, the Company's articles of incorporation or bylaws or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, and will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company prohibited under the terms of any such instrument or agreement;

(c) The issuance of the 1982 Bond by the Issuer and the use by the Company of the proceeds thereof to defray the costs of the acquisition, by construction and purchase, of the Project, as provided by this Agreement, has induced the Company to locate and remain in Richland County, South Carolina;

(d) Acquisition and construction of the Project was commenced subsequent to December 1, 1982;

(e) The Company intends to operate the Project as a facility for manufacturing signs and automatic teller machine environments and to use the Project for such other purposes permitted under the Act as the Company deems appropriate.

(f) The Project is subject to no mortgage, lien or encumbrance prior to the lien of the Mortgage, except as may be disclosed in the title insurance policy described in Section 5.03 of this Agreement.

(g) The financial statements of the Company through June 30, 1982, and those of the Guarantor through March 31, 1982, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and fairly present its financial position and the results of operations at the dates and for the periods indicated (such statements and balance sheets are collectively referred to as the "Financial Information").

(h) Since the date of the latest Financial Information, there has been no material adverse change in the condition, financial or otherwise, business or operations of the Company or of the Guarantor.

ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT BY THE COMPANY; CONSTRUCTION FUND; ISSUANCE OF THE 1982 BOND

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

Anything in this Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the acquisition of the Project upon the prepayment in full of all amounts to be paid by it under this Agreement with respect to all Outstanding Bonds pursuant to the provisions of Section 10.01 hereof and the making of any such payments in the amounts required by, and in accordance with the terms of, this Agreement. If the Company elects to prepay the Outstanding Bonds in full pursuant to the provisions of Section 10.01 hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Company Representative.

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

SECTION 3.02. Issuance of 1982 Bond. In order to provide funds to defray a portion of the Cost of the Project, the Issuer will issue, execute and deliver the 1982 Bond and deposit the proceeds thereof with the Depositary.

SECTION 3.03. Creation of Construction Fund. There is hereby created and established with the Depositary a special and separate trust fund of the Issuer to be known and designated as the "Richland County, South Carolina, Industrial Revenue Bond Construction Fund (Carter-Miot Engineering Co., Inc. Project)." The Issuer shall pay to the Depositary the proceeds from the sale by the Issuer of the Bonds, and the Depositary shall deposit the same in the Construction Fund.

The Depositary shall be responsible only for the duties expressly contained in this Agreement, and shall be entitled to compensation for the performance of such duties at its standard published rates, which compensation shall constitute an Administration Expense. The Depositary may resign from such duties upon 30 days' written notice to the Company, the Lender and the Issuer.

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SECTION 3.04. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depositary and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Bonds until paid out as herein provided.

SECTION 3.05. Requisitions. So long as no Event of Default has occurred and is continuing the Depositary shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) at least 90% of the proceeds received from the Bond issue (after payment of Neutral Costs) theretofore requisitioned from the Construction Fund, including the amount requisitioned, has been or, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) the person signing such requisition has no notice of any vendor's, mechanic's or other liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which would be satisfied or discharged before such payment is made; (viii) such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; (ix) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof; and (x) confirming Lender's rights as a secured party under the Mortgage pursuant to Section 7.11 of this Agreement.

SECTION 3.06. Retention of Requisitions. For a minimum of five years from the date thereof the Depositary shall retain in its possession all requisitions received by it, subject to the inspection of the Issuer, its agents and representatives, the Company and Bondholders and their representatives at all reasonable times.

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SECTION 3.07. Disposition of Balances Remaining in Construction Fund. Upon completion of the Project or completion of any enlargements, improvements or expansions thereof the cost of which has been defrayed out of the proceeds of one or more Bonds, in accordance with the Plans and Specifications, the Depositary shall be furnished with a certificate of an Authorized Company Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the payment of the principal of the Bond the issuance of which resulted in such deposit.

SECTION 3.08. Moneys to be Continuously Secured. All moneys received by the Depositary hereunder shall be continuously held for the benefit of the Holders of the Bonds.

SECTION 3.09. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or Depositary may be retained uninvested as trust funds and shall, upon written direction from the Company, if an Event of Default shall not then exist or be continuing, be invested by the Depositary in Permitted Investments.

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

SECTION 3.10. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment for the Cost of the Project (including moneys from the proceeds of any Additional Bonds issued to finance the completion of the Project) shall not be sufficient to pay the Cost of the Project in full, the Company will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in

the Construction Fund. The Issuer makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Company shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Issuer (except from the proceeds of Additional Bonds), the Lender or the Holders of any of the Bonds, nor shall it be entitled to any diminution or postponement of the payments required under this Agreement.

SECTION 3.11. Revision of Plans and Specifications. The Company may revise the Plans and Specifications at any time and from time to time prior to the Completion Date provided that in the case of any change that would render materially inaccurate the description of the Project contained in Exhibits A and B hereto, there shall first be delivered to the Depositary, the Lender and the Issuer (i) revised Exhibits A and B containing a description of the Project as revised by the revision in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Company Representative, (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the proceeds of the Bonds for the Cost of the Project described therein would not impair the exemption of interest on Outstanding Bonds from Federal income taxation; and (iii) an Opinion of Counsel that all approvals required by law, including the Act, necessary in connection with the Project described in the revised Exhibits A and B have been obtained and remain in full force and effect. Upon satisfactory receipt of such documents and approval by the Lender, such revision shall be effective.

SECTION 3.12. Additional Bonds. Subsequent to the execution and delivery of the 1982 Bond, one or more Additional Bonds may be issued for the purpose of providing funds to (i) finance the Cost of completion of the Project; (ii) finance the Cost of enlargements, improvements or expansions to the Project; or (iii) to refund any Bonds then Outstanding. Any such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then outstanding. The issuer may execute and deliver such Additional Bonds to the purchaser thereof, provided that, prior to such delivery:

(a) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing such Additional Bonds as are then required;

(b) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing the execution and delivery by the Issuer of any agreement which is necessary to amend this Agreement to (i) increase or adjust the payments to be made under the Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal, premium, if any, and interest on

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all Outstanding Bonds, including such Additional Bonds, (ii) include as part of the Project all land and any building or buildings or other improvements thereon and any machinery, apparatus, equipment, office facilities or furnishings, the cost of which is being defrayed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Agreement as are necessitated by the issuance of such Additional Bonds (provided, however, that such other revisions shall not prejudice the rights of the Holders of Outstanding Bonds as granted them under the terms of this Agreement) as are required by the Act or other statutes of the State;

(c) The Issuer shall receive a written statement by the Company (i) approving the issuance of such Additional Bonds and (ii) certifying that it is not then in default under this Agreement;

(d) The Issuer shall receive a written statement signed by the Lender approving the issuance of such Additional Bonds;

(e) The Issuer shall have received an Opinion of Bond Counsel addressed to the Issuer and the Lender, to the effect that all the conditions precedent to the issuance of such Additional Bonds set forth in this Agreement and the Supplemental Agreement authorizing such Additional Bonds have been satisfied and such issuance will not impair the exemption of interest on the 1982 Bond and any other Additional Bonds previously issued as "tax exempt" bonds, interest on which is exempt from Federal income taxation;

(f) The Issuer shall have made provision satisfactory to the Lender for the application of the proceeds of such Additional Bonds as is required by the Act, this Agreement and the Supplemental Agreement pursuant to which such Additional Bonds are issued;

(g) There shall have been delivered to the Lender and the Holder of any other Bond then Outstanding a duplicate copy of all the documents used in connection with the issuance of the Additional Bonds and an Opinion of Counsel satisfactory to the Lender stating that the Mortgage will continue to have the priority accorded hereto prior to the issuance of such Additional Bonds; and

(h) Lender shall receive as Depositary the proceeds of the sale of such Additional Bonds, shall deposit such funds in a Construction Fund, and shall administer the disbursement of such funds, unless Lender chooses not to act in such capacity.

SECTION 3.13. Amendment of Agreement upon Issuance of Additional Bonds. The Company agrees that in the event the

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Issuer shall, at the request of the Company: (i) issue one or more Additional Bonds for the purpose of (A) completing the payment of the Cost of the Project or (B) enlarging, improving or expanding the Project, or (ii) issue one or more Additional Bonds for the purpose of refunding any Bonds, the Company will, if necessary, enter into an amendment to this Agreement containing such provisions as shall be required in respect of the issuance of such Additional Bonds including without limitation the provisions required pursuant to Section 3.12 of this Agreement. The amount of the payments required to be made by the Company pursuant to Section 4.01 hereof shall be adjusted or increased, if necessary, by the amount required to pay in full as and when due the principal, premium, if any, and interest payable on each Additional Bond.

ARTICLE IV

PAYMENTS BY COMPANY TO ISSUER

SECTION 4.01. Payments to be made by Company. In consideration of the application of the proceeds of the sale of each Bond to defray the Cost of the Project or for the purposes specified in Section 3.07 hereof, the Company absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the time and places required the amounts required to pay when due the principal, premium, if any, and interest on all the Bonds Outstanding together with the Administration Expenses and any other amounts required to be paid under the terms hereof. Without limiting the generality of the foregoing, the Company agrees to pay to, or to the order of, the Issuer, as payment of such amounts a sum equal to the aggregate principal amount of each Bond, together with interest on the unpaid balances on each Bond, and any premium thereon, in the amounts and on the dates as follows:

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

(b) On or before each Principal Payment Date or mandatory redemption date, the sum which will equal the principal of each Bond which will become due and payable on such Principal Payment Date or mandatory redemption date.

In addition to the options and obligations of the Company under Article X hereof to prepay the entire unpaid balance payable under this Section 4.01, the Company shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such payments. The Lender shall apply such prepayments pro rata against principal payments due.

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

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

SECTION 4.02. Assignment by the Issuer to the Lender. It is understood and agreed that this Agreement and all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement) and the moneys held in the funds and accounts established hereunder, including the investment income thereon, are to be assigned by the Issuer to the Lender pursuant to the Assignment. The Company assents to such assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer. The Issuer directs the Company, and the Company agrees, to pay to the Lender, as Holder of the 1982 Bond at the address of the Lender as it appears herein or as it may be changed from time to time by the Lender in writing, all payments payable by the Company to the Issuer pursuant to this Agreement by reason of the issuance of the 1982 Bond (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement).

ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Company. The Company will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair,

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replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Company prepays all amounts due under the provisions of Section 10.01 hereof.

Subsequent to the Completion Date, the Company shall, subject to the provisions of Section 8.03, have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company and except as provided in Section 8.03 hereof be included under the terms of this Agreement as part of the Project.

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

SECTION 5.02. Taxes, other Governmental Charges and Utility Charges. The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Issuer or the Company with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Company pursuant to Section 4.01 of this Agreement other than as provided in Section 4.02 hereof to the Lender. If the Company shall in good faith contest any such tax, assessment, lien or charge as permitted in Section 7.10 hereof, such action by the Company shall not be considered as a breach by it of any of its covenants under this Agreement.

SECTION 5.03. Insurance. (a) The Company shall at its expense continuously maintain or cause to be maintained insurance with specific reference to the Project under valid and enforceable policies with insurers of recognized responsibility insuring against such risks as are customarily insured against by businesses of like size and character, paying as and when the same become due all premiums with respect thereto, including but not necessarily limited to:

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(i) Title Insurance: Mortgagee title insurance on all real property included in the Mortgage issued by a company approved by the Lender insuring the priority of the lien of the Mortgage as a first mortgage lien upon the Project, subject to no encumbrances other than Permitted Encumbrances (provided, however, that the title policy may not be subject to the encumbrances which may exist at the date of the closing described in subparagraph (vi) of the definition of Permitted Encumbrances), in an amount not less than $525,000. The net proceeds of such insurance shall be used, at the direction of the Company: (i) to remedy any title defect, resulting in the payment thereof and, to the extent not required to remedy such defect, to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement or (ii) to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement.

(ii) Fire and Extended Coverage. Policies of insurance against loss or damage to the Project and any other property covered by the Mortgage by fire, with standard extended coverage endorsement covering loss or damage, by lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement with deductible provisions not exceeding $10,000. Such policy shall contain an agreed value endorsement (which value shall be not less than the principal amount of the Bonds Outstanding in any year) or a co-insurance provision not greater than 80%. During the construction of any improvements constituting a part of the Project, the Company shall keep, or cause the contractor doing the construction to keep, any improvements constituting a part of the Project insured under "builders risk" insurance (or similar insurance) in such amount as is required in this paragraph.

(iii) Public Liability. General comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project and the adjoining sidewalks and passageways, or in any way related to the operations of the Project, in the minimum amounts of $1,000,000 for death of or bodily injury to any one person, $5,000,000 for aggregate death and bodily injury claims resulting from any one occurrence, and $1,000,000 for property damage.

(b) All policies of insurance required pursuant to this Section may be in the form of blanket policies of insurance. So long as any of the Bonds remain Outstanding, policies of insurance required by paragraph (a) (ii) of this Section shall contain standard mortgagee clauses requiring that all net proceeds of insurance in excess of $10,000 resulting from any claim for loss or damage covered thereby be paid to the Lender. The net proceeds of all policies required by paragraph (a) (ii) of this Section shall be applied as provided in Section 6.01 hereof. The net proceeds of all policies required by paragraph

(a) (iii) of this Section shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. All such policies shall, to the extent obtainable, provide that any loss shall be payable notwithstanding any act of negligence of the Company which might otherwise result in forfeiture of said insurance.

The policies of insurance required by this Section shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of the Issuer or the Lender or cancelled without at least 10 days' prior written notice to the Issuer and the Lender.

The Company covenants to furnish to the Issuer or Lender, promptly upon request, certificates from the insurers evidencing the existence of all insurance policies required by this Section; and prior to the expiration of any such policy the Company shall furnish the Issuer or Lender with evidence satisfactory to them, that the policy has been renewed or replaced or is no longer required by this Agreement.

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ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 6.01 Damage and Destruction. If at any time Bonds are Outstanding, all or any part of the Project shall be destroyed or damaged, the Company, at its sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose), shall (unless the Company determines that the rebuilding, restoration, replacement or repair of the Project is not practicable or desirable and the Company exercises its option to apply such proceeds to the prepayment of Bonds), promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Project to either the value thereof immediately prior to such damage or destruction or to such extent as is necessary to resume use of the Project as it was being used immediately prior thereto. The Company shall apply the net proceeds of insurance carried pursuant to Section 5.03 (a)(ii) hereof received as a result of such damage or destruction of the Project either to the required rebuilding, restoration, replacement or repair of the Project, or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to such prepayment. In the event the insurance proceeds available therefor are not sufficient to pay the costs of rebuilding, replacing, restoring or repairing the Project and the excess costs thereof are paid by the Company, the Company shall not be entitled to any reimbursement of such excess costs from the Issuer or the Lender or any abatement, postponement or diminution of the amounts payable under Article IV hereof. If the estimated cost of rebuilding, replacing, restoring or repairing the Project after any particular incident shall exceed $10,000, the Company shall promptly notify the Issuer and the Lender of the occurrence of such incident and the completion of the required rebuilding, replacement, restoration or repair.

The net proceeds of insurance carried pursuant to Section 5.03(a)(ii) hereof received by the Lender shall be available to the Company to pay the cost of the required rebuilding, restoration, replacement or repair of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to prepay the Bonds. Upon the Company's compliance with the provisions of this Agreement including without limitation Section 3.05 hereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in Section 3.05, the Company shall be paid from the insurance proceeds received and held by the Lender on account of such damage or destruction, the cost of the repairs, rebuilding or restoration, as certified to the Lender in accordance with Section 3.05, up to the full amount of such insurance proceeds and the balance, if any, of such insurance proceeds shall be applied to the prepayment of the Bonds. Any balance of such insurance proceeds exceeding the amount necessary to prepay all

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the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

SECTION 6.02. Condemnation. If at any time Bonds are Outstanding, title to, or the temporary use of all or part of the Project shall be taken by the exercise of the power of eminent domain or condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall notify the Issuer and the Lender as to the nature and extent of such loss. The Issuer and the Company shall, subject to all the terms of this Agreement, be entitled to, and shall receive, the entire award for the taking as their interests may appear. So long as any of the Bonds remain Outstanding, the Issuer and the Company hereby irrevocably assign all their right title and interest in and to such award or awards to the Lender, and the Issuer and the Company shall immediately pay the same to the Lender.

If after such taking, the Company does not exercise an option to apply such proceeds to the prepayment of Bonds, this Agreement shall nevertheless continue in full force and effect without abatement (except such credit as is expressly provided pursuant to Section 4.01 hereof as a result of the prepayment of all or a portion of the Bonds). If such taking shall have caused damage to, or necessitated restoration or rebuilding of any of the Project, unless the Company exercises its option to apply such proceeds to the prepayment of Bonds, the Company, at its sole cost and expense, shall promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Project by the Company, whether or not the award is sufficient for this purpose.

The award held by the Lender as a result of such taking shall be available to the Company to pay the cost of the required restoration or rebuilding of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of Bonds, to pay the prepayment price thereof. Upon the Company's compliance with the provisions of this Agreement, including without limitation Section 3.05 hereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in Section 3.05, there shall be paid from the award received and held by the Lender on account of such taking, the cost of the repairs or restoration as certified to the Lender in accordance with Section 3.05, up to the full amount of such award and the balance, if any, of such award shall be applied to the prepayment of the Bonds. Any balance of such award exceeding the amount necessary to prepay all the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

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The Issuer shall cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project without the consent of the Company.

The Company shall be solely entitled to receive and hold any condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of its own property, including but not limited to such buildings, improvements, machinery, equipments and fixtures which do not constitute part of the Project, or for damages on account of the taking of or interference with the Company's right to possession or occupancy of the Project.

ARTICLE VII

SPECIAL COVENANTS

SECTION 7.01. No Warranty of Design, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Company's purposes or needs.

SECTION 7.02. Maintenance of Existence. The Company agrees that so long as any Bond is Outstanding it will maintain its existence.

SECTION 7.03. Covenants with Respect to Tax Exemption. The Company represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of any Bond issued hereunder, the interest on which is excludable from the gross incomes of such Holders when such Bonds were issued (except such Holders as are "substantial users" of the Project or related thereto under IRC Section 103), that it has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate such exemption of interest.

Without limiting the generality of the foregoing, the Company covenants that it will not make, or give its consent for the Depositary to make any use of the proceeds of any of the Bonds or of any moneys which may be deemed to be the proceeds of the Bonds pursuant to section 103(c) of the IRC and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of said section 103(c) of the IRC and said regulations,

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as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bonds.

SECTION 7.04. Indemnification. Company shall and agrees to indemnify and save the Issuer, the Lender and the Depositary harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the time any Bonds are Outstanding, and the Company further shall indemnify and save the Issuer, the Lender and the Depositary harmless against and from all claims arising during the time any Bonds are Outstanding from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act of negligence of the Company or any of its agents, contractors, servants, employees or licensees. The Company shall indemnify and save the Issuer, Lender and the Depositary harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Lender or the Depositary, the Company shall defend them or either of them in any such action or proceeding.

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

SECTION 7.05. Company Information. Within 90 days of receipt of a request by the Lender, the Company or the Guarantor shall furnish the Lender with copies of their respective annual, or, in the case of the Guarantor the preceeding quarterly, financial statements. The Company shall also furnish such other information and shall permit inspection of its property and records with respect to it or the Project as may reasonably be requested by the Issuer or the Lender.

The Company shall notify the Lender promptly upon the occurence of any Event of Default hereunder or under any other agreement or contract to which it is a party or by which it is bound.

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SECTION 7.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Company, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Company or the Issuer, the Company and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 7.07. Recording, Filing and Registering. The Company covenants that it will take all action required to effect the recording, filing and registering required under the provisions of the Mortgage.

SECTION 7.08. No Liability of Issuer's Personnel. All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of the governing body of the Issuer or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the Issuer herein contained or for any claims based thereon against any member of the governing body of the Issuer or any officer, agent, servants or employee of the Issuer.

SECTION 7.09. Liens. Subject to Section 7.10 hereof, the Company will not create or permit to be created or to remain, and will discharge, any lien, encumbrance or charge (other than Permitted Encumbrances) upon the Project, any part thereof, or any other property owned by the Company on the date the Bonds are executed and delivered.

SECTION 7.10. Permitted Contests. The Company shall not be required to pay, discharge or remove any tax, lien, or assessment, or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the Project or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, so long as the Company shall, after prior written notice to the Issuer and the Lender, at the Company's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of said Project or any part thereof to satisfy the same or to enforce such compliance provided that the Company shall have given reasonable security as may be demanded by the Issuer or the Lender, or both to insure such payment and prevent any sale or forfeiture of the Project or any part thereof by reason of such nonpayment or noncompliance. Such contest may be made by the Company in the name of the Issuer or, of the Company, or both, as the Company shall determine, and the

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Issuer agrees that it will, at Company's expense, cooperate with the Company in any such contest to such extent as the Company may reasonably request. It is understood, however, that the Issuer shall not be subject to any liability for the payments of any costs or expenses in connection with any such proceeding brought by the Company, and the Company covenants to pay, and indemnify and save harmless the Issuer from any such costs or expenses.

SECTION 7.11. The Mortgage. The Company shall deliver, concurrently with the requisition of any funds from the Construction Fund, such mortgages, security agreements, financing statements, pledges or other instruments necessary to grant Lender a first lien on any part of the Project, and giving Lender such rights as it may reasonably request as a secured party, whether in confirmation of, or in addition to, its rights hereunder.

ARTICLE VIII

ASSIGNMENT, LEASING AND SELLING

SECTION 8.01. Assignment, Leasing and Selling of Project. So long as any Bond is Outstanding, the Company will not sell, lease or otherwise dispose of or encumber its interest in the Project except with the consent of the Lender.

SECTION 8.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Company pursuant to this Agreement.

SECTION 8.03. Other Property of Company. The Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other items of personal property or fixtures on the Project. All machinery, equipment and personal property or fixtures so installed by the Company shall remain the sole property of the Company in which neither the Issuer nor the Lender shall have any interest, and may be modified or removed by the Company at any time.

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ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events, the occurrence of any one of which, without presentation, demand, protest, or notice of any kind (except as expressly provided), shall give rise to the remedies described in this Agreement:

(a) Failure by the Company to make any payment in respect of principal or interest on the Bonds or any other payment of money required under this Agreement when such payment shall be due;

(b) Failure by the Company or the Guarantor to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Agreement other than as referred to in subsection (a) of this Section 9.01, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company or the Guarantor by the Lender by certified mail, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

(c) The event that any representation or warranty of the Company contained in this Agreement or of the Guarantor in the Guaranty or of either the Company or the Guarantoror any party acting on their behalf in any other document delivered in connection with the transactions contemplated herein was materially false or erroneous when made;

(d) The commencement by the Company or the Guarantor of any case, proceeding or other action in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of their debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the application by the Company or the Guarantor for a receiver, custodian or trustee of the Company or the Guarantor or for all or a substantial part of their respective property; or the making by the Company or the Guarantor of an assignment for the benefit of creditors; or the inability by the Company or the Guarantor or the admission in writing of their inability to pay their respective debts as they become due; or a default by the Company or the Guarantor in payment of any other indebtedness owed to the Lender which results in the acceleration in time of payment of other indebtedness owed

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to the Lender without such acceleration having been rescinded or annulled; or the taking of any action by the Company or the Guarantor indicating their consent to approve of or acquiescence in, or in the furtherance of, any of the foregoing.

(e) The entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Company or the Guarantor, or adjudging the Company or the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Company or the Guarantor under the Federal Bankruptcy Act or any other applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or similar official) of or for the Company or the Guarantor or any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

SECTION 9.02. Remedies. Whenever any Event of Default referred to in Section 9.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The Lender may, at its option, declare all unpaid amounts payable under Section 4.01 hereof to be immediately due and payable.

(b) The Lender may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement or any other document delivered in connection with these transactions.

SECTION 9.03. Application of Moneys upon Event of Default. Any moneys received by the Lender pursuant to this Article IX shall, after payment of all Administration Expenses, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First--To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments of interest, to the extent permitted by law, at the highest rate per annum borne by the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to

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pay in full any particular installment of such interest 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 premium, if any, on any of the Bonds which shall have become due with interest as aforesaid on such principal and premium, if any, from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal, premium, if any, and interest thereon, due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest thereon, as aforesaid, without preference or priority of principal and premium, if any, over interest or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal, premium, if any, and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 9.04 hereof, then, subject to the provisions of paragraph (b) of this Section 9.03 which shall be applicable in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section 9.03.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.03, such moneys shall be applied at such times, and from time to time, as the Lender 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 Lender 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 date shall cease to accrue. The Depositary shall give such notice by mail as it may deem appropriate of the receipt by it of any such moneys and of the fixing of such date.

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SECTION 9.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. The Lender may, from time to time, at its sole discretion, rescind any declaration given under this Article IX.

SECTION 9.05. Attorney's Fees and Expenses. In the event under any of the provisions of this Agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other reasonable expenses so incurred.

SECTION 9.06. Nonwaiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the provisions of the Assignment, the Issuer shall have no power to waive any default hereunder by the Company without the consent of the Lender to such waiver and the Issuer shall be bound by any waiver of the Lender which does not affect any unassigned rights of the Issuer hereunder.

ARTICLE X

PREPAYMENTS

SECTION 10.01. Optional Prepayment. The Company shall have, and is hereby granted, the option to prepay, at any time upon thirty (30) days' written notice delivered to the Lender, in whole or in part, the amounts payable under Section 4.01 hereof with respect to one or more Bonds.

In the event the Company exercises the option granted pursuant to this Section, the Company shall pay a sum sufficient, together with other funds held by the Lender and available for such purpose (i) to prepay at the earliest practicable date the

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Bonds to be prepaid at a prepayment price equal to the principal amount thereof to be prepaid, such prepayment to reduce principal payments pro rata, (ii) to pay the interest which will become due on such Bonds to the date or dates fixed for prepayment and (iii) to pay all Administration Expenses relating to such Bonds accrued and to accrue through the date or dates fixed for prepayment.

SECTION 10.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 10.01 hereof, the Company shall give the Issuer and the Lender written notice of the date of such prepayment.

SECTION 10.03. Mandatory Prepayment. In the event after completion of the Project there remain monies in the Construction Fund not needed for the payment of Costs of the Project, the Bonds shall be prepaid with such proceeds or such monies, prepayments reducing principal payments pro rata.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Bonds (including interest and premium, if any, thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Company under this Agreement, including (without limitation) interest, premiums and other charges, if any, thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

(a) if to the Issuer,

Richland County Council
Post Office Box 192
Columbia, South Carolina 29202
Attention: County Attorney

(b) if to the Company,

Carter-Miot Engineering Co., Inc.
1829 Shop Road
Columbia, S.C. 29201

Attention: Ray O. Carter

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copy to the Guarantor,

Roy O. Carter
Columbia, South Carolina

(c) if to the Lender,

The Citizens and Southern National Bank of South Carolina
Columbia, South Carolina
Attention: Commercial Loan Department

(d) if to the Depositary,

The Citizens and Southern National Bank of South Carolina
Columbia, S.C.
Attention: Corporate Trust Department

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Company to the other shall also be given to the Lender. The Issuer, the Company and the Lender may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 11.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.02, 8.01 and 8.02 hereof.

SECTION 11.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reasons, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Company, as the case may be, to the full extent permitted by law.

SECTION 11.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Company and consented to in writing by the Lender.

SECTION 11.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one

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and the same instrument.

SECTION 11.07. Limited Obligation of the Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Company in obtaining any license or permit or other legal approvals a deposit by the Company of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Company; and (c) the liability of the Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and exclusively to the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

SECTION 11.08. State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 11.09. Rights of Lender. The agreements or obligations made herein by the Company to or for the benefit of the Lender are intended by the Company to be specifically enforceable by the Lender and the Company acknowledges that the acquisition of the 1982 Bond by the Lender is consideration for any such agreements or obligations.

IN WITNESS WHEREOF, Richland County, South Carolina, has executed this Loan Agreement by causing its name to be hereunto subscribed by the Chairman of its County Council and attested by the Clerk of its County Council and Carter-Miot Engineering Co., Inc., a corporation, has executed this Loan Agreement by causing its name to be hereunto subscribed by its partners, all as of the date first above written.

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Richland County, South Carolina

By: _____
John V. Green
Chairman, County Council
of Richland County

ATTEST:

_____
Clerk, County Council of Richland
County, South Carolina

Carter-Miot Engineering Co., Inc.,
a corporation

By: _____
Ray O. Carter
President

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EXHIBIT A

[real property description]

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EXHIBIT B

[personal property description]

014155

EXHIBIT C

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
RICHLAND COUNTY
INDUSTRIAL REVENUE BOND
(Carter-Miot Engineering Co., Inc. Project)

1982

$525,000 December ___, 1982

Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby promises to pay to The Citizens and Southern National Bank of South Carolina or registered assigns, the principal sum of Five Hundred Twenty-Five Thousand Dollars ($525,000), payable in monthly installments of Three-Thousand Eight Hundred Four and 35/100 Dollars ($3,804.35) each on the first day of each month, commencing July 1, 1983, to and including final maturity on December 1, 1994, together with interest on the unpaid principal balance until paid, payable on the first day of each month, commencing January 1, 1983, to and including final maturity. The interest rate on this bond shall be a rate per annum equal to sixty-five per cent (65%) of the prime interest rate charged by The Citizens and Southern National Bank of South Carolina, adjusted monthly on the first calendar day of each month, for the period during which the interest on this Bond to be determined has accrued.

Upon a Determination of Taxability, as defined in the Loan Agreement, the interest rate shall be a rate equal to _____ of the prime interest rate of The Citizens and Southern National Bank of South Carolina, adjusted monthly on the first calendar day of each month, such rate to apply retroactively to the date on which interest on this bond became taxable. In addition, upon a Determination of Taxability, there shall be an additional payment due the holder hereof of any interest or penalty due as a result of such Determination of Taxability.

The installments of principal, premium, if any, 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. The final installment of principal and premium, if any, on this Bond is payable, upon surrender hereof, to the Depositary (hereinafter referred to). The interest on this Bond and all other payments of principal and premium, if any, when due and payable, shall be paid to the registered owner hereof in

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immediately available funds by check or draft mailed to such person at his address appearing in the Loan Agreement (hereinafter referred to) or at such place as he may have informed the Company (hereinafter referred to) in writing.

This Bond is duly authorized and issued by the Issuer and designated as "Richland County, South Carolina, Industrial Revenue Bond (Carter-Miot Engineering Co., Inc. Project) 1982" (the "1982 Bond"), issued in the original principal amount of $525,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act") and under a Loan Agreement (the "Loan Agreement") and Assignment (the "Assignment") by and between the Issuer and Carter-Miot Engineering Co., Inc., a South Carolina corporation (the "Company"), each dated as of December 1, 1982. The 1982 Bond is being issued to defray the costs of acquiring a building or buildings or any enlargement, improvement or expansion thereof and all machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of operating a facility for manufacturing signs and automatic teller machine environments (the "Project"). As provided in the Loan Agreement, additional bonds may be issued for the purpose of (a) defraying the cost of completing the Project or the cost of enlarging, improving or expanding the Project, or (b) refunding any bonds issued and outstanding under the Loan Agreement (said additional bonds and the 1982 Bond and all bonds issued and outstanding under the Loan Agreement being referred to as the "Bonds").

Pursuant to the terms of the Loan Agreement, the Company has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal, premium, if any, and interest on the Bonds. Pursuant to the Assignment, the Issuer has assigned its rights to receive payments under the Loan Agreement (except for certain rights of indemnification and reimbursement of expenses) to The Citizens and Southern National Bank of South Carolina and its successors and assigns as holder of this Bond ("Lender") to facilitate payment of the Bonds.

Copies of the Loan Agreement and Assignment are on file at the principal corporate office of the Lender and in the Office of the Clerk of Court for Richland County, South Carolina, and reference is made to the Mortgage and Security Agreement executed by the Company referred to in the Loan Agreement (the "Mortgage")(and all mortgages and security agreements supplementary thereto and amendatory thereof) referred to in the Loan Agreement, the Loan Agreement and the Assignment (and all amendments or supplements thereto) for the provisions relating, among other things,to the terms and security for the Bonds, the collection and disposition of the revenues and receipts of the Issuer derived pursuant to the Loan Agreement, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of Bonds, the rights, duties and obligations of

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the Issuer, the Company and the Lender and the modification or amendment of any of the foregoing.

The 1982 Bond and the Bonds are and will be equally and ratably secured, to the extent provided in the Loan Agreement. THE BONDS AND THE INTEREST PAYMENTS BECOMING DUE HEREON AND THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE LOAN AGREEMENT, AND DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT AND TAXING POWER OF THE ISSUER ARE NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

The transfer of this Bond is registrable, as provided in the Loan Agreement, at the principal office of The Citizens and Southern National Bank, as Depositary under the Loan Agreement (the "Depositary"), by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Depositary duly executed by the registered owner or his attorney duly authorized in writing, whereupon such Bond shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer as provided in the Loan Agreement, and upon payment of the charges therein prescribed. The Issuer and the Company 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 1982 Bond will be subject to prepayment prior to the stated maturity hereof:

(a) As a whole or in part at any time upon 30 days' notice upon the exercise by the Company of its option under the Loan Agreement to prepay in whole or in part any payment required to be paid under the Loan Agreement.

(b) In part upon the completion of the Project from moneys remaining in the Construction Fund (as such term is defined in the Loan Agreement) not needed for the payment of the Cost of the Project (as such term is defined in the Loan Agreement).

(c) As a whole or in part at the option of the Company in the event that certain insurance or condemnation proceeds are paid, as is more fully described in the Loan Agreement.

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In each such case, the 1982 Bond shall be prepaid at a prepayment price equal to the principal amount thereof, together with unpaid interest accrued to the date fixed for prepayment, in the manner and subject to the provisions of the Loan Agreement; such partial prepayments to apply to principal payments pro rata.

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

As provided in the Loan Agreement, modifications or alterations of the Loan Agreement, or of any agreement supplemental thereto, and of the rights and obligations of the Issuer and of the holder of the Bonds in any particular may be made only with the consent of the Company and the holders of each of the affected Bonds then outstanding under the Loan Agreement. Any such consent by the holder of this Bond shall be conclusive and binding upon such holder and all future holders and owners of this Bond irrespective of whether any notation of such consent is made upon this Bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Loan Agreement 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 in due time, form and manner, 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 Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Richland County, South Carolina has caused this Bond to be executed in its name and on its behalf by the manual signature of the Chairman of its County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced thereon and attested by the manual signature of the Clerk of its County Council, as of the date first above written.

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RICHLAND COUNTY, SOUTH CAROLINA

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

(SEAL)

ATTEST:

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

EXHIBIT

DEC 17 1982 NO. 3

STATE BUDGET & CONTROL BOARD

014160

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 4 BLUE AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 5

Agency: General Services - State Engineer

Subject: Project Action by Staff:

The State Engineer advises the following have been reviewed by the Joint Bond Review Committee and released by Staff:

Summary 9-83: Employment Security Commission, Item 9.

Summary 11-83: Mental Retardation, Items 10E, F & G.

Summary 15-83: Mental Retardation, Items 6B & C.

Summary 18-83: Mental Retardation, Items 4A, B, C & D.

Summary 20-83: Mental Retardation, Items 1A, B, C & D; Adjutant General, Item 2A, C, D & F; USC - Columbia, Items 3A, B & C; Francis Marion, Item 4; Clemson, Item 5; Technical & Comprehensive Education, Items 6A & B; Criminal Justice Academy, Items 7A, B, C & D.

Summary 21-83: Clemson, Items 1A, B & C; College of Charleston, Item 2; Technical & Comprehensive Education (Greenville Tec), Item 3; Mental Retardation, Items 4A & B; Criminal Justice Academy, Item 5; Department of Corrections, Items 6A & B; USC - Coastal, Items 7A & B;

Summary 22-83: Francis Marion College, Item 1.

Board Action Requested:

Approval

Staff Comment:

Attachments:

Referenced Summaries

014161

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 9-83

Source of Funds

Code: Type — [0] Capital Improvement Bond Proceeds; [1] Debt Capital Improv Bond Proceeds; [2] Institution (Tuition) Bond Proceeds; [3] Revenue Bond Proceeds; [4] Excess Debt Service/Reserve

Code: Typ — [5] Insurance Reserve Fund; [6] Operating - State; [7] Federal; [8] Athletic & Other Special; [9]

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 8-10-82.
Page 3 of 3.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
7. HEALTH & ENVIRONMENTAL CONTROL Supporting document pages 15-16	Revise budget (increase) to $39,826	Add $2,207 [6]	J04-012	Camp Burnt Gin: To provide for Change Order No. 1.	APPROVED (Staff) 8/11/82	
8A. MENTAL RETARDATION Supporting document pages 17-19	Revise budget (decrease) to $165,980	Deduct $21,020 [4] Transfer to J16-061, below.	J16-069	Eight-Bed Community Residence - Florence	APPROVED PER POLL 8/11/82	
8B. MENTAL RETARDATION Supporting document pages 20-24	Revise budget (increase) to $42,020	Add $21,020 [4] Transfer from J16-069	J16-061	Renovate Josie St. Community Residence: To award a contract for which bids expire on August 29, 1982.	APPROVED PER POLL 8/11/82	
8C. MENTAL RETARDATION Supporting document pages 25-27	Revise budget (decrease) to $8,460	Deduct $1,540 [4] Transfer to J16-062	J16-068	Demolition of Building 2, Whitten Center: To reflect final costs and to close project.	APPROVED (Staff) 8/11/82	
8D. MENTAL RETARDATION Supporting document pages 28-30	Revise budget (increase) to $79,040	Add $1,540 [4] Transfer from J16-068	J16-062	Purchase and Renovation of Margaret Street Community Residence To increase contingencies account.	APPROVED (Staff) 8/11/82	
9. EMPLOYMENT SECURITY COMMISSION Supporting document pages 31-34	Establish project and source of funds	$20,000 [7]	Not yet assigned	Alterations - Summerall Center: To rearrange offices in reduced area.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82

STATE BUDGET & CONTROL BOARD DEC 17 1982 NO. 4

EXHIBIT

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SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 11-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - state
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 9/9/82.
Page 4 of 4.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
10E. MENTAL RETARDATION Supporting document pages 57-60	Revise budget (decrease) to $200,000 and change sources	Deduct $203,470 [1] Add $178,970 [4] Leave $21,030 [1]	J16-038	Eight-Bed Community Residence - Conway: To change source of funds so that project may proceed. As proposed, the release of $21,030 of capital improvement bond funds (departmental) would be required (see page 8 of 20 in Priority Groups 2-8 listing).	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82
10F. MENTAL RETARDATION Supporting document pages 61-63	Revise budget (decrease) to $13,320.56	Deduct $5,179.44 [4] Transfer to J16-067, below	J16-035	Renovation Staff Residence, Whitten Center: To reflect final costs and to close project.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82
10G. MENTAL RETARDATION Supporting document pages 64-66	Revise budget (increase) to $114,179.44	Add $5,179.44 [4] Transfer from J16-035, above	J16-067	Purchase and Renovation of Community Residence, West Palmetto Street, Florence: To increase project contingencies budget.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82

RECEIVED NOV 30 1982 STATE ENGINEER'S OFFICE

STATE BUDGET & CONTROL BOARD DEC 17 1982

EXHIBIT NO. 4

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SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 15-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Specials
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 9/28/82.
Page 2 of 3.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
4A. EDUCATIONAL TELEVISION COMMISSION Supporting document page 7	Revise budget (decrease) to $22,007.38	Deduct $3,919.37 [0] Capital Improvement Bond funds; transfer to H67-004, below	H67-006	Renovation/Alteration ETV Technical Areas: To reflect final costs and to close project.	APPROVED (Staff) 10/18/82	
4B. EDUCATIONAL TELEVISION COMMISSION Supporting document page 8	Revise budget (increase) to 1,031,030.71	Add $3,919.37 [0]: Transfer from H67-006, above	H67-004	Renovation of Existing ETV Facility: To reflect current spending patterns.	APPROVED (Staff) 10/18/82	
5. FRANCIS MARION COLLEGE Supporting document page 9	Revise budget (increase) to 3,343,679.86	Add $8,160.11 [4] Institution Bond Debt Service Funds	H18-001	Art, Drama, Music, Speech Building: To complete darkroom.	APPROVED 10/26/82	
6A. MENTAL RETARDATION Supporting document pages 10-18	Revise budget (decrease) to 75,986.47	Deduct $1,050,664.78: 1,044,013.53 [1] Departmental CIB; 6,651.23 [4] transfer to J16-057; below	J16-013	Coastal - Multiple Handicapped Nursing Facility and Deaf/Blind Nursing Facility: To reflect final cost and to close project.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Needs B+CB app B+CB 12-2-82
6B. MENTAL RETARDATION Supporting document pages 19-20	Revise budget (increase) to 65,728.42	Add $10,000: $6,651.25 [4], transfer from J16-013, above; $3,348.75 [4]	J16-057	Whitten Center - Use and Modification of Bldg. #3: To increase project contingencies budget.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82
6C. MENTAL RETARDATION Supporting document pages 23-28	Establish project and source of funds	$190,600 [4]	Not yet assigned	Piedmont - 8-Bed Community Residence at Laurens: Replaces request at item 1C, Summary 22-82. That request was for the use of $172,500 of Capital Improvement bond funds. This request proposes that the project be funded from excess debt service and that the bond funds be retained for future use.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff app 11.30.82

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SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 18-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 10/19/82.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
2E. USC - COLUMBIA Supporting document pages 13-14	Increase budget to 1,175,423.45	Add $75,000 [4] Housing Bond Debt Service/Reserve Funds	7803	Woodrow Dormitory Renovations: To increase project contingencies budget to cover anticipated costs of providing for facilities for the handicapped.	APPROVED 10/26/82	
3. MEDICAL UNIVERSITY Supporting document pages 15-22	Increase budget to $115,000	Add $15,000 [4] Excess Institution (Tuition) Bond Debt Service Funds	7986	Alterations to B Substation: To enable agency to award contract on bids it considers responsive and tight. Bids expire on November 4, 1982. Pay back within four years expected.	APPROVED 10/26/82	
4A. MENTAL RETARDATION Supporting document pages 23-25	Decrease budget to $175,301	Deduct $2,699 [4] Excess Patient Fee Debt Service Funds Transfer to 7768, below	7099	Anderson - Community Residence: To reduce contingencies and construction budgets of project.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff APP 12-3-82
4B. MENTAL RETARDATION Supporting document pages 26-28	Increase budget to $332,017	Add $2,699 [4] Transfer from 7099, above	7768	Spartanburg - Two 8-Bed Community Residences: To provide funding for landscaping. This request presumes that Item 1B on Summary 22-82 also will be approved.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff APP 12-3-82
4C. MENTAL RETARDATION Supporting document pages 29-31	Increase budget to $365,000	Add $345,000 [4] Excess Patient Fee Debt Service Funds Change in source of funds	7891	Aiken - Two 8-Bed Coummunity Residences: To provide funding for construction of facilities. Previous approval of $20,000 budget was for land purchase only. NOTE: This item replaces item 1A on Summary 22-82 which was a request involving bond funds. Agency proposes to retain the $345,000 of State CIB in that earlier request for future use.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff APP B+CB 12-2-82 12-3-82
4D. MENTAL RETARDATION Supporting document pages 32-34	Establish project and source of funds	$255,000 [4] Excess Patient Fee Debt Service Funds (agency proposes to substitute these funds for the frozen bond funds authorized for this project because of its urgency.	to be assigned	Whitten Center - Utilities Improvement: To provide for the construction of an elevated water storage tank to provide adequate supply and improve water pressure for fire protection. Funding of this project from Departmental CIB was authorized in the 1981 Bond Act (item 15). These bond funds are in Priority Groups 7 and 8 on Page 7 of the Groups 2-8 listings.	CARRIED OVER 10/26/82 APPROVED 11/22/82	Staff APP 12-3-82 B+CB 12-2-82

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SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 20-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/3/82.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
1A. MENTAL RETARDATION Supporting document pages 1-5	Establish project and source of funds	$45,000 [4] Paying Patients	To be assigned 8067	Midlands (R) - Fire Alarm System, Phase 1 Dorms: To replace heat detectors with smoke detectors and automatic fan shutdown system.	APPROVED 11/22/82	Staff app 12-3-82
1B. MENTAL RETARDATION Supporting document pages 6-8	Establish project and source of funds	$50,000 [4] Paying Patients	To be assigned 8068	Midlands (C) - Fire Alarm System, Infirmary: To provide an automatic detection and alarm system with an automatic fan shutdown system.	APPROVED 11/22/82	Staff app 12-3-82
1C. MENTAL RETARDATION Supporting document pages 9-11	Increase budget to $30,000	Add $12,000 [4] Paying Patients	7969	Midlands - Roof Repairs, Mary White Building: Additional funds needed to award bid to low bidder. Bids taken October 13 and are good for 60 days thereafter. Agency asks prompt action so this flat roof can be repaired before cold weather sets in.	APPROVED 11/22/82	Staff app 12-3-82
1D. MENTAL RETARDATION Supporting document pages 12-14	Increase budget to $114,190	Add $20,000 [4] Paying Patients	7962	Coastal - Purchase and Renovation, Community Residence, St. Margaret Street, Charleston: To provide funds for basic equipment and supplies and so as to award electrical and mechanical contracts.	APPROVED 11/22/82	Staff app 12-3-82
2A. ADJUTANT GENERAL'S OFFICE Supporting document page 15	Increase budget to $150,793.77	Add $793.77 [9] Agency indicates funds are from an "unknown account"	7008	Heating Ventilation and Airconditioning Replacement To close project.	APPROVED 11/22/82	Staff app 12-3-82
2B. ADJUTANT GENERAL'S OFFICE Supporting document page 16	Decrease budget to $149,908.09	Deduct $885.68 [9] "unknown account" Transfer to Project 7010, below	7008	Heating Ventilation and Airconditioning Replacement To close project.	APPROVED 11/22/82	

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SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 20-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/3/82.
Page 2 of 4.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
2C. ADJUTANT GENERAL'S OFFICE Supporting document page 17	Decrease budget to $174,980.88	Deduct $19.12 [9] "unknown account" Transfer to Project 7010, below	7011	Armory Interior Renovations: To close project.	APPROVED 11/22/82	Staff app 12-2-82
2D. ADJUTANT GENERAL'S OFFICE Supporting document page 18	Increase budget to $258,024.17	Add $8,024.17 [9] "unknown account"	7007	Roof Replacement and Armory Repairs: To close project.	APPROVED 11/22/82	Staff app 12-3-82
2E. ADJUTANT GENERAL'S OFFICE Supporting document page 19	Decrease budget to $249,968.67	Deduct $8,055.50 [9] "unknown account" Transfer to Project 7010, below	7007	Roof Replacement and Armory Repairs: To close project.	APPROVED 11/22/82	
2F. ADJUTANT GENERAL'S OFFICE Supporting document pages 20-23	Increase budget to $118,960.30	Add $8,960.30 [9] "unknown account" Transfer from projects 7008,7011, and 7007, above	7010	Equipment Storage Building: To increase project budget for basic equipment and supplies.	APPROVED 11/22/82	Staff app 12-3-82
JA. USC - COLUMBIA Supporting document pages 24-26	Establish project and source of funds	$35,000 [4] Housing Reserves; $9,000 [8] Student Activities; $4,500 [6] Operating $48,500 Total	To be assigned 8069	Columbia Hall Roof Replacement: For replacement of built-up roof and carpeting and for reinstallation of radio transmitter for student radio station.	APPROVED 11/22/82	Staff app 12-3-82
. USC - COLUMBIA Supporting document pages 27-28	Increase budget to $708,356.46	Add $3,856.46 [8] Sale of Surplus Property (House Trailers)	7050	Hobcaw Barony - Lab, Cottage and Boat House Facilities: To provide additional funding for construction and to reduce contingencies budget to provide for basic equipment and supplies.	APPROVED 11/22/82	Staff app 12-3-82

011167

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 20-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/3/82.
Page 3 of 4.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
3C. USC - COLUMBIA Supporting document pages 29-30	Establish project and source of funds	$70,000 [8] Renovation Reserve	To be assigned 5070	LeConte Renovation: To provide space badly needed by math and computer science programs by renovating space vacated by Geology Department upon the completion of the Earth/Water Sciences Building.	APPROVED 11/22/82	Staff app 12-3-82
4. FRANCIS MARION COLLEGE Supporting document pages 31-32	Increase budget to 3,344,624.76	Add $944.90 [4] Interest earnings on tuition bonds debt service funds	7303	Art, Drama, Music, Speech Building: To provide basic equipment and supplies for dark-room.	APPROVED 11/22/82	Staff app 12-3-82
5. CLEMSON UNIVERSITY Supporting document pages 33-36.	Establish project and source of funds	$11,000 [6] Operating Funds	To be assigned 8071	Cooper Library - Alteration #2: To modify library. $7,000 of $9,900 construction budget is for work by University forces.	APPROVED 11/22/82	Staff app 12-3-82
6A. TECHNICAL & COMPREHENSIVE EDUCATION Supporting document page 37.	Decrease budget to 1,141,303.89	Deduct $2,986.11 [8] Local Funds	7079	Denmark TEC - Student Services Building: To close project. Funds revert to local capital fund account of the College.	APPROVED 11/22/82	Staff app 12-3-82
6B. TECHNICAL AND COMPREHENSIVE EDUCATION - PIEDMONT TECHNICAL COLLEGE Supporting document page 38	Decrease budget to $575,398.18	Deduct $4,644.82 [8] Local Funds	7083	Student Facilities - Welding, Phase VI: To close project. Funds revert to local capital fund account of the College.	APPROVED 11/22/82	Staff app 12-3-82
7. CRIMINAL JUSTICE ACADEMY Supporting document pages 39-44	Establish project and source of funds	$32,000 [8] Bond forfeitures and finds (subject to availability of funds)	To be assigned 8063	Renovate Handball Court for Office and Canteen: To provide canteen for "live-in" students.	APPROVED 11/22/82	Staff app 12-3-82

04168

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 20-83

SOURCE OF FUNDS

Code	Type	Code	Type
[C]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/3/82.
Page 4 of 4.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
7B. CRIMINAL JUSTICE ACADEMY Supporting document pages 45-49	Establish project and source of funds	$50,750 [8] Bond forfeitures and fines (subject to availability of funds)	To be assigned 8064	Entry Road and Parking Area Resurfacing	APPROVED 11/22/82	Staff app 12-3-82
7C. CRIMINAL JUSTICE ACADEMY Supporting document pages 50-54	Establish project and source of funds	$150,750 [8] Bond forfeitures and fines (subject to availability of funds)	To be assigned 8065	Range Road Resurfacing	APPROVED 11/22/82	Staff app 12-3-82
7D. CRIMINAL JUSTICE ACADEMY Supporting document pages 55-60	Establish project and source of funds	$500,000 [8] Bond forfeitures and fines (subject to availability of funds)	To be assigned 8066	Classroom Wing: To provide classroom spaces, a lecture hall and instructor offices for training of private security personnel; also physical examination and equipment room; also staff dining room; also photo lab.	APPROVED 11/22/82	Staff app 12-3-82 B+CB 12-2-82

STATE BUDGET & CONTROL BOARD
DEC 17 1982
EXHIBIT NO. 4

0141169

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 21-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/17/82.
Page 1 of 3.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
1A. CLEMSON UNIVERSITY Supporting document page 1	Decrease budget to $64,255.58	Deduct 6,935.56 [8] Transfer back to Athletic Operating Account	7293	Comprehensive Master Plan for Athletic Facilities: To reflect final cost of project.	APPROVED 11/22/82	Staff app 12-3-82
1B. CLEMSON UNIVERSITY Supporting document page 2	Decrease budget to $683.29	Deduct $49,316.71 [6] Reassign to on-going maintenance activities support.	7294	Old Dairy Barn Renovation (Dog Kennels): To reflect final cost of project.	APPROVED 11/22/82	Staff app 12-3-82
1C. CLEMSON UNIVERSITY - PSA Supporting document page 3	Decrease budget to -0-	Deduct $20,453 [6]	7774	Camp Cooper - Building Phase 2: To close out project. Project cancelled as part of PSA's budget cut.	APPROVED 11/22/82	Staff app 12-3-82
2. COLLEGE OF CHARLESTON Supporting document pages 4-9	Increase budget to $3,125,000	Add $150,000 [4] Facilities Improvement Debt Service Funds as and when available	7034	Multi-level Parking Garage: To provide $50,000 for legal and administrative costs relating to bonds for project. The use of $100,000 for a reserve fund was approved previously on Summary 63-82, item B.	APPROVED 11/22/82	Staff app 12-3-82
3. TECHNICAL & COMPREHENSIVE EDUCATION (GREENVILLE TEC) Supporting document pages 10-11	Establish project and source of funds	~~$14,000~~ 15,000 Local funds	8039	Curb and Guttering for Student Parking Lot: To provide approximately 3,300 linear feet of 18" curbing for student parking lot.	APPROVED 11/22/82	Staff app 12-3-82
4A. MENTAL RETARDATION Supporting document pages 12-14	Decrease budget to $444,401.73	Deduct 1,914.27 [4] Transfer to 7413, below	7104	Midlands Center - Enlargement of Medical Facilities: To reduce contingencies and other budget items.	APPROVED 11/22/82	Staff app 12-3-82

014170

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 21-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/17/82.
Page 2 of 3.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
4B. MENTAL RETARDATION Supporting document pages 15-18	Increase budget to 2,381,228.79	Add 1,914.27 [4] Transfer from 7104, above	7413	Pee Dee Center Phase II: To cover cost of modifying walk-in freezer compressor.	APPROVED 11/22/82	Staff app 12-3-82
5. CRIMINAL JUSTICE ACADEMY Supporting document pages 19-22	Establish project and source of funds	$250,000 Fines and Forfeitures when available	8060	Rifle Deck: Construction of building (shed), baffles, and installation of target equipment for training for SWAT teams and for qualifying firearms instructors.	APPROVED 11/22/82	Staff app 12-3-82 B&CB 12-2-82
6A. DEPARTMENT OF CORRECTIONS Supporting document pages 23-24	Decrease budget to -0-	Deduct $74,750 [0] Capital Improvement Bond funds. Transfer to 8061 below	8033	Hillcrest Renovations: To move these released capital improvement bond funds to the more urgently needed Blue Ridge renovations project.	APPROVED 11/22/82	Staff app 12-6-82
6B. DEPARTMENT OF CORRECTIONS Supporting document pages 25-27	Establish project and source of funds	$74,750 [0]	8061	Blue Ridge Renovations: To replace emergency lights; sprinkler heads; roof; 50+ year old boiler and steam pipe system; and add egress from classroom area; install grease trap in kitchen sewer line; upgrade wiring and plumbing and paint interior.	APPROVED 11/22/82	Staff App 12-6-82
7A. USC - COASTAL Supporting document pages 28	Increase budget to 1,329,447	Add $25,614 [4] Excess Institution Bond Debt Service Funds	7331	Student Union Building: To reflect final project costs and to close project.	APPROVED 11/22/82	Staff app 12-9-82
7B. USC - COASTAL Supporting document pages 29-30	Increase budget to 2,717,385.21	Add $17,385.21 [4] Excess Institution Bond Debt Service Funds	7058	Science Building: To provide for additional fees due architect.	APPROVED 11/22/82	Staff app 12-6-82

01471

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER 22-83

SOURCE OF FUNDS

Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Dept Capital Improv Bond Proceeds	[6]	Operating - State
[2]	Institution (Tuition) Bond Proceeds	[7]	Federal
[3]	Revenue Bond Proceeds	[8]	Athletic & Other Special
[4]	Excess Debt Service/Reserve	[9]	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/19/82.
Page 1 of 1.

NAME OF AGENCY OR INSTITUTION	ACTION PROPOSED	FUNDING CHANGE PROPOSED Amount/Source	PROJECT NUMBER	PROJECT NAME/PURPOSE OF REVISION/IMPACT ON SCOPE	COMMITTEE REVIEW	BOARD APPROVAL
1. FRANCIS MARION COLLEGE ✓ Supporting document pages 1-3	Establish project and source of funds	$30,000 [6] Operating Funds	8073	McNair Science Building Roof Repair: Repair approximately 16,500 square feet of roof by preparation for and addition of a 3/4" fiberglas insulating board and new roof of three plies of fiberglas felt over existing roof. Existing roof is splitting badly and is leaking. Supplier of existing roof has agreed to furnish replacement material. Project is considered to be urgently required.	APPROVED 11/22/82	staff app 12-3-82

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STATE BUDGET & CONTROL BOARD

DEC 17 1982

EXHIBIT NO. 4

01472

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 5 BLUE AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 6

Agency: General Services

Subject:

Right-of-Way Easement to East Richland County Public Service District. This easement is for the purpose of constructing and maintaining a discharge pipe in the Congaree River approximately 3.5 miles south of Columbia. This easement has been approved by the Attorney General and executed by the Grantee.

Board Action Requested:

Staff Comment:

Attachments: 014173

Right-of-Way Easement, East Richland County Public Service District

EXHIBIT

DEC 17 1982 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

RIGHT-OF-WAY EASEMENT

THIS EASEMENT, made and entered into this 30th day of November, 1982, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and East Richland County Public Service District, as Grantee (hereinafter "PUBLIC SERVICE DISTRICT").

WITNESSETH

WHEREAS, PUBLIC SERVICE DISTRICT is a South Carolina corporation organized for the purpose of providing sewage disposal and treatment services for their district within the State of South Carolina. Said PUBLIC SERVICE DISTRICT'S mailing address is 350 Ross Road, Columbia, South Carolina 29204; and

WHEREAS, PUBLIC SERVICE DISTRICT proposes to construct and maintain a discharge pipe in the Congaree River approximately 3.5 miles south of Columbia, Richland County. Said effluent force main is more particularly shown and delineated on a drawing by Ralph O. Vanadore, RLS, for East Richland County Public Service District dated September 14, 1982, which is attached hereto and incorporated herein as Exhibit A; and

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and

WHEREAS, pursuant to §1-11-90 of the Code of Laws of the State of South Carolina, 1976, as amended, the STATE is empowered to grant certain right-of-ways or easements through and over riverbeds and marshlands for construction and maintenance of pipelines over, on, or under such land or marshland as are owned by the State; and,

WHEREAS, PUBLIC SERVICE DISTRICT is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands in Richland County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE, as Grantor, in consideration of the sum of One ($1.00) Dollar and other valuable consideration,

014174

receipt of which is hereby acknowledged, does hereby grant, remise, and release unto PUBLIC SERVICE DISTRICT, its successors and assigns a Right-of-Way Easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Richland County and lying below the mean high water line.

This Easement of right of way shall be used solely for the purposes incidental with the construction, installation, and maintenance of a discharge pipe in the Congaree River located approximately 3.5 miles south of Columbia.

Commencing at a point approximately 500' west of concrete monument at Station 565 + 00, 215' left, on the northern edge of Route I-326, the point of beginning, being elevation 121.00; thence, continuing along the same line for a distance of 35' to an elevation 105.00 (a calculated point in the Congaree River); thence, turning a deflection angle of 90 degrees and running along the Congaree River for a distance of 15' to a calculated point elevation 105.00; thence, turning a deflection angle of 90 degrees and running in a northeasterly direction for 35' to elevation 121.00 (a calculated point); thence, turning a deflection angle of 90 degrees and running in a southeasterly direction along lands of Burwell D. Manning, Jr., for a distance of 15' to the point of beginning. Said discharge pipe will extend approximately 25' into the river beyond ordinary high water (1981 high water).

Said effluent force main is more particularly shown and delineated on a drawing by Ralph O. Vanadore, RLS, for East Richland County Public Service District dated September 14, 1982, which is attached hereto and incorporated herein as Exhibit A.

EXHIBIT NO. 5
DEC 17 1982
STATE BUDGET & CONTROL BOARD

PUBLIC SERVICE DISTRICT hereby agrees and covenants with the STATE that PUBLIC SERVICE DISTRICT, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. PUBLIC SERVICE DISTRICT shall use the easement area solely for the purposes incidental with the construction, operation, or maintenance of said discharge pipe and shall maintain such easement and discharge pipe in good condition.

PUBLIC SERVICE DISTRICT further agrees and covenants

014175

that PUBLIC SERVICE DISTRICT shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the Easement granted herein.

In the event of major maintenance, after construction, effecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE, if PUBLIC SERVICE DISTRICT, its successors and assigns: (1) quits and abandons all use of such discharge pipe, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach, provided further, it is understood and agreed that this Easement is not to be construed as an Easement granted to the exclusion of the STATE, or to others later granted a similar right.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 17 day of December, 1982.

WITNESSES:

Katherine M Clarke

William A. McInnis

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD.

BY: Richard W. Riley
Governor Richard W. Riley

Ann L Kinnard

La Verne Simmons

EAST RICHLAND COUNTY PUBLIC
SERVICE DISTRICT

BY: J Van Nunnery
J. Van Nunnery
Executive Director

EXHIBIT

DEC 17 1982 NO. 5

STATE BUDGET & CONTROL BOARD

ATTORNEY GENERAL OF SOUTH CAROLINA

APPROVED: Daniel R. McLeod
Daniel R. McLeod

014176

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis and made oath that he/~~she~~ saw the within named State of South Carolina, Budget and Control Board, by Governor Richard W. Riley, sign, seal, and as its act and deed deliver the within-written Easement and that he/she, along with Katherine M. Clarke, witnessed the execution thereof.

William A. McInnis

SWORN TO BEFORE ME THIS 20th
day of December, 1982.
Donna K. Williams (L.S.)
Notary Public for South Carolina
My Commission Expires: 5/3/89

EXHIBIT
DEC 17 1982 NO. 5
STATE BUDGET & CONTROL BOARD

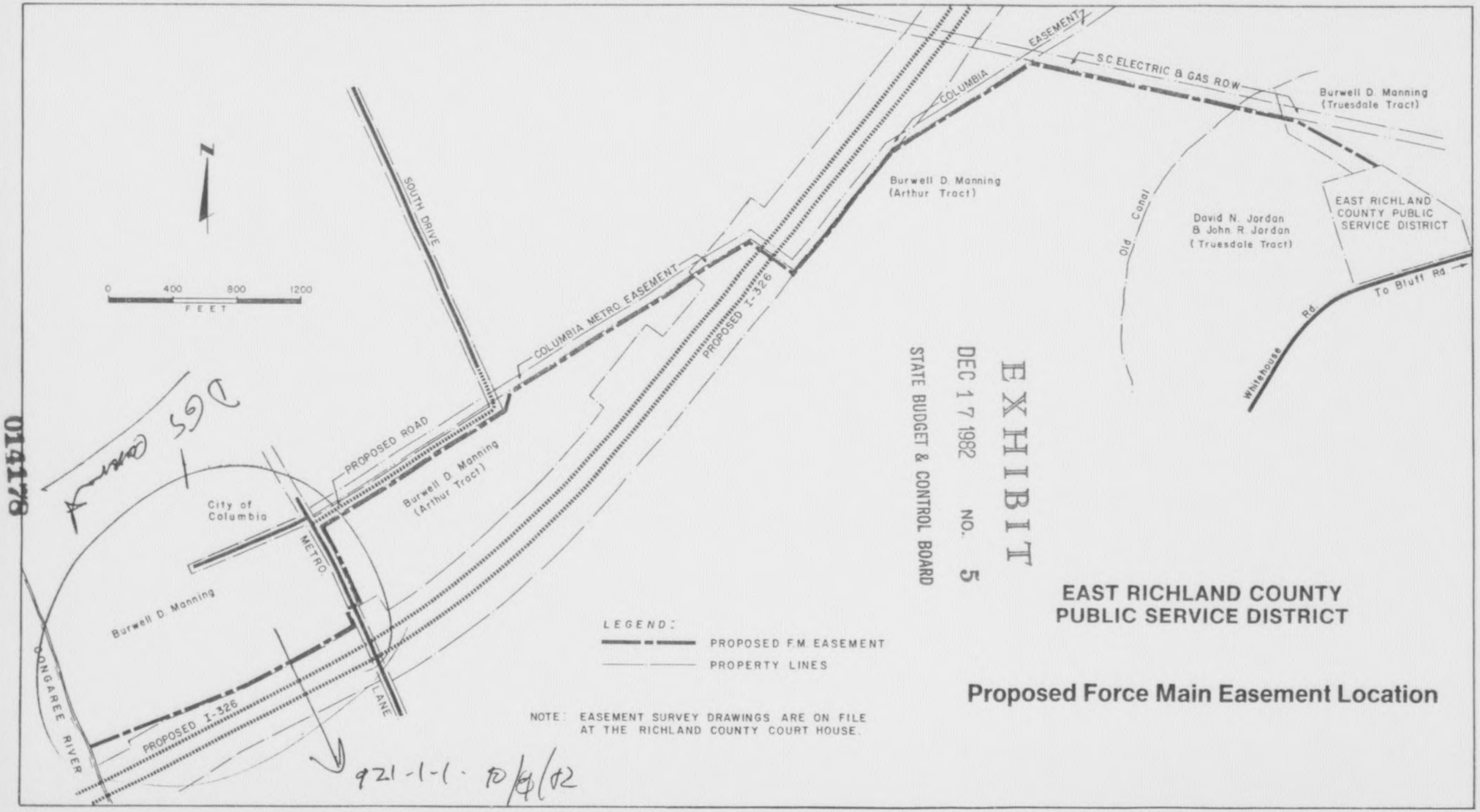
STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me ANN B KONEMANN and made oath that he/she saw the within named East Richland County Public Service District, by J. Van Nunnery, Executive Director, sign, seal, and as its act and deed deliver the within-written Easement and that he/she, along with LAVerne Heinemann witnessed the execution thereof.

Ann B. Konemann

SWORN TO BEFORE ME THIS 30
day of November, 1982.
William D. Shaw (L.S.)
Notary Public for South Carolina
My Commission Expires: 1/31/1987

014177



EXHIBIT

DEC 17 1982 NO. 5

STATE BUDGET & CONTROL BOARD

EAST RICHLAND COUNTY
PUBLIC SERVICE DISTRICT

Proposed Force Main Easement Location

01178

I-326 Corridor

921-1-1 · 12/4/82

The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 5

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

MALCOLM E. RENTZ
ASSISTANT ATTORNEY GENERAL

DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201
TELEPHONE 803-758-3688

DANIEL R. McLEOD
ATTORNEY GENERAL

December 10, 1982

MEMORANDUM

TO: Ted Lightle, Acting Director

FROM: Malcolm E. Rentz MER

SUBJECT: Easement to East Richland County
Public Service District
P/N 82-5D-149

Attached hereto find original proposed Right-of-Way Easement to East Richland County Public Service District for the purpose of constructing and maintaining a discharge pipe in the Congaree River approximately 3.5 miles south of Columbia. This Easement has been approved by the Attorney General and executed by the Grantee.

Please place this Easement on the Budget and Control Board agenda for their next regularly scheduled meeting for their execution.

/db

cc: Mr. Jeffrey F. Havel
Mr. Kenneth P. Woodington
Ms. Sandy Barden

014179

EXHIBIT

STATE BUDGET AND CONTROL BOARD
MEETING OF December 17, 1982 DEC 17 1982 NO. 6 BLUE AGENDA ITEM NUMBER 7

Agency: Finance Division STATE BUDGET & CONTROL BOARD

Subject: Full-Time Equivalent Position Report, 1983-84 Budget Recommendations

Attached is the required computation of the annual limitation on the number of State employees by State Auditor Edgar A. Vaughn, Jr. It shows that the 1983-84 State employees FTE limitation is 40,352.31 and that an allowable growth in 1983-84 within that limitation would be 5,497.23 FTE positions.

The report shows in Schedule II that new full-time equivalent positions recommended by the Board for 1983-84 total 125.01.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced 1983-84 FTE position report

014180

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

1983-84
FTE
POSITION
REPORT

PREPARED BY:
THE OFFICE OF BUDGET DEVELOPMENT
BUDGET DEVELOPMENT

014181

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE
1983-84
COMPUTATION OF ANNUAL LIMITATION ON
THE NUMBER OF STATE EMPLOYEES

1980-81 State Population	3,191,996	
1980-81 State Employees (FTE)	38,183.69	
1980-81 Ratio of State Employees (FTE To Total State Population	38,183.69 / 3,191,996	= 1.1962%
1983-84 State Population Estimate	3,373,375	
1980-81 State Employees (FTE) Ratio To Total State Population	X .011962	
1983-84 State Employees (FTE) Limitation	40,352.31	

In Compliance with Section 11-33-50 of the 1981 Cumulative Supplement to the 1976 Code, I certify that the above information is true and correct to the best of my knowledge and belief.

Edgar A. Vaughn, Jr., C.P.A.

State Auditor

November 1, 1982

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

014182

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE
LIMITATION ON NUMBER OF STATE EMPLOYEES
FOR FISCAL YEAR 1983-84

1983-84 State Employees (FTE) Limit	40,352.31
1982-83 Certified (FTE) Base	34,855.08
1983-84 (FTE) Growth Allowable	5,497.23

Prepared By:
The Office of Budget Development
November 1, 1982

014183

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE
ANALYSIS OF 1983-84
FTE POSITIONS BASE

	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
FTE Positions Authorized in the 1982-83 Act	59,331.01	34,847.69	8,822.55	15,660.77
1982-83 FTE Reconciliation Adjustments	32.48	7.39	(-54.11)	79.20
1982-83 Certified FTE Position Base	59,363.49	34,855.08	8,768.44	15,739.97
1982-83 Authorized FTE Position Operational Adjustment	(-184.87)	(-99.11)	(-6.19)	(-79.57)
1982-83 Adjusted FTE Position Base 10/31/82	59,178.62	34,755.97	8,762.25	15,660.40
1983-84 Recommended Changes				
Schedule II - New FTE Positions Recommended by the B & C Board	125.01	79.79	3.00	42.22
Schedule III - New State Funded FTE Positions Resulting From Changes in Source of Funding	0	73.70	(-73.50)	(-0.20)
Agency Requested FTE Positions Adjustment	(-306.20)	(-224.88)	(-196.40)	115.08
Net Change For 1983-84	(-181.19)	(-71.39)	(-266.90)	157.10
1983-84 FTE Position Base as Recommended by the B & C Board	58,997.43	34,684.58	8,495.35	15,817.50

Prepared By:
The Office of Budget Development
11/22/82

014184

SCHEDULE I

STATE AUDITOR'S OFFICE
ANALYSIS OF NEW FTE POSITIONS
AS RECOMMENDED BY THE BUDGET AND CONTROL BOARD AND
THE JOINT LEGISLATIVE COMMITTEE ON PERSONAL SERVICE
FINANCING AND BUDGETING FOR 1982-83

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
13	Election Commission	0.10	0.10		
14G	Retirement Division	3.00	0	0	3.00
14H	State Personnel	1.00	1.00		
15	Higher Education Commission	1.00	1.00		
17	The Citadel	1.00	1.00		
22	S. C. State College	22.00	22.00		
27	State Board for Tech Education	2.00	2.00		
36	Arts Commission	0.45	0	0.45	
60	Dept. of Agriculture	1.00	0	0	1.00
74	State Workers Compensation Fund	3.00	0	0	3.00
82	Alcoholic Beverage Commission	0.44	0.44		
	Total	34.99	27.54	0.45	7.00

NOTE: The above changes have been included in the 1982-83 Certified FTE Positions Base.

EXHIBIT
DEC 17 1982 NO. 6
STATE BUDGET & CONTROL BOARD

Prepared By:
The Office of Budget Development
11/22/82

014185

SCHEDULE II

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE

ANALYSIS OF NEW FTE POSITIONS

AS RECOMMENDED BY THE BUDGET AND CONTROL BOARD

FOR 1983-84

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
4	Judicial Department	1.00	1.00		
8	Comptroller General	4.00	4.00		
9	State Treasurer	5.00	5.00		
14D	B & C Board - General Services	5.00	0	0	5.00
14H	B & C Board - Personnel	3.00	0	0	3.00
21	Lander College	3.88	2.86	0	1.02
28	Technical Education	24.20	0	0	24.20
52	Corrections Department	63.00	63.00		
65	Sea Grants Consortium	3.00	0	3.00	
68	Patriots Point Dev. Authority	5.00	0	0	5.00
70	Old Exchange Building Comm	1.00	0	0	1.00
74	State Workers Compensation Fund	3.00	0	0	3.00
85	Accountancy Board	0.40	0.40		
91	Contractor's Licensing Board	2.00	2.00		
95	Environmental Systems Board	1.00	1.00		
99	Nursing Licenses Board	0.53	0.53		
	Total	125.01	79.79	3.00	42.22

Prepared By:
The Office of Budget Development

11/22/82

014186

SCHEDULE III

EXHIBIT

DEC 17 1982 NO. 6

STATE BUDGET & CONTROL BOARD

STATE AUDITOR'S OFFICE
ANALYSIS OF NEW STATE FUNDED FTE POSITIONS
RESULTING FROM CHANGE IN SOURCE OF FUNDING
FOR 1983-84

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
31	Vocational Rehabilitation	0	59.50	(-59.50)	
35	State Library	0	3.00	(-3.00)	
46	Commission for the Blind	0	0.20	0	(-0.20)
54	Youth Services	0	11.00	(-11.00)	
	Total	0	73.70	(-73.50)	(-0.20)

Prepared By:
The Office of Budget Development
11/22/82

014187

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 7 BLUE AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 8

STATE BUDGET & CONTROL BOARD

Agency: Division of Local Governments

Subject: Expenditures of Rural Improvement Funds in October and November, 1982

The Division of Local Governments has submitted reports on project expenditures during the October 1-31 and November 1-30, 1982 periods.

The October report includes 37 projects involving a total expenditure of $552,198 of state grant funds. That report indicates a balance available for grants in the amount of $1,478,383 and that 122 applications involving $2,151,327 had been approved to that point during the current fiscal year and that 31 applications for $975,373 of grants were then pending.

The November report includes 17 projects involving a total expenditure of $571,293 of state grant funds. That report also indicates a balance available for grants in the amount of $1,478,383 and that 139 applications involving $2,722,619 had been approved as of that date during the current fiscal year and that 14 applications involving $404,080 are pending.

The Division of Local Governments advises that approval of the $150,000 grant to the Beaufort-Jasper Water Authority (Item 8 on the November report) was given in a poll concluded on November 1, 1982. That action is proposed for ratification at the present meeting.

Likewise, Board approval of the $300,000 grant made to the Spartanburg Sanitary Sewer District (Item 15 on the November 15 report) was also granted in a poll of the Board completed on November 16, 1982. That action also is proposed for ratification at the present meeting.

Board Action Requested:

Receive as information both the October and November reports and ratify the approvals previously given to November report items 8 (relating to the $150,000 grant to the Beaufort-Jasper Water Authority) and item 15 (relating to the $300,000 grant to the Spartanburg Sanitary Sewer District).

Staff Comment:

Attachments:

Referenced reports

014188

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		1,478,383
Approved To Date	122	2,151,327
Disapproved To Date		
Pending	31	975,373

(Above Figures Include Items In This Report)

Expenditures for the period October 1 through October 31

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
1. Orangeburg County P.O. Drawer 589 Orangeburg, S.C. 29115	8/4/82	24,000	305,700[a]	7,000[b] 12,000[c] 25,000[d] 11,000[e]	10/1/82	24,000	Construction of a facility for retarded citizens.
2. Town of St. George P.O. Box 691 St. George, S.C. 29477	9/14/82	35,000	----	----	10/1/82	35,000	Drilling of a new well.
3. Little River VFD P.O. Box 164 Little River, S.C. 29566	9/22/82	15,000	----	----	10/1/82	15,000	Purchase of fire equipment
4. Chester County Courthouse Chester, S.C. 29706	1/11/82	12,500	----	12,500[f] 15,000[g]	10/1/81	6,000	Purchase of equipment for the Emergency Center.
5. Town of Mt. Pleasant P.O. Box 745 Mt. Pleasant, S.C. 29464	7/27/82	2,012	----	----	10/1/82	2,012	Purchase of pipe for a drainage ditch.
6. Town of Pamplico Trade Street Pamplico, S.C. 29583	6/28/82	30,000	200,000[h]	----	10/1/82	30,000	Extension of water and sewer lines.

[a] FmHA Loan
[b] Self Foundation
[c] Orangeburg Junior Service League
[d] Orangeburg County
[e] Donations
[f] Chester County Rescue Squad
[g] In-Kind Labor
[h] HUD grant

EXHIBIT
NO. 7
DEC 17 1982
STATE BUDGET & CONTROL BOARD

014189

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
7. Edgefield County Water and Sewer Authority 208 Lynch Street Edgefield, S.C. 29824	7/27/82	3,000	----	----	10/1/82	3,000	Purchase and installation of four fire hydrants.
8. Georgetown County P.O. Drawer 1270 Georgetown, S.C. 29440	9/24/82	8,000	----	----	10/11/82	8,000	Purchase of a patrol vehicle.
9. Greenwood County P.O. Box 997 Greenwood, S.C. 29646	9/10/82	25,000	----	20,000	10/11/82	25,000	Renovation of building used by the Council on Aging to meet fire and safety codes.
10. Horry County Courthouse Conway, S.C. 29526	8/11/82	8,000	----	230,000[i] 35,000[j]	10/11/82	8,000	Completion of water and sewer to Horry-Georgetown Tech.
11. Marlboro County P.O. Box 419 Bennettsville, S.C. 29512	9/27/82	20,000	----	----	10/11/82	20,000	Repairs and renovations to buildings housing county offices.
12. Spartanburg County P.O. Box 5666 Spartanburg, S.C. 29301	9/28/82	5,000	----	----	10/11/82	5,000	Purchase of aquatic investigation and recovery equipment for the sheriff's department.

[i] Horry County

[j] Horry-Georgetown Tech

014190

STATE BUDGET & CONTROL BOARD
DEC 17 1982
EXHIBIT
NO. 7

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

3

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
13. Cherokee County P.O. Box 866 Gaffney, S.C. 29340	8/31/82	10,000	----	11,493	10/11/82	10,000	Extension of water lines in the Daniel Morgan Water District along Hwy 11.
14. City of York 10 N. Roosevelt St. York, S.C. 29745	8/19/82	47,000	----	25,000	10/11/82	35,000	Upgrade water filtration plant to comply with DHEC requirements.
15. City of Westminster P.O. Box 216 Westminster, S.C. 29693	8/4/82	49,800	----	29,800	10/11/82	20,000	Extension of water lines to the Holly Springs area (4 miles).
16. Town of Elloree P.O. Box 28 Elloree, S.C. 29047	8/19/82	21,026	651,000[k]	----	10/11/82	21,026	Improvements to the water system.
17. Piedmont Community Improvement Assoc., Inc. P.O. Box 4 Piedmont, S.C. 29673	10/1/82	25,000	----	----	10/11/82	25,000	Repairs to the civic center.
18. Inman Mills VFD 4th Street Inman, S.C. 29349	3/14/82	3,000	----	----	10/11/82	2,000	Construction of a fire house.

[k] HUD- UDAG grant

EXHIBIT

DEC 17 1982 NO. 7

STATE BUDGET & CONTROL BOARD

014191

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
19. Bethany-Santiago Fire Dept. Rt. 3, Box 308-J Clover, S.C. 29710	8/12/82	3,800	----	----	10/11/82	3,800	Materials to complete the fire station.
20. Bamberg County P.O. Drawer 149 Bamberg, S.C. 29003	9/28/82	10,000	----	----	10/13/82	10,000	Purchase of a bookmobile.
21. Aiken County P.O. Box 879 Aiken, S.C. 29801	9/28/82	10,000	----	----	10/13/82	10,000	Purchase of a bookmobile.
22. Barnwell County P.O. Box 413 Barnwell, S.C. 29812	9/28/82	10,000	----	----	10/13/82	10,000	Purchase of a bookmobile.
23. Edgefield County P.O. Box 663 Edgefield, S.C. 29824	9/28/82	10,000	----	----	10/13/82	10,000	Purchase of a bookmobile.
24. Gowensville VFD Rt. 2 Landrum, S.C. 29358	9/30/82	5,000	----	----	10/13/82	5,000	Purchase of equipment for a pumper truck.
25. Spartanburg County P.O. Box 5666 Spartanburg, S.C. 29304	7/26/82	2,000	----	----	10/13/82	2,000	Purchase of equipment for the Zoar Fire Service Area

EXHIBIT
DEC 17 1982 NO. 7
STATE BUDGET & CONTROL BOARD

014192

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

5

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds Federal	Other Funds Local	Date Approved Or Disapproved	Amount Approved	Brief Description of request
26. Bath Water & Sewer District P.O. Box 321 Bath, S.C. 29816	10/12/82	20,000	----	20,000[1]	10/13/82	20,000	Increase size of sewer lines in Bath.
27. S. Darlington RFD Rt. 4, Box 55 Darlington, S.C. 29532	8/25/82	2,960	----	----	10/13/82	2,960	Purchase of fire equipment.
28. City of Florence Drawer AA City-County Complex Florence, S.C. 29501	6/15/82	20,000	----	44,679	10/13/82	20,000	Installation of water lines serving 3 motels, 2 resturants, a campground and a potential industrial site at US 76 and I-95 (outside city limits).
29. Dillon County P.O. Box 449 Dillon, S.C. 29536	7/1/82	4,700	----	----	10/15/82	3,000	Replace books and flooring damaged by a flood.
30. City of Seneca North First Street Seneca, S.C. 29678	9/5/82	40,000	----	----	10/15/82	40,000	Purchase of communication equipment, a service truck and equipment for the fire department.
31. Lancaster County Water and Sewer District P.O. Box 1009 Lancaster, S.C. 29720	10/13/82	49,900	----	----	10/15/82	49,900	Extension of water lines in Indian Land.

[1] S.C. Hwy Dept.

EXHIBIT
DEC 17 1982 NO. 7
STATE BUDGET & CONTROL BOARD

014193

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF November 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

6

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds Federal	Other Funds Local	Date Approved Or Disapproved	Amount Approved	Brief Description of Project
32. Town of Cheraw P.O. Box 111 Cheraw, S.C. 29520	9/7/82	4,000	----	----	10/19/82	4,000	Installation of 400 feet of 2½ inch water line.
33. Town of Blythewood P.O. Box 65 Blythewood, S.C. 29016	10/20/82	2,500	----	----	10/20/82	2,500	Purchase of equipment and supplies for the fire department.
34. St. Paul's District Fire Dept. P.O. Box 88 Hollywood, S.C. 29449	6/16/82	25,000	----	----	10/21/82	10,000	Construction of a fire station.
35. Charleston County 2 Courthouse Square Charleston, S.C. 29403	9/20/82	15,000	----	----	10/21/82	15,000	Purchase of shelves and books for the McClellanville library.
36. Turkey Creek and St. Matthews Fire Department Bishopville, S.C. 29010	10/21/82	5,000	----	4,000[m] 6,000[n]	10/25/82	5,000	Purchase of materials and equipment to build and equip a fire station.
37. Town of Turbeville Main Street Turbeville, S.C. 29162	4/20/82	35,000	----	----	10/27/82	35,000	Improvements and additions to the town hall and fire station.
						552,198	

$226,745 was transferred to the B&C Board as a result of the 4.6% reduction (10/15/82).

[m] Lee County

[n] Fund-raising

EXHIBIT

DEC 17 1982 NO. 7

STATE BUDGET & CONTROL BOARD

014194

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF December 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		1,478,383
Approved To Date	139	2,722,619
Disapproved To Date		
Pending	14	404,080

(Above Figures Include Items In This Report)

Expenditures for the period November 1 through November 30

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
1. Town of Chesterfield P.O. Box 350 Chesterfield, SC 29709	9/16/82	7,500	----	----	11/1/82	7,500	Purchase of equipment for the ambulance.
2. Town of Carlisle P.O. Box 305 Carlisle, SC 29031	10/27/82	4,500	----	----	11/1/82	4,500	Repairs to the water system.
3. Blue Ridge Rural Water, Co. Rt. 3 Greer, SC 29651	10/12/82	16,000	----	----	11/1/82	16,000	Installation of 600 feet of pipe to tie in to the Greer system to insure an adequate water supply.
4. Spartanburg County P.O. Box 5666 Spartanburg, SC	10/25/82	5,000	----	5,000[a]	11/1/82	5,000	Repair of a building to be by the Boiling Springs Library.
5. Town of Kershaw P.O. Box 145 Kershaw, SC	10/26/82	16,000	----	----	11/1/82	16,000	Repair of water reservoir dam and spillway.
6. Berkeley County Development Board P.O. Box 968 Moncks Corner, SC 29461	10/12/82	5,585	----	17,706[b]	11/1/82	5,585	Completion of the Wadboo Creek excavation site.

a Boiling Springs Friends of the Library

b USC Institute of Archaeology and Anthropology

EXHIBIT

DEC 17 1982 NO. 7

STATE BUDGET & CONTROL BOARD

014195

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF December 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		1,478,383
Approved To Date	139	2,722,619
Disapproved To Date		
Pending	14	404,080

(Above Figures Include Items In This Report)

Expenditures for the period November 1 through November 30

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
7. Town of McBee P.O. Box 248 McBee, SC 29101	9/16/82	5,000	----	----	11/1/82	5,000	Purchase of equipment for the ambulance.
8. Beaufort-Jasper Water Authority P.O. Box 275 Beaufort, SC 29902	10/28/82	150,000	----	1,300,000	11/1/82	150,000	Increase the capacity of the water treatment and distribution plant. DHEC has placed a moratorium on further development until plant capacity is increased.
9. City of Hartsville P.O. Drawer 1230 Hartsville, SC 29550	11/8/82	13,900	----	1,300	11/8/82	13,900	Demolition of a burned out building, clearing and construction of an alley.
10. Georgetown County P.O. Box 1270 Georgetown, SC 29440	8/24/82	1,000	----	----	11/10/82	1,000	Completion of the Potato Bed Ferry community center.
11. Old Town Fire Dept. Rt. 1, Box 85 Saluda, SC 29138	11/1/82	1,500	----	9,000	11/10/82	1,500	Repairs and improvement to water tanker as required by ISO.
12. Saluda County East Church Street Saluda, SC 29138	11/1/82	2,000	10,087[c]	54[d]	11/10/82	2,000	Purchase of a 1982 Dodge Van for the Council on Aging.

c Urban Mass Transportation Act

d Saluda County Council on Aging

EXHIBIT
DEC 17 1982 NO. 7
STATE BUDGET & CONTROL BOARD

014196

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF December 1982

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		1,478,383
Approved To Date	139	2,722,619
Disapproved To Date		
Pending	14	404,080

(Above Figures Include Items In This Report)

3

Expenditures for the period November 1 through November 30

Name & Address of Applicant	Date Of Application	State Funds Requested	Other Funds		Date Approved Or Disapproved	Amount Approved	Brief Description of Project
			Federal	Local			
13. Clarendon County Courthouse Manning, SC 29102	7/12/82	25,318	----	----	11/15/82	25,318	Purchase of major surgical light and a radio-op surgical table for Clarendon Memorial Hospital.
14. Orangeburg County P.O. Drawer 589 Orangeburg, SC 29115	10/21/82	3,990	----	----	11/15/82	3,990	Refurbish furniture in county office building.
15. Spartanburg Sanitary Sewer District P.O. Box 5404 Spartanburg, SC 29304	11/16/82	300,000	----	----	11/16/82	300,000	Construction of a pump station force main and sewer lines to provide service to National Lock Hardware Manufacturing Co. (450 jobs will be created).
16. New Holland Fire Department Rt. 1, Box 362 Wagener, SC 29164	11/16/82	2,000	----	4,700	11/16/82	2,000	Construction of a fire station.
17. Town of Andrews P.O. Box 378 Andrews, SC 29510	11/18/82	12,000	----	----	11/16/82	12,000	Replace damage water lines and by-pass to Oneitta Mills.
						571,293	

014197

EXHIBIT

DEC 17 1982 NO. 7

STATE BUDGET & CONTROL BOARD

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 8 BLUE AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 9

Agency: State Personnel Division

Subject: New Hires and Employment Trends Report

Board Action Requested:

Staff Comment:

Attachments:

014198

EXHIBIT

DEC 17 1982 NO. 8

STATE BUDGET & CONTROL BOARD

SOURCE: PDSPEC30
DATE: 12/06/82
PREPARED BY: SAT

NEW HIRES DURING FISCAL YEAR 1982 COMPARED TO FISCAL YEAR 1983

	FISCAL 1981-1982				FISCAL 1982-1983			
	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	1st QUARTER	2nd QUARTER (November)	3rd QUARTER	4th QUARTER
New Hires	2,602	1,513	1,269	875	2,369	841		
Average Employees	54,836	55,343	55,350	54,692	54,297	54,762		
Average Vacancies	5,214	4,528	4,545	5,226	6,311	5,600		
Average Positions	60,050	59,871	59,895	59,918	60,608	60,362		
Hires as a % of Average Positions	4.33	2.53	2.12	1.46	3.90	1.39		

SOURCE: PDGEN205
DATE: 12/06/82
PREPARED BY: SAT

EMPLOYMENT TRENDS FISCAL YEARS 1982 AND 1983

END OF MONTH	FILLED POSITIONS	PERCENT OF CHANGE (since June, 1981)
June, 1981	55,340	-
September, 1981	54,876	(0.84%)
December, 1981	55,423	0.15%
March, 1982	55,355	0.03%
June, 1982	54,106	(2.23%)
September, 1982	54,662	(1.24%)
October, 1982	54,780	(1.02%)
November, 1982	54,744	(1.09%)

Although 3,210 new employees have been hired since July 1, 1982, the total number of filled positions increased by only 638, representing a decrease of 36 filled positions over the previous month.

014199

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 9 BLUE AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: State Fire Marshal Division

Subject: Report for November, 1982

A copy of the activity report of the Division of State Fire Marshal is attached.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced report

014200

EXHIBIT

DEC 17 1982 NO. 9

STATE BUDGET & CONTROL BOARD

NOVEMBER, 1982

MONTHLY REPORT

DIVISION OF STATE FIRE MARSHAL

1109 Belleview Street

Columbia, S. C.

The State Fire Marshal's Office has the responsibility of fire prevention and fire protection of lives and property from fire and through the assistance of local officials and other state agencies. Through our concentrated efforts in fulfilling these responsibilities, we have obtained --------- 658 --------- full compliances in conditions which were ruled hazards to life. In conjunction with the November compliances, we conducted the following inspections:

	NOVEMBER	YEAR TO DATE
I. CONFERENCES AND INVESTIGATIONS	466	2892
a. Fire Drills Held	4	49
b. Fire Extinguisher Demonstrations	11	185
II. EDUCATIONAL:		
a. Schools	49	182
b. Universities	1	2
c. Colleges	2	4
d. Academies	1	1
e. Nursery Schools	31	181
f. Kindergartens	14	86
III. RESIDENTIAL:		
a. Hotels	2	5
b. Motels	1	27
IV. REQUESTED INSPECTIONS:		
a. Homes for Aged	5	40
b. Boarding Homes	10	55
c. Orphanages	6	7
V. SERVICE STATIONS:		
a. Self Service and Full Service	0	0

014201

EXHIBIT

DEC 17 1982 NO. 9

STATE BUDGET & CONTROL BOARD

VI. OTHER:		
a. Prisons, Detention Centers, Etc.	2	8
b. Foster Homes	18	55
c. Condominiums	15	81
d. Miscellaneous	2	49
VII. PUBLIC ASSEMBLIES:		
a. Lounges, Restaurants, Recreation Halls, Etc.	23	104
b. Conferences and Investigations	36	103
VIII. INSTITUTIONAL & EDUCATIONAL TRAINING PROGRAMS:		
a. Training Programs Presented	46	253
b. Hospitals Visited	2	25
c. Nursing Care Facilities Visited	2	41
d. Total Number of Persons in Attendance	3258	10416
e. Special Areas, Civic Groups, Schools, Etc.	5	23
IX. PLANS:		
a. Plans & Specifications Reviewed	15	72
b. Conferences & Investigations	7	58

014202

State of South Carolina
Division of State Fire Marshal

RICHARD S. CAMPBELL, P.E.
State Fire Marshall

Budget and Control Board
1109 Belleview Street
Columbia, S.C. 29201
(803) 758-2941

LP GAS/ANHYDROUS AMMONIA
(803) 758-2247

EXHIBIT

DEC 17 1982 NO. 9

STATE BUDGET & CONTROL BOARD

LIQUEFIED PETROLEUM GAS DIVISION

DIVISION OF STATE FIRE MARSHAL

The following statistics are inspections made by the LP Gas Division through the month of November, 1982.

The number of corrections made for this month are 285.

	NOVEMBER
Bulk Plants	38
Bulk Trucks	41
Cylinder Trucks	18
Transports	7
Motor Fuel Installations	22
Cylinder Charging Plants	33
Individual Installations	2,724
Conferences	225
Reinspections	280
TOTAL INSPECTIONS	3,388
Faulty Inspections	152

014203

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 10 BLUE AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 11

STATE BUDGET & CONTROL BOARD

Agency: Executive Director's Office

Subject: Interviewee Travel Expense Payments

Attached are reports on agency payments of interviewee travel expenses made pursuant to authority granted by the Board.

Included here are reports covering three payments made by the Department of Mental Health and four made by the College of Charleston. Three payments reported by the College of Charleston relate to travel made prior to the November 4 policy change.

Board Action Requested:

Receive as information.

Staff Comment:

Attachments:

Referenced reports

014204

DEC 9 1982

South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

December 6, 1982

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
212 Wade Hampton Office Building
PO Box 12444
Columbia, SC 29211

Dear Mr. McInnis

Enclosed is a copy of a memorandum from Donald W. Morgan, M.D., Acting Director, William S. Hall Psychiatric Institute, requesting approval of travel reimbursement for Robert S. McKelvey, M.D., for an interview at the Institute for the position of Chief, Child and Adolescent Outpatient Clinic.

I have approved this request in view of the fact that this position is essential to the teaching mission of the Institute; that the cost incurred would be significantly less than the cost which would be incurred if five staff members were to travel to Des Plaines, Illinois, to conduct the interview; and that at the present time there are no qualified applicants within South Carolina from which to fill the position.

Sincerely

William S. Hall

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

WSH/jas

Enclosure

014205

William S. Hall Psychiatric Institute
The Teaching and Research Facility of the South Carolina Department of Mental Health

P. O. Box 202 / Columbia, South Carolina / 29202

Alexander G. Donald, M.D.
Director

RECEIVED
DEC 3 1982
State Commissioner of
Mental Health
S. C. Dept. of Mental Health

M E M O R A N D U M

TO: Racine Brown, Ph.D.
Assistant Commissioner of Mental Health

FROM: Donald W. Morgan, M.D., M.Sc.
Acting Institute Director
William S. Hall Psychiatric Institute

Recommend approval
12/2/82

DATE: November 30, 1982

EXHIBIT
DEC 17 1982 NO. 10
STATE BUDGET & CONTROL BOARD

SUBJECT: Request to Expend Travel Funds for a Faculty Candidate

I request approval of travel reimbursement in the amount of approximately $570.00 for Robert S. McKelvey, M.D. for an interview at the Institute for the position of Chief, Child and Adolescent Outpatient Clinic.

This is a significant faculty position to be filled in light of the teaching mission of the Institute and the cost is warranted. The cost of this interview will be significantly less than to pay the cost of five staff members to travel to Belmont, Mass. for the interview. In addition, it is imperative that the applicant see the Institute in order to make an informed decision.

This position has been advertised nationally in professional journals after we had failed to receive any presently qualified applicants after advertising within the Department of Mental Health. At the present time there is only one other competitive applicant who is a resident of South Carolina. Dr. McKelvey has better qualifications (i.e., is Board Certified in Child Psychiatry) than the South Carolina applicant.

This request is submitted in accordance with instructions in the attached memorandum from Mr. Putnam for your approval.

PTB

llb

CC: William S. McInnes
Deputy Executive Director
State Budget and Control Board

S. C. STATE DEPARTMENT OF MENTAL HEALTH
APPROVED
DEC 3 1982
COMMISSIONER

014206

DEC 1 1982

William S. Hall Psychiatric Institute

The Teaching and Research Facility of the South Carolina Department of Mental Health

P. O. Box 202 / Columbia, South Carolina / 29202

Alexander G. Donald, M.D.
Director

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

M E M O R A N D U M

TO: Racine D. Brown, Ph.D.
Assistant State Commissioner of Mental Health

FROM: Donald W. Morgan, M.D. recommend approval DWM
Acting Institute Director, Wm. S. Hall Psychiatric Institute

SUBJECT: Request to Expend Travel Funds for a Faculty Candidate

DATE: November 22, 1982

I request approval of travel reimbursement in the amount of approximately $601 for John Michelman, M.D., for an interview at the Institute for the position of Chief of the Child and Adolescent Outpatient Clinic.

This is a significant faculty position to be filled in light of the teaching mission of the Institute, and the cost is warranted. The cost of this interview will be significantly less than to pay the cost of five staff members to travel to Minneapolis, Minnesota for the interview. In addition, it is imperative that the applicant see the Institute in order to make an informed decision.

This position has been advertised nationally in professional journals after we had failed to receive any properly qualified applicants after advertising within the Department of Mental Health. At the present time there are no other competitive applicants who are residents of South Carolina.

This request is submitted in accordance with instructions and attached memorandum from Mr. Putnam for your approval.

PTB

llb

CC: William A. McInnis
Deputy Executive Director
State Budget and Control Board

APPROVED NOV 29 1982 RLB

014207

NOV 26 1982

William S. Hall Psychiatric Institute

The Teaching and Research Facility of the South Carolina Department of Mental Health

P. O. Box 202 / Columbia, South Carolina / 29202

Alexander G. Donald, M.D.
Director

RECEIVED

NOV 23 1982

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

MEMORANDUM

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

THROUGH: Donald W. Morgan, M.D. recommend approval
Acting Institute Director, William S. Hall Psychiatric Institute

FROM: Patrick T. Butterfield, M.D. PTB
Director, Child and Adolescent Psychiatry Service
William S. Hall Psychiatric Institute

EXHIBIT

DATE: November 16, 1982

DEC 17 1982 NO. 10

SUBJECT: Reimbursement for Interview Travel

STATE BUDGET & CONTROL BOARD

I request approval of travel reimbursement of approximatley $643.00 for Duard Bok, M.D. to interview at the William S. Hall Psychiatric Institute for a position as a child psychiatry resident.

This is one of the training positions and is a significant position to be filled in light of the teaching mission of the Institute and the cost is warranted. The cost of this interview will be significantly less than the cost of the five staff members to travel to Texas for the interview. In addition, it is imperative that the applicant see the Institute in order to make an informed decision. At the present time there are no qualified applicants who are our South Carolina residents competing for this position.

This request is submitted, in accordance with the instructions in the attached memorandum from Mr. Putnam, for your approval.

PTB

llb

CC: Mr. William A. McInnes
Deputy Executive Director
State Budget and Control Board

NOV 23

014208

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

November 22, 1982

RECEIVED
NOV 23 1982
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam
Executive Director
S.C. Budget and Control Board
212 Wade Hampton Office Building
P.O. Box 12444
Columbia, SC 29211

Dear Mr. Putnam,

Pursuant to your memorandum of 10 March, 82, I am enclosing determinations made by President Collins regarding interviewee travel expense.

Should you have questions, please contact me.

Sincerely,

Joseph E. Bolchoz, Jr.
Assistant Vice President
& Controller

JEB,JR/kkr

enclosures

014209

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OR RECRUIT: LARRY R. SELIN

CITY ADDRESS: Springfield, Mo

POSITION TO BE FILLED: Associate Provost/Planning & Evaluation

TRAVEL DATES: FROM Oct 3 TO Oct 5, 1982

TOTAL TRAVEL REIMBURSEMENT: 493.25

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town.

Approved by: Edward M. Collins, Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

014210

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OR RECRUIT: Alice Jacobson

CITY ADDRESS: Trenton, NJ

POSITION TO BE FILLED: Associate Provost/Planning + Evaluation

TRAVEL DATES: FROM Oct 5th TO Oct 6, 1982

TOTAL TRAVEL REIMBURSEMENT: 210.00

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town.

Approved by: Edward M. Collins Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

014211

FOUNDED 1770

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

Office of the President

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OR RECRUIT: DAN R Quarles

CITY ADDRESS: Red Bank, TN.

POSITION TO BE FILLED: Associate Provost/Planning + Evaluation

TRAVEL DATES: FROM Oct 7 TO Oct 8, 1982

TOTAL TRAVEL REIMBURSEMENT: 191.36

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town.

Approved by: Edward M. Collins, Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

014212

FOUNDED 1770

DEC 13 1982

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

EXHIBIT

DEC 17 1982 NO. 10

STATE BUDGET & CONTROL BOARD

December 9, 1982

Mr. William A. McInnis
Deputy Executive Director
S.C. State Budget and Control Board
Box 12444
Columbia, SC 29211

Dear Mr. McInnis,

Thank you for your letter of December 1st, informing me of the additional requirement added on November 3, by the Budget and Control Board regarding interviewee travel expenses. As one of the people in the "trenches" I usually am the last to receive such correspondence.

To faciliate the new ruling I have re-designed the form, our President certifies adding the South Carolina residency section. I am returning the one you returned with the new certification.

Again, thank you for the notice and please contact me should there be future problems regarding this matter.

Sincerely,

Joseph E. Bolchoz, Jr.
Assistant Vice President
& Controller

JEB,JR/kkr

014213

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

EXHIBIT

DEC 17 1982 NO. 10

Office of the President

STATE BUDGET & CONTROL BOARD

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Jill Storm

CITY ADDRESS: Buffalo, N.Y.

POSITION TO BE FILLED: Asst Collection Dev Librarian

TRAVEL DATES: FROM Nov 17 TO Nov 18, 1982

TOTAL TRAVEL REIMBURSEMENT: 349.20

Significance of position warrants such costs and the payment is more cost efficient than sending represenatives to the recruits' home town. In making this determination the College has considered qualified candidates residing within South Carolina.

Approved by: Edward M Collins Jr.
Edward M. Collins, Jr.
President

Original: Accounts Payable
Copy: Budget and Control Board

FOUNDED 1770

014214

EXHIBIT

DEC 17 1982 NO. 11

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD REGULAR SESSION AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 2

Agency: Comptroller General's Office

Subject: Presentation of Financial Statements

Comptroller General Morris and his staff will present copies of the recently-published financial statements.

EXHIBIT

DEC 17 1982 NO. 11

STATE BUDGET & CONTROL BOARD

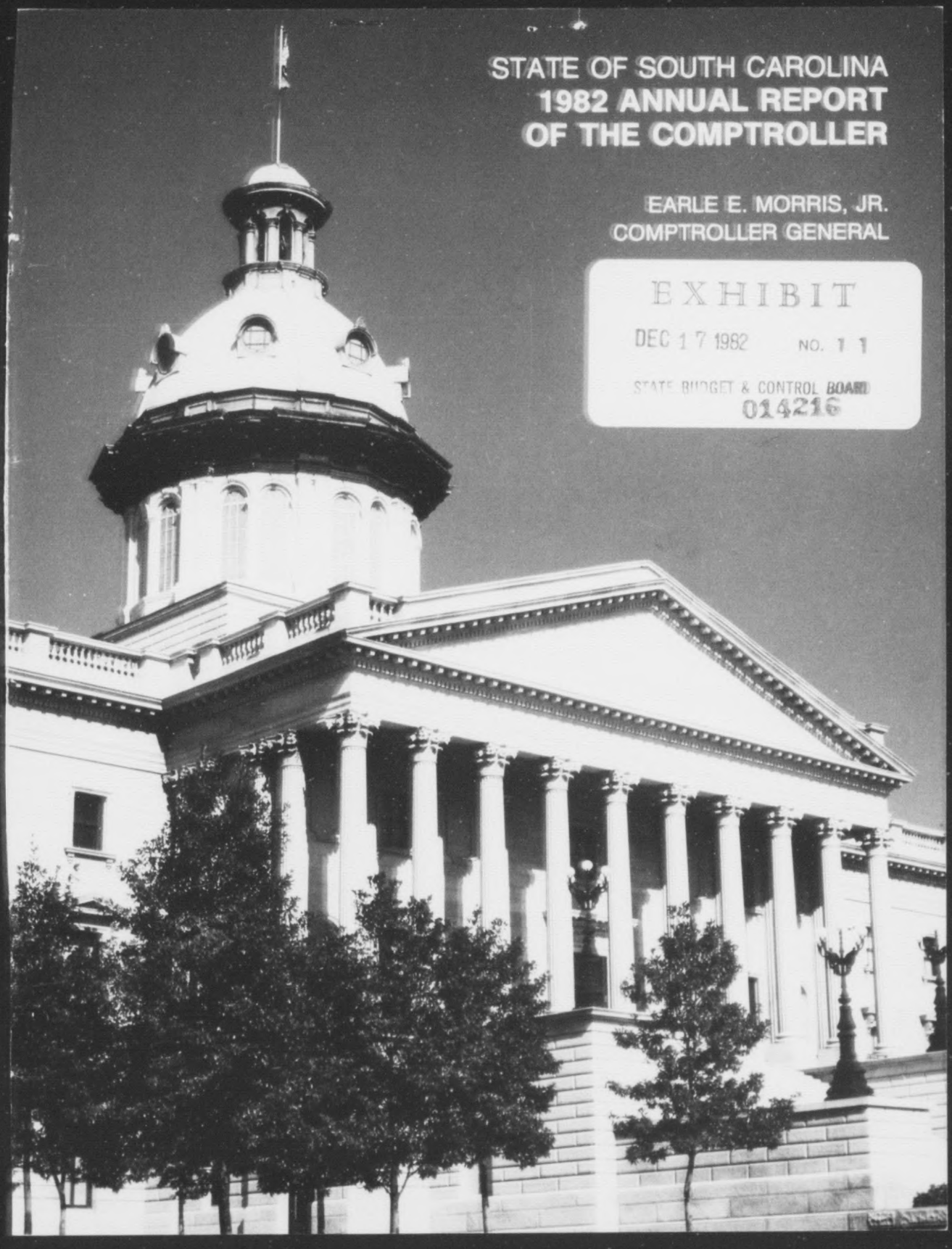
Board Action Requested:

Receive as information.

Staff Comment:

014215

Attachments:



STATE OF SOUTH CAROLINA
1982 ANNUAL REPORT OF THE COMPTROLLER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

EXHIBIT
DEC 17 1982 NO. 11
STATE BUDGET & CONTROL BOARD
014216

Earle E. Morris, Jr. is the 30th Comptroller General of the State of South Carolina. He has served as Comptroller General since 1987.

01-217

COMPTROLLER'S MESSAGE

It is my pleasure to present to you the Annual Financial Report of the State of South Carolina. Included in this report are financial statements presenting the financial position and results of operations of the State for the past year. We are proud of this report which represents a major stride toward reporting in full compliance with new and stringent standards for governmental financial reporting.

During this past year, the State of South Carolina, along with the rest of the nation, experienced the devastating effects of high interest rates along with the pressures of inflation and a lingering, worsening recession. The slowed economy produced declining revenues in State government. This required a prompt reduction of appropriations in December and additional freezes on supplies and equipment in the spring. At year end, $55,369,241 was required to be transferred from the General Fund Reserve, leaving a balance of $21,129,415.

Progress must continue to be made toward complete compliance with applicable accounting and reporting standards. It is my hope that as the statements contained in this report evolve in the next few years, they will enable a more penetrating and realistic assessment of State government's costs and programs. This report is a beginning at developing an anchor to which a great number of more detailed financial reports and concepts can be tied.

If the figures on this report raise questions, we will have begun to achieve our basic purpose. Political processes have financial results and the demand of periodic full disclosure can be useful in evaluating our future courses of action. An understanding of the financial health and strength of our State government is vital.

I earnestly solicit advice and questions from anyone concerning the information contained in this report.

Earle E. Morris, Jr.

Earle E. Morris, Jr.
State Comptroller General

EXHIBIT

DEC 17 1982 NO. 11

STATE BUDGET & CONTROL BOARD

014218

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General Purpose Financial Statements

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- Combined Statement of Revenues, Expenditures and Changes in Fund Balance — All Governmental Fund Types and Trust and Agency Funds 11
- Combined Statement of Revenues, Expenditures, and Changes in General Fund Balance — Budget and Actual 12
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014219

INTRODUCTION

This year's annual report has been modified in response to the national trend toward standardizing the quality, content and comparability of financial data among states. As a result of this trend, certain authoritative pronouncements have been issued by the accounting profession. These pronouncements recommend compliance with Generally Accepted Accounting Principles (GAAP) for state governments and the use of specific formats for annual financial reports. Officials at all levels of government have been under increasing pressure to provide timely and accurate information concerning the fiscal condition of government. Standard and Poor's, recognizing the severe impact of inflation/recession on governments, has warned bond issuers that failure to make financial statements conform to Generally Accepted Accounting Principles (GAAP) would be considered a "negative factor" in their bond rating process.

In view of these pressures and demands for greater accountability and financial disclosure, my office contacted the executive and legislative leadership of our State and in 1981 the State Legislature enacted the following proviso in the Appropriation Act mandating a Budgeting, Accounting and Financial Reporting System based on Generally Accepted Accounting Principles (GAAP).

> Provided, Further, That it is the intent of the General Assembly that the financial statements issued for the State of South Carolina shall be in conformance with Generally Accepted Accounting Principles (GAAP) at the earliest possible date. To this end, the Comptroller General is directed as the State Accounting Officer to proceed with the implementation and refinement of the Statewide Accounting and Reporting System (STARS) so as to develop an accounting system which will provide the required information for preparation of the financial reports for the State of South Carolina by the State Accounting Officer in conformance with Generally Accepted Accounting Principles (GAAP). The Comptroller General as the State Accounting Officer is given full power and authority to issue accounting policy directives to State agencies in order to comply with Generally Accepted Accounting Principles.

I believe this report will enable government decision makers as well as concerned citizens to more readily understand and to better evaluate the State's financial operations.

We are committed to do the best job we can with available resources and to make the necessary improvements to our financial reports and accounting system until we are in full compliance with Generally Accepted Accounting Principles (GAAP).

014220

GENERAL FUND HIGHLIGHTS

The General Fund is the most significant fund of the State. In fiscal year 1981-82 General Fund disbursements totaled $1,859.4 million and exceeded revenue collections of $1,804.2 million by $55.2 million. During this year the recession continued to restrict tax collections. This placed General Fund revenue collections well below initial estimates and required expenditure levels to be reduced in December of 1981 by 2.19% or $37.8 million and a freeze to be placed on supplies and equipment in April of 1982. These actions were necessary in order to avoid a deficit as the result of a $114 million revenue short fall in the General Fund. At year end $55.4 million was transferred from the General Fund Reserve leaving a balance of $21.1 million in this account.

In summary, the State's fiscal position declined during 1982. We began the fiscal year with $80.7 million in General Fund equity and ended the year with a $25.5 million balance in this fund. The graph on the next page illustrates the decline in General Fund equity over the past five years. During this period payrolls were met, contractual obligations fulfilled and creditors paid.

GENERAL FUND REVENUES

Budgeted	$1,918.1 Million
Actual	$1,804.2 Million

GENERAL FUND EXPENDITURES

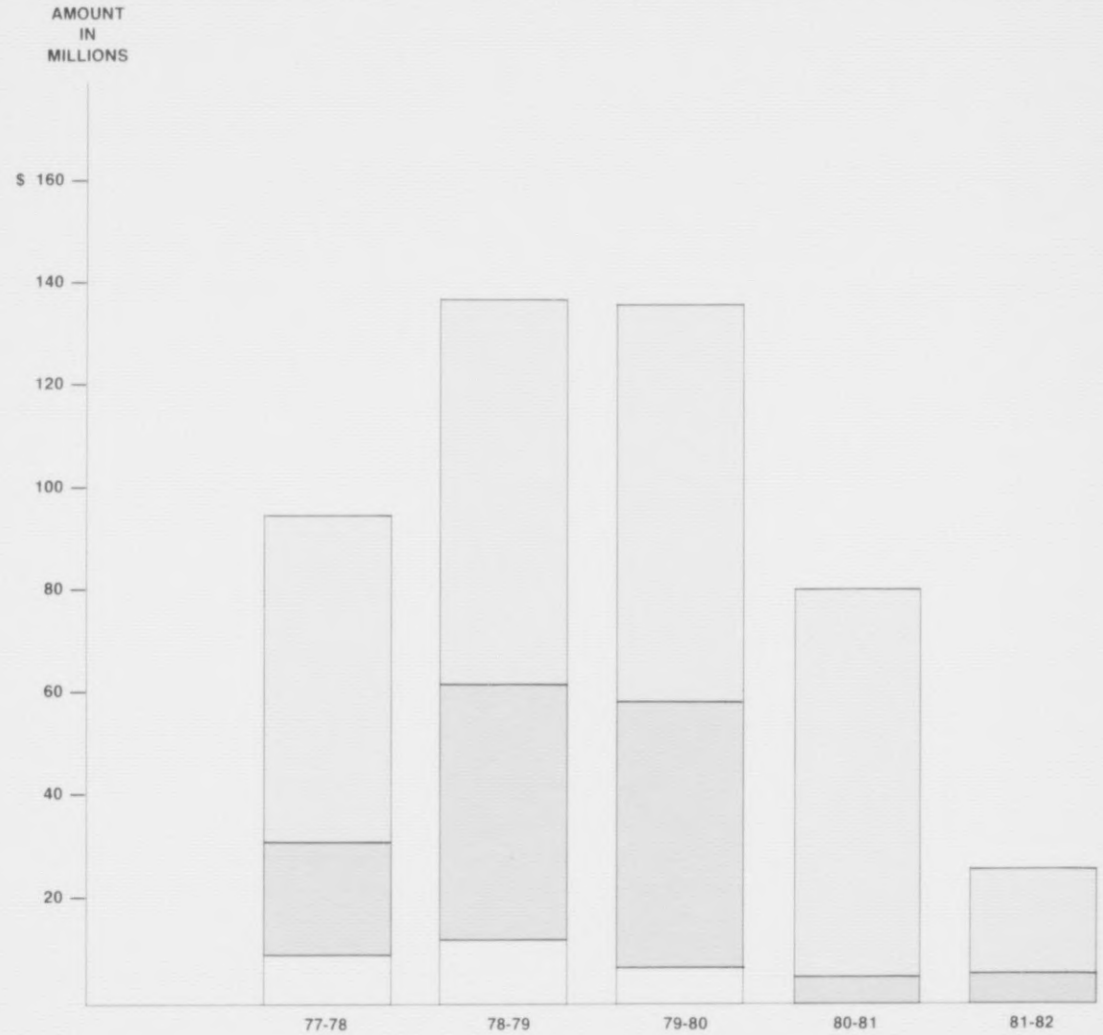
Budgeted	$1,915.6 Million
Actual	$1,859.4 Million

014221

State of South Carolina

GENERAL FUND EQUITY

For the Fiscal Years 1978 through 1982



	77-78	78-79	79-80	80-81	81-82
GENERAL FUND RESERVE	$ 63,865,290.49	$ 71,342,140.09	$ 79,904,881.77	$ 76,498,656.21	$ 21,129,415.11
RESERVE FOR APPROPRIATIONS CARRIED FORWARD	20,668,918.96	52,428,695.70	49,250,330.92	4,197,737.32	4,358,450.02
GENERAL FUND SURPLUS	9,421,506.42	12,665,414.23	6,968,758.43	-0-	-0-
TOTAL FUND EQUITY	$ 93,955,715.87	$ 136,436,250.02	$ 136,123,971.12	$ 80,696,393.53	$ 25,487,865.13

014222

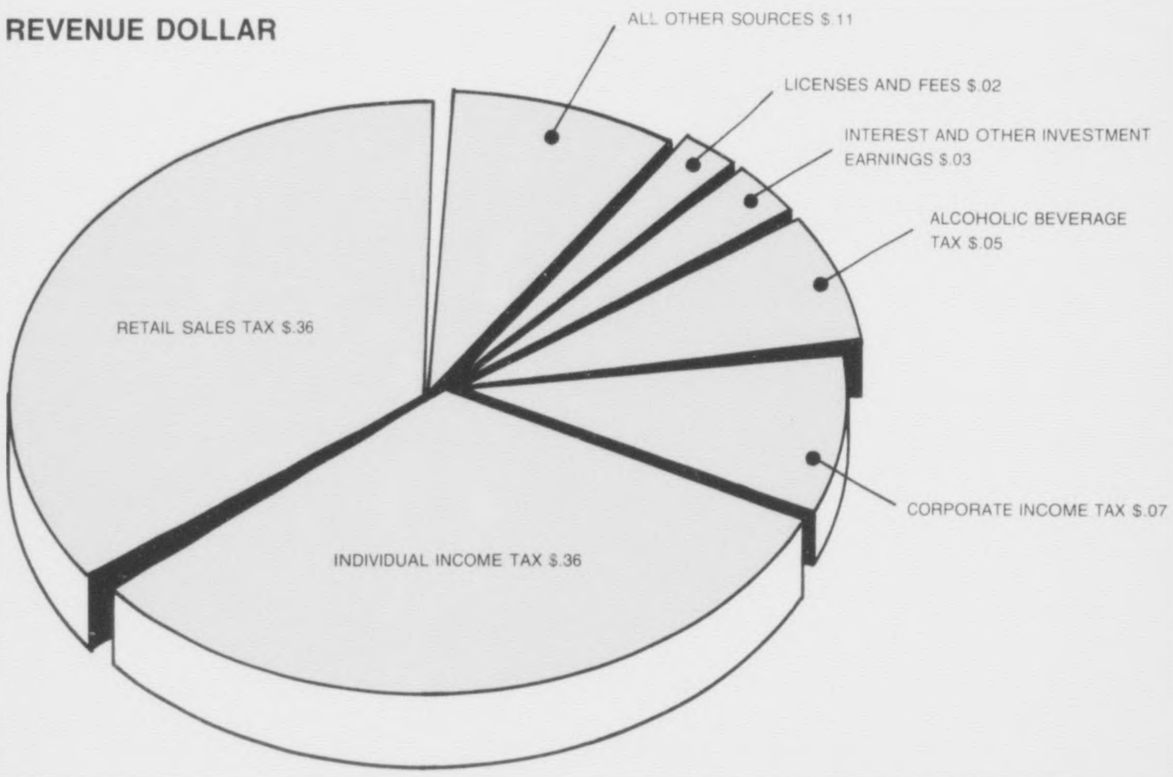
GENERAL FUND REVENUE

General Fund Revenue collections for the 1982 fiscal year increased from $1,709.2 million to $1,804.1 million, a 5.6% increase over the prior year. Revenues for the year were originally estimated at $1,918.1 million but because the economy remained in a recession, anticipated revenue estimates fell short by $114 million. As the chart on page 6 indicates the trend of sluggish revenue collections prevailed throughout the year. Two major state General Fund taxes, sales tax and income tax, increased from 1980-81 levels but fell short of their projected levels.

These two taxes accounted for 79% of all General Fund Revenues collected. The pie chart below identifies the major revenue areas and the percentages they contributed to the General Fund.

SOURCE	AMOUNT	
Individual Income Tax	$ 641,838,025	$ .36
Retail Sales Tax	647,271,181	.36
Corporate Income Tax	127,609,517	.07
Alcoholic Beverage Tax	91,574,059	.05
Interest and Other Investment Earnings	51,981,993	.03
Licenses and Fees	31,783,629	.02
All Other Sources	212,110,643	.11
Total	$ 1,804,169,047	$ 1.00

REVENUE DOLLAR



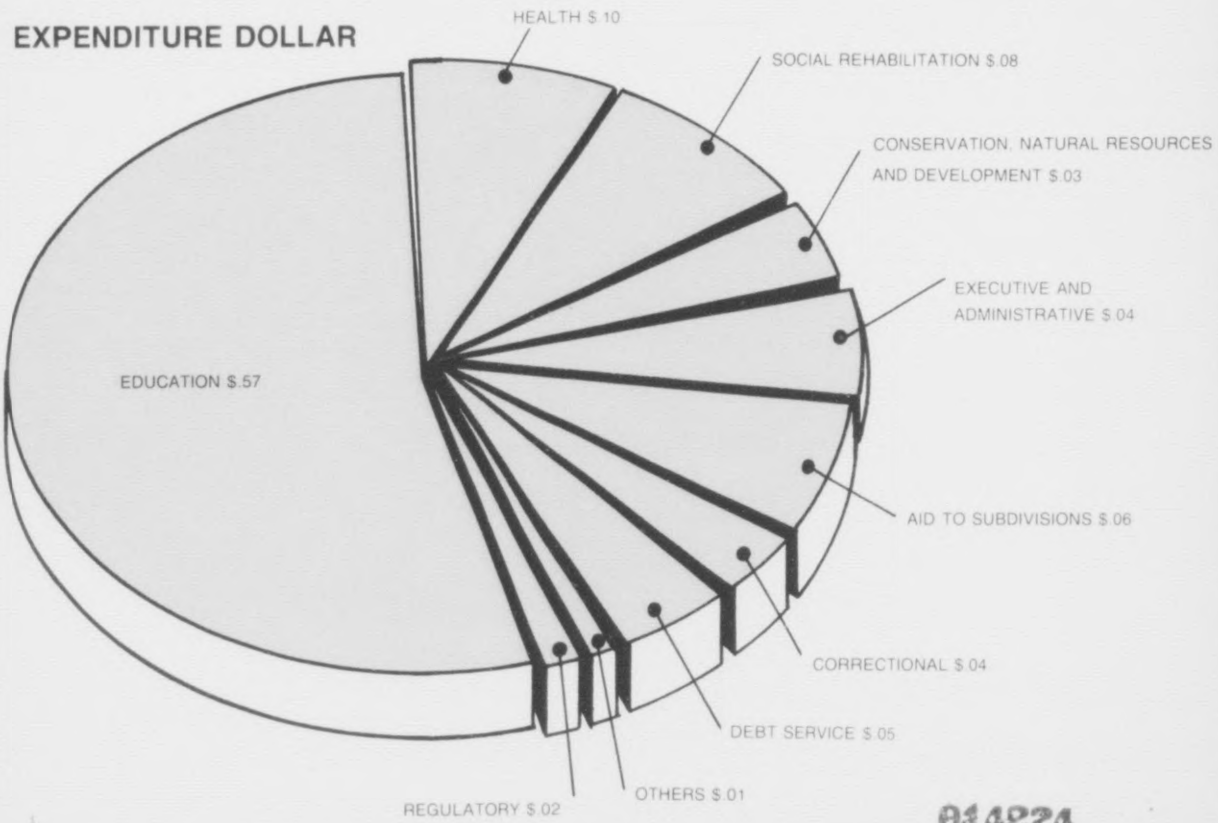
014223

GENERAL FUND EXPENDITURES

Expenditures from the State's General Fund totaled $1,859.4 million, an increase of 5.4% and $94.8 million over the prior fiscal year. Due to an anticipated revenue short fall, General Fund appropriations were reduced in December by $37.8 million and in April expenditures for supplies and equipment were frozen. These actions combined with other lapsed appropriations resulted in a $56.3 million savings at year end. The General Fund accounts for the major portion of expenditures for elementary and secondary education, higher education, health and social services, corrections and the over-all administrative cost of state government, the largest spending area being "Education" with total expenditures of $1,061.9 million. This represents 57% of all General Fund dollars spent. The pie chart on the left identifies the percentages expended by major functional areas.

FUNCTION	AMOUNT	
Education	$ 1,061,897,933	$ .57
Health	183,513,341	.10
Social Rehabilitation	144,777,345	.08
Aid to Subdivisions	107,526,154	.06
Debt Service	89,721,705	.05
Correctional	73,859,769	.04
Executive and Administrative	70,492,497	.04
Conservation, Natural Resources and Development	62,026,535	.03
Regulatory	35,000,410	.02
Others	30,561,887	.01
Total	$ 1,859,377,576	$ 1.00

EXPENDITURE DOLLAR



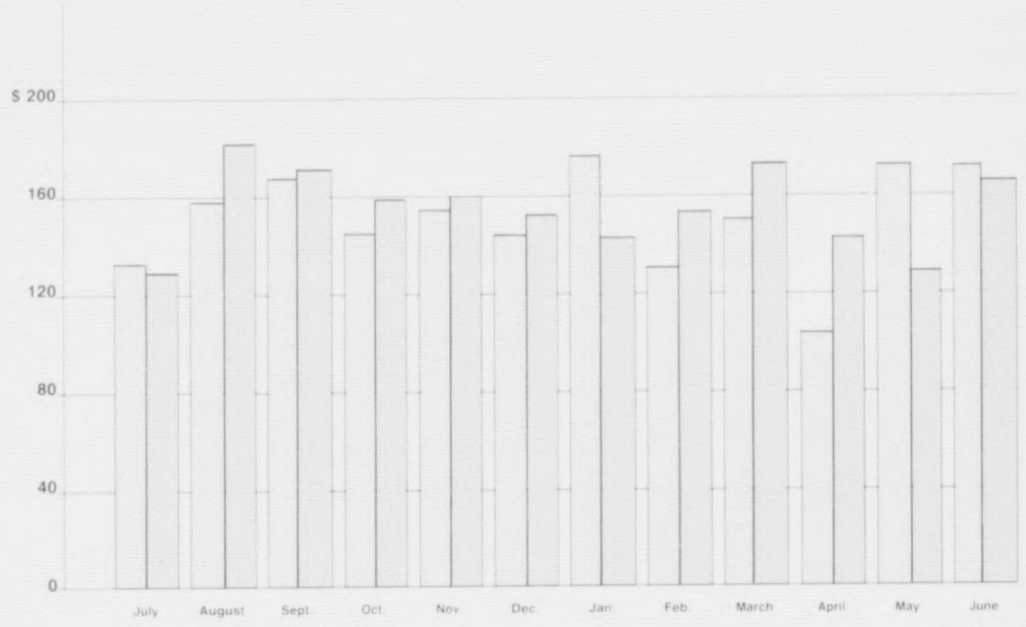
014224

State of South Carolina

MONTHLY REVENUES AND EXPENDITURES

General Fund

AMOUNT IN MILLIONS



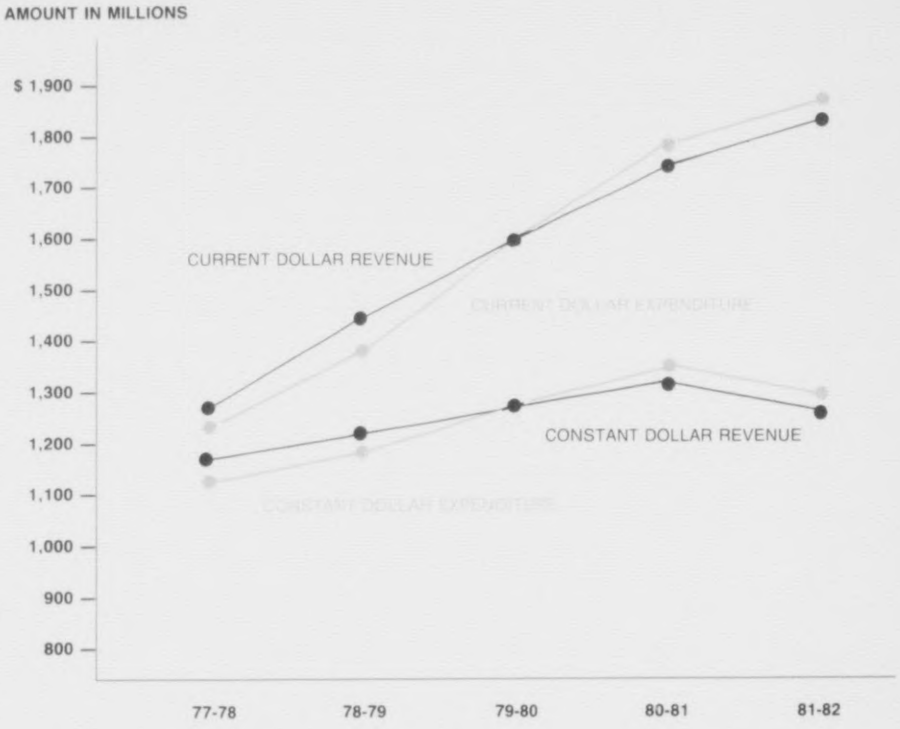
													TOTAL
Revenues	$ 130.2	$ 158.9	$ 166.6	$ 146.3	$ 154.7	$ 144.5	$ 177.2	$ 129.0	$ 149.0	$ 105.7	$ 171.1	$ 171.0	$ 1,804.2
Expenditures	128.2	180.3	179.8	159.9	160.0	153.8	141.6	150.8	173.2	143.5	127.5	160.8	1,859.4
Over (Under)	$ 2.0	$ (21.4)	$ (13.2)	$ (13.6)	$ (5.3)	$ (9.3)	$ 35.6	$ (21.8)	$ (24.2)	$ (37.8)	$ 43.6	$ 10.2	$ (55.2)

014325

State of South Carolina

CONSTANT DOLLAR REVENUE AND EXPENDITURES LAST FIVE YEARS

General Fund



	77-78	78-79	79-80	80-81	81-82
Current Dollar Revenues	$ 1,277.3	$ 1,426.8	$ 1,598.1	$ 1,709.2	$ 1,804.2
Constant Dollar Revenues† (1976-77 Dollars)	$ 1,182.7	$ 1,216.4	$ 1,271.4	$ 1,281.3	$ 1,252.0
Current Dollar Expenditures	$ 1,209.7	$ 1,382.7	$ 1,598.2	$ 1,764.2	$ 1,859.4
Constant Dollar Expenditures† (1976-77 Dollars)	$ 1,120.1	$ 1,178.8	$ 1,271.4	$ 1,322.5	$ 1,290.4

†Constant Dollar Deflator provided by Research and Statistical Services Division, Budget and Control Board

014226

FINANCIAL SYSTEM OVERVIEW

The Comptroller General's Office is now engaged in a multi-year project to revise the State's accounting and reporting practices to conform with the requirements of Generally Accepted Accounting Principles (GAAP).

In future years, the Comptroller General's Report will reflect this GAAP revision process.

We have made a major effort this year to present the accompanying financial statements in conformity with Generally Accepted Accounting Principles (GAAP) applicable to governmental units as prescribed by the National Council on Governmental Accounting and the American Institute of Certified Public Accountants.

The first phase of the Comptroller General's efforts to accomplish this was the implementation of a State Accounting and Financial Reporting System (STARS). STARS is a centrally maintained, fully computerized, double-entry accounting/reporting and management system.

It allows for a reclassification of fund structure and accounting methods to conform with principles of financial reporting, *Statement I, "Governmental Accounting and Financial Reporting Principles,"* of the National Council on Governmental Accounting. Its major objective is to satisfy the financial needs of the citizens of South Carolina, the Legislature, the Budget and Control Board and provide for the financial accountability and information needs of all State agencies. The new system provides, for the first time, an extensive integrated management information capability which is available to all State agencies and departments.

During the transition period, the State's financial transactions continue to be accounted for to a significant degree on a traditional modified cash basis. Financial reports, prepared on that same basis, are presented in this year's Comptroller General's Annual Report. Additionally, this year, as a result of the implementation of STARS, the Annual Report includes some General Purpose Financial Statements, prepared to the fullest extent possible with generally accepted principles of governmental accounting.

The State's traditional modified cash basis system records receipts when received and deposited and expenditures when payment is made. Therefore, the operating results and financial condition reported in the General Purpose Financial Statements as of June 30, 1982, include estimates and assumptions. *These will be subject to modification until such time as a formal system of accrual accounting in accordance with GAAP, currently under development, is fully established and implemented.*

014227

GENERAL PURPOSE FINANCIAL STATEMENTS

014228

Earle E. Morris, Jr. — Comptroller General

State of South Carolina

COMBINED BALANCE SHEET — ALL FUND TYPES

June 30, 1982

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Totals Memorandum Only
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Trust & Agency	June 30, 1982
ASSETS:								
Cash and Investments	$ 68,649,933	$ 175,293,429	$ 125,012,795	$ 79,304,697	$ 3,776,119	$ 6,501,362	$ 327,686,485	$ 786,224,820
Revenue Receivable	8,780,225		465,905	1,140,768	2,151,663		8,431,743	20,970,304
TOTAL ASSETS	$ 77,430,158	$ 175,293,429	$ 125,478,700	$ 80,445,465	$ 5,927,782	$ 6,501,362	$ 336,118,228	$ 807,195,124
LIABILITIES AND FUND EQUITY								
LIABILITIES:								
Accounts Payable	$	$ 2,240,025	$	$	$	$ 2,732,512	$	$ 4,972,537
Taxes Collected in Advance	8,783,593							8,783,593
Employee Payroll Deductions							12,301,980	12,301,980
Dual Employment and Payroll Clearing							1,757,909	1,757,909
Vouchers Payable	43,158,700	38,005,786	2,904,311	2,861,516	3,622,161	262,184		90,814,658
TOTAL LIABILITIES	51,942,293	40,245,811	2,904,311	2,861,516	3,622,161	2,994,696	14,059,889	118,630,677
FUND EQUITY:								
General Fund Reserve	21,129,415							21,129,415
Unreserved Fund Balance		135,047,618	122,574,389	77,583,949	2,305,621	3,506,666	322,058,339	663,076,582
Reserve for Appropriations Carried Forward	4,358,450							4,358,450
TOTAL FUND EQUITY	25,487,865	135,047,618	122,574,389	77,583,949	2,305,621	3,506,666	322,058,339	688,564,447
TOTAL LIABILITIES AND FUND EQUITY	$ 77,430,158	$ 175,293,429	$ 125,478,700	$ 80,445,465	$ 5,927,782	$ 6,501,362	$ 336,118,228	$ 807,195,124

The Notes to the Financial Statements are an integral part of this statement.

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State of South Carolina

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES — ALL GOVERNMENTAL FUND TYPES AND TRUST AND AGENCY FUNDS

For the Fiscal Year Ended June 30, 1982

	Governmental Fund Types				Fiduciary Fund Type	Totals Memorandum Only
	General	Special Revenue	Capital Projects	Debt Service	Trust and Agency	Year Ended June 30, 1982
REVENUES						
Individual Income Taxes	$ 641,838,025	$	$	$	$	$ 641,838,025
Corporate Income Taxes	127,609,517					127,609,517
Retail Sales and Use Tax	647,271,181	8,003				647,279,184
Gas and Motor Vehicle Tax	20,811,646	213,903,844				234,715,490
Alcohol Beverage Tax	91,574,059					91,574,059
Other Taxes	137,936,387	3,042,217			113,880,613	254,859,217
Licenses and Fees	31,783,629	7,111,907			1,642,239	40,537,775
Charges for Services and Commodities	11,187,531	89,168,386	505,529	11,155,555	36,579,420	148,596,421
Fines and Forfeitures	1,834,863	3,656,113			28,240	5,519,216
Interest and Other Investment Earnings	51,981,993	692,543	23,881	12,215,870	16,994,365	81,908,652
Federal Revenue	565,687	777,765,993	1,973,669	222,072	51,269,042	831,796,463
Indirect Cost Recoveries	10,153,581	256,223			300,000	10,709,804
Fees and Receipts from Other Political Entities	50,589	2,767,132			6,800,362	9,618,083
Miscellaneous	3,565,548	199,021,961	3,378,680	2,504,422	574,737,120	783,207,731
TOTAL REVENUES	1,778,164,236	1,297,394,322	5,881,759	26,097,919	802,231,401	3,909,769,637
EXPENDITURES						
Legislative Department	13,535,829	41,530				13,577,359
Judicial Department	14,014,907	22,450				14,037,357
Executive and Administrative Division	70,492,497	56,598,782	173,440,049	29,434,264	543,307,097	873,272,689
Educational Division	1,061,897,933	384,982,781	57,108,850	1,823,209	68,370,309	1,574,183,082
Health Division	183,513,341	126,846,004	15,554,641		5,930,755	331,844,741
Social Rehabilitation Services Division	144,777,345	371,040,792	1,350,200		3,763,593	520,931,930
Correctional Division	73,859,769	7,180,223	12,430,598		242,128	93,712,718
Conservation, Natural Resources & Development Division	62,026,535	40,918,748	4,709,871		243,262	107,898,416
Regulatory Division	35,000,410	32,769,836			233,920,901	301,691,147
Transportation Division	1,951,007	302,128,549	1,492,798		20,491,357	326,063,711
Debt Service Division	89,721,705					89,721,705
Miscellaneous Divisions	1,029,298	18,337	10,649,770			11,697,405
Aid to Subdivisions	107,526,154					107,526,154
Capital Outlay and Nonrecurring	30,846					30,846
TOTAL EXPENDITURES	1,859,377,576	1,322,548,032	276,736,777	31,257,473	876,269,402	4,366,189,260
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(81,213,340)	(25,153,710)	(270,855,018)	(5,159,554)	(74,038,001)	(456,419,623)
OTHER FINANCING SOURCES (USES):						
General Obligation Bond Proceeds			363,609,925	940,124	21,908,331	386,458,380
Operating Transfers	26,004,811	62,251,326	413,000	6,555,357	34,381,697	129,606,191
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES	(55,208,529)	37,097,616	93,167,907	2,335,927	(17,747,973)	59,644,948
FUND BALANCE — JULY 1, 1981	80,696,394	97,950,002	29,406,482	75,248,022	339,806,312	623,107,212
FUND BALANCE — JUNE 30, 1982	$ 25,487,865	$ 135,047,618	$ 122,574,389	$ 77,583,949	$ 322,058,339	$ 682,752,160

The Notes to the Financial Statements are an integral part of this statement.

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State of South Carolina

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE GENERAL FUND BALANCE — BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 1982

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Individual Income Taxes	$ 665,000,000	$ 641,838,025	$ (23,161,975)
Corporate Income Taxes	157,000,000	127,609,517	(29,390,483)
Retail Sales and Use Tax	705,730,000	647,271,181	(58,458,819)
Gas and Motor Vehicle Tax	22,194,850	20,811,646	(1,383,204)
Alcohol Beverage Tax	94,974,000	91,574,059	(3,399,941)
Other Taxes	153,532,635	137,936,387	(15,596,248)
Licenses and Fees	17,805,250	31,783,629	13,978,379
Charges for Services and Commodities	10,186,451	11,187,531	1,001,080
Fines and Forfeitures	2,119,385	1,834,863	(284,522)
Interest and Other Investment Earnings	36,200,000	51,981,993	15,781,993
Federal Revenue	500	565,687	565,187
Indirect Cost Recoveries	10,778,600	10,153,581	(625,019)
Fees and Receipts from Other Political Entities	69,319	50,589	(18,730)
Miscellaneous	12,616,033	3,565,548	(9,050,485)
TOTAL REVENUES	1,888,207,023	1,778,164,236	(110,042,787)
EXPENDITURES:			
Legislative Department	13,776,914	13,535,829	241,085
Judicial Department	14,142,043	14,014,907	127,136
Executive and Administrative Division	73,379,280	70,492,497	2,886,783
Educational Division	1,062,234,036	1,061,897,933	336,103
Health Division	184,601,860	183,513,341	1,088,519
Social Rehabilitation Services Division	145,225,312	144,777,345	447,967
Correctional Division	73,950,701	73,859,769	90,932
Conservation, Natural Resources & Development Division	62,648,104	62,026,535	621,569
Regulatory Division	35,689,623	35,000,410	689,213
Transportation Division	2,061,759	1,951,007	110,752
Debt Service Division	94,604,264	89,721,705	4,882,559
Miscellaneous Divisions	1,231,016	1,029,298	201,718
Aid to Subdivisions	114,249,624	107,526,154	6,723,470
Capital Outlay and Nonrecurring	30,846	30,846	-0-
Budget and Control Board 2.19% Mid-year Reduction	37,808,169	-0-	37,808,169
TOTAL EXPENDITURES	1,915,633,551	1,859,377,576	56,255,975
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(27,426,528)	(81,213,340)	(53,786,812)
OTHER FINANCING SOURCES (USES):			
Operating Transfers	29,984,378	26,004,811	(3,979,567)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES	2,557,850	(55,208,529)	(57,766,379)
FUND BALANCE — JULY 1, 1981	80,696,394	80,696,394	-0-
FUND BALANCE — JUNE 30, 1982	$ 83,254,244	$ 25,487,865	$ (57,766,379)

The Notes to the Financial Statements are an integral part of this statement.

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State of South Carolina

REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCE ALL PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 1982

	Proprietary Fund Types		Totals Memorandum Only Year Ended
	Enterprise	Internal Service	June 30, 1982
REVENUES:			
Charges for Services and Commodities	$ 11,301,227	$ 18,291,452	$ 29,592,679
Interest and Other Investment Earnings	413,877		413,877
Federal Revenue	24,419	862,941	887,360
Miscellaneous	24,145,028	233,690	24,378,718
TOTAL REVENUES	35,884,551	19,388,083	55,272,634
EXPENDITURES:			
Personal Services	7,483,012	5,073,404	12,556,416
Contractual Services	11,967,435	12,048,237	24,015,672
Supplies and Materials	5,162,768	740,309	5,903,077
Fixed Charges and Contributions	1,110,820	1,964,169	3,074,989
Travel	1,250,642	77,042	1,327,684
Equipment	557,140	549,216	1,106,356
Permanent Improvements	183,853	496,527	680,380
Debt Service	1,220,085		1,220,085
Purchases for Resale	6,083,213		6,083,213
Miscellaneous Operations	452,326	2,710	455,036
Allocations		505,788	505,788
TOTAL EXPENDITURES	35,471,294	21,457,402	56,928,696
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	413,257	(2,069,319)	(1,656,062)
OTHER FINANCING SOURCES (USES):			
General Obligation Bond Proceeds		85,716	85,716
Operating Transfers	566,778	597,739	1,164,517
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES	980,035	(1,385,864)	(405,829)
FUND BALANCE — JULY 1, 1981	1,325,586	4,892,530	6,218,116
FUND BALANCE — JUNE 30, 1982	$ 2,305,621	$ 3,506,666	$ 5,812,287

The Notes to the Financial Statements are an integral part of this statement.

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State of South Carolina

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For Fiscal Year Ended June 30, 1982

NOTE 1

Summary of Significant Accounting Policies

a. Basis of presentation

All statements have been prepared substantially in conformance with Generally Accepted Principles of Governmental Accounting to the fullest extent possible, which are consistent with the statutory requirements of South Carolina. The financial information included in this report has been prepared from computer-edited records produced by the State Accounting and Reporting System (STARS).

Comparability with Prior Years:
Certain reclassifications of funds, and of statement line items, have been made in this report to more accurately reflect the financial activities of the State, and to bring these statements into closer conformance with Generally Accepted Accounting Principles (GAAP).

Entities and Activities Not Included:
Certain entities of the State or activities which are carried on by some agencies of the State are not accounted for in the Comptroller General's records, and therefore are not presented in these financial statements. They include the following:

Endowments - and other funds administered by and for State colleges and universities.

Long-term Debt and Investments - The State Treasurer maintains these records.

Enterprise Agencies - The State Ports Authority, the State Public Service Authority, and the South Carolina Railway Commission.

b. Fund Structure

The financial activities of the State are recorded in individual funds classified by type. Each fund is a separate accounting entity consisting of separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures. Many report users tend to interpret financial statement data for governmental and proprietary fund types in the same manner, even though they present distinctly different types of accounting information. These differences result from the application of the accounting concepts of measurement focus and basis of accounting. Measurement focus determines *what* is being measured (the fund structure), while basis of accounting determines *when* it is measured (cash, modified accrual or accrual basis). A brief description of the fund structure (the measurement focus) and each fund is outlined below.

Governmental Funds:

Governmental (General, Special Revenue, Debt Service, and Capital Project) fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are generally included on their balance sheets, and the reported fund equity is considered a measure of available spendable or appropriable resources.

General Fund - General fund is composed of general purpose revenues collected by the State which are used to provide the broad range of traditional services generally associated with State government. The largest portion of the State's expenditures takes place in the General Fund. A formal budget is appropriated each year by the Legislature which constitutes the legal authority for State departments and agencies to incur obligations and make expenditures from this fund.

Special Revenue Funds - The Special Revenue Funds are those created by statute to receive legally restricted revenues from which appropriations for specific purposes are made.

Debt Service Funds - This fund accounts for revenues used for the payment of principal and interest on General Long-Term Debt Obligations.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition, construction or improvement of certain capital facilities.

Proprietary Fund:

Proprietary (Enterprise and Internal Service) Fund types are accounted for on a capital maintenance or cost of service measurement focus. Accordingly, all assets and all liabilities are generally included on their balance sheets, and the reported fund equity equals net total assets. A number of

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asset and liability accounts have not been set up at this time. As South Carolina's accounting procedures are revised to conform with Generally Accepted Accounting Principals (GAAP), all assets and liabilities will be accurately reported.

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private businesses where the intent of the governing body is that the operation will be essentially self-supporting.

Internal Service Fund - The Internal Service Fund accounts for the financing of goods and services provided by one department or agency to other units on a cost reimbursement basis.

Fiduciary and Trust Funds:

These funds record transactions related to assets held by the State in a trustee (long-term) capacity or as an agent (short-term) for individuals, private organizations, other governmental units and/or other funds. Fiduciary Funds are accounted for as either governmental or proprietary, depending upon their nature.

Non-Expendable Trust and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Fund types, while Expendable Trust Funds are accounted for in essentially the same manner as governmental fund types. Agency Funds report only financial position. Since Agency Funds are custodial in nature (assets = liabilities), they are not concerned with measurement of the results of operations.

Trust and Agency Funds - At the present time, expendable, non-expendable and Agency Funds are not identifiable as separate funds. Trust and Agency Funds, as presented in the accompanying financial statements, include all funds of this nature.

c. Basis of Accounting

Basis of Accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of Accounting relates to the *timing* of the measurements made, regardless of the fund structure (measure of focus applied). The State of South Carolina essentially uses a cash method of accounting. Cash basis accounting recognizes revenues and expenses or expenditures only when cash changes hands. Cash basis financial statements therefore omit recognition of assets and liabilities not arising from cash transaction. Accordingly, the financial statements presented ignore the effect of certain financial transactions. By statute, the State of South Carolina does not close out the fiscal year until one month after the year-end. This reduces the effect on financial position, and results of operations of not recording receivables, payables and other accrued items.

Revenues - are recorded on a cash receipts basis except for prepaid income taxes which are recorded in the year to which the tax is applicable. Further, because of the statutory law relating to expenditures, revenues applicable to the fiscal year received within one month after the end of such fiscal year are recorded as current funds for such fiscal year.

Expenditures - are recorded on a cash disbursement basis, except for a provision of statutory law, which permits a State agency to charge against current funds for any fiscal year expenditures encumbered prior to June 30 of such fiscal year and paid within one month after the end of such fiscal year.

d. Inventory

It is the responsibility of each agency of the State to maintain its own inventory records. These asset accounts are not maintained centrally, and therefore this asset is not recognized in the accompanying financial statements.

e. Investments

The State Treasurer is responsible for the investment of State funds. For an explanation of the State's investments, the State Treasurer should be consulted.

f. Fixed Assets

Fixed Assets acquired or constructed for use by the State in the conduct of its activities, are recorded as expenditures at the time of purchase. At this time, the fixed assets of the State have not been determined. Therefore, a fixed asset account group is not included in these financial statements.

g. Cash

The State Treasurer acts as a bank for all State agencies. Monies deposited with the State Treasurer are invested until the cash is needed. The detailed composition of the cash and investments held is shown in the State Treasurer's Annual Report. The State maintains numerous cash accounts for administrative purposes. The cash reflected on the bal-

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ance sheet is the composite amount of all accounts.

h. Vacation Leave

Each agency of the State maintains records that reflect cumulative vacation leave hours earned. The amount necessary to pay these benefits are included annually in the appropriations for each agency. However, because dollar amounts related to hours earned are not maintained centrally, a presentation of the related accrued liability is not recognized in the accompanying financial statements.

i. Contracts and Grants

Resources obtained from Contracts and Grants, consistent with their legal requirements, are accounted for in the fund to which they apply. Reimbursements are recorded as revenues at the time the funds are received and expenditures are recorded when paid.

NOTE 2
Retirement and Pension Systems

The State of South Carolina maintains four statutorily established pension plans covering teachers, general state employees, firemen and police officers, judges and solicitors (established July 1, 1979) and members of the General Assembly. As of June 30, 1982, participation in these plans including members not currently contributing to the plans, was as follows:

South Carolina Retirement System Plan, 230,000 active, 26,107 retired; Police Officers Retirement Plan, 10,500 active, 1,586 retired; General Assembly Plan, 300 active, 83 retired; and Judicial-Solicitors Plan, 100 active, 35 retired.

Actuarial valuations of the Systems are performed annually by an independent actuary. The most recent valuations completed are as of June 30, 1981, results of which are summarized below:

SOUTH CAROLINA RETIREMENT SYSTEM PLAN

Valuation Method — Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

Interest Rate — 7% per annum, compounded annually.

Salary Increase — Range progressively from approximately 11.3% at age twenty to approximately 5.3% at age sixty-five.

Separations — Rates of separation due to withdrawal, death, service retirement, and disability are based upon tables constructed from past experience of the System.

Unfunded Accrued Liability — $416,289,141.

Unfunded Accrued Liability Liquidation Period — 10 years.

POLICE OFFICERS RETIREMENT PLAN

Valuation Method — Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability.

Interest Rate — 7% per annum, compounded annually.

Salary Increase — Range progressively from 11.29% at age twenty to approximately 5.30% at age sixty-four.

Separations — Rates of separation due to withdrawal, death, service retirement, and disability are based upon tables constructed from past experience of the System.

Unfunded Accrued Liability — $21,221,371.

Unfunded Accrued Liability Liquidation Period — 5 years.

GENERAL ASSEMBLY RETIREMENT PLAN

Valuation Method — Projected benefit method with entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the unfunded accrued liability.

Interest Rate — 7% per annum, compounded annually.

Salary Increase — Assumed increase of 5% per annum.

Separations — Rates of separation due to withdrawal, death, disability and service retirement are based upon rates of death and disability of male and female teachers; the mortality table for service pensioners, and the disability mortality table for male teachers in use under the South Carolina Retirement System.

Unfunded Accrued Liability — $3,620,467.

Unfunded Accrued Liability Liquidation Period — 25 years.

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JUDICIAL-SOLICITORS RETIREMENT PLAN

Valuation Method — Projected benefit method with entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the unfunded accrued liability.

Interest Rate — 7% per annum, compounded annually.

Salary Increase — 6% per annum, compounded annually.

Separations — Rates of separation due to withdrawal, disability and death are based upon assumed rates varying from approximately .05% at age 25 to approximately 5.0% at age 69.

Unfunded Accrued Liability — $18,344,983.

Unfunded Accrued Liability Liquidation Period — 28 years.

Contributions to the pension plans by the employer (which contributions include payment of 100% of normal costs and payments to amortize the unfunded accrued liabilities above described), employee contributions, interest earnings on the plans and benefit payments and refunds of employee contributions for the fiscal years ended June 30, 1982, 1981, 1980, 1979 and 1978 are shown in the following tables:

SOUTH CAROLINA RETIREMENT SYSTEM PLAN

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions[1]	Investment Earnings	Benefits Paid[3]	Refunds of Employee Contributions
1982[p]	$ 100,890,443	$ 136,031,101	$ 204,824,438	$ 103,991,244	$ 24,732,705
1981	92,854,161	123,376,695	168,736,224	90,519,668	18,837,067
1980	82,024,561	110,642,424	134,051,802	79,483,625	17,403,607
1979	71,003,693	97,268,653	108,852,848	69,467,096	16,294,460
1978	63,043,933	87,021,874	91,474,148	60,958,909	15,244,971

POLICE OFFICERS RETIREMENT PLAN

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions[2]	Investment Earnings	Benefits Paid[3]	Refunds of Employee Contributions
1982[p]	$ 6,314,772	$ 13,602,999	$ 16,015,791	$ 6,861,896	$ 1,432,299
1981	5,567,740	12,156,810	13,311,197	5,865,316	1,168,447
1980	5,136,127	11,351,584	9,772,555	4,839,193	1,093,052
1979	4,270,381	9,414,232	8,035,658	4,161,906	1,028,224
1978	3,796,488	8,397,291	6,221,276	3,552,995	933,193

GENERAL ASSEMBLY RETIREMENT PLAN

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions[2]	Investment Earnings	Benefits Paid[3]	Refunds of Employee Contributions
1982[p]	$ 202,133	$ 789,360	$ 748,059	$ 568,997	$ 670
1981	205,476	741,648	579,727	490,921	48,240
1980	238,297	696,699	453,929	378,224	67,799
1979	234,166	492,500	340,767	284,924	21,646
1978	160,279	410,080	288,376	209,235	3,970

JUDICIAL-SOLICITOR RETIREMENT PLAN

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions[2]	Investment Earnings	Benefits Paid[3]	Refunds of Employee Contributions
1982[p]	$ 357,450	$ 1,634,011	$ 548,118	$ 969,758	$ 11,913
1981	437,678	1,314,525	355,311	706,978	7,439
1980	1,241,203	874,336	115,553	454,695	22,429

[1]Includes receipts into the group life insurance program; contributions are made on a one-year term cost basis.
[2]Includes receipts into a group life insurance program and an accidental death benefits program; contributions are made on essentially a one-year term cost basis.
[3]Includes benefit payments under the group life insurance program for all plans, benefit payments under the accidental death program for the Police Officers Retirement Plan, excludes any supplemental benefit payments appropriated directly from the General Fund with respect to the South Carolina Retirement System Plan and Police Officers Retirement Plan.
[p]Preliminary.

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NOTE 3
Commitments and Contingencies

a. Litigation

No provision has been made for the indeterminable amounts for which the State may be held liable in connection with unsettled litigation, claims against the State, obligations incurred related to future fiscal years, or audit exceptions on federal aid programs.

b. Contracts and Grants

South Carolina has received federal grants for specific purposes that are subject to review and audit. Funds received through these grants are conditioned upon compliance with the grant agreement and applicable federal regulations. Any future audit disallowance may become a liability.

c. Leases

South Carolina has entered into numerous leases for land, buildings and equipment. Generally, these leases contain termination clauses providing for cancellation within a certain time frame after written notice to the lessors. It is also general policy that all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the Legislature. Required disclosure for rents, capital and operating leases, leasing transactions between related parties, and disclosures by lessors are not determinable at this time.

d. Accrued Vacation Leave

The liability related to accrued vacation leave is not determinable at this time, and accordingly, is not presented in the accompanying financial statements.

e. General Fund Reserve Reimbursement

As required by Article III of the South Carolina Constitution, $8,960,907 will be transferred to the General Fund Reserve during fiscal year 1982-83. This will bring the balance of this fund to $30,090,322.

NOTE 4
Long-Term Debt

The State's liability for a Long-Term Bonded Debt is not recorded in the records of the Comptroller General's Office; therefore, no Long-Term Debt Account group is presented in the financial statements. The schedules presented on pages 23-25 were prepared by the State Treasurer. If more detail is required, the Treasurer should be consulted.

NOTE 5
Fiscal Policy of the Comptroller General

Present regulations of the Comptroller General restrict expenditures by State agencies in the following respect:

General Fund:

Commitments to incur expenditures are not approved by the Comptroller General in excess of the appropriated item, and in no event in excess of total annual appropriation for the agency or department.

Other Funds:

Safeguards have been established to prevent spending in excess of Legislative authority and available cash in all other funds. All transactions are computer-edited for sufficient Legislative authority and cash before the expenditure is processed.

Agencies faced with potential overruns of appropriations may seek relief through the budget amendment process. As for transactions creating a negative cash balance, agencies must request the necessary approvals from the Budget and Control Board to authorize a temporary transfer of money from other accounts.

NOTE 6
Total Columns on Combined Statements

Total Columns on Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with Generally Accepted Accounting Principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 7
Confederate Pension

As of June 30, 1982, the State of South Carolina had one remaining widow of a Confederate veteran, Mrs. Daisey Cave of Barnwell County.

014237

SUPPLEMENTAL SECTION

014238

Supplementary Schedule 1

FINANCIAL

APPROPRIATED ACTIVITY — GENERAL FUND

For Fiscal Year Ended June 30, 1982

The following schedule shows the appropriated yearly activity by functional categories for the General Fund. The Budget and Control Board's mid-year reduction accounted for $37,808,169 of the $56,255,975 lapsed to the General Fund at year end.

Function	Brought Forward Appropriations	Original Appropriations	Additional Appropriations	Budget and Control Board 2.19% Mid-Year Reduction	Transfers In	Transfers Out	Carried Forward Appropriations	Expenditures	Lapsed Appropriations
Legislative	$ 299,943	$ 13,852,781	$	$ 179,328	$ 1,196,060	$ 825,694	$ 566,848	$ 13,535,829	$ 241,085
Judicial		13,659,490		179,868	982,528	320,107		14,014,907	127,136
Executive and Administrative	1,987,304	115,596,456	159,015	1,513,496	23,679,650	64,639,485	1,890,164	70,492,497	2,886,783
Education	231,230	1,066,072,158		24,076,248	172,924,690	152,553,673	364,121	1,061,897,933	336,103
Health	1,181,116	178,582,078		4,134,186	26,281,004	16,947,125	361,027	183,513,341	1,088,519
Social Rehabilitation Services	2,799	147,265,823		3,277,308	8,473,834	6,391,549	848,287	144,777,345	447,967
Correctional		71,114,619		529,109	19,357,492	15,992,301		73,859,769	90,932
Conservation, Natural Resources & Development	136,016	60,169,604		863,895	6,518,192	3,258,513	53,300	62,026,535	621,569
Regulatory	47,812	34,674,979		481,780	4,529,498	3,038,805	42,081	35,000,410	689,213
Transportation	238,639	2,062,156		46,323	232,845	192,936	232,622	1,951,007	110,752
Debt Service		94,604,264			1,272,136	1,272,136		89,721,705	4,882,559
Miscellaneous	47,368	1,199,253			8,285	23,890		1,029,298	201,718
Aid to Subdivisions		115,371,124	1,405,128	2,526,628	3,351,636	3,351,636		107,526,154	6,723,470
Capital Outlay and Nonrecurring	30,846							30,846	-0-
Budget and Control Board 2.19% Mid-year Reduction				(37,808,169)					37,808,169
TOTALS	$4,203,073	$1,914,224,785	$1,564,143	$ -0-	$268,807,850	$268,807,850	$4,358,450	$1,859,377,576	$56,255,975

014239

Supplementary Schedule 2

FINANCIAL

BUDGET VERSUS ACTUAL — GENERAL FUND

For Fiscal Year Ended June 30, 1982

Expenditures are budgeted by expense catagories for all funds except trust and agency. The following schedule pertains only to the General Fund. The "Percentage of Total Expenditures" column gives the percentage of **ACTUAL** expenditures for each expense category.

Expense Category	Original Appropriations	Adjusted Appropriations	Expenditures	Lapsed Appropriations	Percentage of Total Expenditures
Personal Services	$ 784,618,413	$ 664,598,124	$ 661,209,153	$ 3,388,971	35.56%
Contractual Services	75,285,766	73,735,124	73,047,808	687,316	3.93%
Supplies and Materials	57,334,695	56,293,297	55,350,816	942,481	2.98%
Fixed Charges and Contributions	22,048,804	20,071,005	19,795,845	275,160	1.06%
Travel	13,456,213	12,147,047	11,806,368	340,679	0.63%
Equipment	25,524,565	23,361,415	22,988,066	373,349	1.24%
Permanent Improvements	82,384	88,146	85,446	2,700	0.01%
Debt Service	94,715,500	94,661,035	89,758,986	4,902,049	4.83%
Purchases for Resale	56,051	56,051	56,051	-0-	0.01%
Case Services	108,323,351	108,241,819	108,169,659	72,160	5.82%
Miscellaneous Operations	64,746,502	87,486,438	48,957,218	38,529,220	2.63%
Aid to Subdivisions	668,032,541	774,894,050	768,152,160	6,741,890	41.30%
TOTALS	$ 1,914,224,785	$ 1,915,633,551	$ 1,859,377,576	$ 56,255,975	100.00%

014240

Supplementary Schedule 3

FINANCIAL

BUDGET VERSUS ACTUAL — STATEWIDE

For Fiscal Year Ended June 30, 1982

The following statement shows the budgeted and actual expenditures by expense categories for all funds except trust and agency. The "Percentage of Total Expenditures" column gives the percentage of **ACTUAL** expenditures for each expense category.

Expense Category	Appropriations	Expenditures	Lapsed Appropriations	Percentage of Total Expenditures
Personal Services	$ 1,138,433,221	$ 1,084,424,206	$ 54,009,015	30.57%
Contractual Services	228,225,759	191,996,190	36,229,569	5.41%
Supplies and Materials	149,587,509	136,266,272	13,321,237	3.84%
Fixed Charges and Contributions	42,916,643	38,323,582	4,593,061	1.08%
Travel	29,304,174	24,433,668	4,870,506	0.69%
Equipment	57,550,230	51,194,875	6,355,355	1.44%
Permanent Improvements	257,014,183	232,891,728	24,122,455	6.57%
Debt Service*	110,741,231	303,459,217	(192,717,986)	8.56%
Purchases for Resale	16,047,206	11,205,887	4,841,319	0.32%
Case Services	699,817,948	406,484,553	293,333,395	11.46%
Miscellaneous Operations	123,333,316	73,207,385	50,125,931	2.06%
Allocations	305,756,136	224,808,831	80,947,305	6.34%
Aid to Subdivisions	774,894,050	768,152,160	6,741,890	21.66%
TOTALS	$ 3,933,621,606	$ 3,546,848,554	$ 386,773,052	100.00%

*Certain debt service expenditures are authorized by law but are not included in the normal appropriation process.

014241

Supplementary Schedule 4

BONDED DEBT

The State's liability for bonded debt is not recorded on the Comptroller General's records. The schedules presented in this section were prepared from records maintained by the State Treasurer.

South Carolina issued general obligation bonds and notes in the amount of $345,335,000 during FY 1981-82. Presented below and on the following pages is a Summary Statement of changes in Bonded Debt and Notes for the past fiscal year and a detailed listing of all General Obligation Bonds and Notes.

STATEMENT OF CHANGES IN BONDED DEBT AND NOTES

For the Fiscal Year Ended June 30, 1982

	Beginning Balance	Issued	Retired	Balance	Increase (Decrease)
GENERAL OBLIGATIONS					
School Bonds	$ 80,350,000	$ -0-	$ 13,050,000	$ 67,300,000	$ (13,050,000)
Highway Bonds	69,500,000	-0-	9,500,000	60,000,000	(9,500,000)
State Institution Bonds	33,910,000	-0-	1,740,000	32,170,000	(1,740,000)
State Institution Notes	-0-	5,335,000	-0-	5,335,000	5,335,000
Ports Authority Bonds	675,000	-0-	175,000	500,000	(175,000)
Capital Improvement Bonds	306,750,000	100,000,000	29,500,000	377,250,000	70,500,000
Capital Improvement Notes	110,000,000	240,000,000	165,000,000	185,000,000	75,000,000
TOTAL BONDED DEBT AND NOTES	601,185,000	345,335,000	218,965,000	727,555,000	126,370,000
OTHER INDEBTEDNESS					
Agricultural College Stock	250,339	-0-	-0-	250,339	-0-
Old Issues (Redemption Doubtful)	187,804	-0-	-0-	187,804	-0-
TOTAL DEBT	$ 601,623,143	$ 345,335,000	$ 218,965,000	$ 727,993,143	$ 126,370,000

014242

Supplementary Schedule 4 (continued)

BONDED DEBT

DETAIL STATEMENT OF BONDED DEBT AND NOTES

As of June 30, 1982

Date of Issue	Rate of Interest*	Original Amount Issued	Amount Retired Prior to July 1, 1981	1981-82 Issued	1981-82 Retired	Balance of Bonds Outstanding June 30, 1982
SCHOOL BONDS						
12-01-61	3.00	$ 5,000,000	$ 4,750,000	$ -0-	$ 250,000	$ -0-
12-01-62	2.50	5,000,000	4,500,000	-0-	250,000	250,000
01-01-64	2.90	5,000,000	4,250,000	-0-	250,000	500,000
01-01-65	2.85	6,000,000	4,800,000	-0-	300,000	900,000
03-01-68	3.75	13,000,000	12,000,000	-0-	1,000,000	-0-
10-01-68	3.90	10,500,000	7,500,000	-0-	1,000,000	2,000,000
10-01-70	4.00/5.00	14,000,000	11,000,000	-0-	1,500,000	1,500,000
10-01-71	3.50/4.50	11,750,000	6,000,000	-0-	1,000,000	4,750,000
10-01-72	3.50/4.50	23,800,000	11,800,000	-0-	2,000,000	10,000,000
12-01-73	4.25/5.00	13,500,000	6,500,000	-0-	1,000,000	6,000,000
12-01-74	5.30/6.00	14,200,000	5,200,000	-0-	1,000,000	8,000,000
04-01-76	4.10/5.10	13,600,000	4,600,000	-0-	1,000,000	8,000,000
03-01-78	4.50/5.50	27,425,000	5,425,000	-0-	2,000,000	20,000,000
04-01-81	7.60/9.10	5,900,000	-0-	-0-	500,000	5,400,000
TOTAL SCHOOL BONDS		168,675,000	88,325,000	-0-	13,050,000	67,300,000
HIGHWAY BONDS						
10-01-71	3.50/4.50	15,000,000	9,000,000	-0-	1,000,000	5,000,000
04-01-73	4.40/5.00	35,000,000	17,500,000	-0-	2,500,000	15,000,000
02-01-74	5.30/6.00	30,000,000	12,000,000	-0-	2,000,000	16,000,000
04-01-75	5.00/6.00	20,000,000	12,000,000	-0-	2,000,000	6,000,000
02-01-76	4.25/5.25	30,000,000	10,000,000	-0-	2,000,000	18,000,000
TOTAL HIGHWAY BONDS		130,000,000	60,500,000	-0-	9,500,000	60,000,000
STATE INSTITUTION BONDS AND NOTES						
09-01-77	4.00/4.75	5,200,000	900,000	-0-	300,000	4,000,000
12-01-78	5.10/6.00	9,700,000	400,000	-0-	300,000	9,000,000
04-01-82	9.10	-0-	-0-	5,335,000	-0-	5,335,000
Total USC Bonds and Notes		14,900,000	1,300,000	5,335,000	600,000	18,335,000
09-01-77	4.00/4.75	2,600,000	450,000	-0-	150,000	2,000,000
12-01-78	5.10/6.00	1,015,000	80,000	-0-	40,000	895,000
Total Citadel Bonds		3,615,000	530,000	-0-	190,000	2,895,000
09-01-77	4.00/4.75	3,300,000	600,000	-0-	200,000	2,500,000
12-01-78	5.10/6.00	7,000,000	50,000	-0-	100,000	6,850,000
Total Clemson University Bonds		10,300,000	650,000	-0-	300,000	9,350,000
09-01-77	4.00/4.75	925,000	300,000	-0-	100,000	525,000
Total Winthrop College Bonds		925,000	300,000	-0-	100,000	525,000
09-01-77	4.00/4.75	3,850,000	900,000	-0-	300,000	2,650,000
12-01-78	5.10/6.00	1,000,000	200,000	-0-	100,000	700,000
Total Medical University Bonds		4,850,000	1,100,000	-0-	400,000	3,350,000
12-01-78	5.10/6.00	3,500,000	300,000	-0-	150,000	3,050,000
Total Trident Tec Bonds		3,500,000	300,000	-0-	150,000	3,050,000
TOTAL STATE INSTITUTION BONDS		38,090,000	4,180,000	5,335,000	1,740,000	37,505,000

014243

DETAIL STATEMENT OF BONDED DEBT AND NOTES (continued)

As of June 30, 1982

Date of Issue	Rate of Interest*	Original Amount Issued	Amount Retired Prior to July 1, 1981	1981-82 Issued	1981-82 Retired	Balance of Bonds Outstanding June 30, 1982
PORTS AUTHORITY BONDS						
12-01-61	3.00	1,000,000	950,000	-0-	50,000	-0-
04-01-66	3.40	2,500,000	1,875,000	-0-	125,000	500,000
TOTAL PORTS AUTHORITY BONDS		3,500,000	2,825,000	-0-	175,000	500,000
CAPITAL IMPROVEMENT BONDS AND NOTES						
04-01-70	4.30/5.30	30,000,000	25,000,000	-0-	2,500,000	2,500,000
10-01-70	4.00/5.00	22,700,000	12,700,000	-0-	2,000,000	8,000,000
03-01-71	3.50/4.50	25,000,000	10,500,000	-0-	1,500,000	13,000,000
10-01-71	3.50/4.50	10,740,000	5,490,000	-0-	750,000	4,500,000
03-01-72	3.75/4.50	40,940,000	17,440,000	-0-	3,000,000	20,500,000
10-01-72	3.50/4.50	25,000,000	16,000,000	-0-	2,000,000	7,000,000
12-01-73	4.25/5.00	35,000,000	14,500,000	-0-	2,250,000	18,250,000
12-01-74	5.30/6.00	20,000,000	6,000,000	-0-	1,000,000	13,000,000
04-01-75	5.00/6.00	45,000,000	27,000,000	-0-	4,500,000	13,500,000
10-01-76	4.00/5.00	70,000,000	20,000,000	-0-	5,000,000	45,000,000
09-01-77	4.00/4.75	48,000,000	6,000,000	-0-	2,000,000	40,000,000
03-01-78	4.50/5.50	38,000,000	3,000,000	-0-	1,000,000	34,000,000
04-01-81	7.60/9.10	60,000,000	-0-	-0-	2,000,000	58,000,000
06-01-82	10.00/11.00	-0-	-0-	100,000,000	-0-	100,000,000
Total Capital Improvement Bonds		470,380,000	163,630,000	100,000,000	29,500,000	377,250,000
08-04-80	8.75	60,000,000	-0-	-0-	60,000,000	-0-
02-03-81	8.10	50,000,000	-0-	-0-	50,000,000	-0-
07-01-81	7.75	-0-	-0-	30,000,000	30,000,000	-0-
10-01-81	10.40/10.75	-0-	-0-	50,000,000	25,000,000	25,000,000
12-15-81	7.90	-0-	-0-	60,000,000	-0-	60,000,000
02-03-82	9.40	-0-	-0-	60,000,000	-0-	60,000,000
04-15-82	9.25	-0-	-0-	40,000,000	-0-	40,000,000
Total Capital Improvement Bond Anticipation Notes		110,000,000	-0-	240,000,000	165,000,000	185,000,000
TOTAL CAPITAL IMPROVEMENT BONDS AND NOTES		580,380,000	163,630,000	340,000,000	194,500,000	562,250,000
TOTAL GENERAL OBLIGATIONS		$ 920,645,000	$ 319,460,000	$ 345,335,000	$ 218,965,000	$ 727,555,000

*Due to different maturity dates for bonds within the same issue, the lowest and highest interest rates paid are reflected for these bond issues.

014344

Supplementary Schedule 5

EDUCATION FUND

Source of Funding
For Fiscal Year Ended June 30, 1982

The constitution and the laws of the state provide that revenue from certain taxes shall be expended only for public education purposes. The following schedule compares revenue from these earmarked sources with expenditures for public education.

REVENUE		
Retail Sales Tax	$ 646,544,232	
Alcoholic Liquors Tax*	18,571,021	
Soft Drinks Tax	13,860,248	
Cable Television Fees	6,960	
Transferred from the General Fund	130,182,396	
TOTAL REVENUE		$ 809,164,857
EXPENDITURES		
Department of Education	$ 704,575,202	
State Board of Technical and Comprehensive Education	54,850,575	
Educational Television Commission	12,226,640	
Wil Lou Gray Opportunity School	1,197,191	
School for the Deaf and Blind	6,723,960	
John De La Howe School	1,246,060	
Debt Service — Capital Improvements Bonds Applicable to Above Agencies	11,636,180	
Debt Service — School Bonds	16,709,049	
TOTAL EXPENDITURES		$ 809,164,857

*Balance retained by State after allocation to subdivisions.

004215

Supplementary Schedule 6

LOCAL GOVERNMENT

HOMESTEAD EXEMPTIONS

For Period 1977 through 1981

Counties	1977		1978		1979		1980		1981	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Abbeville	1,291	$ 56,880	1,967	$ 82,224	2,144	$ 94,076	2,488	$ 121,593	2,376	$ 116,379
Aiken	3,459	108,416	5,310	239,808	5,759	258,741	6,156	332,201	6,591	427,647
Allendale	417	18,358	714	29,373	792	32,843	826	43,651	872	45,175
Anderson	5,231	196,985	8,131	340,579	8,754	393,451	9,461	477,992	10,087	510,954
Bamberg	655	21,974	1,112	34,239	1,201	43,904	1,313	55,204	1,372	58,139
Barnwell	732	28,847	1,344	48,037	1,315	50,346	1,375	66,054	1,444	72,529
Beaufort	1,204	79,288	1,522	86,580	2,081	112,399	2,257	171,055	2,559	200,594
Berkeley	1,081	40,704	1,855	73,347	2,068	80,379	2,276	116,521	2,462	130,146
Calhoun	493	14,832	669	24,624	728	27,871	758	42,340	787	48,654
Charleston	6,384	519,190	11,153	887,415	11,888	772,833	12,953	1,054,906	14,062	1,203,459
Cherokee	1,764	88,482	2,552	118,468	2,829	127,771	2,971	135,898	3,142	166,906
Chester	1,742	76,883	2,539	115,658	2,674	131,701	2,716	160,230	2,812	179,678
Chesterfield	1,388	63,631	2,092	85,815	2,305	100,970	2,473	119,922	2,692	125,101
Clarendon	479	20,537	1,114	35,428	1,219	40,591	1,345	55,602	1,441	64,619
Colleton	1,039	31,903	1,474	54,688	1,666	64,379	1,842	76,541	1,904	95,385
Darlington	1,988	90,804	3,073	143,340	3,319	166,167	3,563	205,577	3,696	214,315
Dillon	781	32,606	1,276	57,570	1,400	62,784	1,515	73,416	1,627	85,761
Dorchester	988	55,824	1,461	89,783	1,658	103,278	1,434	135,377	2,025	144,576
Edgefield	645	18,463	951	30,299	989	37,403	1,020	41,005	1,075	47,262
Fairfield	749	29,017	951	39,534	1,015	41,548	1,064	54,627	1,152	64,480
Florence	3,190	145,914	5,157	264,722	5,608	291,578	5,951	356,745	6,450	394,413
Georgetown	1,167	51,374	1,956	84,885	2,005	91,108	2,193	129,348	2,317	160,299
Greenville	10,793	871,096	15,307	1,279,410	15,992	1,357,424	16,950	1,698,640	17,785	1,802,913
Greenwood	2,673	135,556	4,492	230,387	4,737	267,872	4,749	321,345	5,228	361,666
Hampton	726	23,291	1,211	44,496	1,331	50,471	1,446	66,819	1,538	86,244
Horry	2,648	140,491	4,171	248,580	4,807	308,033	5,547	447,486	6,076	564,665
Jasper	429	18,542	650	27,149	723	35,070	759	49,351	810	54,187
Kershaw	1,720	70,081	2,192	101,600	2,424	116,272	2,453	153,018	2,748	154,573
Lancaster	1,840	90,238	2,616	143,410	2,843	173,966	3,031	269,240	3,515	287,857
Laurens	2,413	88,163	3,678	153,993	3,911	168,734	4,146	212,601	4,363	237,109
Lee	607	28,239	893	42,471	971	50,490	1,068	63,055	1,142	77,737
Lexington	3,667	291,440	5,449	378,596	5,977	470,490	6,598	616,951	7,104	708,252
McCormick	341	8,002	498	12,616	500	13,404	522	21,133	572	23,327
Marion	1,068	46,741	1,695	88,586	1,998	99,810	1,991	127,911	2,067	128,163
Marlboro	997	35,553	1,664	58,348	1,738	64,686	1,939	78,670	1,971	80,701
Newberry	2,071	81,579	3,317	126,948	3,442	144,024	3,617	172,711	3,737	201,084
Oconee	2,096	70,921	3,062	99,597	3,332	124,465	3,560	181,345	3,688	231,967
Orangeburg	2,297	96,859	3,448	161,933	3,850	183,330	4,165	242,105	4,518	288,301
Pickens	3,125	150,147	4,930	240,222	5,344	266,845	5,671	307,587	5,991	364,459
Richland	6,702	601,143	11,411	968,879	11,919	1,087,695	12,554	1,352,019	13,310	1,482,232
Saluda	770	32,404	1,001	45,968	1,055	45,984	1,125	57,585	1,203	66,290
Spartanburg	9,064	637,873	12,611	943,380	13,523	1,001,107	14,430	1,194,103	15,102	1,343,109
Sumter	2,025	150,929	3,214	241,969	3,419	258,144	3,660	320,107	3,918	231,437
Union	1,752	85,044	2,691	118,476	2,722	128,918	2,801	143,079	2,935	173,157
Williamsburg	943	32,936	1,259	49,857	1,450	60,776	1,563	86,843	1,663	100,751
York	3,518	154,707	5,851	249,647	6,246	268,396	6,832	379,825	7,164	464,413
TOTALS	101,152	$ 5,732,887	155,684	$ 9,022,934	167,671	$ 9,872,527	179,127	$ 12,589,334	191,093	$ 14,071,065

014246

Supplementary Schedule 7

LOCAL GOVERNMENT

STATE SHARED REVENUES

For Fiscal Year Ended June 30, 1982

Counties	Education Finance Act	Alcoholic Liquors Tax	Alcoholic Liquors Tax Mini-Bottles	Bank Tax	Beer and Wine Tax	Flood Control	Gasoline Tax
Abbeville	$ 3,659,557	$ 43,157	$ 17,165	$ 12,470	$ 21,331	$ 410	$ 1,329,458
Aiken	17,801,824	196,478	80,129	49,699	97,646		448,643
Allendale	2,013,697	20,259	8,116	3,758	10,011		74,645
Anderson	20,379,396	243,141	101,074	69,475	120,779	10,851	573,211
Bamberg	3,540,016	33,869	13,746	17,719	16,836		106,643
Barnwell	3,923,404	36,984	15,073	9,348	18,381		131,040
Beaufort	6,298,718	118,908	49,587	35,651	59,098		244,548
Berkeley	17,296,150	161,242	71,862	17,269	81,064		329,090
Calhoun	1,489,808	22,833	9,260	8,718	11,351		105,385
Charleston	35,355,568	519,839	210,251	170,011	258,448		1,014,650
Cherokee	7,717,834	76,957	31,091	23,823	38,264		226,589
Chester	6,049,615	57,501	22,870	12,258	28,850		173,162
Chesterfield	6,900,611	71,368	28,950	19,822	35,478		220,718
Clarendon	5,239,073	52,382	20,835	17,783	25,885		160,249
Colleton	4,760,083	59,157	24,067	18,195	29,422		199,814
Darlington	10,348,982	116,367	47,579	41,563	57,825		337,862
Dillon	6,896,612	59,286	23,581	14,061	29,260		174,915
Dorchester	11,032,280	98,135	44,383	24,921	49,440		305,827
Edgefield	2,945,801	32,892	13,297	9,521	16,354		122,090
Fairfield	3,653,736	39,482	15,703	14,742	19,689		120,411
Florence	19,135,192	202,322	83,573	103,387	100,487		529,076
Georgetown	7,083,212	77,418	32,212	22,131	38,463		230,350
Greenville	39,403,044	531,849	218,417	191,043	264,229		1,509,041
Greenwood	9,516,289	107,523	43,884	39,862	53,435		336,623
Hampton	3,628,650	33,892	13,776	11,388	16,846		139,502
Horry	13,634,711	178,712	76,938	84,296	89,304		433,203
Jasper	2,460,989	26,679	11,003	3,685	13,251		87,312
Kershaw	6,716,677	73,114	29,597	26,736	36,350		267,563
Lancaster	10,616,086	97,956	40,481	46,004	48,651		253,583
Laurens	8,125,493	99,589	39,611	29,973	49,477		263,844
Lee	3,395,838	36,103	14,360	7,744	18,014		113,395
Lexington	27,416,667	242,462	106,475	55,563	121,579		825,048
McCormick	1,595,219	14,874	5,916	4,611	7,525	9,540	66,451
Marion	6,612,268	63,978	25,929	26,247	31,806		162,070
Marlboro	6,209,379	58,790	23,998	14,244	29,217		138,061
Newberry	5,324,893	59,481	23,650	19,218	29,435		239,402
Oconee	7,261,053	89,851	36,877	22,289	44,641	1,970	243,882
Orangeburg	14,358,983	152,498	62,416	45,916	75,776		402,848
Pickens	11,062,994	142,341	60,153	45,412	70,904		336,296
Richland	31,313,254	501,135	203,873	285,615	249,013		1,171,628
Saluda	2,030,807	30,547	12,252	6,645	15,086		127,935
Spartanburg	32,023,913	375,167	153,015	119,263	186,439		1,147,762
Sumter	15,791,158	166,919	66,942	46,309	82,442		372,035
Union	5,467,310	58,665	23,333	30,053	29,131		134,141
Williamsburg	7,551,695	71,745	28,999	26,770	35,672		198,467
York	18,361,301	195,200	80,958	59,546	96,930		462,181
TOTALS	$ 493,399,840	$ 5,749,047	$ 2,367,257	$ 1,964,757	$ 2,859,515	$ 22,771	$ 16,590,649

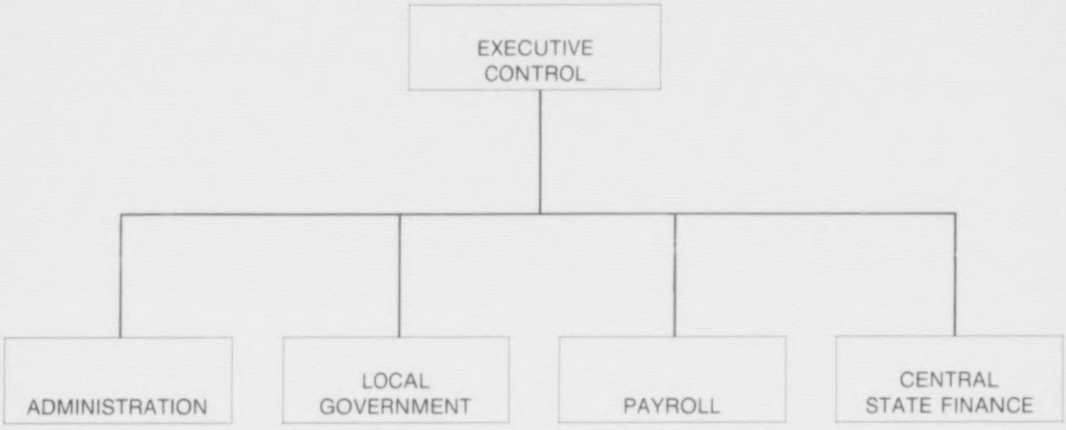
014247

Income Tax	Insurance Tax	Brokers Premium Tax	National Forest Funds	Veterans Affairs	Voter Registration Expense	Total Reimbursements
$ 307,413	$ 61,790	$ 15,938	$ 123,330	$ 8,597	$ 2,500	$ 5,603,116
1,400,001	288,489	53,955	32,522	12,258	7,500	20,469,144
136,853	29,221	7,573		8,597	2,500	2,315,230
1,615,997	363,893	72,994		13,483	7,500	23,571,794
224,610	49,489	6,762		8,597	2,500	4,020,787
259,203	54,268	11,515		8,597	2,500	4,470,313
791,590	178,522	66,720		9,816	5,000	7,858,158
1,103,447	258,722	33,398	1,113,030	9,816	5,000	20,480,090
149,926	33,336	5,102		8,597	2,500	1,846,816
2,975,197	757,391	164,441	342,863	20,804	10,000	41,799,463
539,542	111,935	20,161		9,816	5,000	8,801,012
353,597	82,339	13,874	64,509	9,816	5,000	6,873,391
494,696	104,225	13,398		9,816	5,000	7,904,082
332,158	75,012	12,369		8,597	5,000	5,949,343
335,214	86,513	18,744		8,597	5,000	5,544,806
776,814	171,298	28,566		11,038	5,000	11,942,894
411,904	84,895	12,204		9,816	5,000	7,721,534
752,564	159,140	29,363		8,597	5,000	12,509,650
245,062	47,870	8,260	164,786	8,597	2,500	3,617,030
287,574	56,534	9,059	64,315	8,597	2,500	4,292,342
1,347,056	300,884	64,124		12,258	7,500	21,885,859
499,181	115,973	29,226		9,816	5,000	8,142,982
3,632,274	786,357	191,246		20,804	10,000	46,758,304
747,255	157,990	33,552	55,580	9,816	5,000	11,106,809
246,871	49,599	9,541		8,597	2,500	4,161,162
1,283,093	276,996	87,528		12,258	7,500	16,164,539
190,574	39,615	6,601		8,597	2,500	2,850,806
485,300	106,559	22,171		8,597	5,000	7,777,664
670,539	145,740	23,342		9,816	5,000	11,957,198
699,502	142,613	23,792	111,906	9,816	5,000	9,600,616
244,701	51,704	8,385		8,597	2,500	3,901,341
1,622,409	383,334	72,075		11,038	7,500	30,864,150
105,631	21,298	3,686	264,685	8,597	2,500	2,110,533
455,981	93,354	19,791		9,816	5,000	7,506,240
425,638	86,403	9,840		8,597	5,000	7,009,167
415,798	84,971	15,898	299,238	8,597	5,000	6,525,581
621,740	132,765	22,143	422,503	9,816	5,000	8,914,530
996,359	224,713	37,254		12,258	5,000	16,374,021
966,855	216,569	41,007		9,816	5,000	12,957,347
3,318,585	731,492	151,800		19,583	10,000	37,955,978
224,621	44,113	6,363	21,554	8,597	2,500	2,531,120
2,519,631	550,491	117,835		17,143	10,000	37,220,659
1,130,558	241,013	37,427		12,258	5,000	17,952,061
413,391	83,992	12,457	317,608	9,816	5,000	6,584,897
502,531	104,404	17,036		9,816	5,000	8,552,135
1,378,131	291,471	66,106		12,258	7,500	21,011,582
$ 38,637,567	$ 8,519,295	$ 1,734,622	$ 3,398,529	$ 489,427	$ 235,000	$ 575,968,276

014248

COMPTROLLER GENERAL'S OFFICE

OFFICE OF COMPTROLLER GENERAL
Wade Hampton State Office Building
Post Office Box 11228
Columbia, South Carolina 29211



EXECUTIVE CONTROL	(803) 758-2644
EARLE E. MORRIS, JR. — Comptroller General	
GERALD W. BURNETT — Deputy Comptroller	
ADMINISTRATIVE DIVISION	(803) 758-2644
LUGENIA E. CALDWELL — Assistant Comptroller General	
KINSEY J. H. JENKINS, JR. — Senior Assistant Comptroller General — Special Projects	(803) 758-3961
LOCAL GOVERNMENT DIVISION	(803) 758-5186
MICHAEL L. HORTON — Senior Assistant Comptroller General	
PAYROLL DIVISION	(803) 758-3050
MICHAEL S. WINGARD — Senior Assistant Comptroller General	
VORDMAN C. TRAYWICK, JR. — Assistant Comptroller General	
CENTRAL STATE FINANCE DIVISION	
JAMES C. SHEALY — Senior Assistant Comptroller General	(803) 758-3050
DONALD E. LOVETT — Senior Assistant Comptroller General	(803) 758-3961
CLYDE R. NICHOLS, JR. — Senior Assistant Comptroller General	(803) 758-3961
WILLIAM W. BRASWELL — Assistant Comptroller General	(803) 758-3961
EUGENE C. GARVIN — Assistant Comptroller General	(803) 758-3961
ALBERT M. GROSS — Assistant Comptroller General	(803) 758-3961
CLYDE B. LIVINGSTON — Assistant Comptroller General	(803) 758-3961
JOHN E. PEARCE — Assistant Comptroller General	(803) 758-3961

014269

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 12 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 3

Agency: Executive Director's Office

Subject: Employee Suggestion Program Award

Assistant Director Randy Halfacre advises that the Board's Suggestion Awards Committee, at its meeting on November 4, adopted employee suggestion #2 pertaining to an address change for State buildings located at 1531 Confederate Avenue. This suggestion resulted in those State buildings being zoned within the Columbia city limits as opposed to being outside of the city limits and, as a result, charges for water, sewer and fire services will be at a lower rate saving the state approximately $1,000 per year.

This award is to be presented at the meeting.

Board Action Requested:

Receive as information.

Staff Comment:

014250

Attachments:

Halfacre November 23 memorandum to McInnis

11-26

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 758-2226

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

JAMES M. SIMPSON, JR.
ASSISTANT DIVISION DIRECTOR

MEMORANDUM

TO: Bill McInnis, Deputy Director
Budget and Control Board

FROM: Randy Halfacre, Assistant Director
Internal Operations for Personnel and Business Development

SUBJECT: Awarding of an Employee Suggestion - Board Meeting, December 14, 1982

DATE: November 23, 1982

As you know, the Budget and Control Board is piloting an Employee Suggestion Program that provides for cash awards to be awarded to employees for their adopted suggestions.

At its meeting on November 4, 1982, the Board's Suggestion Awards Committee adopted employee suggestion #2 pertaining to an address change for state buildings located at 1531 Confederate Avenue. The suggestion resulted in the state buildings being zoned within the Columbia city limits as opposed to outside of the city limits. Consequently, charges for water - sewer and fire services will be at a lower rate saving the State of South Carolina approximately one thousand dollars per year.

In discussing this matter with Mr. Putnam, he suggested that the employee's award presentation be made at the Board Meeting scheduled for December 14th. This should provide an excellent forum to reinforce the benefits of the Employee Suggestion Program and to receive appropriate news media coverage. Therefore, I would like for the matter to be placed on the Board agenda for the 14th, and if at all possible that it be placed first on the agenda.

Your assistance in this matter will be greatly appreciated.

TRH/ns

014251

cc: Bill Putnam
Mike Copeland
Jimmy Simpson
Joe Mack

RECEIVED
DEC 3 1982
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
900 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 758-2226

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

WILLIAM C. PUTNAM
EXECUTIVE DIRECTOR

JAMES M. SIMPSON, JR.
ASSISTANT DIVISION DIRECTOR

November 30, 1982

MR. PUTNAM, FYI
FOR YOUR
INFORMATION
PLANS ARE NOW
MADE FOR NEWS
ARTICLES, MEDIA, ETC
WILL SOMEONE IN
YOUR OFFICE CONTACT
THE GOVERNOR?

Mrs. Julia Rotureau
General Services - Engineering Operations
921 Main Street
Columbia, South Carolina 29201

Dear Julia:

Congratulations! The Suggestion Awards Committee decided to adopt your suggestion, #2, concerning changing the address of 1531 Confederate Avenue, an address zoned outside the city limits to an address inside the city limits, which will save the State of South Carolina approximately $1,000 in water/sewer and fire charges per year. Your award, based on 25% of this amount, is $250.00.

You will be awarded by the Governor at the Budget and Control Board meeting, December 14, 1982, at 2:00. The meeting will be held in the Governor's Conference Room in the State House.

This is the first award given by the Employee Suggestion Program, and we are very excited that you will be the first recipient. Your effort to improve State government is fully appreciated. We look forward to receiving other ideas from you in the near future.

We will get with you prior to the Board meeting to update you on the proceedings. Should you have questions in the meantime, please advise.

See you on the 14th.

Sincerely,

Margaret Dreher

Margaret Dreher
Suggestion Coordinator

MD/eh
cc: Warren Holland
Ted Ligntle
Mike Copeland
Jimmy Simpson
Randy Halfacre

014252

McI

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 758-2226

RECEIVED
NOV 26 1982
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

JAMES M. SIMPSON, JR.
ASSISTANT DIVISION DIRECTOR

Bill, Please put this on open session B. P.

M E M O R A N D U M

TO: Bill McInnis, Deputy Director
Budget and Control Board

FROM: Randy Halfacre, Assistant Director
Internal Operations for Personnel and Business Development

SUBJECT: Awarding of an Employee Suggestion - Board Meeting, December 14, 1982

DATE: November 23, 1982

As you know, the Budget and Control Board is piloting an Employee Suggestion Program that provides for cash awards to be awarded to employees for their adopted suggestions.

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In discussing this matter with Mr. Putnam, he suggested that the employee's award presentation be made at the Board Meeting scheduled for December 14th. This should provide an excellent forum to reinforce the benefits of the Employee Suggestion Program and to receive appropriate news media coverage. Therefore, I would like for the matter to be placed on the Board agenda for the 14th, and if at all possible that it be placed first on the agenda.

Your assistance in this matter will be greatly appreciated.

TRH/ns

cc: Bill Putnam
Mike Copeland
Jimmy Simpson
Joe Mack

014253

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 13 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 4

Agency: Health and Environmental Control

Subject: State Park Health Center Proposal

The Board carried over its decision on Commissioner Robert Jackson's proposal on the future use of the State Park Health Center at the December 2 meeting in order to provide additional time to develop further information on the best use of that facility.

Board Action Requested:

Consider.

Staff Comment:

014254

Attachments:

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

The Property Management Section of the South Carolina Budget and Control Board shall at a time it deems appropriate determine the market value of all State property and other State interests managed by Richland Memorial Hospital under terms of this agreement. From that determination the Property Management Section of the South Carolina Budget and Control Board shall further determine the level of compensation due the State from Richland Memorial Hospital. Such compensation shall be paid by Richland Memorial Hospital into the Ordinary Sinking Fund of the State.

014255

South Carolina Department of Health and Environmental Control

Presentation to

South Carolina Budget and Control Board
December 2, 1982

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

STATE PARK HEALTH CENTER PROPOSAL

I. Subject:

Submitted is a proposal to transfer management responsibility for State Park Hospital and its direct ancillary facilities to Richland Memorial Hospital. This transfer would take place under contract (details of contract to be submitted at December DHEC Board meeting) in an arrangement whereby RMH would take over the facility, all remaining employees and responsibility for tuberculosis inpatient care in exchange for use of the facility for other health care purposes, access to the facilities' 166 certified statewide use beds and certain financial consideration to be detailed in the contract.

II. Facts/Background:

A. DHEC currently operates the 166 bed State Park Hospital at an annual cost of $4.492 million. The hospital was constructed in 1935 as a central inpatient treatment facility for tuberculosis. In the mid-seventies the hospital was renovated at a cost of $3.5 million in order to accommodate expected tuberculosis cases and certain other conditions in an accredited and certified facility. By the time the renovations had been completed, however, the number of tuberculosis patients requiring inpatient care in such a facility had declined and in 1976 use of the hospital was expanded to provide hospital services to the Department of Corrections for inmates on a contractual basis.

B. The decline in the number of tuberculosis patients has continued while costs of operating the center have risen and the facility is now substantially underutilized with two of the four floors presently closed and care being provided to an average of 35 tuberculosis patients and 18 corrections' patients. Between 1962 and 1982 the tuberculosis census dropped from 420 to 35 patients and since 1977 the total number of tuberculosis admissions has dropped from 475 to 140 per year. At present it costs approximately $22,000 per patient to provide care at State Park Health Center. The average for community hospitals is close to $5,000.

C. The Department of Mental Health also operates a medical and surgical hospital (the Byrnes Clinical Center) which is also substantially underutilized. In addition to mental health patients who need active medical or surgical treatment, Correction Dept. inmates are provided with urologic and ophthalmologic care. At present approximately 40% of Corrections hospitalization needs are provided by the Department of Mental Health and 60% by DHEC.

014256

D. Beginning in 1980 Dr. Jackson appointed the present hospital administration to undertake a comprehensive examination of the future of State Park Health Center (SPHC) and charged staff to examine all options. During 1981 these studies continued. All other state agencies with institutional needs were contacted and a thorough analysis was made of alternatives and costs (see attachments). Assumptions for the final recommendations were:

a) No substantial additional investment of state dollars;
b) Continuation of our obligation to provide inpatient TB care and to fulfill our commitments for inmate care;
c) Maximal benefit to the state and community from a public health, health care and medical teaching point of view;
d) Minimal disruption of staff of the hospital, many of whom have been employees for many years;

Early on in the discussion and analysis it became apparent that the presence of the inmates at the hospital created a substantive obstacle to its acceptance for many alternatives uses and the first step and initial efforts were directed at developing options for solution of this problem.

E. After 18 months of negotiations and ground work, arrangements have been made and Budget and Control Board approvals obtained to transfer the entire inmate hospital care function to the Department of Mental Health. This will be implemented January 1, 1983, will involve the transfer of approximately 30 employees, a transfer of $450,000 to Mental Health and $150,000 to Corrections for the balance of the 82-83 fiscal year and leave three empty floors at State Park and only the remaining tuberculosis patients to be cared for.

It is projected that the transfer of inmate care to DMH will result in:

a) Long term financial savings to DHEC since our costs for inmate care were rising faster than our ability to acquire resources and were consuming considerable management and budget effort;
b) Equivalent care for inmates;
c) Better utilization of Byrnes Center;
d) More streamlined administration and improved security for the Department of Corrections since they would only have to transport patients to and from, provide guards at and contract with one agency rather than two for hospital care.

F. During the course of the exhaustive review of options all other providers in the area both public and private were contacted and asked for input and ideas on improved utilization of State Park. As a result of these contacts several proposals were submitted to DHEC for consideration. Proposals from the private sector were limited to proposals which would ultimately allow the corporations involved to utilize the certified beds to construct new facilities but did not resolve the long term question of improved utilization of the existing facility.

014257

G. Richland Memorial Hospital is a 611 bed County hospital which has a substantial referral and regional teaching hospital role. It is the only hospital in Richland County which accepts medically indigent patients routinely as well as medicare and medicaid. In 1981 it provided in excess of $7 million worth of indigent care of which only $3.8 million was funded by the county. Obviously much of the balance has had to be "cost shifted" to paying patients in the form or increases charges.

The additional referrals and indigent care inherent in the teaching role expansion which occurred with the addition of the USC Medical School has further added to the number of medically indigent being served at RMH.

The USC School of Medicine does not operate its own teaching hospital (as does MUSC). Strong economic, political and practical considerations make it impossible for the school to look to the development of its own teaching hospital. Two hundred of the 611 beds at Richland Memorial are dedicated to use as teaching beds under a recently renegotiated 10 year agreement between the hospital and the Medical School. Richland Memorial also serves as a part of the statewide teaching "consortium" under the aegis of the Medical University.

One of the major obstacles to the needed cooperative and friendly relationship between USC and RMH, however, has been the inability of Richland to increase the number of beds available for teaching use without cutting into the remaining 411 beds available to its private physician staff.

H. In the winter of 1981-82 a proposal was developed by RMH in cooperation with DHEC staff. This proposal would involve transfer under contract of the State Park Hospital to the management control of RMH, of the tuberculosis patients to the care of RMH, and of the remaining DHEC employees to the staff of RMH. In exchange RMH would be able to expand utilization of the State Park facility to include other hospital services and expand its availability of a teaching site under its agreement with the medical schools. RMH would also get access to the 166 statewide use beds for use at the State Park facility or by simple exchange of local for statewide beds between its Harden Street facility and State Park obtain a more balanced utilization of both facilities. Finally the contract would provide for payment by DHEC to RMH for tuberculosis care and an initial subsidy to ease the transition to full fiscal responsibility by RMH.

The proposal includes the creation of a policy Board which we now propose to be made up of two members of the RMH Board, two members of the DHEC Board, the Governor's Executive Assistant for Health and Education, a community/consumer representative (to be appointed by DHEC) and a representative of the USC Board of Trustees. A member of the Senate Medical Affairs Committee, a member of the House 3M Committee, each of whom shall be members of the Richland County Delegation, will be asked to serve as exofficio members along with the Chief Executive Officers of RMH, DHEC and the USC Medical School (who shall also be exofficio members).

014258

The policy board would oversee all aspects of the transition, determine upon recommendations of staff what services would be provided at State Park and the timetable. In addition, the Board would be charged with overseeing the financial transition to full RMH responsibility within two years. The state would be expected to continue to pay only for its obligation for inpatient tuberculosis care based on the number of patients and reasonable estimates of cost after that time. It is presumed and will be built into the contract that during that transition the state's share of the costs of State Park operation will decline directly in proportion to the expanded utilization of state park and the amount of revenue generated for the RMH by having access to State Park Health Center.

III. Analysis:

The proposal which is under consideration and detailed analysis provides for:

1) continued and expanded utilization of the State Park facility;
2) Adds 166 statewide use beds to the RMH community teaching hospital complex to the benefit of patients, students, residents, faculty and staff as well as considerable additional space for office, ancillary services and the development of new services paid for by revenues rather than tax dollars;
3) continued and improved care for the state's tuberculosis patients and their utilization as teaching cases for medical students and residents from the USC School of Medicine/the MUSC;
4) makes available current State Park nursing and support staff to RMH, enhancing their ability to meet staffing demands;
5) Incorporates administration of State Park Hospital under the administrative responsibility of RMH. Their experience, expertise in institutional operations and volume purchasing leverage should result in much more efficient operation;
6) Availability of 166 beds which can be sustained at 1/2 the cost of the acute care beds at RMH. This availability will allow for the transfer of patients who no longer require the most acute level of care making RMH beds available to other patients in need;
7) Availability of a lower cost institution will reduce the overall costs of medically indigent care and make more beds available at RMH to provide for the needs of the community. Modest or minimal capital investment requirement and interest on capital as well as improved efficiency contribute to the savings expected;
8) State Park Hospital beds are certified as statewide beds. Richland Memorial currently serves 25% statewide patients but is treated in the Certificate of Need process as if all of its beds were available for local use. This is different from MUSC in Charleston which has 50% of its beds designated as statewide; based on their percentage of statewide (non-local services). The addition of 166 statewide beds to Richland pool would partly remedy this unequal situation by providing that 20% of RMH beds would be statewide.

014259

This change would technically not affect the local beds available in the Medical Facilities Plan but would provide some immediate relief to the bed shortage which currently exists;

9) While specific projections of savings to DHEC and the state are somewhat speculative they are expected to be substantial. Some funds will have to be set aside for the TB outpatient program, laboratory support and campus maintenance (See attached Budget Projection).

10) The renovations accomplished at State Park in 1976 were completed with Hill Burton Federal Funds. These funds are provided with a grant clause which requires pay back to the Federal government if the facility ceases to provide indigent health care. In theory at least a payback of up to 3.5 million could be required if the facility is closed or turned to a non-health care use;

11) When RMH is managing many patients whose third party payors refuse to pay the state for care at SPHC will begin to pay as RMH is eligible for payment from all third party sources. This will increase revenues substantially.

Over the last six months the concept of this proposal and all identified alternatives have been scrutinized by a task force chaired by Mr. Jack Crosscope at the request of the Governor and by a special committee of the Three Rivers HSA which had representatives from state agencies, local medical societies, local hospitals, the Chamber of Commerce, etc. Their reports (attached) support the current State Park proposal and it has been approved by the full HSA Board. These reports particularly stress the need to keep State Park as a health care facility.

On January 1, 1983, it will be necessary for DHEC to terminate 51 employees if this proposal does not come to fruition due to the fact that their salaries had to be turned back as a portion of our 4.6% state fund reduction. It is essential therefore that if approval is to be forthcoming in time for the contract to be completed, approved and implemented it must occur almost immediately to avoid a hiatus in their employment. The employees were pegged for termination in order to bring employment at SPHC down to a reasonable level for 35 patients. As many as possible will be placed in alternative employment with the Department of Mental Health.

The only anticipated possible opposition to this proposal is expected to come from the non-public applicants for new hospital construction in this area. It is expected that they will accuse DHEC of somehow using State Park to interfere with their rights to construct these new facilities. Our position is that the issues are completely separate. The 166 statewide beds at State Park are currently available. The 611 local beds at RMH are currently available. Any use under this proposal which maintains that total of 777 beds with a breakdown of 166 statewide and 611 local beds as the configuration has no effect on the state plan and the 4 CON applications can and will be decided on their merits by the Board on Appeal.

IV. DHEC Board Actions on November 19, 1982:

1) Approved the concept detailed above.

2) Authorized staff to develop a detailed contract with RMH as quickly as possible. This contract will be subject to the usual cancellation clauses and subject to adequate appropriation being provided by the General Assembly.

3) Appointed J. Lorin Mason, Jr., M.D. and Moses H. Clarkson, Jr., of the DHEC Board, to the Policy Board for State Park.

4) Authorized the Commissioner to work with the RMH Board, the Governor's Office, appropriate legislators, and USC to achieve appointment of other Policy Board members.

V. Recommended State Budget and Control Board Actions:

1) Approve concept detailed above.

2) Approve required transfers.

3) Above action subject to specific review of contract upon completion.

Robert S. Jackson, M.D.
Commissioner

Attachments

014261

Allocation of SPHC Budget Under Proposed
Agreement with RMH (Est.)
FY 83

1982-83 Adjusted Appropriation and Revenue		$4,492,000
Less 4.6% Reduction Amount		- 300,000
		$4,192,000
Available January 1 - June 30		$2,096,000
Expenses January 1 - June 30		
Department of Mental Health	$450,000	
Department of Corrections	150,000	
Campus Maintenance	245,037	
DHEC Program Obligations Non TB	79,342	
Laboratory TB Support	143,000	
TB Inpatient Contract		
40 beds/day at $75/day	547,500	(incl. $200,000 revenue)
TB Outpatient Program	261,121	
Annual Leave one time payout	220,000	
Net Costs		$2,096,000
Net Balance		$ -0-

014262

Allocation of SPHC Budget Under Proposed
Agreement with RMH (Est.)
FY 84

1982-83 Adjusted Appropriation and Revenue			$4,192,000
Estimated Budget for FY 84			
Department of Mental Health	$ 900,000		
Department of Corrections	300,000		
SPHC Maintenance (9 staff, Amorization and Maintenance)	384,545		
DHEC Program Obligations Non TB	146,088		
Laboratory TB Support	286,000		
TB Inpatient Contract 40 beds at $75/day	1,095,000	(incl. $400,000 earned revenue)	
TB Outpatient program	680,367		
Net Costs			$3,792,000
Net Balance Available for buffer, negotiations and reallocation if saved			$ 400,000

014263

Three Rivers Health Systems Agency, Inc.
3325 Medical Park Road, Suite 211
Columbia, S. C. 29203 (803) 779-6790

October 21, 1982

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

Dr. Robert Jackson, M.D.
Commissioner
Department of Health & Environmental Control
2600 Bull Street
Columbia, S.C. 29201

Dear Dr. Jackson:

In response to your request, the enclosed report has been developed by a Three Rivers Task Force with representation from various interest groups. The report was unanimously approved by the Three Rivers Board of Directors.

As we discussed, I will be sending copies to those listed below, and other groups in the community.

Sincerely,

Dennis Caldwell

Dennis Caldwell
Executive Director

DC/pr

dc

CC: Mr. William T. Putnam, Exec. Dir.
State Budget & Control Board

Mr. John A. Crosscope, Int. Comm.
Department of Social Services

RECEIVED
OCT 25 1982
OFFICE OF
COMMISSIONER

014264

Attachment No. 2

THREE RIVERS HEALTH SYSTEMS AGENCY
REPORT ON THE USE OF STATE PARK COMPLEX
October, 1982

BACKGROUND

Since the late 1950's, there has been a dramatic decline in the number of in-patients treated in the nation's tuberculosis hospitals. The trend in South Carolina was recognized as being no different from that in other states where the necessity for in-patient tuberculosis services was on the decline. The State Park Hospital, South Carolina's only hospital primarily for the treatment of tuberculosis, saw its average daily census decline from between six hundred in the 1950's to approximately two hundred at the end of the 1960's. Throughout the 1970's, the decline continued until in 1979 there were approximately 80 patients per day in the hospital. It is expected that the calendar year 1982, will show an average daily census of approximately 40 tuberculosis patients.

In 1977, an agreement was reached between the Department of Health and Environmental Control and the South Carolina Department of Corrections, whereby a floor in the hospital would be utilized to provide general acute care to inmates from the South Carolina Department of Corrections.

CURRENT STATUS

The State Park Health Center complex is comprised of a 166 bed JCAH accredited hospital and 37 other structures of varying size used as residences and offices. The hospital is under-utilized and many of the complex's remaining structures are vacant.

The State Park Hospital has 126 beds designated for the treatment of tuberculosis patients. Approximately 35-40 beds are used for that purpose on any given day. One floor, with approximately 40 beds, is designated for general acute care for inmates from the South Carolina Department of Corrections. By January 1, 1983, they will be transferred to Byrnes Center.

The hospital, from a structural standpoint, is in good repair. The status of the remaining buildings is good to poor. Exhibit I is a description of the condition of each building on the 237 acre complex with cost estimates for bringing each of the structures up to good repair.

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The hospital operates on a budget that is in line with its declining patient census and status as a hospital going out of business. Because there is no agreed upon future for the hospital, the present budget does not provide for capital improvements or the replacement of capital equipment.

Given the continuing declining census, it is highly questionable whether the continued operation of the State Park Hospital would be the most cost-effective method for providing in-patient tuberculosis treatment to patients. However, certain fixed costs of the operation of the State Park complex would continue even if tuberculosis patients were transferred to community hospitals because of the continuation of security, maintenance, and utilities for mental retardation and children's services which are provided at the complex.

In addition to the declining census and its high cost per patient day, the hospital also finds itself facing a critical shortage of nurses and an inability to retain a competent professional staff. There are many reasons for the increasing difficulty in recruiting and retaining high quality nursing professionals; however, the paramount reason is the fact that the hospital's future is questionable.

The hospital has new basic radiology equipment and a large and modern dietary department. It does not have a physical therapy, respiratory therapy, or laboratory department, although space exists for those services.

In summary, State Park is a hospital with a low census, a high fixed cost and a dwindling nursing staff. Despite these problems, the complex has the potential to serve other state, regional and community health needs.

STUDY METHOLOGY

The Commissioner of the Department of Health and Environmental Control, in June of 1982, asked the Three Rivers Health Systems Agency for recommendations for possible use of the State Park complex. The Agency Board established a task force to prepare a report for the Board of Directors. The task force toured the Hospital and was impressed with its useability as a Hospital to provide basic hospital services, as well as the location and the potential use of other buildings in the complex.

The task force received verbal comments from the following:

- Baptist Medical Center
- Lexington County Hospital
- Providence Hospital
- Richland Memorial Hospital
- Council of Aging
- Department of Health and Environmental Control (Division of Tuberculosis Con
- University of South Carolina
- South Carolina Drug and Alcohol Commission
- Commission on Higher Education

014266

In addition, a news release was mailed urging any individual or organizations who had any thoughts to share those with the task force, there were no responses.

PROBLEMS

Uncertainty on closure of the hospital is creating serious employee morale problems. The hospital is minimally staffed for licensed nurses, if additional nurses resign it will jeopardize patient care.

The State of South Carolina allocates $4 million dollars a year to maintain the complex, with approximately 2.6 million for the direct cost of care for 35 tuberculosis patients; the cost effectiveness of these expenditures is of concern.

Besides the above problems, there are a number of other community problems which were addressed by the task force and its guests, these are as follows:

ISSUES RAISED BY COUNCIL OF AGING:

In the Central Midlands, 8% of the population, is 65 or over. By 1988 it is expected to be 9% and increased by 10,725 people.

Issues raised for possible use of State Park was as follows:

1. Preparation of the meals for the Meals on Wheels program
2. Regional office for the Council on Aging program
3. Wellness program site for the elderly
4. Transferring patients from 4 local hospitals who are not in the need of hospital services, especially those waiting for nursing home beds
5. Provision of alternative modes of health care to the institutional setting, for example Home Health.
6. Adult Day Care
7. Senior Citizens Activities
8. Subsidized Housing

Task Force discussion:

Presently, 5% percent of the population in South Carolina age 65 and over are in nursing homes, also 30 to 60 patients are waiting in the four Columbia Hospitals to enter nursing homes. To maintain the same percentage of the population age 65 and over in nursing homes by 1987, 275 beds in Central Midlands would need to be added. This projection is based upon the formula in the State Health Plan. It is not probable that the State will assign that many new dollars to purchasing services to Medicaid patients for nursing homes; therefore, alternatives to institutional care must be made available. The above is a list of programs to be evaluated for implementation.

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ISSUES RAISED BY THE FOUR LOCAL HOSPITALS:

The following is a series of comments by the local hospitals, some comments were made by more than one hospital, and a hospital comment may not be agreed upon by the other hospitals.

1. A provider consortium should manage the complex
2. Richland Memorial Hospital should manage the complex
3. All pending certificate of need applications for hospital beds should be turned down until the impact of using the State Park Hospital is resolved
4. All four local hospitals support the concept that the State Park complex be utilized as a center for Health Care Services.

Task Force discussion:

The hospital costs in South Carolina increased by 20 percent in 1981 and at an 18 percent rate during the first 6 months of 1982. In addition, the four Columbia Hospitals wrote off approximately 40 million dollars in 1981, because of charity, bad debts and contractual allowances for Medicare and Medicaid. The task force believes the complex should be considered as a center for the provision of Health Services as a cost effective alternative to new facilities and services, expansion, and modernization programs.

The Richland Memorial Hospital reviewed, with the task force, its draft proposal to operate the complex. Richland Memorial Hospital presented a well conceived proposal which stimulated positive discussions, see attachment 2.

If the development of a Center is excepted as a feasible option, the hospitals, educational institutions and other entities should consolidate and coordinate their efforts to implement health programs which would achieve maximum benefit for the citizens of the state.

ISSUES RAISED BY THE UNIVERSITY OF SOUTH CAROLINA:

The University of South Carolina expressed that it has unmet clinical and programatic needs for its schools of nursing, pharmacy, medicine, business, public health and others, the following were examples:

1. Additional hospital beds for clinical use
2. Additional clinical office space
3. Multi-Disciplinary training programs
4. Residency programs for Hospital Administrative Students
5. Training in special services, gerontology, rehabilitation, etc.
6. Development of a Research Center for Health Services

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Task Force Discussion:

The University be encouraged to present its needs to the appropriate bodies.

South Carolina Commission on Drug and Alcohol Abuse:

The Agency stated that the percentage of the population with a drinking problem continues to rise, creating an ever increasing problem of drunken drivers. This problem is manifested in the teenagers. The Commission believes that the complex could serve as an alternative to prisons for those arrested for drinking.

Task Force Discussion:

The best information available indicates there are thousands of problem drinkers in South Carolina. The State Park complex has the space and facilities to provide treatment for problem drinkers which would be less expensive and more effective than prisons.

CONCLUSIONS

In conclusion the task force's criteria in developing the following recommendations for the useage of the State Park complex was to maximize benefits at the least possible cost. Since Three Rivers is a Health Planning Agency, no analysis was done on closing the facility, selling the complex or considering other uses, such as office space. These are options being considered by the Governor's Office.

The task force believes that joints efforts by the four local hospitals, other providers and the educational institutions should be encouraged to jointly fund and conduct feasibility studies for specific projects for utilization at the State Park complex. From these studies the entities should propose services aimed at providing health care alternatives which are cost effective and needed in the state, region and local communiy. The studies should address alternatives to institutional services, such as out patient surgery, ambulatory care, adult day care, home health, detection and wellness programs. As the studies are developed other parties would be brought into the planning, implementation and evaluation process. The Department of Health and Environmental Control has operational responsibility for the complex; therefore, all proposals must be approved by the Department.

014269

The task force specifically feels that:

- Statewide tuberculosis needs must be met through more cost effective mechanisms, such as contractual care of tuberculosis in community hospitals and enhancement of State Tuberculosis Control Programs.

- There are unmet health care needs in the state, region and local areas as described in the State Health Plan, such as rehabilitation and services for the elderly, that could be developed and provided at the State Park Health Center.

- There are unmet needs in the various health educational programs, such as clinical space, training experience, etc., in Schools of Medicine, Nursing, Pharmacy in the Colleges, Universities, and Technical Schools in the State. The needs could be met with the development of new programs at the State Park complex by modifying existing affiliation agreements.

- There is also a need to develop a Research Center for Health Services which could be at the State Park complex.

The following members met six times in two months to interview organizations and prepared this report. Because of their time and efforts this report has been developed and will be a useful document for planning health care services. A special appreciation to the Chairman, Ruth Seigler, for time and effort.

Ruth Seigler, Chairman
Margaret Durham
Richard Slocum, M.D.
Charles Crews, M.D.
Pete Riebold
Sam Washington
Lanny Aselton
Diana Jones
Lee Catoe

Ex-officio

William Ivey
Ed Brophy
John Solomon
Robert Hewson, M.D.

014270

EXHIBIT I

There are 38 buildings located on the State Park Health Center campus, 14 of which are occupied by employees as their residence. The structures vary greatly as to their condition and purpose. The first building was constructed in 1914, and the last in 1962. Most buildings have not been painted within five years, and the majority of buildings have roofs which are 18 to 24 years old. Although funds to maintain the campus have been requested, adequate funding has not been provided. The lack of funds has resulted in the deterioration of many of the buildings. If immediate and extensive repairs are not begun, further deterioration will occur making the buildings unusable. The total estimated cost for campus repairs is $427,750, the DHEC/General Services agreement will cover $27,250 of this. Additional DHEC funds to complete necessary repairs amounts to $400,500.

MONCRIEF BUILDING #100 - The Moncrief Building is a 36 year old brick structure with 172 rooms and 48,746 square feet of heated area.. The roof and exterior brick are in good condition. The window trim and interior walls have not been painted since 1977.

The present steam heating system needs replacing. The heat cannot be controlled from one floor to another. The inability to regulate heat creates an unpleasant work environment for employees. During the winter it is necessary to operate air conditioners in order to level the temperature. This situation increases the use of electricity.

Cost of improvements: $298,850.00

PEARL LEITZSEY BUILDING #12 - The Pearl Leitzsey Building is a 50 year old brick building with 13,061 square feet of heated area.. The roof, guttering, window trim, and interior walls require immediate attention. If the 24 year old roof is not replaced within one year, interior damage will occur. The exterior must be painted within one year or the woodwork will need replacing.

Cost of improvements: $ 28,650.00

BATTLE CHAPEL #106 - The Battle Chapel is a brick building with 4,200 square feet of heated area. The building was last painted in 1978. The interior paint is in fair condition. The exterior paint is peeling and rust is forming on window frames. The two wooden doors on the north side of the building are rotting and require immediate replacement.

Cost of improvements: $ 2,050.00

FARMER BUILDING (HOSPITAL) #2 - The hospital was constructed in 1937, and extensive modernization performed in 1975. There are 48,746 square feet of heated space. In 1978, the building was waterproofed, and a new roof was installed in 1968. The major improvements required our replacing plaster and painting, replacing damaged ceiling tiles, repairing window leaks, and installing glare shields on the 4th floor.

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The present method of heating and air conditioning should be evaluated by an engineering consultant. The system functions, however, it does not provide efficient service. An accurate estimate of replacing the system has not been obtained.

Cost of improvements excluding the replacement of the heating & cooling system. $ 7,250.00

BUILDING #1 - Constructed in 1914, condition is poor, roof leaks and the exterior and interior walls must be restored. If the building is not repaired immediately, it will be hazardous to use.

Cost of improvements: $ 5,000.00

BUILDING #3 - Wood frame building with 3,660 square feet of heated space. The exterior is in need of painting. The gutters must be replaced. If the building is not painted and repaired within a year, the wood will deteriorate and require replacement.

Cost of improvements: $ 5,500.00

BUILDING #16 (LEAD POISON) - Brick building with 1,313 square feet of heated space. The interior is in good condition. The exterior must be painted as soon as possible. The roof is in extremely poor condition. The felt on the roof is exposed which will result in leaks if not replaced within one year.

Cost of improvements: $ 2,400.00

BUILDING #9 (EARLY DISEASE) - Brick building with 3,272 square feet of heated space. The building is structurally sound, and the interior is in good condition. The exterior must be painted, gutters replaced and the roof replaced within one year to avoid interior damage due to leaks.

Cost of improvements: $ 4,000.00

PAINT SHOP #27 - The paint shop can no longer be utilized for spray painting and paint storage. The building violates OSHA fire and safety codes. The present building cannot be modified to meet OSHA regulations. The building should be razed.

BUILDING #74 (EARLY DISEASE) - A brick building with 2,000 square feet of heated space. The interior needs painting immediately. The exterior was last painted in 1977. The roof is 24 years old and has less than one year's life expectancy.

Cost of improvements: $ 2,400.00

BUILDING #103 (BOILER BUILDING) - A brick building in good structural condition. The roof has multiple leaks. The interior and window trim must be painted within one year in order to avoid rotting of the window frames.

Cost of improvements: $ 11,600.00

COOPER CHAPEL BUILDING #20 - A brick structure with 8,490 square feet of heated space. The interior is in fair condition. The window sills need painting on both the interior and exterior. Delay in painting the sills will result in extensive wood damage. The entrance area has received water damage from a ruptured pipe. Sections of the wood in this area must be replaced.

Cost of improvements: $ 3,650.00

CHILLER BUILDING #10 - This brick structure is in generally good condition. Minor repairs are needed for the roof and the interior must be painted.

Cost of improvements: $ 850.00

WAREHOUSE BUILDING #23 - The Warehouse is a brick structure which is in good condition. The exterior trim is in need of painting and the roof needs patching.

Cost of improvements: $ 750.00

COOLER BUILDING #51 - This block building and the old dairy which is attached should be razed. A cooler room should be constructed in or near the warehouse basement.

Cost of improvements: $ 5,000.00

Employees rent 14 of the 17 residences. All but two residences need painting and roof repair. Most have not been painted in five years. In order to repair these structures, $34,800 is required. The General Services/DHEC Agreement will pay for only $3,350 of the $34,800 needed. It is recommended that three of the residences be razed. It is also recommended that the practice of providing housing for employees be discontinued. As employees move, the houses should be used as health facilities or razed. Providing subsidized housing as a fringe benefit is costly to the State and is a questionable management practice.

Road and Sidewalk Repair - The campus roads and sidewalks are in fair condition. Repair of miltiple pot holes and cracked sidewalks is indicated. The replacement of sidewalks near the Crippled Children's Office is needed.

Cost of improvements $ 15,000.00

Recommend the following buildings be razed:

13A	Garage
13B	Garage
22	Male Dorm
27	Paint Shop
51	Cooler
61	Old Nurses Home
62	Residence
62A	Old Boiler Building
64	Residence

014274

EXHIBIT II

EXHIBIT II

D R A F T
3 March 1982

CONCEPTUAL GUIDELINES FOR HOSPITAL MANAGEMENT AND EXPANDED USE OF STATE PARK HEALTH CENTER COMPLEX

For Joint Consideration by
The Department of Health and Environmental Control
and
Richland Memorial Hospital

1. PURPOSE

1.1 Management by RMH on behalf of DHEC of the personal health services that DHEC is currently committed to providing for State patients at State Park Health Center;

1.2 Management by RMH of the Health Center Complex so as to provide improved utilization of existing facilities for prevention and control of disabilities both directly through personal health services and indirectly through State health manpower programs;

2. METHOD

Five-year management agreement between DHEC and RMH, renewable if program objectives are met, permitting continued organization of State Park Health Center by RMH as a distinct entity that will meet its costs from the following revenue sources:

2.1 State appropriations and earnings for hospital services currently provided by DHEC for State patients; and

2.2 Earnings from additional hospital and ambulatory services to patients and/or their sponsors and from other health-supportive programs.

3. SUMMARY OF MUTUAL OBLIGATIONS

3.1 DHEC to be assured by RMH:

3.1.1 That State commitments will be fulfilled for:

- specialized hospital care for control of pulmonary disabilities, up to such numbers of patients as are presently budgeted for; and,
- general hospital care on behalf of inmates of the State correctional system on the one floor for which security is provided by the Department of Corrections.

3.1.2 That the State Park Health Center Complex will be so managed that maximum use will be made of it for disability prevention and control, so far as will prove financially feasible, including service to patients of statewide and multicounty origin, and with priorities to be determined jointly with DHEC;

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3.1.3 That DHEC's fiscal liability for State Park Health Center will be established in agreed pro formas for five fiscal years 1983-87; and that there will be joint consideration of the possibility of reducing or re-channelling this liability as increasing use is made of the medical center complex. (4.3.2 below)

3.2 RMH to be assured by DHEC:

That it may use facilities in the State Park Medical Center Complex (including both ambulatory and institutional settings) to meet economic demand on behalf of vulnerable and underserved categories from the population of the State and of multiple counties (including pediatric and geriatric patients) in order to provide preventive and restorative services (including episodic and emergency service, diagnostic work-ups, post-acute and follow-up care, day care, respite care, physical and occupational therapy and medical rehabilitation) and health manpower education under State programs.

3.3 DHEC and RMH to be mutually assured:

That they will have the security of a five-year contract, which will be renewable, but which may be terminated by common consent at any time or by either party for just cause and reasons beyond the parties' control, after due consideration by the Liaison Committee (Para. 7 below) followed by one year's subsequent notice of termination.

4. FINANCIAL MANAGEMENT

4.1 Hospital cost center

4.1.1 Current services: State payment to management contractor for services currently provided and projected according to agreed five-year pro forma, to be made prospectively at the beginning of each quarter.

4.1.2 Additional services: State Park entity to endeavor to reduce unit costs of patient care by expanding it from currently budgeted categories of State patients to also serve other categories of patients for whose disability control there is a statewide or multi-county market (e.g. geriatric self-help and respite care).

4.2 Campus cost center

4.2.1 Existing services: State payment for campus management including obligations to Division of General Services, utilities, security, amortization, general upkeep, etc. to be according to agreed five-year pro forma except insofar as utility costs may exceed the projections in the pro forma.

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4.2.2 Additional services: State Park entity to endeavor to expand the use of existing facilities for disability control by providing additional ambulatory health services for which there is an unmet economic demand (e.g. northeast industrial corridor occupational, emergency and episodic health services; rehabilitation therapies; geriatric day care; neonatal follow-up care; crippled children care, etc.)

State Park entity to endeavor to expand the use of existing facilities as an area health center for the clinical education of health manpower under State programs.

4.3 Feedback

4.3.1 Joint annual review of agreement implementation including services provided, financial results, and proposed program development;

4.3.2 Operating surpluses or deficits, if any, to be considered along the following lines:

- Surpluses arising within the limits of the projected DHEC budgets, to serve primarily as a contingency fund;
- Surpluses arising from new or expanded services to serve primarily as a plant and equipment improvement fund and to provide working capital for expanded services.
- Deficits due to unforeseen utility rate increases, economic conjunctures or increase in state patient load above the level of the projected DHEC budgets, to be considered with a view to possible adjustments in budget or services.

5. PHYSICAL FACILITIES MANAGEMENT

5.1 The keeping of buildings and grounds in usable condition

DHEC contract with State Division of General Services to spell out General Services responsibilities for keeping the buildings and parking lots in good repair and working order (e.g. roofs, support walls, boilers, maintenance cost exceeding $5,000, etc.)

5.2 Interior repairs and decorations

DHEC contract with General Services to spell out DHEC/RMH responsibilities for interior decorations, current repairs, etc.

5.3 Capital improvements

DHEC contract with General Services to specify privilege of DHEC/RMH to make such agreed improvements and alterations to buildings and fixed equipment, with and without General Services consent, as will be necessary to facilitate fullest possible use of the Health Center Complex for provision of agreed health services.

5.4 Movables

Management contractor to have privilege of replacing as well as supplementing furniture, equipment and other personal property, as may be necessary to facilitate maximum utilization of Health Center for agreed services.

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6. PERSONNEL MANAGEMENT

6.1 Chief administrative officer of State Park Health Center to be solely responsible to management contractor;

6.2 Extension of management contractor's personnel policies to cover all personnel previously employed by DHEC in transferred facilities and services.

7. ORGANIZATIONAL MANAGEMENT: LIAISON COMMITTEE

7.1 Functions

To advance the common concern of the two parties for the prevention and control of disability among the people of South Carolina;

To review together contractor's plans for the maximum possible use of the State Park Health Center Complex; to determine priorities among these uses; and to review contractor's plans for improvements in plant and equipment;

To receive and review periodic reports on contractor's patient-care and financial management; and to consider together any practical problems experienced and ways of solving them;

To consider together all questions concerning the fulfillment, continued validity and possible renewal of the agreement;

To report to the governing bodies of both parties.

7.2 Structure

The chairman of the governing body of each party, or his/her designee;

The chief executive officer of each party;

Three designees of each executive officer, so selected as to include representation of medical and fiscal expertise.

Staffing by management contractor.

Procedures, frequency and location for meetings to be established by the Liaison Committee.

8. Transitional Arrangements

8.1 Formal management agreement to embody the principles agreed in these conceptual guidelines;

8.2 Management to be transferred as soon as management agreement completed, and not later than 30 June 1982;

8.3 DHEC patient-care personnel to receive at the earliest possible date the option of transferring to management contractor's payroll, subject to appropriate arrangements concerning such compensation and/or benefits as differ from those provided for contractor's employees;

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8.4 DHEC to provide satisfactory assurance that all physical plant will be transferred and maintained in safe and usable condition.

9. CONTINUING PRINCIPLES

9.1 Implementation of current State commitments;

9.2 Improvements in State Park Health Center staffing in recruitment, morale and retention;

9.3 Maximum use of available facilities for extension of disability prevention and control;

9.4 Continued access to Health Center from statewide and multi-county service area;

9.5 Enhancement of clinical education opportunities for State's health manpower education programs;

9.6 Efforts towards improvement of plant and equipment of State Park Health Center Complex if managing contractor's receipts exceed its expenditures.

COMMENTS ON THE FEASIBILITY OF ALTERNATIVE US OF STATE PARK HOSPITAL
(FARMER BUILDING) AND OTHER CAMPUS ST. CTURES

Some of the alternatives listed below contradict DHEC's prevention philosophy and also require commitments of additional State funds to become operational. Other alternatives duplicate existing services or place state government in the position of competing with for-profit and community health resources. Although each of the alternatives merited consideration, all except the leasing alternative are not very practical.

ALTERNATIVE	COMMENTS
Rehabilitation Hospital & Convalescent Center	1. Requires additional State funds to staff and equip, such as: health care specialists and specialized rehabilitation equipment. 2) State Plan indicates priority should be given to health facilities affiliated with university hospitals. 3) Rehab beds for Columbia SMSA is projected to be only 25 and State Plan recommends they be added to existing S. C. Department of Voc Rehab facility. 4) Requires costly structural modifications.
Long Term Care Facility For The General Population	1. State Plan indicates there is an excess of 147 beds in Midlands HSA. 2. Puts State in direct competition with predominately for-profit nursing home industry (not politically feasible). 3) Additional State funds required.
Alcohol Rehabilitation Inpatient/Outpatient Programs	1. Department of Mental Health facility less than one mile away. 2) State Plan does not authorize any additional beds for Midlands HSA for this treatment category. 3) Requires additional State funds for staffing and specialists.
Mental Health Hospitals	1. Mental Health officials state that another acute care inpatient facility in the Midlands would be inconsistent with their present facilities philosophy and their future plans for outpatient care near the patients' homes.
Replacement Facility For The Florence Crippled Children's Center	1. Proposal negated earlier. Legislature mandated Florence Crippled Children's Center to remain open.

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Hospital To Serve Patients From Other State Agencies (SCDC, DMH, etc.)	1. This proposal would end a costly duplication of staff and equipment because of the simultaneous operation of the Byrnes Clinic. However, the proposal to utilize the SPHC as the <u>one</u> State Agency hospital was not endorsed by the DMH. 2) Without the additional patients from the DMH, there is an insufficient number of patients to justify the continued cost-effective operation of the SPHC.
Lease of State Park Hospital and Other Campus Structures To Community Health Interests	1. Construction and land costs of new hospital services would not have to be incurred by the public. 2) Would make health care available to an expanding and developing area of Columbia. 3) Lease would relieve State of responsibility of the continuing expense of caretaking.
Conversion of Moncrief Building To SCDC Mental Health Unit	1. Study for Governor Riley indicates this to be one of the more costly alternatives to providing inpatient mental health services to inmates. 2. Negative public reaction due to close proximity of the inmates to the mentally retarded children in the Mary E. White Building and to State Park community citizens.

014282

Three Rivers Health Systems Agency, Inc.
3325 Medical Park Road, Suite 211
Columbia, S. C. 29203 (803) 779-6790

October 21, 1982

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OCT 26 1982
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OFFICE OF EXECUTIVE DIRECTOR

Dr. Robert Jackson, M.D.
Commissioner
Department of Health & Environmental Control
2600 Bull Street
Columbia, S.C. 29201

EXHIBIT
DEC 17 1982 NO. 13
STATE BUDGET & CONTROL BOARD

Dear Dr. Jackson:

In response to your request, the enclosed report has been developed by a Three Rivers Task Force with representation from various interest groups. The report was unanimously approved by the Three Rivers Board of Directors.

As we discussed, I will be sending copies to those listed below, and other groups in the community.

Sincerely,

Dennis Caldwell

Dennis Caldwell
Executive Director

DC/pr

CC: Mr. William T. Putnam, Exec. Dir.
State Budget & Control Board

Mr. John A. Crosscope, Int. Comm.
Department of Social Services

014283

Attachment No. 2

EXHIBIT
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RECEIVED
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OFFICE OF EXECUTIVE DIRECTOR

THREE RIVERS HEALTH SYSTEMS AGENCY
REPORT ON THE USE OF STATE PARK COMPLEX
October, 1982

BACKGROUND

Since the late 1950's, there has been a dramatic decline in the number of in-patients treated in the nation's tuberculosis hospitals. The trend in South Carolina was recognized as being no different from that in other states where the necessity for in-patient tuberculosis services was on the decline. The State Park Hospital, South Carolina's only hospital primarily for the treatment of tuberculosis, saw its average daily census decline from between six hundred in the 1950's to approximately two hundred at the end of the 1960's. Throughout the 1970's, the decline continued until in 1979 there were approximately 80 patients per day in the hospital. It is expected that the calendar year 1982, will show an average daily census of approximately 40 tuberculosis patients.

In 1977, an agreement was reached between the Department of Health and Environmental Control and the South Carolina Department of Corrections, whereby a floor in the hospital would be utilized to provide general acute care to inmates from the South Carolina Department of Corrections.

CURRENT STATUS

The State Park Health Center complex is comprised of a 166 bed JCAH accredited hospital and 37 other structures of varying size used as residences and offices. The hospital is under-utilized and many of the complex's remaining structures are vacant.

The State Park Hospital has 126 beds designated for the treatment of tuberculosis patients. Approximately 35-40 beds are used for that purpose on any given day. One floor, with approximately 40 beds, is designated for general acute care for inmates from the South Carolina Department of Corrections. By January 1, 1983, they will be transferred to Byrnes Center.

The hospital, from a structural standpoint, is in good repair. The status of the remaining buildings is good to poor. Exhibit I is a description of the condition of each building on the 237 acre complex with cost estimates for bringing each of the structures up to good repair.

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The hospital operates on a budget that is in line with its declining patient census and status as a hospital going out of business. Because there is no agreed upon future for the hospital, the present budget does not provide for capital improvements or the replacement of capital equipment.

Given the continuing declining census, it is highly questionable whether the continued operation of the State Park Hospital would be the most cost-effective method for providing in-patient tuberculosis treatment to patients. However, certain fixed costs of the operation of the State Park complex would continue even if tuberculosis patients were transferred to community hospitals because of the continuation of security, maintenance, and utilities for mental retardation and children's services which are provided at the complex.

In addition to the declining census and its high cost per patient day, the hospital also finds itself facing a critical shortage of nurses and an inability to retain a competent professional staff. There are many reasons for the increasing difficulty in recruiting and retaining high quality nursing professionals; however, the paramount reason is the fact that the hospital's future is questionable.

The hospital has new basic radiology equipment and a large and modern dietary department. It does not have a physical therapy, respiratory therapy, or laboratory department, although space exists for those services.

In summary, State Park is a hospital with a low census, a high fixed cost and a dwindling nursing staff. Despite these problems, the complex has the potential to serve other state, regional and community health needs.

STUDY METHOLOGY

The Commissioner of the Department of Health and Environmental Control, in June of 1982, asked the Three Rivers Health Systems Agency for recommendations for possible use of the State Park complex. The Agency Board established a task force to prepare a report for the Board of Directors. The task force toured the Hospital and was impressed with its useability as a Hospital to provide basic hospital services, as well as the location and the potential use of other buildings in the complex.

The task force received verbal comments from the following:

- Baptist Medical Center
- Lexington County Hospital
- Providence Hospital
- Richland Memorial Hospital
- Council of Aging
- Department of Health and Environmental Control (Division of Tuberculosis Control)
- University of South Carolina
- South Carolina Drug and Alcohol Commission
- Commission on Higher Education

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In addition, a news release was mailed urging any individual or organizations who had any thoughts to share those with the task force, there were no responses.

PROBLEMS

Uncertainty on closure of the hospital is creating serious employee morale problems. The hospital is minimally staffed for licensed nurses, if additional nurses resign it will jeopardize patient care.

The State of South Carolina allocates $4 million dollars a year to maintain the complex, with approximately 2.6 million for the direct cost of care for 35 tuberculosis patients; the cost effectiveness of these expenditures is of concern.

Besides the above problems, there are a number of other community problems which were addressed by the task force and its guests, these are as follows:

ISSUES RAISED BY COUNCIL OF AGING:

In the Central Midlands, 8% of the population, is 65 or over. By 1988 it is expected to be 9% and increased by 10,725 people.

Issues raised for possible use of State Park was as follows:

1. Preparation of the meals for the Meals on Wheels program
2. Regional office for the Council on Aging program
3. Wellness program site for the elderly
4. Transferring patients from 4 local hospitals who are not in the need of hospital services, especially those waiting for nursing home beds
5. Provision of alternative modes of health care to the institutional setting, for example Home Health.
6. Adult Day Care
7. Senior Citizens Activities
8. Subsidized Housing

Task Force discussion:

Presently, 5% percent of the population in South Carolina age 65 and over are in nursing homes, also 30 to 60 patients are waiting in the four Columbia Hospitals to enter nursing homes. To maintain the same percentage of the population age 65 and over in nursing homes by 1987, 275 beds in Central Midlands would need to be added. This projection is based upon the formula in the State Health Plan. It is not probable that the State will assign that many new dollars to purchasing services to Medicaid patients for nursing homes; therefore, alternatives to institutional care must be made available. The above is a list of programs to be evaluated for implementation.

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ISSUES RAISED BY THE FOUR LOCAL HOSPITALS:

The following is a series of comments by the local hospitals, some comments were made by more than one hospital, and a hospital comment may not be agreed upon by the other hospitals.

1. A provider consortium should manage the complex
2. Richland Memorial Hospital should manage the complex
3. All pending certificate of need applications for hospital beds should be turned down until the impact of using the State Park Hospital is resolved
4. All four local hospitals support the concept that the State Park complex be utilized as a center for Health Care Services.

Task Force discussion:

The hospital costs in South Carolina increased by 20 percent in 1981 and at an 18 percent rate during the first 6 months of 1982. In addition, the four Columbia Hospitals wrote off approximately 40 million dollars in 1981, because of charity, bad debts and contractual allowances for Medicare and Medicaid. The task force believes the complex should be considered as a center for the provision of Health Services as a cost effective alternative to new facilities and services, expansion, and modernization programs.

The Richland Memorial Hospital reviewed, with the task force, its draft proposal to operate the complex. Richland Memorial Hospital presented a well conceived proposal which stimulated positive discussions, see attachment 2.

If the development of a Center is excepted as a feasible option, the hospitals, educational institutions and other entities should consolidate and coordinate their efforts to implement health programs which would achieve maximum benefit for the citizens of the state.

ISSUES RAISED BY THE UNIVERSITY OF SOUTH CAROLINA:

The University of South Carolina expressed that it has unmet clinical and programatic needs for its schools of nursing, pharmacy, medicine, business, public health and others, the following were examples:

1. Additional hospital beds for clinical use
2. Additional clinical office space
3. Multi-Disciplinary training programs
4. Residency programs for Hospital Administrative Students
5. Training in special services, gerontology, rehabilitation, etc.
6. Development of a Research Center for Health Services

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Task Force Discussion:

The University be encouraged to present its needs to the appropriate bodies.

South Carolina Commission on Drug and Alcohol Abuse:

The Agency stated that the percentage of the population with a drinking problem continues to rise, creating an ever increasing problem of drunken drivers. This problem is manifested in the teenagers. The Commission believes that the complex could serve as an alternative to prisons for those arrested for drinking.

Task Force Discussion:

The best information available indicates there are thousands of problem drinkers in South Carolina. The State Park complex has the space and facilities to provide treatment for problem drinkers which would be less expensive and more effective than prisons.

CONCLUSIONS

In conclusion the task force's criteria in developing the following recommendations for the useage of the State Park complex was to maximize benefits at the least possible cost. Since Three Rivers is a Health Planning Agency, no analysis was done on closing the facility, selling the complex or considering other uses, such as office space. These are options being considered by the Governor's Office.

The task force believes that joints efforts by the four local hospitals, other providers and the educational institutions should be encouraged to jointly fund and conduct feasibility studies for specific projects for utilization at the State Park complex. From these studies the entities should propose services aimed at providing health care alternatives which are cost effective and needed in the state, region and local communiy. The studies should address alternatives to institutional services, such as out patient surgery, ambulatory care, adult day care, home health, detection and wellness programs. As the studies are developed other parties would be brought into the planning, implementation and evaluation process. The Department of Health and Environmental Control has operational responsibility for the complex; therefore, all proposals must be approved by the Department.

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The task force specifically feels that:

- Statewide tuberculosis needs must be met through more cost effective mechanisms, such as contractual care of tuberculosis in community hospitals and enhancement of State Tuberculosis Control Programs.

- There are unmet health care needs in the state, region and local areas as described in the State Health Plan, such as rehabilitation and services for the elderly, that could be developed and provided at the State Park Health Center.

- There are unmet needs in the various health educational programs, such as clinical space, training experience, etc., in Schools of Medicine, Nursing, Pharmacy in the Colleges, Universities, and Technical Schools in the State. The needs could be met with the development of new programs at the State Park complex by modifying existing affiliation agreements.

- There is also a need to develop a Research Center for Health Services which could be at the State Park complex.

The following members met six times in two months to interview organizations and prepared this report. Because of their time and efforts this report has been developed and will be a useful document for planning health care services. A special appreciation to the Chairman, Ruth Seigler, for time and effort.

Ruth Seigler, Chairman
Margaret Durham
Richard Slocum, M.D.
Charles Crews, M.D.
Pete Riebold
Sam Washington
Lanny Aselton
Diana Jones
Lee Catoe

Ex-officio

William Ivey
Ed Brophy
John Solomon
Robert Hewson, M.D.

014289

EXHIBIT I

There are 38 buildings located on the State Park Health Center campus, 14 of which are occupied by employees as their residence. The structures vary greatly as to their condition and purpose. The first building was constructed in 1914, and the last in 1962. Most buildings have not been painted within five years, and the majority of buildings have roofs which are 18 to 24 years old. Although funds to maintain the campus have been requested, adequate funding has not been provided. The lack of funds has resulted in the deterioration of many of the buildings. If immediate and extensive repairs are not begun, further deterioration will occur making the buildings unusable. The total estimated cost for campus repairs is $427,750, the DHEC/General Services agreement will cover $27,250 of this. Additional DHEC funds to complete necessary repairs amounts to $400,500.

MONCRIEF BUILDING #100 - The Moncrief Building is a 36 year old brick structure with 172 rooms and 48,746 square feet of heated area.. The roof and exterior brick are in good condition. The window trim and interior walls have not been painted since 1977.

The present steam heating system needs replacing. The heat cannot be controlled from one floor to another. The inability to regulate heat creates an unpleasant work environment for employees. During the winter it is necessary to operate air conditioners in order to level the temperature. This situation increases the use of electricity.

Cost of improvements: $298,850.00

PEARL LEITZSEY BUILDING #12 - The Pearl Leitzsey Building is a 50 year old brick building with 13,061 square feet of heated area.. The roof, guttering, window trim, and interior walls require immediate attention. If the 24 year old roof is not replaced within one year, interior damage will occur. The exterior must be painted within one year or the woodwork will need replacing.

Cost of improvements: $ 28,650.00

BATTLE CHAPEL #106 - The Battle Chapel is a brick building with 4,200 square feet of heated area. The building was last painted in 1978. The interior paint is in fair condition. The exterior paint is peeling and rust is forming on window frames. The two wooden doors on the north side of the building are rotting and require immediate replacement.

Cost of improvements: $ 2,050.00

FARMER BUILDING (HOSPITAL) #2 - The hospital was constructed in 1937, and extensive modernization performed in 1975. There are 48,746 square feet of heated space. In 1978, the building was waterproofed, and a new roof was installed in 1968. The major improvements required our replacing plaster and painting, replacing damaged ceiling tiles, repairing window leaks, and installing glare shields on the 4th floor.

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The present method of heating and air conditioning should be evaluated by an engineering consultant. The system functions, however, it does not provide efficient service. An accurate estimate of replacing the system has not been obtained.

Cost of improvements excluding the replacement of the heating & cooling system. $ 7,250.00

BUILDING #1 - Constructed in 1914, condition is poor, roof leaks and the exterior and interior walls must be restored. If the building is not repaired immediately, it will be hazardous to use.

Cost of improvements: $ 5,000.00

BUILDING #3 - Wood frame building with 3,660 square feet of heated space. The exterior is in need of painting. The gutters must be replaced. If the building is not painted and repaired within a year, the wood will deteriorate and require replacement.

Cost of improvements: $ 5,500.00

BUILDING #16 (LEAD POISON) - Brick building with 1,313 square feet of heated space. The interior is in good condition. The exterior must be painted as soon as possible. The roof is in extremely poor condition. The felt on the roof is exposed which will result in leaks if not replaced within one year.

Cost of improvements: $ 2,400.00

BUILDING #9 (EARLY DISEASE) - Brick building with 3,272 square feet of heated space. The building is structurally sound, and the interior is in good condition. The exterior must be painted, gutters replaced and the roof replaced within one year to avoid interior damage due to leaks.

Cost of improvements: $ 4,000.00

PAINT SHOP #27 - The paint shop can no longer be utilized for spray painting and paint storage. The building violates OSHA fire and safety codes. The present building cannot be modified to meet OSHA regulations. The building should be razed.

BUILDING #74 (EARLY DISEASE) - A brick building with 2,000 square feet of heated space. The interior needs painting immediately. The exterior was last painted in 1977. The roof is 24 years old and has less than one year's life expectancy.

Cost of improvements: $ 2,400.00

BUILDING #103 (BOILER BUILDING) - A brick building in good structural condition. The roof has multiple leaks. The interior and window trim must be painted within one year in order to avoid rotting of the window frames.

Cost of improvements: $ 11,600.00

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COOPER CHAPEL BUILDING #20 - A brick structure with 8,490 square feet of heated space. The interior is in fair condition. The window sills need painting on both the interior and exterior. Delay in painting the sills will result in extensive wood damage. The entrance area has received water damage from a ruptured pipe. Sections of the wood in this area must be replaced.

Cost of improvements: $ 3,650.00

CHILLER BUILDING #10 - This brick structure is in generally good condition. Minor repairs are needed for the roof and the interior must be painted.

Cost of improvements: $ 850.00

WAREHOUSE BUILDING #23 - The Warehouse is a brick structure which is in good condition. The exterior trim is in need of painting and the roof needs patching.

Cost of improvements: $ 750.00

COOLER BUILDING #51 - This block building and the old dairy which is attached should be razed. A cooler room should be constructed in or near the warehouse basement.

Cost of improvements: $ 5,000.00

Employees rent 14 of the 17 residences. All but two residences need painting and roof repair. Most have not been painted in five years. In order to repair these structures, $34,800 is required. The General Services/DHEC Agreement will pay for only $3,350 of the $34,800 needed. It is recommended that three of the residences be razed. It is also recommended that the practice of providing housing for employees be discontinued. As employees move, the houses should be used as health facilities or razed. Providing subsidized housing as a fringe benefit is costly to the State and is a questionable management practice.

Road and Sidewalk Repair - The campus roads and sidewalks are in fair condition. Repair of miltiple pot holes and cracked sidewalks is indicated. The replacement of sidewalks near the Crippled Children's Office is needed.

Cost of improvements $ 15,000.00

Recommend the following buildings be razed:

13A	Garage
13B	Garage
22	Male Dorm
27	Paint Shop
51	Cooler
61	Old Nurses Home
62	Residence
62A	Old Boiler Building
64	Residence

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EXHIBIT II

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EXHIBIT II

D R A F T
3 March 1982

CONCEPTUAL GUIDELINES FOR HOSPITAL MANAGEMENT AND EXPANDED USE OF STATE PARK HEALTH CENTER COMPLEX

For Joint Consideration by
The Department of Health and Environmental Control
and
Richland Memorial Hospital

1. PURPOSE

1.1 Management by RMH on behalf of DHEC of the personal health services that DHEC is currently committed to providing for State patients at State Park Health Center;

1.2 Management by RMH of the Health Center Complex so as to provide improved utilization of existing facilities for prevention and control of disabilities both directly through personal health services and indirectly through State health manpower programs;

2. METHOD

Five-year management agreement between DHEC and RMH, renewable if program objectives are met, permitting continued organization of State Park Health Center by RMH as a distinct entity that will meet its costs from the following revenue sources:

2.1 State appropriations and earnings for hospital services currently provided by DHEC for State patients; and

2.2 Earnings from additional hospital and ambulatory services to patients and/or their sponsors and from other health-supportive programs.

3. SUMMARY OF MUTUAL OBLIGATIONS

3.1 DHEC to be assured by RMH:

3.1.1 That State commitments will be fulfilled for:

- specialized hospital care for control of pulmonary disabilities, up to such numbers of patients as are presently budgeted for; and,
- general hospital care on behalf of inmates of the State correctional system on the one floor for which security is provided by the Department of Corrections.

3.1.2 That the State Park Health Center Complex will be so managed that maximum use will be made of it for disability prevention and control, so far as will prove financially feasible, including service to patients of statewide and multicounty origin, and with priorities to be determined jointly with DHEC;

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3.1.3 That DHEC's fiscal liability for State Park Health Center will be established in agreed pro formas for five fiscal years 1983-87; and that there will be joint consideration of the possibility of reducing or re-channelling this liability as increasing use is made of the medical center complex. (4.3.2 below)

3.2 RMH to be assured by DHEC:

That it may use facilities in the State Park Medical Center Complex (including both ambulatory and institutional settings) to meet economic demand on behalf of vulnerable and underserved categories from the population of the State and of multiple counties (including pediatric and geriatric patients) in order to provide preventive and restorative services (including episodic and emergency service, diagnostic work-ups, post-acute and follow-up care, day care, respite care, physical and occupational therapy and medical rehabilitation) and health manpower education under State programs.

3.3 DHEC and RMH to be mutually assured:

That they will have the security of a five-year contract, which will be renewable, but which may be terminated by common consent at any time or by either party for just cause and reasons beyond the parties' control, after due consideration by the Liaison Committee (Para. 7 below) followed by one year's subsequent notice of termination.

4. FINANCIAL MANAGEMENT

4.1 Hospital cost center

4.1.1 Current services: State payment to management contractor for services currently provided and projected according to agreed five-year pro forma, to be made prospectively at the beginning of each quarter.

4.1.2 Additional services: State Park entity to endeavor to reduce unit costs of patient care by expanding it from currently budgeted categories of State patients to also serve other categories of patients for whose disability control there is a statewide or multi-county market (e.g. geriatric self-help and respite care).

4.2 Campus cost center

4.2.1 Existing services: State payment for campus management including obligations to Division of General Services, utilities, security, amortization, general upkeep, etc. to be according to agreed five-year pro forma except insofar as utility costs may exceed the projections in the pro forma.

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6. PERSONNEL MANAGEMENT

6.1 Chief administrative officer of State Park Health Center to be solely responsible to management contractor;

6.2 Extension of management contractor's personnel policies to cover all personnel previously employed by DHEC in transferred facilities and services.

7. ORGANIZATIONAL MANAGEMENT: LIAISON COMMITTEE

7.1 Functions

To advance the common concern of the two parties for the prevention and control of disability among the people of South Carolina;

To review together contractor's plans for the maximum possible use of the State Park Health Center Complex; to determine priorities among these uses; and to review contractor's plans for improvements in plant and equipment;

To receive and review periodic reports on contractor's patient-care and financial management; and to consider together any practical problems experienced and ways of solving them;

To consider together all questions concerning the fulfillment, continued validity and possible renewal of the agreement;

To report to the governing bodies of both parties.

7.2 Structure

The chairman of the governing body of each party, or his/her designee;

The chief executive officer of each party;

Three designees of each executive officer, so selected as to include representation of medical and fiscal expertise.

Staffing by management contractor.

Procedures, frequency and location for meetings to be established by the Liaison Committee.

8. Transitional Arrangements

8.1 Formal management agreement to embody the principles agreed in these conceptual guidelines;

8.2 Management to be transferred as soon as management agreement completed, and not later than 30 June 1982;

8.3 DHEC patient-care personnel to receive at the earliest possible date the option of transferring to management contractor's payroll, subject to appropriate arrangements concerning such compensation and/or benefits as differ from those provided for contractor's employees;

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4.2.2 Additional services: State Park entity to endeavor to expand the use of existing facilities for disability control by providing additional ambulatory health services for which there is an unmet economic demand (e.g. northeast industrial corridor occupational, emergency and episodic health services; rehabilitation therapies; geriatric day care; neonatal follow-up care; crippled children care, etc.)

State Park entity to endeavor to expand the use of existing facilities as an area health center for the clinical education of health manpower under State programs.

4.3 Feedback

4.3.1 Joint annual review of agreement implementation including services provided, financial results, and proposed program development;

4.3.2 Operating surpluses or deficits, if any, to be considered along the following lines:

- Surpluses arising within the limits of the projected DHEC budgets, to serve primarily as a contingency fund;
- Surpluses arising from new or expanded services to serve primarily as a plant and equipment improvement fund and to provide working capital for expanded services.
- Deficits due to unforeseen utility rate increases, economic conjunctures or increase in state patient load above the level of the projected DHEC budgets, to be considered with a view to possible adjustments in budget or services.

5. PHYSICAL FACILITIES MANAGEMENT

5.1 The keeping of buildings and grounds in usable condition

DHEC contract with State Division of General Services to spell out General Services responsibilities for keeping the buildings and parking lots in good repair and working order (e.g. roofs, support walls, boilers, maintenance cost exceeding $5,000, etc.)

5.2 Interior repairs and decorations

DHEC contract with General Services to spell out DHEC/RMH responsibilities for interior decorations, current repairs, etc.

5.3 Capital improvements

DHEC contract with General Services to specify privilege of DHEC/RMH to make such agreed improvements and alterations to buildings and fixed equipment, with and without General Services consent, as will be necessary to facilitate fullest possible use of the Health Center Complex for provision of agreed health services.

5.4 Movables

Management contractor to have privilege of replacing as well as supplementing furniture, equipment and other personal property, as may be necessary to facilitate maximum utilization of Health Center for agreed services.

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8.4 DHEC to provide satisfactory assurance that all physical plant will be transferred and maintained in safe and usable condition.

9. CONTINUING PRINCIPLES

9.1 Implementation of current State commitments;

9.2 Improvements in State Park Health Center staffing in recruitment, morale and retention;

9.3 Maximum use of available facilities for extension of disability prevention and control;

9.4 Continued access to Health Center from statewide and multi-county service area;

9.5 Enhancement of clinical education opportunities for State's health manpower education programs;

9.6 Efforts towards improvement of plant and equipment of State Park Health Center Complex if managing contractor's receipts exceed its expenditures.

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

Palmetto-Lowcountry Health Systems Agency, Inc.

107 WEST SIXTH NORTH STREET
SUMMERVILLE, SOUTH CAROLINA 29483
(803) 871-0350

October 20, 1982

RECEIVED
OCT 22 1982
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Mr. William T. Putnam
Executive Director
South Carolina Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Dear Bill:

Palmetto-Lowcountry Health Systems Agency is aware that a number of organizations in South Carolina are collectively studying the future of State Park Hospital, particularly as it relates to tuberculosis care for South Carolina citizens. Therefore, the Board of Directors of Palmetto-Lowcountry HSA wanted me to make you aware of our agency's interest and position in helping to ensure that South Carolina's TB program is appropriately updated, cost effective, and adequately meets the needs of our affected population.

P-LHSA supports the concept of community-based TB care on an outpatient basis through the local Health Departments, and on an inpatient basis through community hospitals across the state. We believe that a centralized state-wide facility for TB patients is no longer required nor is it economically justified. Further, the agency urges the Budget Control Board and other appropriate authorities to continue adequate funding for the TB program and that moneys currently available for TB care are not shifted to other non-health care service activities within the state. Adequate funding for TB patients and other high priority health care services must be maintained in the most cost effective manner. We would therefore urge you to ensure that these greatly needed health care funds are not diverted from the TB program or other needed health services.

Should you need additional information from us regarding this matter or if we can assist you in any other way, please let me know. Thank you for your continuing support for local health planning and adequately meeting the health needs of South Carolina citizens.

Sincerely,

Lynn W. Beasley

Lynn W. Beasley
Executive Director

LWB:tmd

cc: Governor Richard W. Riley;
Dr. Robert S. Jackson, Commissioner
S.C. Department of Health and Environmental Control;
D. Wayne Whetsell, M.D., President
P-LHSA Board of Directors;

014300

11/26/82

DRAFT By staff of Governor's Office

Points of concern in Department of Health and Environmental Control's proposal for future use of State Park Health Center:

1. During the previous study on the movement of the inmate patients from State Park to the Department of Mental Health's Byrnes Clinical Center, the Department of Health and Environmental Control had expressed the strong desire to be relieved of future operational responsibility of the hospital which under the Departments' operational philosophy has not been cost effective. After reviewing the Departments' allocation sheets submitted with their Richland Memorial Hospital proposal, it is felt that it is fiscally motivated that they retain an operationally controlling status in the hospital/campus.

CONTRAINDICATIONS: 1) The Department of Health and Environmental Control is a public health institution and as such should not be a controlling part of an acute care facility; even one that is treating T.B. patients. Any controls thought necessary in the treatment of the T.B. patients can be included in a separate agreement betweeen the Department and Richland Memorial Hospital. 2) The allocations presented in the proposal are not a projected budget of the proposal but rather an admixture of current funding and how DHEC wants to use the funds saved in their base budget. It would also appear that the state would be paying for the treatment of the T.B. patients and for the campus operation in FY84. A much clearer budget should be required prior to any Budget and Control Board action on the proposal.

2. It is not clear how the manipulation of the statewide beds and the local beds are in conformity with the State Health Plan. It appears that the 166 statewide beds at SPHC will be combined with the existing 611 beds at RMH and not exceed the 88 beds projected as needed locally

in the State Health Plan. This concern is also expressed in the Three Rivers Health Systems Agency's motion of November 18, 1982. The total methodology is somewhat questionable and should be completely justified prior to any Budget and Control Board action on the proposal. (Recommend that the justification be reviewed from a technical standpoint by Cooperative Health Statistics, Research and Statistical Services.)

3. No impact on the Medicaid Program for the increased beds has been submitted but DHEC has indicated one is in the making. While the program is capped, it is felt that the Hospital Industry in general may not want additional fiscal cost shifting due to the increased number of beds in a regional hospital. Richland Memorial has indicated that their Medicaid accounts are currently insufficient for the cost of care incurred. Some of the additional beds would serve Medicaid patients.

4. If the proposal is approved by the Budget and Control Board, it is recommended that the State and not DHEC be the contract agent. Particular interest in the contract should be the patient mix at SPHC; fiscal responsibility of the State in plant operation and patient care costs; capital investment; cancellation clauses; and compliance with the State Plan.

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EXHIBIT
DEC 17 1982 NO. 13
STATE BUDGET & CONTROL BOARD

The Governor's Special Task Force To Outline The Alternatives For Use Of The State Park Health Center

NOVEMBER 1982

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EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

The State Park Health Center

A Report To Guide Decision Making Regarding The Future Use Of The Health Center Campus And Structures

Prepared for

THE HONORABLE RICHARD W. RILEY
GOVERNOR
STATE OF SOUTH CAROLINA

Prepared by

The Governor's Special Task Force
To Outline The Alternatives
For Use Of The State Park Health Center

Distribution

Robert S. Jackson, M.D.
Commissioner, S.C. Department of Health & Environmental Control
Members of the S.C. Department of Health & Environmental Control Board
Members of the S.C. Budget & Control Board

014304

November 17, 1982

The Honorable Richard W. Riley
Governor
State of South Carolina
Columbia, South Carolina 29201

Dear Governor Riley:

The attached report represents the completion of the assignment to the Governor's Special Task Force to Outline the Alternatives for Use of the State Park Health Center. The information gathered to accomplish this report was assembled from: 1) interviews, 2) the efforts of other interested individuals and groups, and 3) an examination of the total problem, its elements and their relations to each other.

The facts, opinions and decisions used in this analysis lead to the conclusion that the continued operation of the State Park Health Center as a state operated facility solely for the treatment of tuberculosis patients is not an option. Furthermore, our study reveals that there are at least three alternatives for the disposition of the campus and its structures. Each of the three would enable the State to continue to meet its legal and moral obligation to tuberculosis patients in a less costly and more efficient manner. Those alternatives are 1) close the hospital, keep the buildings vacant to meet any other state agencies' needs when supported by adequate funding and adopt a community hospital program for treating tuberculosis, 2) the state and a community medical center cooperatively plan for the future utilization of State Park. This would be accomplished through a contractual arrangement placing the campus under the mangement of the medical center. And 3) sell or lease all or part of the State Park complex, and structure the sale or lease specifications to meet state objectives yet to be determined.

To date, the efforts of the State Park staff, the Three Rivers Health Systems Agency, and this Special Task Force have not produced a firm mutually agreeable proposal for the use of the Health Center campus. Although it is generally recognized that many needs could be met by the utilization of the campus, no agency, individual, or program has been able to commit funds to meet any need. Therefore, the Task Force respectfully submits for your review and consideration the enclosed report which outlines the courses of action which could be pursued and thereby prohibit the further perpetuation of the unnecessary expenditure of tax dollars.

Sincerely,

John A. Crosscope, Jr.
Project Coordinator of the
Governor's Special Task Force
to Outline the Alternatives for Use
of the State Park Health Center

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BACKGROUND

The State Park Health Center is a 166-bed hospital accredited by the Joint Commission on Accreditation of Hospitals and operated by the South Carolina Department of Health and Environmental Control (DHEC) primarily for the treatment of tuberculosis. Although all but two states have closed their hospitals operated solely for tuberculosis patients, South Carolina has continued to operate the State Park Health Center and has incurred increasing costs while serving fewer and fewer patients. From 1962 until 1982, the average daily census of tuberculosis patients has dropped from approximately 420 to 35 patients. From 1977 to the present, the total number of tuberculosis admissions has declined from 475 to approximately 140 per year.

In the early 1970's South Carolina, along with other states, sought to develop alternative uses for its tuberculosis hospital. Throughout the '70s, various proposals were developed for expanding the use of the State Park Health Center but nothing was adopted. Today, due to high fixed costs and a declining number of patients, South Carolina spends approximately $22,000 to treat each tuberculosis patient admitted to State Park.

The present State Park hospital administration addressed the issue of State Park's future and during 1981 and 1982 the staff stated several assumptions as a basis for developing alternative uses for the State Park Health Center (attachment 1). The staff concluded that no alternative met all of the assumptions with the greatest obstacles to implementing any of the alternatives being the lack of funds and the assumption that the State not commit additional new funds.

During the course of this effort, the State Park staff and the staff of Richland Memorial Hospital developed a concept that *created a vehicle* for developing uses for the land and vacant structures at State Park. Basically, the original concept called for the State to continue its projected yearly financial commitment to State Park for a mutually agreed upon period of time while the facility and other campus structures were managed by Richland Memorial Hospital. Richland Memorial Hospital would apply their planning resources to develop the Health Center to meet community, regional and statewide health needs.

In the event that new services and programs could not be developed within a mutually agreed upon time, the management of the facility would revert to the State.

In June 1982, Governor Riley appointed John A. Crosscope, Jr., to head a task force to review the various studies and report on possible courses of action to the South Carolina Budget and Control Board. At the same time the Three Rivers Health Systems Agency also undertook a survey to report to the South Carolina Department of Health and Environmental Control and the Governor's Task Force regarding possible uses for the hospital complex (attachment 2).

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It is apparent from the information gathered by the State Park administrative staff and from the meetings held by the Three Rivers Health Systems Agency, that many needs could be addressed by utilizing the State Park Health Center. However, the lack of funds continues to exclude most options from further consideration. *At this time the State Park administrative staff is unaware of the availability of any new funds to undertake any of the suggested or recommended programs.*

Unless health needs can be identified that will generate new revenues through the increased use of the space at the State Park Health Center, the State will continue to unnecessarily spend tax dollars by operating State Park to treat tuberculosis patients. The State now spends approximately $2.6 million to treat patients hospitalized at State Park, and the staff has recommended that hospital expenses be reduced by $300,000 by January 1, 1983, ($600,000 on an annual basis) or the unnecessary expenditure of State funds will be made worse. The same care is projected to cost between $800,000 and $1.2 million in community hospitals.

ALTERNATIVES FOR CONSIDERATION

- *Continue the operation of State Park Hospital for the treatment of tuberculosis patients.*

This option is costly to the State of South Carolina and will hinder the development of a more effective TB control program. If this option is pursued, the State will not be able to justify the added expenses of the hospital operation over the expense of treating those patients in community hospitals. While the cost per admission at State Park is approximately $22,000, the cost per admission in a community hospital is in the range of $5,000 to $10,000.

The hospital now faces the problem of recruiting and retaining competent nurses and other health care professionals. The continued operation of the hospital will certainly cause that problem to become more acute because the quality of personnel will decline due to the atmosphere of the institution. Competent health professionals do not gravitate to those institutions or organizations that do not offer the maximum challenge to their education and experience. *The continued operation of State Park solely for the treatment of tuberculosis patients is not an option that would benefit either the State or the patients.*

- *Close State Park Health Center.*

Closing the State Park Health Center and transferring the responsibility for the treatment of tuberculosis patients to the community hospital has the following ADVANTAGES.

a) A savings in tax dollars from $800,000 to $1.2 million per year;

b) A portion of the savings can be transferred to the TB control program to enhance its capabilities

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in the outpatient treatment of tuberculosis;

c) Inasmuch as 30 hospitals have treated 70 percent of the hospitalized tuberculosis cases last year, it would not be a burden or contrary to community hospital policy for them to treat the patients from the State Park Health Center. If the average length of stay of the State Park patient was reduced from ninety (90) days to the community average of sixteen (16) days, the total impact statewide would be approximately ten (10) tuberculosis patients in community hospitals on any given day;

d) The hospital, other buildings, and acreage at State Park Health Center could still be developed by anyone with the funds;

e) In the event that the Hill-Burton obligation, which is approximately $3 million, would have to be met, there would be funds available from the savings to meet that obligation; and

f) The movement of TB patients to community hospitals would be in keeping with the national trend for the treatment of tuberculosis. This concept is contained in a resolution of the South Carolina Tuberculosis Control Advisory Committee (attachment 3), which was endorsed by the South Carolina Medical Association (attachment 4).

The major DISADVANTAGE to closing the hospital is the human cost. Specifically, many lower paid unskilled workers would be left jobless, and their opportunity for employment would be uncertain due to their lack of skills. Approximately thirty (30) State Park employees fall in this category. However, a concerted effort by the State Personnel Division to place these individuals could prove successful.

Additionally, the cost of maintaining security and utilities for the occupants of the Leitzsey and Mary E. White Buildings will require an expenditure of $384,000 yearly. That figure includes approximately $100,000 for debt amortization and rent payable to General Services.

- *The State Park/Community Medical Center Concept.*

The concept developed by the staffs of the State Park Health Center and the Richland Memorial Hospital is a compromise between the continued operation and the closing of the hospital. It creates a mechanism for jointly assessing needs that can be met by the continued operation of State Park as an acute general hospital. Under this concept, the community medical center would manage State Park. Instead of the State's original financial commitment, the State's financial responsibility under this concept should be limited to the costs that would be incurred if State Park patients were transferred to community hospitals.

State Park employees would retain their jobs and other accrued State benefits, and the State Park Hospital would continue to function as a health care facility meeting local, regional and state-wide health needs.

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It has been suggested that a Board of Directors representing the State of South Carolina and the community medical center be appointed to oversee the development of new health programs at the State Park Health Center. As ideas are developed, the Board would be responsible for endorsing them prior to implementation.

The State would not realize savings as quickly as it would if the hospital were closed for the treatment of tuberculosis. Under this model, funds would be delayed in accruing to the State. The duration and amounts would depend upon the terms of the contract.

- *Sale Or Lease.*

The sale or lease of the complex or portions of the complex could accomplish any objectives that were included in the sale or lease specifications. The following sale or lease models are not all inclusive.

a) Close the hospital. Transfer TB patients to community hospitals. Sell or lease all property and buildings except the Leitzsey and the Mary E. White Buildings.

b) Same as a) except that the occupants of the Leitzsey and White Buildings would be moved to other sites and then the sale or lease would apply to all property and structures.

c) Sell or lease the hospital, with or without other structures, and require the buyer or lessor to provide inpatient TB services at no charge or at a reduced rate.

SUMMARY

Budget constraints and a weakening economy have forced the State of South Carolina to carefully evaluate the cost effectiveness of the continued operation of its tuberculosis hospital. As one of two remaining states which operate such a facility, evidence exists for following the lead of other states that closed their TB hospitals and improved their outpatient treatment capabilities.

The fact that South Carolina now spends approximately $22,000 to treat each TB admission begs for a change. In light of the fact that community hospitals can treat the same patients for approximately $5,000 to $10,000 per admission, it would be less than prudent to continue to spend tax dollars on State Park when less costly and more efficient alternatives are available.

From all studies it is apparent that the buildings and grounds comprising the State Park complex can be utilized to meet many other needs. However, NONE of the proponents has YET been able to fund the other resources necessary to meet the needs which they have addressed.

Given the present unavailability of funds to address other health problems and the obvious less

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costly alternative of treating tuberculosis patients in community hospitals, the following alternatives are suggested as courses for decision making.

- *Close State Park Hospital,* provide for the treatment of tuberculosis patients in community hospitals, and enhance the outpatient TB control programs capabilities from money saved. Permit State agencies to use all or part of the State Park complex whenever they can fund that use. In lieu of permitting other State agencies to use the property, the sale or lease alternative can be implemented.

- *Adopt The State Park/Community Medical Center Concept.* Savings would not be realized so quickly but employees' jobs can be saved and an intelligent planning effort can be applied to the utilization of the complex. The State would continue to influence the development of programs. If this effort failed, the State could always close, sell or lease State Park.

- *Sell Or Lease All Or Part Of The State Park Structures And Grounds.* This option provides the State with the opportunity to structure sale or lease specifications to meet any objectives it desires. If there is a lack of interest because the specifications are considered too stringent, then the preceding options can be exercised.

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ASSUMPTIONS UNDERLYING THE ACCEPTANCE OR REJECTION OF ALTERNATIVES LISTED ON THE ATTACHED PAGES:

It is obvious that without making certain assumptions regarding possible alternative uses for the State Park Health Center any suggestion could be implemented. Furthermore, lacking assumptions, there would be a rediculously unlimited number of possible alternatives. The following assumptions guided the thinking of the staff in their discussions of the attached alternatives.

ASSUMPTIONS:

1. It was assumed that any alternative use of the State Park Health Center would have to include the continued provision of inpatient and outpatient services to inmates. Prior to the 1977 agreement between the Departments of Health and Environmental Control and Corrections, it was determined that community hospitals would not accept inmates on a routine basis for basic hospital care. Furthermore, it was determined that it would not be cost effective for the Department of Corrections to construct its own licensed and accredited acute care hospital. Also, in 1977 the Department of Mental Health stated that it could not provide care to inmates in its Byrnes Clinic.

2. The ideal proposal would continue the use of the State Park Hospital as a health care facility. It was felt that since the State Park Hospital was fully licensed and accredited by the Joint Commission on Accreditation and contained relatively modern basic hospital equipment that it could provide some benefit to either a recognized statewide or regional population.

3. It was assumed that it would be inappropriate for the State to operate a hospital or other health care facility that attempted to be competitive with community health resources or duplicated those resources. The inappropriateness of such an endeavor is particularly highlighted when one considers the tight budgetary constraints presently confronting State government.

4. The ideal proposal would not require the expenditure of State funds beyond the present State appropriation for State Park Health Center. Furthermore, the ideal proposal would have the potential for saving money. It was assumed that State budgetary constraints precluded the allocation of additional State funds for innovative or additional health care services.

5. It was assumed that the Department of Health and Environmental Control philosophy would preclude it from operating an acute care inpatient facility. Although the continued operation of the State Park Health Center could be justified because of the public health nature of tuberculosis, the ideal proposal would provide for inpatient care either at community hospitals or at the State Park Hospital but under the direct administration of a community health organization.

To summarize the assumptions, the ideal alternative use for the State Park Health Center would be one which met all of the following conditions:

1. Continue the use of the State Park Hospital as a health care facility.
2. Maintain the commitment to the treatment of tuberculosis patients and inmates from the South Carolina Department of Corrections.
3. Enable the Department of Health and Environmental Control to more closely adhere to its policy of prevention rather than tertiary care.

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4. Not expend additional State funds and have the potential for saving money.
5. Services provided would not duplicate or conflict with those provided by community health resources.

Given this picture of the ideal proposal, the following attached alternatives were evaluated.

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COMMENTS ON THE FEASIBILITY OF ALTERNATIVE USES OF STATE PARK HOSPITAL (FARMER BUILDING) AND OTHER CAMPUS STRUCTURES

Some of the alternatives listed below contradict DHEC's prevention philosophy and also require commitments of additional State funds to become operational. Other alternatives duplicate existing services or place state government in the position of competing with for-profit and community health resources.

ALTERNATIVE	COMMENTS
Rehabilitation Hospital & Convalescent Center	1. Requires additional State funds to staff and equip, such as: health care specialists and specialized rehabilitation equipment. 2. State Plan indicates priority should be given to health facilities affiliated with university hospitals. 3. Rehab beds for Columbia SMSA are projected to be only 25 and State Plan recommends they be added to existing S.C. Department of Voc Rehab facility. 4. Requires costly structural modifications.
Long Term Care Facility for the General Population	1. State Plan indicates there is an excess of 147 beds in Midlands HSA. 2. Puts State in direct competition with predominately for-profit nursing home industry. 3. Additional State funds required.
Alcohol Rehabilitation Inpatient and Outpatient Programs	1. Department of Mental Health operates a facility less than one mile away. 2. State Plan does not authorize any additional beds for Midlands HSA for this treatment category. 3. Requires additional State funds for staffing and specialists.
Mental Health Hospital	1. Mental Health officials stated that another acute care inpatient facility in the Midlands would be inconsistent with their present facilities philosphy and their future plans for outpatient care near the patients' homes.
Replacement Facility for the Florence Crippled Children's Center	1. Proposal negated earlier. 2. Legislature mandated Florence Crippled Children's Center to remain open. 3. Low patient census at Florence Crippled Children's Center cannot justify continued operation of an inpatient treatment facility for this category of patients either in Florence or any other location.

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Hospital to Serve Patients from Other State Agencies (SCDC, DMH, etc.)	1. This proposal would end a costly duplication of staff and equipment because of the simultaneous operation of the Byrnes Clinic. However, the proposal to utilize the State Park Health Center as the one State Agency hospital was not endorsed by the DMH. 2. Without the additional patients from the DMH, there is an insufficient number of patients to justify the continued cost-effective operation of the State Park Health Center.
Conversion of Moncrief Building to SCDC Mental Health Unit	1. Study for Governor Riley indicates this to be one of the more costly alternatives to providing inpatient mental health services to inmates. 2. Negative public reaction due to close proximity of the inmates to the mentally retarded children in the Mary E. White Building and the State Park community citizens.
Lease of State Park Hospital	1. Construction and land costs of new hospital services would not have to be incurred by the public. 2. Would make health care available to an expanding and developing area of Columbia. 3. Lease would relieve State of responsibility of the continuing expense of care-taking.

Attachment 2

THREE RIVERS HEALTH SYSTEMS AGENCY
REPORT ON THE USE OF STATE PARK COMPLEX
October, 1982

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BACKGROUND

Since the late 1950's, there has been a dramatic decline in the number of in-patients treated in the nation's tuberculosis hospitals. The trend in South Carolina was recognized as being no different from that in other states where the necessity for in-patient tuberculosis services was on the decline. The State Park Hospital, South Carolina's only hospital primarily for the treatment of tuberculosis, saw its average daily census decline from between six hundred in the 1950's to approximately two hundred at the end of the 1960's. Throughout the 1970's, the decline continued until in 1979 there were approximately 80 patients per day in the hospital. It is expected that the calendar year 1982, will show an average daily census of approximately 40 tuberculosis patients.

In 1977, an agreement was reached between the Department of Health and Environmental Control and the South Carolina Department of Corrections, whereby a floor in the hospital would be utilized to provide general acute care to inmates from the South Carolina Department of Corrections.

CURRENT STATUS

The State Park Health Center complex is comprised of a 166 bed JCAH accredited hospital and 37 other structures of varying size used as residences and offices. The hospital is under-utilized and many of the complex's remaining structures are vacant.

The State Park Hospital has 126 beds designated for the treatment of tuberculosis patients. Approximately 35-40 beds are used for that purpose on any given day. One floor, with approximately 40 beds, is designated for general acute care for inmates from the South Carolina Department of Corrections. By January 1, 1983, they will be transferred to Byrnes Center.

The hospital, from a structural standpoint, is in good repair. The status of the remaining buildings is good to poor. Exhibit I is a description of the condition of each building on the 237 acre complex with cost estimates for bringing each of the structures up to good repair.

The hospital operates on a budget that is in line with its declining patient census and status as a hospital going out of business. Because there is no agreed upon future for the hospital, the present budget does not provide for capital improvements or the replacement of capital equipment.

Given the continuing declining census, it is highly questionable whether the continued operation of the State Park Hospital would be the most cost-effective method for providing in-patient tuberculosis treatment to patients. However, certain fixed costs of the operation of the State Park complex would continue even if tuberculosis patients were transferred to community hospitals because of the continuation of security, maintenance, and utilities for mental retardation and children's services which are provided at the complex.

In addition to the declining census and its high cost per patient day, the hospital also finds itself facing a critical shortage of nurses and an inability to retain a competent professional staff. There are many reasons for the increasing difficulty in recruiting and retaining high quality nursing professionals; however, the paramount reason is the fact that the hospital's future is questionable.

The hospital has new basic radiology equipment and a large and modern dietary department. It does not have a physical therapy, respiratory therapy, or laboratory department, although space exists for those services.

In summary, State Park is a hospital with a low census, a high fixed cost and a dwindling nursing staff. Despite these problems, the complex has the potential to serve other state, regional and community health needs.

STUDY METHOLOGY

The Commissioner of the Department of Health and Environmental Control, in June of 1982, asked the Three Rivers Health Systems Agency for recommendations for possible use of the State Park complex. The Agency Board established a task force to prepare a report for the Board of Directors. The task force toured the Hospital and was impressed with its useability as a Hospital to provide basic hospital services, as well as the location and the potential use of other buildings in the complex.

The task force received verbal comments from the following:

- Baptist Medical Center
- Lexington County Hospital
- Providence Hospital
- Richland Memorial Hospital
- Council of Aging
- Department of Health and Environmental Control (Division of Tuberculosis Control)
- University of South Carolina
- South Carolina Drug and Alcohol Commission
- Commission on Higher Education

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In addition, a news release was mailed urging any individual or organizations who had any thoughts to share those with the task force, there were no responses.

PROBLEMS

Uncertainty on closure of the hospital is creating serious employee morale problems. The hospital is minimally staffed for licensed nurses, if additional nurses resign it will jeopardize patient care.

The State of South Carolina allocates $4 million dollars a year to maintain the complex, with approximately 2.6 million for the direct cost of care for 35 tuberculosis patients; the cost effectiveness of these expenditures is of concern.

Besides the above problems, there are a number of other community problems which were addressed by the task force and its guests, these are as follows:

ISSUES RAISED BY COUNCIL OF AGING:

In the Central Midlands, 8% of the population, is 65 or over. By 1988 it is expected to be 9% and increased by 10,725 people.

Issues raised for possible use of State Park was as follows:

1. Preparation of the meals for the Meals on Wheels program
2. Regional office for the Council on Aging program
3. Wellness program site for the elderly
4. Transferring patients from 4 local hospitals who are not in the need of hospital services, especially those waiting for nursing home beds
5. Provision of alternative modes of health care to the institutional setting, for example Home Health.
6. Adult Day Care
7. Senior Citizens Activities
8. Subsidized Housing

Task Force discussion:

Presently, 5% percent of the population in South Carolina age 65 and over are in nursing homes, also 30 to 60 patients are waiting in the four Columbia Hospitals to enter nursing homes. To maintain the same percentage of the population age 65 and over in nursing homes by 1987, 275 beds in Central Midlands would need to be added. This projection is based upon the formula in the State Health Plan. It is not probable that the State will assign that many new dollars to purchasing services to Medicaid patients for nursing homes; therefore, alternatives to institutional care must be made available. The above is a list of programs to be evaluated for implementation.

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ISSUES RAISED BY THE FOUR LOCAL HOSPITALS:

The following is a series of comments by the local hospitals, some comments were made by more than one hospital, and a hospital comment may not be agreed upon by the other hospitals.

1. A provider consortium should manage the complex
2. Richland Memorial Hospital should manage the complex
3. All pending certificate of need applications for hospital beds should be turned down until the impact of using the State Park Hospital is resolved
4. All four local hospitals support the concept that the State Park complex be utilized as a center for Health Care Services.

Task Force discussion:

The hospital costs in South Carolina increased by 20 percent in 1981 and at an 18 percent rate during the first 6 months of 1982. In addition, the four Columbia Hospitals wrote off approximately 40 million dollars in 1981, because of charity, bad debts and contractual allowances for Medicare and Medicaid. The task force believes the complex should be considered as a center for the provision of Health Services as a cost effective alternative to new facilities and services, expansion, and modernization programs.

The Richland Memorial Hospital reviewed, with the task force, its draft proposal to operate the complex. Richland Memorial Hospital presented a well conceived proposal which stimulated positive discussions, see attachment 2.

If the development of a Center is excepted as a feasible option, the hospitals, educational institutions and other entities should consolidate and coordinate their efforts to implement health programs which would achieve maximum benefit for the citizens of the state.

ISSUES RAISED BY THE UNIVERSITY OF SOUTH CAROLINA:

The University of South Carolina expressed that it has unmet clinical and programatic needs for its schools of nursing, pharmacy, medicine, business, public health and others, the following were examples:

1. Additional hospital beds for clinical use
2. Additional clinical office space
3. Multi-Disciplinary training programs
4. Residency programs for Hospital Administrative Students
5. Training in special services, gerontology, rehabilitation, etc.
6. Development of a Research Center for Health Services

Task Force Discussion:

The University be encouraged to present its needs to the appropriate bodies.

South Carolina Commission on Drug and Alcohol Abuse:

The Agency stated that the percentage of the population with a drinking problem continues to rise, creating an ever increasing problem of drunken drivers. This problem is manifested in the teenagers. The Commission believes that the complex could serve as an alternative to prisons for those arrested for drinking.

Task Force Discussion:

The best information available indicates there are thousands of problem drinkers in South Carolina. The State Park complex has the space and facilities to provide treatment for problem drinkers which would be less expensive and more effective than prisons.

CONCLUSIONS

In conclusion the task force's criteria in developing the following recommendations for the useage of the State Park complex was to maximize benefits at the least possible cost. Since Three Rivers is a Health Planning Agency, no analysis was done on closing the facility, selling the complex or considering other uses, such as office space. These are options being considered by the Governor's Office.

The task force believes that joints efforts by the four local hospitals, other providers and the educational institutions should be encouraged to jointly fund and conduct feasibility studies for specific projects for utilization at the State Park complex. From these studies the entities should propose services aimed at providing health care alternatives which are cost effective and needed in the state, region and local communiy. The studies should address alternatives to institutional services, such as out patient surgery, ambulatory care, adult day care, home health, detection and wellness programs. As the studies are developed other parties would be brought into the planning, implementation and evaluation process. The Department of Health and Environmental Control has operational responsibility for the complex; therefore, all proposals must be approved by the Department.

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The task force specifically feels that:

- Statewide tuberculosis needs must be met through more cost effective mechanisms, such as contractual care of tuberculosis in community hospitals and enhancement of State Tuberculosis Control Programs.

- There are unmet health care needs in the state, region and local areas as described in the State Health Plan, such as rehabilitation and services for the elderly, that could be developed and provided at the State Park Health Center.

- There are unmet needs in the various health educational programs, such as clinical space, training experience, etc., in Schools of Medicine, Nursing, Pharmacy in the Colleges, Universities, and Technical Schools in the State. The needs could be met with the development of new programs at the State Park complex by modifying existing affiliation agreements.

- There is also a need to develop a Research Center for Health Services which could be at the State Park complex.

The following members met six times in two months to interview organizations and prepared this report. Because of their time and efforts this report has been developed and will be a useful document for planning health care services. A special appreciation to the Chairman, Ruth Seigler, for time and effort.

Ruth Seigler, Chairman
Margaret Durham
Richard Slocum, M.D.
Charles Crews, M.D.
Pete Riebold
Sam Washington
Lanny Aselton
Diana Jones
Lee Catoe

Ex-officio

William Ivey
Ed Brophy
John Solomon
Robert Hewson, M.D.

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EXHIBIT I

There are 38 buildings located on the State Park Health Center campus, 14 of which are occupied by employees as their residence. The structures vary greatly as to their condition and purpose. The first building was constructed in 1914, and the last in 1962. Most buildings have not been painted within five years, and the majority of buildings have roofs which are 18 to 24 years old. Although funds to maintain the campus have been requested, adequate funding has not been provided. The lack of funds has resulted in the deterioration of many of the buildings. If immediate and extensive repairs are not begun, further deterioration will occur making the buildings unusable. The total estimated cost for campus repairs is $427,750, the DHEC/General Services agreement will cover $27,250 of this. Additional DHEC funds to complete necessary repairs amounts to $400,500.

MONCRIEF BUILDING #100 - The Moncrief Building is a 36 year old brick structure with 172 rooms and 48,746 square feet of heated area.. The roof and exterior brick are in good condition. The window trim and interior walls have not been painted since 1977.

The present steam heating system needs replacing. The heat cannot be controlled from one floor to another. The inability to regulate heat creates an unpleasant work environment for employees. During the winter it is necessary to operate air conditioners in order to level the temperature. This situation increases the use of electricity.

Cost of improvements: $298,850.00

PEARL LEITZSEY BUILDING #12 - The Pearl Leitzsey Building is a 50 year old brick building with 13,061 square feet of heated area.. The roof, guttering, window trim, and interior walls require immediate attention. If the 24 year old roof is not replaced within one year, interior damage will occur. The exterior must be painted within one year or the woodwork will need replacing.

Cost of improvements: $ 28,650.00

BATTLE CHAPEL #106 - The Battle Chapel is a brick building with 4,200 square feet of heated area. The building was last painted in 1978. The interior paint is in fair condition. The exterior paint is peeling and rust is forming on window frames. The two wooden doors on the north side of the building are rotting and require immediate replacement.

Cost of improvements: $ 2,050.00

FARMER BUILDING (HOSPITAL) #2 - The hospital was constructed in 1937, and extensive modernization performed in 1975. There are 48,746 square feet of heated space. In 1978, the building was waterproofed, and a new roof was installed in 1968. The major improvements required our replacing plaster and painting, replacing damaged ceiling tiles, repairing window leaks, and installing glare shields on the 4th floor.

014323

The present method of heating and air conditioning should be evaluated by an engineering consultant. The system functions, however, it does not provide efficient service. An accurate estimate of replacing the system has not been obtained.

Cost of improvements excluding the replacement of the heating & cooling system. $ 7,250.00

BUILDING #1 - Constructed in 1914, condition is poor, roof leaks and the exterior and interior walls must be restored. If the building is not repaired immediately, it will be hazardous to use.

Cost of improvements: $ 5,000.00

BUILDING #3 - Wood frame building with 3,660 square feet of heated space. The exterior is in need of painting. The gutters must be replaced. If the building is not painted and repaired within a year, the wood will deteriorate and require replacement.

Cost of improvements: $ 5,500.00

BUILDING #16 (LEAD POISON) - Brick building with 1,313 square feet of heated space. The interior is in good condition. The exterior must be painted as soon as possible. The roof is in extremely poor condition. The felt on the roof is exposed which will result in leaks if not replaced within one year.

Cost of improvements: $ 2,400.00

BUILDING #9 (EARLY DISEASE) - Brick building with 3,272 square feet of heated space. The building is structurally sound, and the interior is in good condition. The exterior must be painted, gutters replaced and the roof replaced within one year to avoid interior damage due to leaks.

Cost of improvements: $ 4,000.00

PAINT SHOP #27 - The paint shop can no longer be utilized for spray painting and paint storage. The building violates OSHA fire and safety codes. The present building cannot be modified to meet OSHA regulations. The building should be razed.

BUILDING #74 (EARLY DISEASE) - A brick building with 2,000 square feet of heated space. The interior needs painting immediately. The exterior was last painted in 1977. The roof is 24 years old and has less than one year's life expectancy.

Cost of improvements: $ 2,400.00

BUILDING #103 (BOILER BUILDING) - A brick building in good structural condition. The roof has multiple leaks. The interior and window trim must be painted within one year in order to avoid rotting of the window frames.

Cost of improvements: $ 11,600.00

EXHIBIT

DEC 17 1982 NO. 13

STATE BUDGET & CONTROL BOARD

COOPER CHAPEL BUILDING #20 - A brick structure with 8,490 square feet of heated space. The interior is in fair condition. The window sills need painting on both the interior and exterior. Delay in painting the sills will result in extensive wood damage. The entrance area has received water damage from a ruptured pipe. Sections of the wood in this area must be replaced.

Cost of improvements: $ 3,650.00

CHILLER BUILDING #10 - This brick structure is in generally good condition. Minor repairs are needed for the roof and the interior must be painted.

Cost of improvements: $ 850.00

WAREHOUSE BUILDING #23 - The Warehouse is a brick structure which is in good condition. The exterior trim is in need of painting and the roof needs patching.

Cost of improvements: $ 750.00

COOLER BUILDING #51 - This block building and the old dairy which is attached should be razed. A cooler room should be constructed in or near the warehouse basement.

Cost of improvements: $ 5,000.00

Employees rent 14 of the 17 residences. All but two residences need painting and roof repair. Most have not been painted in five years. In order to repair these structures, $34,800 is required. The General Services/DHEC Agreement will pay for only $3,350 of the $34,800 needed. It is recommended that three of the residences be razed. It is also recommended that the practice of providing housing for employees be discontinued. As employees move, the houses should be used as health facilities or razed. Providing subsidized housing as a fringe benefit is costly to the State and is a questionable management practice.

Road and Sidewalk Repair - The campus roads and sidewalks are in fair condition. Repair of miltiple pot holes and cracked sidewalks is indicated. The replacement of sidewalks near the Crippled Children's Office is needed.

Cost of improvements $ 15,000.00

Recommend the following buildings be razed:

13A	Garage
13B	Garage
22	Male Dorm
27	Paint Shop
51	Cooler
61	Old Nurses Home
62	Residence
62A	Old Boiler Building
64	Residence

014325

EXHIBIT II

EXHIBIT II

D R A F T
3 March 1982

CONCEPTUAL GUIDELINES FOR HOSPITAL MANAGEMENT AND EXPANDED USE OF STATE PARK HEALTH CENTER COMPLEX

For Joint Consideration by
The Department of Health and Environmental Control
and
Richland Memorial Hospital

1. PURPOSE

1.1 Management by RMH on behalf of DHEC of the personal health services that DHEC is currently committed to providing for State patients at State Park Health Center;

1.2 Management by RMH of the Health Center Complex so as to provide improved utilization of existing facilities for prevention and control of disabilities both directly through personal health services and indirectly through State health manpower programs;

2. METHOD

Five-year management agreement between DHEC and RMH, renewable if program objectives are met, permitting continued organization of State Park Health Center by RMH as a distinct entity that will meet its costs from the following revenue sources:

2.1 State appropriations and earnings for hospital services currently provided by DHEC for State patients; and

2.2 Earnings from additional hospital and ambulatory services to patients and/or their sponsors and from other health-supportive programs.

3. SUMMARY OF MUTUAL OBLIGATIONS

3.1 DHEC to be assured by RMH:

3.1.1 That State commitments will be fulfilled for:

- specialized hospital care for control of pulmonary disabilities, up to such numbers of patients as are presently budgeted for; and,
- general hospital care on behalf of inmates of the State correctional system on the one floor for which security is provided by the Department of Corrections.

3.1.2 That the State Park Health Center Complex will be so managed that maximum use will be made of it for disability prevention and control, so far as will prove financially feasible, including service to patients of statewide and multicounty origin, and with priorities to be determined jointly with DHEC;

014327

3.1.3 That DHEC's fiscal liability for State Park Health Center will be established in agreed pro formas for five fiscal years 1983-87; and that there will be joint consideration of the possibility of reducing or re-channelling this liability as increasing use is made of the medical center complex. (4.3.2 below)

3.2 RMH to be assured by DHEC:

That it may use facilities in the State Park Medical Center Complex (including both ambulatory and institutional settings) to meet economic demand on behalf of vulnerable and underserved categories from the population of the State and of multiple counties (including pediatric and geriatric patients) in order to provide preventive and restorative services (including episodic and emergency service, diagnostic work-ups, post-acute and follow-up care, day care, respite care, physical and occupational therapy and medical rehabilitation) and health manpower education under State programs.

3.3 DHEC and RMH to be mutually assured:

That they will have the security of a five-year contract, which will be renewable, but which may be terminated by common consent at any time or by either party for just cause and reasons beyond the parties' control, after due consideration by the Liaison Committee (Para. 7 below) followed by one year's subsequent notice of termination.

4. FINANCIAL MANAGEMENT

4.1 Hospital cost center

4.1.1 Current services: State payment to management contractor for services currently provided and projected according to agreed five-year pro forma, to be made prospectively at the beginning of each quarter.

4.1.2 Additional services: State Park entity to endeavor to reduce unit costs of patient care by expanding it from currently budgeted categories of State patients to also serve other categories of patients for whose disability control there is a statewide or multi-county market (e.g. geriatric self-help and respite care).

4.2 Campus cost center

4.2.1 Existing services: State payment for campus management including obligations to Division of General Services, utilities, security, amortization, general upkeep, etc. to be according to agreed five-year pro forma except insofar as utility costs may exceed the projections in the pro forma.

014328

4.2.2 Additional services: State Park entity to endeavor to expand the use of existing facilities for disability control by providing additional ambulatory health services for which there is an unmet economic demand (e.g. northeast industrial corridor occupational, emergency and episodic health services; rehabilitation therapies; geriatric day care; neonatal follow-up care; crippled children care, etc.)

State Park entity to endeavor to expand the use of existing facilities as an area health center for the clinical education of health manpower under State programs.

4.3 Feedback

4.3.1 Joint annual review of agreement implementation including services provided, financial results, and proposed program development;

4.3.2 Operating surpluses or deficits, if any, to be considered along the following lines:

- Surpluses arising within the limits of the projected DHEC budgets, to serve primarily as a contingency fund;
- Surpluses arising from new or expanded services to serve primarily as a plant and equipment improvement fund and to provide working capital for expanded services.
- Deficits due to unforeseen utility rate increases, economic conjunctures or increase in state patient load above the level of the projected DHEC budgets, to be considered with a view to possible adjustments in budget or services.

5. PHYSICAL FACILITIES MANAGEMENT

5.1 The keeping of buildings and grounds in usable condition

DHEC contract with State Division of General Services to spell out General Services responsibilities for keeping the buildings and parking lots in good repair and working order (e.g. roofs, support walls, boilers, maintenance cost exceeding $5,000, etc.)

5.2 Interior repairs and decorations

DHEC contract with General Services to spell out DHEC/RMH responsibilities for interior decorations, current repairs, etc.

5.3 Capital improvements

DHEC contract with General Services to specify privilege of DHEC/RMH to make such agreed improvements and alterations to buildings and fixed equipment, with and without General Services consent, as will be necessary to facilitate fullest possible use of the Health Center Complex for provision of agreed health services.

5.4 Movables

Management contractor to have privilege of replacing as well as supplementing furniture, equipment and other personal property, as may be necessary to facilitate maximum utilization of Health Center for agreed services.

014329

6. PERSONNEL MANAGEMENT

6.1 Chief administrative officer of State Park Health Center to be solely responsible to management contractor;

6.2 Extension of management contractor's personnel policies to cover all personnel previously employed by DHEC in transferred facilities and services.

7. ORGANIZATIONAL MANAGEMENT: LIAISON COMMITTEE

7.1 Functions

To advance the common concern of the two parties for the prevention and control of disability among the people of South Carolina;

To review together contractor's plans for the maximum possible use of the State Park Health Center Complex; to determine priorities among these uses; and to review contractor's plans for improvements in plant and equipment;

To receive and review periodic reports on contractor's patient-care and financial management; and to consider together any practical problems experienced and ways of solving them;

To consider together all questions concerning the fulfillment, continued validity and possible renewal of the agreement;

To report to the governing bodies of both parties.

7.2 Structure

The chairman of the governing body of each party, or his/her designee;

The chief executive officer of each party;

Three designees of each executive officer, so selected as to include representation of medical and fiscal expertise.

Staffing by management contractor.

Procedures, frequency and location for meetings to be established by the Liaison Committee.

8. Transitional Arrangements

8.1 Formal management agreement to embody the principles agreed in these conceptual guidelines;

8.2 Management to be transferred as soon as management agreement completed, and not later than 30 June 1982;

8.3 DHEC patient-care personnel to receive at the earliest possible date the option of transferring to management contractor's payroll, subject to appropriate arrangements concerning such compensation and/or benefits as differ from those provided for contractor's employees;

014330

8.4 DHEC to provide satisfactory assurance that all physical plant will be transferred and maintained in safe and usable condition.

9. CONTINUING PRINCIPLES

9.1 Implementation of current State commitments;

9.2 Improvements in State Park Health Center staffing in recruitment, morale and retention;

9.3 Maximum use of available facilities for extension of disability prevention and control;

9.4 Continued access to Health Center from statewide and multi-county service area;

9.5 Enhancement of clinical education opportunities for State's health manpower education programs;

9.6 Efforts towards improvement of plant and equipment of State Park Health Center Complex if managing contractor's receipts exceed its expenditures.

RESOLUTION
OF THE
TUBERCULOSIS CONTROL ADVISORY COMMITTEE
August 19, 1982

WHEREAS

Sanatoriums were once essential to the treatment and control of tuberculosis, and

WHEREAS

The advent of drug therapy has made possible the outpatient treatment and prevention of tuberculosis, and

WHEREAS

General hospital treatment for persons who require a period of inpatient care has proven effective in this State and elsewhere, and

WHEREAS

The Tuberculosis Control Advisory Committee adopted resolutions in 1976, 1977 and 1978 supporting plans to shift inpatient care from the sanatorium to contract general hospitals and to strengthen the outpatient program in the health departments, and

WHEREAS

The Committee remains concerned about the need to modernize the tuberculosis program in recognition of proven outpatient strategies for diagnosis, treatment, prevention and case finding, and

WHEREAS

The operation of a sanatorium in light of general hospital capabilities and outpatient program resource needs is not justifiable, and

WHEREAS

Consideration is being given to alternate utilization or closure of the sanatorium and disbursement of the budget

BE IT RESOLVED

That the Tuberculosis Control Advisory Committee recommends reallocation of funds budgeted for the sanatorium to be utilized for a modern, effective tuberculosis control program of inpatient care in community hospitals and improved outpatient diagnostic, treatment and prevention services in local health departments.

014332

Attachment 4

Eula M. Colvin, M.D.
President

Randolph D. Smoak, Jr., M.D.
President Elect

Daniel W. Blake, M.D.
1st Vice President

John W. Simmons, M.D.
2nd Vice President

Kenneth N. Cleere, M.D.
Secretary

Leonard W. Douglas, M.D.
Chairman of Council

Charles Johnson
Executive Vice President

South Carolina Medical Association
P.O. Box 11188 • 3325 Medical Park Road
Columbia, South Carolina 29211
Telephone (803) 252-6311

November 2, 1982

EXHIBIT

DEC 17 1982 NO. 13

BUDGET & CONTROL BOARD

Edward F. Parker, M.D., Chairman
Tuberculosis Control Advisory Committee of DHEC
Medical University of South Carolina
171 Ashley Avenue
Charleston, SC 29425

Dear Eddie:

At its meetings October 22-24, 1982 SCMA Council reviewed a Resolution of your Committee regarding State Park Hospital. The Advisory Committee recommended reallocation of funds budgeted for the State Park sanatorium to be utilized for a modern, effective tuberculosis control program of in-patient care in community hospitals and improved out-patient diagnostic treatment and prevention services in local health departments.

The Council of the SCMA agreed to endorse the Resolution of the Tuberculosis Control Advisory Committee.

Sincerely,

Leonard Douglas, M.D.
Chairman of Council

LD/pt

cc. D. Wayne Whetsell, M.D.

014333

EXHIBIT

DEC 17 1982 NO. 14

STATE BUDGET & CONTROL BOARD

1982-83 OPERATING BUDGET
GENERAL FUNDS

Item	Amount	Percentage
Personal Service and Employee Contributions	717,265,026	36.49
Other Operating	217,597,474	11.07
Permanent Improvements	64,710	- 0 -
Debt Service	107,813,422	5.48
Case Services	106,640,325	5.42
Flow Through Funds	815,917,707	41.51
Total	1,965,298,664	

014334

12/17/82

PROPOSED BUDGET REDUCTIONS
1982-83

Item	Proposed Board Action	Suggested Legislation
Executive Branch		
Public Education	$20,881,868	Mandate 5 days school closing
Aid to Subdivisions	4,573,329	
Debt Service	2,000,000	
Personal Service and Employer Contributions	20,607,462	A. 5 days furlough for all State employees (11,578,055) B. Recapture unobligated salary budget (4,646,617) C. "Other Funds" transfer for furlough savings (4,382,790)
Specific Reductions	1,639,000	See Schedule I
One Time/Off Budget Reductions	9,647,765	See Schedule II
Legislative Branch	291,000	
Judicial Branch	98,885	Furlough for Classified/Unclassified
Total	59,739,309	

EXHIBIT

DEC 17 1982 NO. 14

STATE BUDGET & CONTROL BOARD

014335

Schedule I

EXHIBIT

DEC 17 1982 NO. 14

STATE BUDGET & CONTROL BOARD

Specific Reduction - State Appropriated Funds

Department of Health and Environmental Control	
Case Services and Other Operating	350,000
Vocational Rehabilitation	
Case Services	250,000
State Election Commission	
Election Expense	250,000
State Library	
Purchase of Books	30,000
B & C Employee Benefits	
Retirement Supplements	430,000
Non Member Service	150,000
Wildlife & Marine Resources	
Fish Hatchery	170,000
Office of the Executive Director	
Lead Poisoning	9,000
Total	1,639,000

014336

Schedule II

EXHIBIT

DEC 17 1982 - NO. 14

STATE BUDGET & CONTROL BOARD

Other Funds

	Amount	Legislation Required
Department of Health & Environmental Control		
Other Operating Funds	300,000	No
Typhus Revolving Fund	73,000	No
Department of Mental Health		
Paying Patients Account	3,000,000	Yes
State Tax Commission		
Warrant Revolving Fund	150,000	No
State Housing Authority		
Balance of 1982-83 Appropriation	235,000	No
Aeronautics Commission		
Operating Revenue	80,000	No
State Election Commission		
Slae of Election List	40,000	No
State Personnel Division		
Reduction of Health Insurance Reserve	3,000,000	No
Insurance Contining Account	800,000	No
Division of General Services		
School Bus Medical Benefits	12,000	Yes
Ordinary Sinking Fund	1,100,000	Yes
Federal Debt Sinking Fund	327,765	Yes
Law Enforcement Training Council		
Excess Revenue	500,000	Yes
Division of Research & Statistics		
Operating Revenue	30,000	No
Total	9,647,765	

014337

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 15 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 6

Agency: Francis Marion College

Subject: Requested Exemption of Office Supply Procurements Through College Bookstore

In the course of the review of procurement activities by Francis Marion College conducted by the Audit and Certification staff of the Materials Management Office of the Division of General Services, the audit revealed that the College bookstore, which is an auxiliary function, is providing the central stores function for office supplies to all departments of the College. The Materials Management Office staff point out that Procurement Code Section 11-35-710(f) exempts from Procurement Code provisions any "expenditure of funds at State institutions of higher learning derived wholly...from the operation of...bookstores...." This staff points out that this exemption would cover procurements by the Francis Marion College Bookstore for sale to students and the general public but that it was not intended to exempt the procurement of supplies which are used by the College. They also note that Francis Marion College pays the bookstore a 10% service charge over cost for providing this function which the General Services audit report found results in State funds being contributed to an auxiliary function whose existence is predicated upon its being wholly self-supporting from operations. The Materials Management Office Audit and Certification staff concluded that all supplies actually used by Francis Marion College should be procured in accordance with the Consolidated Procurement Code and, if that is not the case, the staff could not recommend to the Board that it grant certification to the College as had been requested. They also note that several ways that the College could accomplish meeting the requirements of the Code and attaining certification were pointed out but that the College has chosen not to accept those recommendations because of the nature of their bookstore operation.

Francis Marion College thus is asking the Board to exempt office supplies purchased by the College from its bookstore from the purchasing procedures required in the Consolidated Procurement Code. The College points out that the College bookstore has served the College by making supply items available since 1970 and that the cost plus 10% arrangement was set to reimburse the auxiliary operation for costs such as freight, taxes, etc., it incurs. The College also notes that gross sales at the College bookstore in 1981-82 were some $437,000 and that departmental office supply sales amounted to less than 4.5% of that total or approximately $19,670. The 10% markup amounted to about $1,900 in that circumstance.

Francis Marion College Vice President Casey Frederick expresses the view that, until the volume of sales to the College would justify the establishment of a separate central stores operation or an additional part-time position, it is most economical for the College store to continue to provide this service to the College. He notes that a part-time storekeeper position would cost the College some $5,600 including fringes and that further related costs also would be incurred.

Mr. Frederick indicates that the several options recommended by the Audit and Certification staff of General Services were reviewed and considered carefully but that each option in the final analysis proved to be more costly than the present method and that each was rejected as not being cost-effective.

014338

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 15 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER _____, Page 2

Agency: Francis Marion College (continued)

Subject: Requested Exemption of Office Supply Procurements Through College Bookstore (continued)

Mr. Frederick also indicates that the typical mark-up for other items sold by the College bookstore is in the 30% to 40% range as contrasted with the cost plus 10% arrangement for office supplies provided to the College, a point he considers as evidence that the College does not subsidize the bookstore operation with State funds.

Board Action Requested:

Consider.

Staff Comment:

014339

Attachments:

MacMillan November 29 letter to McInnis plus Frederick December 7 letter to McInnis

NOV 30 1982

EXHIBIT

DEC 17 1982 NO. 15

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

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

MATERIALS MANAGEMENT OFFICE
800 DUTCH SQUARE BLVD. SUITE 150
COLUMBIA, SOUTH CAROLINA 29210

BARBARA A. McMILLAN
DIRECTOR, CONTRACTS AND
AUDIT MANAGEMENT
(803) 758-6060

November 29, 1982

Mr. William A. McInnis
Deputy Executive Director
Budget and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29201

Dear Bill:

Based upon my conversation today with Casey Frederick, I am writing you to explain why I am not in a position at this time to ask the Budget and Control Board to grant certification for the College to make procurements at a recommended higher dollar limit as provided for in Section 11-35-1210 of the Consolidated Procurement Code. In response to a written request by Francis Marion, the Audit and Certification staff of the Materials Management Office conducted a thorough audit of the College as a preliminary step for recommending whether or not the agency has the expertise and capability to purchase above the $2,500 limit without going through the State Procurement Office as required by law. The audit revealed that the Bookstore, an auxiliary, is providing the central stores function for office supplies to all departments of the College. Section 11-35-710(f) provides for an exemption from the purchasing provisions provided in the Code for any "expenditure of funds at state institutions of higher learning derived wholly...from the operation of...bookstores...." This exemption would cover those procurements by the bookstore for sale to students and the general public but was not intended to exempt the procurement of supplies which are used by the College. Such supplies for college use must be procured in accordance with the Code.

Additionally, Francis Marion College pays the Bookstore a 10% service charge over cost for providing this function to its departments which we found in our audit report results in state funds contributing to an auxiliary function whose existence is predicated upon its being wholly self-supporting from operations.

Our finding is that all supplies actually used by Francis Marion College be procured in accordance with the Consolidated Procurement Code and if such is not the case we cannot recommend that the Budget

EXHIBIT

DEC 17 1982 NO. 15

STATE BUDGET & CONTROL BOARD

and Control Board grant certification as the College requested. We pointed out several ways that the College could accomplish meeting the requirements of the Code and attaining certification, but Francis Marion opted not to accept recommendations because of the nature of their Bookstore operation. Rather, the College stipulated in its formal response to our audit report that it would prefer to formally apply to the Budget and Control Board for an exemption for procurements made by the Bookstore in order that it may continue to operate such under its current policy.

Francis Marion College has the right to seek an exemption and the Board may entertain its request. If approval is given, the Board will in essence be approving the current purchasing procedures of the Bookstore which, by virtue of such exemption, will fall outside the jurisdiction of the Procurement Code. In that event, we would note such action in the audit report and submit the report to the Board for approval of certification for Francis Marion College.

It is the prerogative of the Board to take whatever action it deems appropriate in the best interest of the State, but until such a decision is made, I have no other alternative but to request that Francis Marion comply with the Consolidated Procurement Code.

If you have any further questions about this matter, please do not hesitate to call. Otherwise, it is my understanding that Francis Marion's request for an exemption will be on the December 14th Budget and Control Board agenda.

Sincerely,

Barbara McMillan

Barbara A. McMillan, Director
Contracts and Audit Management

BAM:rms

CC: Mr. T. Michael Copeland
Mr. Tony R. Ellis
Mr. Richard J. Campbell
Mr. Robert W. Wilkes, Jr.
Mr. N. C. Frederick

014341

DEC 9 1982

Francis Marion College
FLORENCE, SOUTH CAROLINA 29501
(803) 669-4121

Office of Business Affairs

December 7, 1982

EXHIBIT

DEC 17 1982 NO. 15

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
Deputy Executive Director
Budget and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: Ms. McMillan's Letter of November 29, 1982 - College Store - Supply Function Exemption from the Consolidated Procurement Code.

Dear Bill:

In reference to Ms. McMillan's letter to you regarding the College's request to secure approval from the Budget and Control Board to continue to operate the College Store - supply function as has been the practice for numerous years, I wish to present several items which I trust will demonstrate the financial advantage to the College.

A. Since 1970, establishment of the College, the College Store has served the College as it relates to making supply items available. Approved supply items are charged to the various college budgets at cost plus 10%. The ten percent factor is set to reimburse the auxiliary operation for costs it incurs such as freight, tax, etc. It is my opinion, that the College Store is providing this service at approximately a breakeven point, which is our intent.

B. During fiscal year 1981-82, sales for departmental office supplies amounted to less than 4.5% of total sales. We project that this figure will actually decrease this year and during fiscal year 1983-84 because of budgetary constraints. The 10% markup amounted to some $1,900.

C. Until such time in the future when volume of sales would justify the establishment of a separate central store's operation or an additional part-time position, it is our opinion that it is most economical for the College Store to continue to provide this service to the College. The establishment and funding of a part-time position would cost the College in excess of $5,640.51 dollars per year (Store Keeper I - including fringes). Of course, other costs such as space, etc. would likewise be incurred.

D. The options recommended by the Contracts and Audit Management staff were reviewed and carefully considered. Each option in the final analysis proved to be more costly than the present method employed.

014342

EXHIBIT

DEC 17 1982 NO. 15

STATE BUDGET & CONTROL BOARD

Thus, each option was rejected as not being cost - effective. I can review these with you or others if deemed appropriate.

If you have any questions about this matter, please contact me. I will plan on attending the Budget and Control Board meeting on December 17, 1982, if you see fit to include this item on the agenda.

Respectfully yours,

Casey

N. C. Frederick
Vice President for
Business & Finance

cc: Mr. T. Michael Copeland
Ms. Barbara A. McMillan

NCF/re

014343

RECOMMENDATION BY MATERIALS MANAGEMENT OFFICE

EXHIBIT

DEC 17 1982 NO. 15

STATE BUDGET & CONTROL BOARD

December 16, 1982

In response to a request for exemption by Francis Marion College from the provisions of the Consolidated Procurement Code for purchases of office and other supply items by departments of the College from the College Bookstore, the staff of the Budget and Control Board recommends to the Board that such exemption should only be granted with the following stipulations:

1. The sales of such supplies to other departments of the College under this exemption should not exceed 5% of total bookstore sales, or $30,000, whichever is less, in any fiscal year.

2. This exemption should not be granted for an indefinite period, but rather should be effective for the same two year period for which the College is certified by the Board to make purchases above $2,500.00. At the end of this two year period, the College should resubmit its request for an exemption to the Board if the College still feels a need for same. The Contracts and Audit Management auditors of the Division of General Services should examine and reassess the circumstances surrounding this exemption each time that they re-audit the College's total procurement system.

014344

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 16 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 7

Agency: Attorney General's Office

Subject: Opinion on Clemson Tuition Fees Question

At the last meeting, the Board carried over its consideration of the Clemson request to reduce the funds remitted as tuition fees and, in effect, to reclassify these revenues into a special account for various maintenance and renovation projects at the institution. The Board agreed to ask the Attorney General's Office for its opinion on the legal questions involved in that request.

The response by the Attorney General's Office will be presented at the meeting.

Board Action Requested:

Consider.

Staff Comment:

014345

Attachments:

The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 16

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-3970

December 17, 1982

Honorable Richard W. Riley
Chairman, State Budget and Control Board
The State House
Columbia, South Carolina

Dear Governor Riley:

The State Budget and Control Board (the Board) has requested the opinion of this Office as to the legal propriety of a proposed tuition change and fund transfer by Clemson University, and whether the Board is authorized to approve such actions.

At its meeting on June 9, 1982, the Clemson University Board of Trustees (the Trustees) adopted a proposed reclassification of student fees which would result in that portion of fees denominated "tuition fees" being reduced and the reduced amounts transferred to a special account for maintenance and renovations of capital facilities. In addition the Trustees have requested the Board's approval for the use of some $2 million of surplus in its debt service accounts with the State Treasurer to apply along with other authorized funds toward construction of the new chemistry building, which building was authorized by Section 4, of Act 179 of 1981 (The Capital Improvement Bond Act). Approval of the tuition change by the Board is required by Section 59-107-20, Code of Laws, 1976, as amended. Likewise, prior approval by the Board of reallocation of surplus debt service funds is required by Section 59-107-180.

As hereinafter discussed, it is the opinion of this Office that the proposed reallocation of tuition fees is legally permissible, with the Board's approval. It is likewise our opinion that it is legally permissible for the surplus in the debt service account to be applied to other capital improvement, with Board approval.

I. Although it has been the former practice of the Clemson Trustees to maintain tuition fees (as that term is defined in Code Section 59-107-30) at a rate designed to produce 150% of the aggregate principal and interest requirements of all outstanding State Institution Bonds issued for Clemson, the Trustees now propose a schedule which would produce only that sum required to pay the annual principal and interest requirements on all

014346

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outstanding State Institution Bonds issued for Clemson, and have requested Board approval.

At the time the State Institution Bond Act was enacted at urging of the late Governor Byrnes, the so-called "Special Fund" Doctrine prevailed in South Carolina. Because of the burden imposed by the Constitution of 1895 upon the issuance of State General Obligation Bonds, our Supreme Court had held that the constitutional provisions relating to the issuance of bonds need not be observed if there was created a special fund judicially found to be sufficient to provide for the payment of debt service of State General Obligation Bonds then sought to be issued. Mims v. McNair, 252 S.C. 64, 165 S.E.2d 355 (1969), and cases cited.

The "Special Fund" Doctrine and Special Fund Bonds were essentially abolished by the adoption of new Article X of the Constitution which went into effect in November of 1977. Section 13 of new article X prescribes the restrictions and limitations imposed upon the State relating to the issuance of General Obligation (and other) debts. A special category of General Obligations Bonds for State institutions of higher learning are permitted by Section 13(6)(b). That provision reads:

> (b) General Obligation bonds for any state institution of higher learning designated by the General Assembly (state institution bonds) may be issued, if such bonds shall be additionally secured by a pledge of the revenues derived from the tuition fees received by the particular institution of higher learning for which such state institution bonds are issued, provided, that the maximum annual debt service on all state institution bonds so additionally secured issued for such state institution thereafter to be outstanding shall not exceed ninety percent of the sums received by such state institution of higher learning from tuition fees for the fiscal year next preceding.

Thus, there is no longer a "Special Fund" but rather a condition precedent relating to the amount of revenues derived in the fiscal year preceding the fiscal year in which bonds are issued.

This fact, coupled with the statutory language imposing upon the Trustees a recurring duty to fix the schedule of tuition fees in such manner that it will produce not less than the sum needed to pay the annual principal and interest requirements of all outstanding bonds, (Section 59-107-40) leads to the conclusion that no additional margin or "surplus" in the debt service account is legally required to be maintained.

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A different result would exist under the Special Fund Doctrine because there a pledge of an entire fund was created and while heavily margined, it was nonetheless absolutely pledged. Here a pledge of tuition fees is required but it is not required that a margin be maintained other than as set out in Section 59-107-180, since the 90% margin referred to in Article X, Section 13, clearly relates to the fiscal year preceding the fiscal year in which the bonds are issued. Despite this result, permission of the Board to the establishment of a rate schedule that is projected only to meet principal and interest requirements of outstanding State Institution Bonds should be given only when the margin or reserve in the special fund established by Section 59-107-180 has a surplus equal to the maximum annual debt service requirements for any succeeding fiscal year.

Not only does Clemson have such a surplus, but it has in addition more than $2 million which it proposes to withdraw pursuant to Section 59-107-180 to meet part of the cost of construction of the new chemistry building, a proper purpose under Section 59-107-40.

II. The further question has been raised whether Clemson University must in part finance the new chemistry building by issuing the $2 million of State Institution Bond proceeds authorized by Section 4 of Act 179 of 1981 before resorting to use of any part of the $7.4 million of General Obligation Bond proceeds authorized by that act for the building. If such institution bonds must first be issued, it is immediately obvious that the proposed new "tuition schedule" would be insufficient to provide debt service for both Clemson's present outstanding institution bonds plus $2 million more.

It is the opinion of this Office that such additional $2 million issue of State Institution Bonds is not required. The first "proviso" to Section 4 of Act 179 merely "authorizes" the issuance of $2 million of such institution bonds; but the two following provisos "direct" that the university use funds therein concerned for the new chemistry building. Indeed, the trustees' proposal to utilize surplus debt service funds rather than General Obligation Bond funds, insofar as possible, appears to respond to the explicit directions of the General Assembly contained in the third proviso to Section 4 of Act 179.

III. To sum up: (1) we think it legally proper under the law for the Trustees to impose and the Board to approve tuition fees based upon a schedule producing only funds to meet principal and interest requirements, but only when the Board determines that an appropriate safety margin or reserve exists in the Special Fund created by Section 59-107-180; (2), that the surplus in the

EXHIBIT

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debt service account for Clemson's institution bonds may properly be transferred to other capital improvement uses, such as construction of the new chemistry building; and (3), Clemson is not required to issue the $2 million in State Institution Bonds authorized by the proviso to Section 4 of Act 179 of 1981, before applying said surplus debt services funds as well as General Obligation Bond funds to construction of the chemistry building.

Sincerely,

Frank K. Sloan

Frank K. Sloan
Deputy Attorney General

FKS:ppw

014349

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 17 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 8

Agency: Joint Legislative Committee on Personal Service Financing and Budgeting

Subject: Recommended Additions to Authorized FTE Positions Base

The Joint Legislative Committee on Personal Service Financing and Budgeting, at its meeting on December 13, has recommended that 18.65 additional full-time equivalent positions be added to the previously-approved base. Of these, 5.65 are recommended for State funding, a reduction of 4 federal FTE positions is recommended as is the addition of 17 FTE other funded positions.

Details on these recommendations are included in the attached December 13 letter from Deputy State Auditor Coles to McInnis.

In addition, the Joint Legislative Committee on Personal Service Financing and Budgeting has recommended that the number of authorized State full-time equivalent positions for the Attorney General's Office be increased by 6. The Committee took this action in response to a request by the Attorney General-elect and Chairman James M. Waddell, Jr., indicates that his Committee did not attach any conditions to its recommendation but did express a desire that the Attorney General attempt to reduce the number of positions as he serves his term in office. A copy of Chairman Waddell's December 9 letter to Dr. Coles outlining this action also is attached.

Board Action Requested:

Respond to recommendations of Joint Legislative Committee on Personal Service Financing and Budgeting which would increase the full-time equivalent positions base by a total of 24.65 positions, including 11.65 state funded, -4 FTE federal, and and increase of 17 FTE other funded.

Staff Comment:

014350

Attachments:

Coles December 13 letter to McInnis; Waddell December 9 letter to Coles

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
P.O. BOX 11333
COLUMBIA
29211

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR
(803) 758-3106

JESSE A. COLES, JR., PhD
DEPUTY STATE AUDITOR
(803) 758-3106

December 13, 1982

Mr. William A. McInnis
Deputy Executive Director
Budget and Control Board
Post Office Box 12444
Columbia, S.C. 29202

RE: Recommended addition to the Authorized FTE Positions Base

Dear Mr. McInnis:

At its meeting on December 13, 1982, the Joint Legislative Committee on Personal Service Financing and Budgeting recommended the following changes in the FTE Positions Base to the Budget and Control Board for its approval:

Agency No.	Agency	Total FTE	State FTE	Federal FTE	Other FTE
F08	B & C Board - Research & Stat	(-3.00)	(-2.00)	0	(-1.00)
	Transferred to				
P04	Water Resources	3.00	2.00	0	1.00
P25	Coastal Council	0	4.00	(-4.00)	
R25	Bd of Financial Institutions Consumer Finance	1.00	1.00		
R64	Board of Accountancy	0.40	0.40		
S20	Board of Pharmacy	0.25	0.25		
U12	Dept of Hwy & Public Transp	17.00	0	0	17.00
	Total Recommended Changes	18.65	5.65	(-4.00)	17.00

Please add this information to the agenda for consideration by the Budget and Control Board at its next meeting.

Sincerely,

Jesse A. Coles, Jr., Ph.D.
Deputy State Auditor

JAC/dd

014351

JAMES M. WADDELL, JR.
SENATOR, BEAUFORT, ALLENDALE, COLLETON, HAMPTON AND JASPER COUNTIES
SENATORIAL DISTRICT NO. 15
SENATE OFFICE NO. 2

HOME ADDRESS:
BOX 1026
BEAUFORT, S. C. 29902

THE SENATE OF SOUTH CAROLINA

COMMITTEES:
EDUCATION
FINANCE
FISH, GAME AND FORESTRY, Chairman
INTERSTATE COOPERATION
TRANSPORTATION

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

December 9, 1982

Dr. Jesse A. Coles, Jr.
Deputy State Auditor
State Auditor's Office
Wade Hampton Office Building
Columbia, South Carolina 29211

Dear Dr. Coles:

The newly elected Attorney General has contacted the Joint Legislative Committee on Personal Service Financing and Budgeting concerning his need for six (6) additional state FTE's in the Attorney General's Office. The Committee, by poll, is recommending to the Budget and Control Board that the number of authorized State FTE's be increased by 6.00. The Committee did not attach any conditions to this approval, however, they did express a desire that the Attorney General attempt, if possible, to reduce the number of positions as he serves his term in office.

I will appreciate your forwarding this item to the Budget and Control Board so that it may be on their agenda on Friday, December 17.

Sincerely,

James M. Waddell, Jr.

James M. Waddell, Jr.
Chairman
Joint Legislative Committee on Personal
Service Financing and Budgeting

bs

014352

JAMES M. WADDELL, JR.
SENATOR, BEAUFORT, ALLENDALE, COLLETON, HAMPTON AND JASPER COUNTIES
SENATORIAL DISTRICT NO. 15
SENATE OFFICE NO. 2

HOME ADDRESS:
BOX 1026
BEAUFORT, S. C. 29902

THE SENATE OF SOUTH CAROLINA

COMMITTEES:
EDUCATION
FINANCE
FISH, GAME AND FORESTRY, Chairman
INTERSTATE COOPERATION
TRANSPORTATION

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

December 13, 1982

Dr. Jesse A. Coles, Jr.
Deputy State Auditor
State Auditor's Office
406 Wade Hampton Office Building
Columbia, South Carolina 29211

Dear Dr. Coles:

The Joint Legislative Committee on Personal Service Financing and Budgeting met on Monday, December 13, 1982, and is forwarding to you its actions for transmittal to the Budget and Control Board.

A. 83-18 Board of Financial Institutions - Consumer Finance Division
Request to establish one (1) 100% State Fund FTE position above the number authorized.
Recommendation: Recommend approval so long as there is sufficient revenues generated by the agency to support the position.

B. 83-19 S. C. Board of Accountancy - Request to establish a 0.4 State Fund FTE position above the number authorized.
Recommendation: Approval

C. 83-24 Budget and Control Board-Research & Statistical Services Division
Request to transfer three (3.00), ((2) State Fund and (1) Other Fund) FTE positions to the Water Resources Commission.
Recommendation: Approval

D. 83-25 Department of Highways & Public Transportation
Request to establish seventeen (17.00) Other Fund FTE positions above the number authorized.
Recommendation: Approval

E. 83-26 S. C. Coastal Council - Request to change the source of funds on four (4.00) 100% Federally funded FTE positions to 100% State funded.
Recommendation: Approval

014353

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

F. 83-28 Board of Pharmacy - Request to establish a 1/4, (0.25%) State Funded FTE position above the number authorized.
Recommendation: Approval

Should you have any questions or if I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

James M. Waddell, Jr.

James M. Waddell, Jr., Chairman
Joint Legislative Committee on Personal Service Financing and Budgeting

bs

Enclosures

014354

REQUEST FOR INCREASE
IN AUTHORIZED POSITION
COUNT

Date 9-1-82 Item Number 83-18

Agency: R25 Board of Financial Institutions - Consumer Finance Division

Subject: Establishment of Position above the number authorized

The Board of Financial Institutions - Consumer Finance Division request authorization to establish one (1.00), 100% State Fund, FTE Position above the number authorized. This position was authorized in previous years but was deleted by the agency in 1981-82 because of a reduction in Personal Service funding. No funds are requested.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested: Authorize the establishment of one (1.00) FTE Position

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:

Recommend approval so long as there is sufficient revenues generated by the agency to support the position.

Attachments:

1. Letter from the Board of Financial Institutions - Consumer Finance D
2. FTE Position Request Form
3. FTE Position Summary Form

014355

IN AUTHORIZED POSITION
COUNT

Date 9-1-82 Item Number 83-19

Agency: R 64 South Carolina Board of Accountancy

Subject: Establishment of FTE Position above the number authorized

The South Carolina Board of Accountancy request authorization to establish a 0.40% State Funded FTE Position above the number authorized. The agency was appropriated a new FTE Position in 1981-82 but due to a shortage of funds it was able to fill only a part-time position. There is now need for the additional .40% to be authorized.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested: Authorize the establishment of a 0.40% FTE Position

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:

Recommend approval.

Attachments:

1. Letter from the Board of Accountancy
2. FTE Position Request Form
3. FTE Position Summary Form

014356

IN AUTHORIZED POSITION
COUNT

Date 10/25/82 Item Number 83-24

Agency: F08 B&C Board - Research & Statistical Services Division

Subject: Transfer FTE Positions

The Budget and Control Board - Research and Statistical Services Division request authorization to transfer (3.00), (2) State Fund, and (1), Other Fund, FTE Positions to The Water Resources Commission. The Budget and Control Board has approved this transfer in principle. This transfer will place most of the responsibility for the State Climatology Program with the Water Resources Commission.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested: Authorize the transfer of (3.00) FTE Positions.

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:
Recommend approval

Attachments:
1. Letter from Research and Statistics
2. FTE Position Request Form
3. FTE Position Summary Form

014357

REQUEST FOR INCREASE
IN AUTHORIZED POSITION
COUNT

Date 10/25/82 Item Number 83-25

Agency: U12 Department of Highways & Public Transportation

Subject: Establishment of FTE Positions above the number authorized.

The Department of Highways and Public Transportation request authorization to establish (17.00), Other Fund, FTE Positions above the number authorized. These Positions, if authorized, will be used to collect the four percent (4%) causual sales tax enacted by the Legislature.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested: Authorize the establishment of (17.00) FTE Positions.

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:

Recommend approval

Attachments:
1. Letter from the Department of Highways & Public Transportation Chief Commissioner
2. FTE Positions Request Form
3. FTE Positions Summary Form

014358

REQUEST FOR INCREASE
IN AUTHORIZED POSITION
COUNT

Date 12/6/82 Item Number 83-26

Agency: P 25 Coastal Council

Subject: Source of Fund Change

The South Carolina Coastal Council requests authorization to change the source of funds on four (4.00) 100% Federally funded FTE positions to 100% State funded. This request is made due to lost of Federal funds. No request for additional funds is made.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Authorize the source of fund change on four (4.00) FTE positions

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:

Recommend approval

Attachments:

1. Letter from Coastal Council
2. FTE Position Request Form
3. FTE Position Summary Form

014359

REQUEST FOR INCREASE
IN AUTHORIZED POSITION
COUNT

Date 12/6/82 Item Number 83-28

Agency: S 20 Board of Pharmacy

Subject: Establishment of positions above the number authorized.

The Board of Pharmacy requests authorization to establish a ¼, 0.25% State Funded FTE position above the number authorized. Approval of this request will permit the agency to continue the employment of a Special Investigator II on a part-time basis.

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Board Action Requested:

Authorize the establishment of a (0.25) FTE position

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment:

Recommend approval

Attachments:

1. Letter from The Board of Pharmacy
2. FTE Position Request Form
3. FTE Position Summary Form

014360

EXHIBIT

REQUEST FOR INCREASE
IN AUTHORIZED POSITION
COUNT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

Date 12/8/82

Item Number 83-29

Agency: E 20 Attorney General

Subject: Establishment of Position above the number authorized.

The Office of the Attorney General requests authorization to establish six (6.00), 100% State Fund, FTE Positions above the number authorized. Funding for these positions to be determined.

Board Action Requested: Authorize the establishment of six (6.00) FTE Positions.

Joint Legislative Committee on Personal Service Financing and Budgeting

Comment: Approved 12/9/82

Attachments:
1. Letter from the Joint Legislative Committee
2. FTE Position Request Form
3. FTE Position Summary Form

014361

POSITION SUMMARY

AGENCY E 20 Attorney General DATE COMPILED 12/8/82

	TOTAL FUND	STATE FUND	FEDERAL FUND	OTHER FUNDS
AUTHORIZED	212.00	161.75	50.25	0
NOT ESTABLISHED	0.20	0.20	0	0
ESTABLISHED	211.80	161.55	50.25	0
FILLED	206.80	157.30	49.50	0
VACANT	5.00	4.25	0.75	0

COMMENTS: 1. Item # 83-29

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

014362

REQUEST FOR NEW POSITION

EXHIBIT

DATE: 12-13-82

FROM: E20 ATTORNEY GENERAL'S OFFICE
AGENCY

DEC 17 1982 NO. 17

CODE NO. _____

STATE BUDGET & CONTROL BOARD

TO: Budget and Control Board
Finance Division - Budget Development

SUBJECT: Request for positions exceeding number authorized in 1982-83 Appropriation Act
Request is to establish 6 new positions at _____ as follows:

No. Positions	Positions Title	Grade	Class Code	Annual Salary	Source of Funds (Percent) State	Federal	Other
(1.00)	Admin. Asst. III	32	2410	$21,000	100%		
(1.00)	Attorney I	33	2011	18,194	100%		
(4.00)	Special Counsel To The Attorney General	51	* (1) @ 52,000 (2) @ 50,000 (1) @ 45,000		100% 100% 100%		

*Unassigned

REQUEST JUSTIFICATION:

REQUESTED BY: Jack Bryan, Director of Admn. DATE 12-13-82

BUDGET DEVELOPMENT:

[X] Recommend Approval

[ ] Recommend Disapproval

Allan Kincaid
State Budget Analyst — 12-13-82 Date

Budget Development Director — 12-14-82 Date

GRANTS & REVIEW SECTION:

[ ] Recommend Approval

[ ] Recommend Disapproval

Grants & Review Analyst — Date

Grants & Review Director — Date

State Auditor — Date

BUDGET AND CONTROL BOARD ACTION:

014363

JAMES M. WADDELL, JR.
SENATOR, BEAUFORT, ALLENDALE, COLLETON, HAMPTON AND JASPER COUNTIES
SENATORIAL DISTRICT NO. 15
SENATE OFFICE NO. 2

HOME ADDRESS:
BOX 1026
BEAUFORT, S. C. 29902

THE SENATE OF SOUTH CAROLINA

COMMITTEES:
EDUCATION
FINANCE
FISH, GAME AND FORESTRY, Chairman
INTERSTATE COOPERATION
TRANSPORTATION

EXHIBIT

DEC 17 1982 NO. 17

STATE BUDGET & CONTROL BOARD

December 9, 1982

Dr. Jesse A. Coles, Jr.
Deputy State Auditor
State Auditor's Office
Wade Hampton Office Building
Columbia, South Carolina 29211

Dear Dr. Coles:

The newly elected Attorney General has contacted the Joint Legislative Committee on Personal Service Financing and Budgeting concerning his need for six (6) additional state FTE's in the Attorney General's Office. The Committee, by poll, is recommending to the Budget and Control Board that the number of authorized State FTE's be increased by 6.00. The Committee did not attach any conditions to this approval, however, they did express a desire that the Attorney General attempt, if possible, to reduce the number of positions as he serves his term in office.

I will appreciate your forwarding this item to the Budget and Control Board so that it may be on their agenda on Friday, December 17.

Sincerely,

James M. Waddell, Jr.

James M. Waddell, Jr.
Chairman
Joint Legislative Committee on Personal Service Financing and Budgeting

bs

014364

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 18 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 9

Agency: Medical University

Subject: Issuance of Hospital Facilities Revenue Bonds

The Board of Trustees of the Medical University has adopted a resolution seeking Budget and Control Board approval of the issuance of not exceeding $27,000,000 of Medical University Hospital Facilities Revenue Bonds.

Two million dollars of these proceeds would be used to retire the outstanding bond anticipation notes dated September 1, 1982, which mature April 1, 1983.

Not less than $14,000,000 would be used to help finance the East Wing Addition project of the Medical University Hospital.

Approximately $5,000,000 of the proceeds would be used to finance various renovations of existing hospital facilities of the Medical University.

Finally, sufficient proceeds would be used to provide a debt service reserve funds, pay capitalized interest and pay the expenses of the issuance.

Board Action Requested:

Adopt a resolution authorizing the issuance of not exceeding $27,000,000 of Hospital Facilities Revenue Bonds of the Medical University for the purposes indicated.

Staff Comment:

Attachments:

Referenced resolution

014365

EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

A RESOLUTION

AUTHORIZING THE ISSUANCE OF HOSPITAL FACILITIES REVENUE BONDS OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA.

WHEREAS, the Board of Trustees (the Trustees) of The Medical University of South Carolina (The Medical University) is authorized by the provisions of Act 518 of the Acts of 1980 (61 Statutes at Large, page 2227) to construct those improvements to its existing hospital facilities known as the "East Wing Addition" (the Project) and by the said Act (at page 2261) to raise a portion of the moneys required therefor through the issuance of hospital revenue bonds; and

WHEREAS, by paragraph 6(e) of Section 14 of said Act, the Trustees are permitted

> "(e) to utilize all provisions of the Hospital Revenue Bond Act except as herein limited, it being intended that the provisions of such Act may be adapted so as to be made applicable to the Trustees in order that they may have a viable vehicle for the issuance of Hospital Revenue Bonds. The Trustees . . . may (with the approval of the State Board) borrow money and issue bonds pursuant to the Hospital Revenue Bond Act to raise the moneys required for the Hospital Improvements and other Hospital Facilities...."; and

WHEREAS, work on the Project has commenced and as of September 1, 1982, with the approval of the State Board, The Medical University did issue Two Million Dollars

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($2,000,000) of Bond Anticipation Notes dated September 1, 1982 and maturing on April 1, 1983; and

WHEREAS, it was then, and it is now, planned that sufficient revenue bonds be issued prior to April 1, 1983, in order to pay the Bond Anticipation Notes outstanding and to provide additional moneys for the Project in an amount not less than the $12,941,494 of Hospital Revenue Bonds required to be issued by the second proviso appearing on page 2228 of the Act; and

WHEREAS, the Trustees have reported to the State Board concerning negotiations with underwriters (Salomon Brothers Inc. of New York), appointed to act as such by the State Treasurer, and have also received a tentative proposal from Morgan Guaranty Trust Company of New York to purchase bonds. In the latter instance, the bonds must be delivered prior to January 1, 1983 in order to avoid the so-called "Preference Tax" enacted by the 1982 Federal statute commonly referred to as TEFRA (Tax Equity and Fiscal Responsibility Act of 1982); and

WHEREAS, the Trustees now seek permission to issue not exceeding Twenty-Seven Million Dollars ($27,000,000) Hospital Revenue Bonds to obtain funds to

1. Retire the outstanding Bond Anticipation Notes in the principal amount of Two Million Dollars ($2,000,000) dated September 1, 1982 and maturing April 1, 1983;

EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

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2. Raise not less than Fourteen Million Dollars ($14,000,000) for the Project;

3. Raise approximately Five Million Dollars ($5,000,000) for renovations of existing Hospital Facilities; and

4. Raise sufficient moneys to provide a debt service reserve fund, capitalized interest, and the expenses of issuance;

WHEREAS, the State Board has determined that it is in the interest of the State and The Medical University that action be taken which would permit the sale of revenue bonds of The Medical University;

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

After due consideration, approval is hereby given to the issuance of not exceeding Twenty-Seven Million Dollars ($27,000,000) of Hospital Facilities Revenue Bonds of The Medical University of South Carolina in order to raise money for the purposes set forth in the preamble hereto. Such bonds shall be in such principal amount, shall be dated, shall mature, shall bear interest, and be subject to redemption in such manner as the Trustees and the State Treasurer shall approve.

EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

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EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 1:30 pm, Friday, December 17, 1982, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

None.

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

FOR MOTION	AGAINST MOTION
5	0

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

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

014369

December 20, 1982

William A. McInnis

Secretary

DEC 13 1982

SINKLER GIBBS & SIMONS
PROFESSIONAL ASSOCIATION
160 EAST BAY STREET
CHARLESTON, SOUTH CAROLINA
TELEPHONE AND TELECOPIER
(803) 722-3366

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

COLUMBIA OFFICE
SUITE 1160
FIRST NATIONAL BANK BUILDING
COLUMBIA, S. C. 29201
(803) 765-1885

December 10, 1982

EXHIBIT
DEC 17 1982 NO. 18
STATE BUDGET & CONTROL BOARD

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

Dear Bill:

I enclose herein a copy of the Resolution which I understand was adopted by the Trustees of the Medical University at its meeting held today. I also enclose for your consideration an original and six copies of a Resolution by which the State Budget and Control Board would give its approval to the issuance of Hospital Revenue Bonds by The Medical University.

With kind regards, I am

Sincerely yours,

HS/mcg

Enclosures

014370

EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

A RESOLUTION

SEEKING THE APPROVAL OF THE STATE BUDGET AND CONTROL BOARD TO THE ISSUANCE OF HOSPITAL FACILITIES REVENUE BONDS OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING TWENTY-SEVEN MILLION DOLLARS ($27,000,000).

WHEREAS, the Board of Trustees (the Trustees) of The Medical University of South Carolina (The Medical University) is authorized by the provisions of Act 518 of the Acts of 1980 (61 Statutes at Large, page 2227) to construct those improvements to its existing hospital facilities known as the "East Wing Addition" (the Project) and by the said Act (at page 2261) to raise a portion of the moneys required therefor through the issuance of hospital revenue bonds; and

WHEREAS, by paragraph 6(e) of Section 14 of said Act, the Trustees are also permitted

> "(e) to utilize all provisions of the Hospital Revenue Bond Act except as herein limited, it being intended that the provisions of such Act may be adapted so as to be made applicable to the Trustees in order that they may have a viable vehicle for the issuance of Hospital Revenue Bonds. The Trustees . . . may (with the approval of the State Board) borrow money and issue bonds pursuant to the Hospital Revenue Bond Act to raise the moneys required for the Hospital Improvements and other Hospital Facilities...."; and

WHEREAS, the Trustees, with the approval of the State Board, have undertaken work on the Project and also plan to

014371

undertake renovation of portions of the existing teaching hospital; and

WHEREAS, in order to provide funds for the Project, the Trustees did as of September 1, 1982, with the approval of the State Board, issue Two Million Dollars ($2,000,000) of Bond Anticipation Notes dated September 1, 1982 and maturing on April 1, 1983; and

WHEREAS, the Trustees have had negotiations with underwriters (Salomon Brothers Inc. of New York), appointed to act as such by the State Treasurer, and have also received a tentative proposal from Morgan Guaranty Trust Company of New York to purchase bonds. In the latter instance, the bonds must be delivered prior to January 1, 1983 in order to avoid the so-called "Preference Tax" enacted by the 1982 Federal statute commonly referred to as TEFRA (Tax Equity and Fiscal Responsibility Act of 1982); and

WHEREAS, it is determined that Hospital Revenue Bonds should be issued in the principal amount of not exceeding Twenty-Seven Million Dollars ($27,000,000) to obtain funds to

1. Retire the outstanding Bond Anticipation Notes in the principal amount of Two Million Dollars ($2,000,000) dated September 1, 1982 and maturing April 1, 1983;

2. Raise not less than Fourteen Million Dollars ($14,000,000) for the Project;

014372

3. Raise approximately Five Million Dollars ($5,000,000) for renovations of existing Hospital Facilities; and

4. Raise sufficient moneys to provide a debt service reserve fund, capitalized interest, and the expenses of issuance;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

Application shall be made to the State Budget and Control Board for permission to issue not exceeding Twnety-Seven Million Dollars ($27,000,000) of Hospital Revenue Bonds of The Medical University of South Carolina.

A copy of this Resolution, duly certified, shall be sent to the State Budget and Control Board as evidence of the request that it authorize the issuance of not exceeding Twenty-Seven Million Dollars ($27,000,000) Hospital Facilities Revenue Bonds of The Medical University of South Carolina, and that such bonds shall be dated, shall mature, shall bear interest, and be subject to redemption in such manner as the Trustees and the State Treasurer shall approve.

DONE IN MEETING DULY ASSEMBLED this ____ day of December, 1982.

(SEAL)

_____
Chairman of the Board of Trustees
of The Medical University of
South Carolina

014373

Attest:

_____
Secretary of the
Board of Trustees

014374

EXHIBIT

DEC 17 1982 NO. 18

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

I, the undersigned, Secretary of the Board of Trustees of the Medical University of South Carolina, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of a Resolution which was duly adopted by the Board of Trustees at a regularly called meeting held in Charleston on Friday, December 10, 1982, and attended by a quorum of the members of the Board of Trustees with the exception of the Honorable Richard W. Riley, Governor of South Carolina and ex officio member of the said Board.

That said Resolution remains in full force and effect and has not been modified or repealed.

WITNESS my Hand this ____ day of December, 1982.

Secretary of the Board of
Trustees of the Medical
University of South Carolina

014375

EXHIBIT

DEC 17 1982 NO. 19

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA
DEPARTMENT OF LABOR
P. O. BOX 11329
COLUMBIA, S. C. 29211

EDGAR L. McGOWAN
COMMISSIONER

December 16, 1982

The Honorable Richard W. Riley
Members of the Budget and Control
Board
Columbia, South Carolina

Gentlemen:

Due to the difficulty the United States Congress is having with the 1983 Department of Labor budget, we have been operating under a Continuing Resolution for the Federal matching funds of our Occupationsl Safety and Health Program. The present Continuing Resolution expires December 17, 1982, and it now appears that neither the Appropriation Act for 1983 or a Continuing Resolution will be passed by the expiration date.

I respectfully request that the Department of Labor be given a waiver of Section 133 of the Appropriations for 1982-1983 for a period not to exceed 30 days to expend state funds only for continuation of the program until we either get an Appropriation Act or a new Continuing Resolution. I feel that either an Appropriation Act or a Continuing Resolution would be retroactive which would permit us to recoop Federal percentage.

Respectfully requested,

E. L. McGowan

E. L. McGowan

ELMcG:rjp

014376

EXHIBIT

DEC 17 1982 NO. 19

STATE BUDGET & CONTROL BOARD

SEC. 133. All Federal Funds received shall be deposited in the State Treasury, if not in conflict with Federal regulations, and withdrawn therefrom as needed, in the same manner as that provided for the disbursement of state funds. If it shall be determined that federal funds are not available for, or cannot be appropriately used in connection with, all or any part of any activity or program for which state funds are specifically appropriated in this Act to match Federal funds, the appropriated funds may not be expended and shall be returned to the General Fund, except upon specific written approval of the Budget and Control Board after review by the Joint Appropriations Review Committee. *Provided, Further,* That donations or contributions from sources other than the Federal Government, for use by any state agency, shall be deposited in the State Treasury, but in special accounts, and shall be withdrawn from the treasury as needed to fulfill the purposes and conditions of the said donations, or contributions, if specified, and, if not specified, as may be directed by the proper authorities of the department. *Provided, Further,* That the expenditure of funds by agencies of the State Government from sources other than General Fund appropriations shall be subject to the same limitations and provisions of law applicable to the expenditure of appropriated funds with respect to salaries, wages or other compensation, travel expense, and other allowance or benefits for employees.

QUESTION LATER RAISED IF THIS REVIEW REQUIREMENT STILL STANDS AFTER S.C. SUPREME COURT DECISION IN JARC CASE.

014377

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF December 17, 1982

DEC 17 1982

NO. 20

REGULAR SESSION AGENDA

ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: State Personnel Division

Subject: Salary Retention for Employees Demoted as a result of Reduction-in-Force.

State Personnel Regulation (Uniform Pay Plan), Section 19-2.02 F. provides that "The Budget and Control Board may approve, at its discretion, justifiable exceptions to these policies and regulations."

In accordance with the authority of the above Section, we strongly recommend that the Board adopt the following statement:

It is the Board's position that employees that are demoted as a result of a reduction-in-force or other personnel action shall be treated the same as downward reclassifications or pay adjustments as provided for in Sections 19-2.06 B. and C. of the State Personnel Regulations, Subsection 2.06 A.1. notwithstanding.

Board Action Requested:

Staff Comment:

The Board is asked to consider a position concerning employees remaining above the maximum salary for a pay grade when demoted under a reduction-in-force or other personnel action.

Attachments:

014378

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 21 ITEM NUMBER 11

STATE BUDGET & CONTROL BOARD

Agency: State Personnel Division

Subject: Reduction-in-Force Report

Board Action Requested:

Staff Comment:

Attachments:

Report

014379

State of South Carolina
BUDGET AND CONTROL BOARD
PERSONNEL DIVISION
1205 Pendleton Street
P. O. Box 12547
Columbia, South Carolina 29211

Jack S. Mullins, Ph.D
Director

803-758-3334

EXHIBIT
DEC 17 1982 NO. 21
STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Members of the Budget and Control Board

FROM: Jack S. Mullins

DATE: December 9, 1982

SUBJECT: Reduction In Force Report

As a result of reductions in funds, fifteen State agencies have undergone a reduction in force since the beginning of September through mid-November 1982. These reductions are attributed to the 4.6% reduction in State budget funds announced in September, continued reductions in Federally-funded programs, and losses in other grant funds.

The budget reductions resulted in 160 employees being notified they would be affected by a reduction in force with an effective date between September 1, 1982, and November 17, 1982. Of the total reduction in force population, State agencies were able to place forty-two of these employees in other positions within their agency either before the effective date of the reduction in force or recalled them in less than two months after the layoff. Three employees affected by a reduction in force during this reporting period have been placed in other State agencies. Additionally, five former State employees have found jobs in either the Federal government or local government entities, and six affected employees were assisted in obtaining employment in the private sector. Two other employees have retired due to disability. Thus, fifty-eight employees or 36.2% of the reduction in force population have been placed since the employees were notified of reductions in force.

The remaining 102 employees affected by reduction in force compose two different groups of fifty-one employees. At the present time fifty-one former employees have declined available employment assistance through both their agency and the Recruiting Unit of State Personnel. Most of these individuals have failed to complete an updated application form for employment opportunities although offered assistance in completing the forms and being informed of this necessity by their respective agencies. The Recruiting Unit has followed up the agencies' efforts by sending a letter and an additional application form to these affected individuals requesting the application be completed and offering assistance in locating employment. The fifty-one former employees declining services thus far represent

EXHIBIT
DEC 17 1982 NO. 21
STATE BUDGET & CONTROL BOARD

31.9% of the affected employees. These individuals continue to have placement assistance available if they choose to use it and also have recall rights within their former agencies for a period of twelve months.

The net number of employees affected by a reduction in force and actively seeking employment also totals fifty-one or 31.9% of the affected population. In addition to the respective agencies' efforts to secure employment for these former State employees, the Recruiting Unit is actively attempting to identify positions within State government where placements may occur. Efforts are being expanded to help individuals locate employment not only in the same type of position they held when they were separated from employment, but also in other positions for which they qualify. Efforts are also being made to find employment for these affected people in the private sector through job service, and an outstationed representative of the Employment Security Commission in the Recruiting Unit which provides exposure to jobs on a Statewide basis.

With regards to the source of funding for employees affected by a reduction in force, the majority were displaced in this reporting period due to a loss of State funds. Of the 160 affected employees, 103.5 positions or 64.7% of the population were State-funded. Federally-funded positions accounted for 48.5 positions or 30.3% of the total. Eight positions eliminated were due to a loss of other funds.

The positions eliminated through reduction in force were almost all full-time positions. These accounted for 152 positions while eight positions eliminated were part-time employment.

In terms of opportunities for placement of the affected employees during this period, forty-five employees re-entered the State workforce. As cited previously, forty-two individuals filled positions within their original agency and three others filled vacancies in other agencies. There were seven additional opportunities in other agencies during the reporting period for affected employees to be placed in the same class to the one previously held, but they were not selected for the occurring vacancies.

The lack of greater opportunities for placement of employees affected by a reduction in force was constrained by several factors. The first major factor was matching the employee's qualifications for positions to those currently being filled by State agencies. A second factor was matching the employee's willingness to relocate to the geographic area of a position being filled. A final factor which lowered the opportunity for the employees of the given reporting period to be placed was that a number of the individuals entered the available applicant population recently and thus were not able to apply for vacancies which occurred prior to their reduction in force notification. However, the opportunities for consideration for positions will expand for these individuals within the near future as vacancies are filled in State agencies.

014381

EXHIBIT
DEC 17 1982 NO. 21
STATE BUDGET & CONTROL BOARD

In addition to the compiled information through November 17, 1982, the reduction in force population expanded greatly with the announced reduction in force at the Department of Mental Retardation. At Whitten Center in Clinton, 150 employees were a part of a reduction in force effective November 26, 1982. Both the Department of Mental Retardation and the Recruiting Unit of State Personnel are attempting to assist these individuals in finding other employment. Thus far, only thirty applications have been completed and received from the former employees. A representative from the Recruiting Unit met with the employees at Whitten Center at the time the reduction in force was announced and explained the assistance available both in State employment and in the private sector. All affected individuals have been notified of additional dates when a representative will again be in Clinton to meet with any individuals seeking assistance in finding employment. The objective is to give all of the employees affected by a reduction in force a wide exposure to employment opportunities as soon as possible.

014382

Reduction in Force September 1, 1982 - November 17, 1982

Number of agencies affected by RIFs	15
Total Number of RIF'd employees[1]	160
Placed W/I Agency[2]	42
Placed in Other Agencies[3]	3
Placed in Other Government Employment[4]	5
Placed in Private Sector	6
Retired	2
Number Declining Services[5]	51
Net RIF'd Available[6]	51

EXHIBIT
DEC 17 1982 NO. 21
STATE BUDGET & CONTROL BOARD

[1]Indicates employees who were notified they would be RIF'd with an effective date September 1 - November 17, 1982. The figure does not include the reduction in force at Whitten Center.

[2]Indicates employees who were either placed in another position within their agency prior to separation of employment or have been recalled since separation.

[3]Indicates hired by other State agencies following RIF.

[4]Indicates hired by other divisions of government either local or federal.

[5]Indicates employees affected by RIF and advised of employment assistance but have not completed application or indicated no interest in assistance.

[6]Indicates employees affected by RIF and actively seeking employment.

014383

Reduction in Force September 1, 1982 - November 17, 1982

EXHIBIT

DEC 17 1982 NO. 21

STATE BUDGET & CONTROL BOARD

Source of Funds of RIF Population

RIF Population	160
Federally-Funded	48.5[1]
State-Funded	103.5
Other Funds	8

[1]The fractional number of State-funded and Federally-funded positions is attributed to equal matching funds for one position.

Full-Time/Part-Time Positions

RIF Population	160
Full-time Positions	152
Part-time Positions	8

014384

EXHIBIT

DEC 17 1982 NO. 21

BUDGET & CONTROL BOARD

Reduction in Force

Department of Mental Retardation
Whitten Center

Total Number of RIF'd Employees	150
Number Declining Services at Present	120[1]
Net RIF'd Available	30[2]

[1]Updated applications have not been completed by these individuals or the individuals have declined employment assistance.

[2]Number of affected employees with applications on file seeking employment assistance.

014385

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF December 17, 1982

DEC 17 1982 NO. 22

STATE BUDGET & CONTROL BOARD

REGULAR SESSION AGENDA

ITEM NUMBER 12

Agency:

General Services

Subject:

Exemption of professional artists utliized by the South Carolina Arts Commission under Section 11-35-710 of the consolidated procurement code.

See attached correspondence relating to request and recommendation to Board.

Board Action Requested:

Approval of South Carolina Arts Commission's request for exemption of professional artists under Section 11-35-710 of the consolidated procurement code.

Staff Comment:

014386

Attachments:

Memorandum dated December 8, 1982, from Barbara McMillan to Tony Ellis
Memorandum dated November 19, 1982, from Scott Sanders, S. C. Arts Commission

EXHIBIT

DEC 17 1982 NO. 22

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE 12-9-82

SUBJECT: Exemption of professional artists utilized by the S.C. Arts Commission under Section 11-35-710 of the consolidated procurement code

BACKGROUND: (INCLUDE APPLICABLE ATTACHMENTS)

see attached correspondence relating to request and recommendation to Board

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RECOMMENDATIONS

Requestor -

Unit Director -

Assistant Director -

Deputy Director - Jay Ellis

014387

EXHIBIT

DEC 17 1982 NO. 22

STATE BUDGET & CONTROL BOARD

The explanation to this effect was thoroughly made at yesterday's meeting and I feel assured that the procedures that are currently followed in the selection and hiring of the subject artists are adequate and well documented for the purposes of their art programs.

I, therefore, suggest that you request of the Budget and Control Board that it grant an exemption from the purchasing procedures of the Code for those professional artists which the South Carolina Arts Commission hires to provide art services for Commission programs including but not limited to Artists-in-Education, Stage South, Mobile Arts, Rural Arts, Arts-in-Prison and Arts for Elders. I have asked that they additionally provide us with information regarding the number of contracts let for these programs in fiscal year 81-82 and the amount of money budgeted in federal, state and local funds for fiscal year 82-83 in case the Board should request any figures in this regard. We should receive this by December 15th so I do not see a problem with having this on the agenda for the 17th.

BAM:rms

Attachments

OK to request Board exemption
under Section 11-35-710
Tony Ellis
12-9-82

014389

meeting on Dec. 1
3:00 at Arts Com.

South Carolina Arts Commission
1800 Gervais Street
Columbia, South Carolina 29201
Telephone: (803) 758-3442

Barbara -
Please review
and let's discuss.
Tony
11-24-82

November 19, 1982

EXHIBIT

DEC 17 1982 NO. 22

STATE BUDGET & CONTROL BOARD

Mr. Tony Ellis
Materials Management Officer
Division of General Services
300 Gervais Street
Columbia, SC 29201

Dear Tony:

The South Carolina Arts Commission contracts with over 200 professional. artists each year to provide art services in a variety of Commission programs including but not limited to such programs as Artists in Education, Stage South, Mobile Arts, Rural Arts, Arts-in-Prisons and Arts for Elders.

In providing these services, artists share with participants their talents and insights through demonstrations, workshops, lectures, performances and community projects.

To be eligible to work in these programs the majority of artists must go through a review process (conducted by professional artists and educators separate from the Commission staff and Board) that includes an audition or review of their work. (See Artists Selection Panel Procedures Brochure.)

Once approved by the Panel or by alternative criteria (which except for Master Artist candidates, also involve an audition or review of the quality of their work), artists selected are contracted as independent contractors to provide services in Commission programs. That is to say, the Commission procures their services on a fee basis (does not withhold taxes and social security contributions) and does not exercise control on the details and means by which their services are rendered, but does establish the results to be obtained. Artists furnish supplies, equipment and materials needed to provide their services and can be contracted on short-term (daily) or longer-basis (15 or more weeks). Fees paid are generally assigned according to an established fee schedule for those specific services and the artists' years of experience; the exception would be those paid on occasion to Master Artists.

Because of the need to contract for those arts services for the continued operation of Commission programs and because of the independent nature of such services, the Commission requests permission to exempt

NOV 23 1982

014390

EXHIBIT

DEC 17 1982 NO. 22

STATE BUDGET & CONTROL BOARD

the purchase of the services of artists from the purchasing procedures and the reporting requirements in the Consolidated Procurement Code.

I would appreciate your support in this request and ask that you recommend this exemption to the members of the Budget and Control Board.

Thank you.

Sincerely,

Scott Sanders

SCOTT SANDERS
EXECUTIVE DIRECTOR

SS/hal
encl.

014391

EXHIBIT

STATE BUDGET AND CONTROL BOARD REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 23 ITEM NUMBER 13

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject:

Request for Budget and Control Board approval of equipment trade-in value which exceeds $25,000 in accordance with provisions of Section 11-35-3820 of the South Carolina Procurement Code.

The Medical University of South Carolina requests approval to trade an Irex System III Sector Scanner Echocardiogram toward the purchase of an Irex System III Real Time Phasey Array Sector Scan to obtain the capability of quantitive and qualitative Roppler Echophonocardiographic studies. Trade-in value $47,665.00. Procurement to be made in accordance with provisions of The South Carolina Procurement Code.

Board Action Requested:

Approval of the Medical University of South Carolina's request to trade in an Irex System Sector Scanner Echocardiogram toward the purchase of an Irex System III B Real Time Phasey Array Section Scan.

Staff Comment:

Attachments:

014392

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE December 8, 1982

SUBJECT: Budget and Control Board approval of equipment trade-in value which exceeds $25,000 in accordance with provisions of Section 11-35-3820 of the S. C. Procurement Code.

BACKGROUND: (INCLUDE APPLICABLE ATTACHMENTS)

The Medical University of South Carolina requests approval to trade an Irex System III Sector Scanner Echocardiogram toward the purchase of an Irex System III B Real Time Phasey Array Sector Scan to obtain the capability of quantitive and qualitative Roppler Echophonocardiographic studies. Trade-in value $47,665.00 - Procurement to be made in accordance with provisions of the S. C. Procurement Code.

RECOMMENDATIONS

Requestor -

Unit Director -

Acting Materials Management Officer - 12/8/82

Acting Deputy Director - 12/9/82

014393

DIVISION OF PROCUREMENT AND
PROPERTY MANAGEMENT

MATERIALS OFFICE 792-3202
PROCUREMENT OFFICE 792-4525
PURCHASING OFFICE 792-4521

Medical University of South Carolina

171 ASHLEY AVENUE / CHARLESTON, SOUTH CAROLINA 29425

November 26, 1982

Mr. Richard Campbell
Materials Management Office
800 Dutch Plaza
Suite 150
Columbia, SC 29210

Dear Mr. Campbell:

I am requesting approval for the trade-in of an Irex System III Sector Scanner Echocardiogram toward the purchase of an Irex System III B Real Time Phasey Array Sector Scan with continuous wave doppler.

This trade-in unit is approximately 20 months old and would subsequently result in a net 50% savings on the proposed technically advanced Irex System. Experience has shown that such equipment sold under the provisions of the State Procurement Code generally provide nomial bids which would not approach the offer of $47,665.00 quoted by Irex Corporation against the purchase price of $94,665.00 for the proposed new Irex System III B Echocardiogram.

I understand thru correspondence with Richard Kelly, that purchases involving trade-in values over $25,000.00, would require Board approval, in which I am enclosing all necessary background information for you to present this matter to the Board. The trade-in value of $47,665.00 is the most unique and economically feasible option for the State.

With the purchase of an Irex System III B Real Time Scanner Echocardiogram the Medical University Complex will be the only hospital in South Carolina with the capability of quantitive and qualitative Doppler Echophonocardiographic studies.

Your expeditious aproval of this trade-in transaction is requested to allow us to meet the time/invitations of this trade-in offer.

Regards,

Approved for trade-in Consideration Only
Recommend
Action by Materials Management
12-7-82

Brigid Allen
Equipment Buyer

cc: Fred L. Woodham
Enclosures 5

014394

Board Action Required

"An equal opportunity m/f affirmative action employer"

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 24 ITEM NUMBER 14

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject:

The Division of General Services Data Center requests approval to purchase a DASD Sub System.

The Division of General Services has been approved to acquire a DASD Sub System (2-3880 III, 3-3380-A4, 2-3380-B4). The low bidder is ~~COMDISCO~~ IBM per Telecon WAm with a purchase price of ~~$719,000.00~~ 640,030.00 per T. Telecon WAm. The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

Board Action Requested:

Approval of request by the Division of General Services Data Center to purchase a DASD Sub System.

Staff Comment:

Attachments:

014395

EXHIBIT

DEC 17 1982 NO. 24

DIVISION OF GENERAL SERVICES STATE BUDGET & CONTROL BOARD

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE November 29, 1982

SUBJECT:

Request for approval to purchase a DASD Sub System for the Division of General Services Data Center.

BACKGROUND: (Include Applicable Attachments)

The Division of General Services has been approved to acquire a DASD Sub System (2-3380 III, 3-3380-A4, 2-3380-B4). The low bidder is COMDISCO with a purchase price of $719,000.00.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director, General Services

Deputy Director -

014396

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 24 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 ITEM NUMBER 15

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject: Lease/Purchase

The Division of General Services asks for approval of the lease/purchase of four modems from IBM for the Division of General Services to provide title communications support at a total cost of $28,300.

The financier selected and the latest quoted interest rate will be provided to the Board by the Materials Management Office at the time this item is considered at the meeting.

Board Action Requested:

Approve request by Division of General Services to lease/purchase four modems from IBM.

Staff Comment:

Attachments:

014397

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE December 6, 1982

SUBJECT:

Request for approval to lease-purchase four modems from IBM for General Services Division.

BACKGROUND: (Include Applicable Attachments)

The Division of General Services requires four modems to provide title[2] communications support. The modems are to be procured from IBM Corp. at a total cost of $28,300.00.

The Division wishes to lease-purchase this equipment to avoid paying the higher lease rates.

The financier selected, interest rate, and monthly payments will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director, General Services.

Deputy Director -

014398

STATE BUDGET AND CONTROL BOARD EXHIBIT REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 24 ITEM NUMBER 16

STATE BUDGET & CONTROL BOARD

Agency:

General Services

Subject:

Greenville Technical College requests approval to lease-purchase computer equipment.

The Greenville Technical College has been approved to procure Computer Equipment from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $25,160.00, the College wishes to lease-purchase the system for thirty-six months.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

Board Action Requested:

Approval of request by Greenville Technical College to lease-purchase computer equipment for 36 months.

Staff Comment:

Attachments:

014399

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE November 29, 1982

SUBJECT:

Request for approval to Lease-Purchase Computer Equipment for Greenville Technical College.

BACKGROUND: (Include Applicable Attachments)

The Greenville Technical College has been approved to procure Computer Equipment from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $25,160.00 the College wishes to lease-purchase the system for thirty-six months.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director, General Services

Deputy Director -

014400

STATE BUDGET AND CONTROL BOARD

EXHIBIT

REGULAR SESSION AGENDA

MEETING OF December 17, 1982

DEC 17 1982 NO. 24

ITEM NUMBER 17

Agency: General Services

STATE BUDGET & CONTROL BOARD

Subject:

Midlands Technical College (Airport and Beltline Campuses) requests approval to lease-purchase High Resolution Color Monitors.

Midlands Technical College has been approved to procure Color Monitors from E&O Systems Limited for use with Digital terminals. However, due to the purchase price of $37,365.00, the College wishes to lease-purchase the system.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

Board Action Requested:

Approval of request to lease-purchase High Resolution Color Monitors by Midlands Technical College (Airport and Beltine Campuses).

Staff Comment:

Attachments:

014401

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE November 29, 1982

SUBJECT:

Request for approval to Lease-Purchase for Midlands Technical College, Airport and Beltline Campuses, High Resolution Color Monitors.

BACKGROUND: (Include Applicable Attachments)

Midlands Technical College has been approved to procure Color Monitors from E&O Systems Limited for use with Digital terminals. However, due to the purchase price of $37,365.00 the College wishes to lease-purchase the system.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director, General Services

Deputy Director -

014402

STATE BUDGET AND CONTROL BOARD EXHIBIT REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 24 ITEM NUMBER 18

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject:

Midlands Technical College, Beltline Campus, requests the approval to lease-purchase Computer Equipment.

The Beltline Campus has been approved to procure a VAX 11/780 Central Processing Unit and required peripherals from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $435,001.68, the college wishes to lease-purchase the system.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

Board Action Requested:

Approval of the request by Beltline Campus, Midlands Technical College, to lease-purchase computer equipment.

Staff Comment:

Attachments:

014403

EXHIBIT

DEC 17 1982 NO. 24

DIVISION OF GENERAL SERVICES STATE BUDGET & CONTROL BOARD

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE November 29, 1982

SUBJECT:

Request for approval to lease-purchase Computer Equipment for Midlands Technical College, Beltline Campus, Columbia, S. C.

BACKGROUND: (Include Applicable Attachments)

The Beltline Campus has been approved to procure a VAX 11/780 Central Processing Unit and required peripherals from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $435,001.68 the college wishes to lease-purchase the system.

The financier selected and latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director, General Services

Deputy Director -

014404

RECEIVED
1982
DIRECTOR

STATE BUDGET AND CONTROL BOARD EXHIBIT REGULAR SESSION AGENDA

MEETING OF December 17, 1982 DEC 17 1982 NO. 24 ITEM NUMBER 19

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject:

Midlands Technical College, Airport Campus, requests approval to lease-purchase computer equipment.

The Airport Campus has been approved to procure a VAX 11/730 Central Processing Unit and required peripherals from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $108,474.03, the College wishes to lease-purchase the system.

The financier selected and the latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

Board Action Requested:

Approval of request by Midlands Technical College, Airport Campus, to lease-purchase computer equipment.

Staff Comment:

Attachments:

014405

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

DATE November 29, 1982

SUBJECT:

Request for approval to Lease-Purchase Computer Equipment for Midlands Technical College, Airport Campus, West Columbia, S. C.

BACKGROUND: (Include Applicable Attachments)

The Airport Campus has been approved to procure a VAX 11/730 Central Processing Unit and required peripherals from Digital Equipment Corporation (DEC) under the State TEC-NET contract with DEC. However, due to the purchase price of $108,474.03 the College wishes to lease-purchase the system.

The financier selected and the latest quoted interest rate will be provided to the Board by MMO at the time of consideration of this item.

RECOMMENDATIONS

Requestor - Harold A. Stewart, Information Technology Management Officer

Unit Director - Recommend Approval, Richard J. Campbell, Acting Materials Management Officer

Assistant Director - Recommend Approval, Tony Ellis, Acting Deputy Director General Services

Deputy Director -

014406

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 758-2226

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

T.M. COPELAND
DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Tony Ellis, Acting Deputy Director, General Services

FROM: Harold Stewart, Information Technology Management Officer

SUBJECT: Interest Rates for Lease-Purchase Financing

DATE: December 10, 1982

Following are the agencies, items, interest rate, payments, and financier selected. We solicited Southern National, First Municipal, Municipal, Federal Leasing, and Equipment Leasing Corporation.

Agency:	General Services
Item:	Computer DASD (Disk) Sub-system ~~(719,000.00)~~ $640,030.00
Interest Rate:	10.375%
Payments:	60 Months - ~~$15,415.36~~ $13,717.14
Financier:	Southern National Leasing Corporation

Agency:	Midlands Technical College - Beltline
Item:	VAX 11/780 Computer System (435,001.68
Interest Rate:	10.375%
Payments:	60 Months - $9,326.43
Financier:	Southern National Leasing Corporation

Agency:	Midlands Technical College - Airport
Item:	VAX 11/730 Computer System (108,474.03)
Interest Rate:	10.375%
Payments:	60 Months - $2,325.68
Financier:	Southern National Leasing Corporation

Agency:	Midlands Technical College - Beltline & Airport
Item:	Color Monitors (37,365.00)
Interest Rate:	10.375%
Payments:	$801.10
Financier:	Southern National Leasing Corporation

DEC 14 1982

014407

EXHIBIT

DEC 17 1982 NO. 24

STATE BUDGET & CONTROL BOARD

MEMO

Tony Ellis
December 10, 1982

Page 2

Agency:	Greenville Technical College
Item:	Computer Equipment (25,160.00)
Interest Rate:	10.375%
Payments:	36 Months - $816.44
Financier:	Southern National Leasing Corporation

Agency:	General Services
Item:	4 Modems (28,300.00)
Interest Rate:	10.375%
Payments:	$606.75
Financier:	Southern National Leasing Corporation

hj

014408

EXHIBIT

DEC 17 1982 NO. 25

STATE BUDGET AND CONTROL BOARD REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 20

Agency: School for the Deaf and the Blind

Subject: Resolution Authorizing Execution of Quit Claim Deed

The Attorney General's Office recommends the adoption of the attached resolution which would authorize the President of the South Carolina School fo rthe Deaf and the Blind to execute a quit claim deed dated November 10, 1982 on its behalf which would enable that school to be the charitable beneficiary of approximately $800 from the sale of Lot 48, Tract 4753, Lucerene Vista, San Bernadino County, California.

Board Action Requested:

Adopt resolution.

Staff Comment:

014409

Attachments:

Sloan December 1 letter to McInnis plus attachments

The State of South Carolina

DEC 3 1982

EXHIBIT

DEC 17 1982 NO. 25

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-758-3970

December 1, 1982

William A. McInnis, Deputy Executive Director
State Budget and Control Board
618 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Dear Bill:

I enclose a copy of memorandum from Deputy Attorney General Vic Evans, which is self-explanatory. It is my opinion that the proposed execution of the deed by the president of the School for the Deaf and Blind is proper, and is in accordance with the court order of June 8, 1982, settling the estate.

Therefore, I recommend that this matter be placed on the Budget and Control Board agenda and that the attached Resolution be adopted by the Board.

Sincerely,

Frank K. Sloan

Frank K. Sloan
Deputy Attorney General

FKS:ppw

Enclosures

014410

The State of South Carolina

EXHIBIT

DEC 17 1982 NO. 25

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

DANIEL R. McLEOD
ATTORNEY GENERAL

CIVIL DIVISION
REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-2072

November 30, 1982

M E M O R A N D U M

TO: FRANK K. SLOAN, Deputy Attorney General, Attorney for South Carolina State Budget & Control Board

FROM: VSR VICTOR S. EVANS
Deputy Attorney General

RE: Ruth Winn Wickware Estate, Lot in San Bernardino County, California, and Interest of South Carolina School for Deaf & Blind to the Extent of $800.00

The attached letter from Laurens Attorney Charles Compton states facts whereby the South Carolina School for the Deaf & Blind is the potential beneficiary of $800.00, representing one-fourth of the proposed sales proceeds of a lot recently discovered to be in the name of Mrs. Ruth Winn Wickware. Previous litigation handled by former Assistant Attorney General Kenny Boggs established, pursuant to court order, appropriate division of the Wickware Estate, whereby the South Carolina School for the Deaf & Blind was beneficiary of one-fourth of the Wickware Estate. At time of previous litigation, it was assumed that no other property existed in the name of Ruth Winn Wickware, but the recent discovery of a California lot has reopened the matter, leading to an offer of $4,000.00, as reflected in correspondence also attached herewith.

I have discussed this matter with Kenny Boggs who recalls that the Budget & Control Board, through Bill Putnam,

EXHIBIT

DEC 17 1982 NO. 25

STATE BUDGET & CONTROL BOARD

passed resolution authorizing the President of South Carolina School for the Deaf & Blind to execute any deeds necessary to implement court order for securing the one-fourth interest to the South Carolina School for the Deaf & Blind. It is my belief that a similar resolution could be passed by the Budget & Control Board, authorizing execution of the attached deed by the President of the South Carolina School for the Deaf & Blind, which will then lead to receipt of an additional $800.00 from the sales proceeds. I do not have the earlier file, but I assume that the attached simple resolution could effect authoriziation for the President of the South Caroljna School for the Deaf & Blind to sign the enclosed deed on behalf of the Budget & Control Board.

I would appreciate your input into the matter and handling of the matter with the Budget & Control Board.

Attachment

VSE/sl

014412

EXHIBIT

DEC 17 1982 NO. 25

STATE BUDGET & CONTROL BOARD

BE IT HEREBY RESOLVED that the South Carolina Budget & Control Board hereby authorizes execution of quitclaim deed dated November 10, 1982, on its behalf by the President of the South Carolina School for the Deaf & Blind, thereby enabling the South Carolina School for the Deaf & Blind to be the charitable beneficiary of approximately $800.00 from the sale of lot 48, tract 4753, Lucerene Vista, San Bernadino County, California, this authorization being consistent with previous authorization by the South Carolina Budget & Control Board to implement previous court order.

SOUTH CAROLINA BUDGET & CONTROL BOARD

By: Richard W. Riley

Mark L. Atkinson

Earle E. Morris, Jr.

Tom D. Mangum

Herbert C. Dennis

Adopted by State Budget and Control Board
December 17, 1982

014413

EXHIBIT

STATE BUDGET AND CONTROL BOARD DEC 17 1982 NO. 26 REGULAR SESSION AGENDA

MEETING OF December 17, 1982 STATE BUDGET & CONTROL BOARD ITEM NUMBER 21

Agency: Finance Division

Subject: Transfer Requests

(a) Wildlife and Marine Resources: The Finance Division advises that the Wildlife and Marine Resources Department seeks approval of the transfer of $10,000 of federal personal service funds to travel and equipment categories. This transfer is within the same program.

(b) Department of Mental Health: The Finance Division advises that the Department of Mental Health requests authorization to transfer $176,043 from other operating funds in the pre-care, screening and after-care area to personal service ($143,757) and employer contributions ($32,286) in the same area.

Division staff point out that the justification for the Mental Health request relates to the need for linkage in the community centers to provide after-care services. Any headcount involved are to be absorbed within agency vacancies and no new FTE's are involved. The agency certifies that no filled positions will be vacated to accomplish this move.

Board Action Requested:

Approve.

Staff Comment:

Attachments:

014414

(a) Smoak memo to Wilkes dated 12/3

(b) Dorn 12/9 memo to Vaughn plus attachments

South Carolina
Wildlife & Marine
Resources Department

James A. Timmerman, Jr., Ph.D.
Executive Director
Edwin B. Joseph, Ph.D.
Director of
Marine Resources Division

December 3, 1982

EXHIBIT

DEC 17 1982 NO. 26

STATE BUDGET & CONTROL BOARD

MEMO TO: Carl Wilkes

FROM: Gene Smoak

SUBJECT: Budget Transfer within MRRI

The following budget adjustments are necessary for 1982-83 federal budget accounts due to the unpredictibility of federal funding:

Program Area : P245065 MRRI
Mini Code : 0788
Sub-Fund Code : 5055

Transfer from:

0160	Unclassified Positions	- 10,000
0818	Library Books	- 1,000
	Total	- 11,000

Transfer to:

0500	Travel	+ 6,000
0600	Equipment	+ 5,000
	Total	+ 11,000

cc: J. B. Reeves

014415

PAGE _____ OF _____

AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
P24	0606	1878	22,000.00			3

AGENCY VOUCHER NUMBER: 7022

C.G. WARRANT NUMBER:

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD - FINANCE DIVISION

APPROPRIATION TRANSFER

AGENCY TRANSFERRED TO (CR)
NAME: Same
ADDRESS:

TO REQUESTING AGENCY:
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

AGENCY TRANSFERRED FROM (DR)
NAME: Wildlife & Marine Res.
ADDRESS: Rembert Dennis Bldg.
Columbia, S.C.

REASON FOR TRANSFER: Justification attached

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	PROJECT EXT	AGENCY REFERENCE NUMBER	OBJECT CODE	OBJECT EXT	TRANSACTION AMOUNT	MULTI PURPOSE CODE	COR
06	350	P24	0788	5000							0160		10,000.00		
06	350	P24	0788	5000							0618		1,000.00		
										TOTAL	778		11,000.00		

EXHIBIT
DEC 17 1982 No. 26
STATE BUDGET & CONTROL BOARD

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	PROJECT EXT	AGENCY REFERENCE NUMBER	OBJECT CODE	OBJECT EXT	TRANSACTION AMOUNT	MULTI PURPOSE CODE	COR
06	300	P24	0788	5000							0500		6,000.00		
06	300	P24	0788	5000							0600		5,000.00		
										TOTAL	1100		11,000.00		

REQUESTED BY Carl Stikes DATE 12-7-82 STATE BUDGET ANALYST _____ DATE _____

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

STATE AUDITOR _____ DATE _____

014416

TARS FORM 10 10/1/80 Submit original and 3 copies

EXHIBIT

DEC 17 1982 NO. 26

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Mr. Vaughn

THRU: Dr. Coles
Mr. Cantrell

FROM: George Dorn

DATE: December 9, 1982

RE: Transfer Request, Department of Mental Health Precare, Screening, Aftercare

The Budget and Control Board allocation to the Department of Mental Health for 1982-83 contained a reduction of $300,000 in Research & Education and a reallocation to Precare, Screening & Aftercare (attachment #1).

The original request was primarily for new positions, but none were allocated. The budget was built to fund:

Personal Service	68,957
Other Operating	231,043
	300,000

Subsequent Ways and Means Committee action reduced the other operating by $55,000 for a net allocation in 1982-83 of $245,000 of which $176,043 was/is in "Other Operating" category.

The Department of Mental Health is requesting to transfer all of the $176,043 out of other operating; $143,757 to personal service and $32,286 to employer contributions.

This request is based primarily on the same justification as presented in the original request in the 82-83 plan/request, concerning the need for "linkage" in the community centers to provide aftercare services primarily to patients recently released. (see Mr. Balling's letters of December 3 and 9). After examing the attached documents and studying last year's action, I believe that the need is legitimate. It is further understood that the headcount involved is to be absorbed within agency vacancies and that no new FTE's are involved. Further, the agency certifies that no filled positions will be vacated to accomplish this move.

RECOMMEND APPROVAL

attachments

014417

PAGE 1 OF 1

AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	BATCH DATE	BATCH NUMBER	DOCUMENT
J12		5732	352,086.00			3

AGENCY VOUCHER NUMBER: T0015

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD - FINANCE DIVISION

APPROPRIATION TRANSFER

C.G. WARRANT NUMBER:

AGENCY TRANSFERRED TO (CR)
NAME: Mental Health
ADDRESS:

AGENCY TRANSFERRED FROM (DR)
NAME:
ADDRESS:

TO REQUESTING AGENCY
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer

EXHIBIT
DEC 17 1982 NO. 26

REASON FOR TRANSFER: Budget Reallignment - Aftercare

STATE BUDGET & CONTROL BOARD

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
06	350	J12	3839	1001						0200		70,388.00		
06	350	J12	3839	1001						0300		54,585.00		
06	350	J12	3839	1001						0400		1,000.00		
06	350	J12	3839	1001						0500		17,784.00		
06	350	J12	3839	1001						0500		6,763.00		
06	350	J12	3839	1001						0600		25,523.00		
									TOTAL	2500		176,043.00		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	MOD	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	DETAIL	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CGR
06	300	J12	3839	1001						0158		70,388.00		
06	300	J12	3839	1001						0158		54,585.00		
06	300	J12	3839	1001						0158		1,000.00		
06	300	J12	3839	1001						0158		17,784.00		
06	300	J12	1443	1001						1300		6,763.00		
06	300	J12	1443	1001						1300		25,523.00		
									TOTAL	3232		176,043.00		

REQUESTED BY J Balling DATE _____ STATE BUDGET ANALYST [illegible] DATE 9 DEC

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized

STATE AUDITOR 014418 DATE _____

STARS FORM 30 10/1/80

Submit original and 3 copies

FORM III - SUM OF ADDITIONAL INCREASES AND REDUCTIONS FOR FY 1982-83
STATE FUNDS ONLY/FY 1982-83
STATE BUDGET AND CONTROL BOARD

FY 1982-83 AGENCY# J12

AGENCY NAME Department of Mental Health

Program Number	Program Name	Increase Reduction	Description of Change	Amount
III.D.1	Precare-Aftercare	Increase	To improve Aftercare capability in community	300,000
IV	Research & Education	Reduction	50% reduction in Chaplain residency program; 20% reduction in one-year clinical psychology internship(Agency reduction priority #1) (-13)	-300,000

Net Amount of Additional Increases and Reductions (-13) -0-

Att. #1

014419

STATE BUDGET & CONTROL BOARD
DEC 17 1982

EXHIBIT NO. 26

South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

December 9, 1982

EXHIBIT

DEC 17 1982 NO. 26

STATE BUDGET & CONTROL BOARD

Mr. George N. Dorn, Jr.
Budget Development
P. O. Box 11333
Columbia, South Carolina 29211

Dear George,

This letter is in response to our telephone conversation of December 9, 1982 regarding Department of Mental Health's request to transfer funds within its Aftercare Program.

As additional explanation, the Aftercare Program provides a critical linkage between the Psychiatric Hospital component and the Community Support Services providing contact with former hospital patients who have returned to their homes. A major cause of hospital readmissions is the failure of many former patients to continue their medication once they are independent of hospital supervision. Follow-up regarding medications as well as counseling former patients facing various crises while readjusting to home life are functions of the Aftercare Service. This service, while budgeted as a separate program, is an integral part of each Mental Health Center.

I hope this information will provide an adequate support of the submitted transfer request.

Sincerely,

Jack

Jack Balling
Budget Supervisor

JB:csh

014420

South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

December 3, 1982

EXHIBIT

DEC 17 1982 NO. 26

STATE BUDGET & CONTROL BOARD

Mr. George N. Dorn, Jr.
Budget Development
P. O. Box 11333
Columbia, South Carolina 29211

Dear George,

Attached please find a request to transfer State Appropriations within the CMHS Aftercare Program. Funds are requested to be transferred from Other Operating categories to Personal Service and Fringe. This transfer is necessary to fulfill the original intent of the Agency's request to provide aftercare personnel in each of our 17 mental health centers (Attachment No. 1).

Of the $374,775 requested to accomplish this, the Budget & Control Board recommended that $300,000 be reallocated from the Agency's Research and Education Program. This amount was later reduced to $245,000 by the Legislature.

Since no headcount followed the funds to Aftercare, the allocation was originally placed in various Operating categories (Attachment No. 2). Headcount has now been reallocated internally in order to allow the Aftercare Program to proceed with the original intent. It is hereby requested that funds be reallocated to Personal Service and Fringe to accomplish this.

Sincerely,

Jack

Jack Balling
Budget Supervisor

JB:csh
Attachments

RECEIVED
DEC 07 1982
STATE AUDITOR'S OFFICE
BUDGET DIVISION

014421

DETAIL OF EXPENDITURES	1980-81	1981-82 OPERAT. BUDGET		RECOMMENDED 1982-83				
ITEMIZATION	ACTUAL TOTAL FUNDS	ESTIMATED TOTAL FUNDS	GENERAL FUNDS	ESTIMATED TOTAL FUNDS	APPROPRIATED GENERAL FUNDS	ESTIMATED FEDERAL FUNDS	ESTIMATED OTHER FUNDS	CHANGE GENERAL FUNDS
					RECOMMENDED TOTAL FUNDS	RECOMMENDED GENERAL FUNDS		
RECONCILIATION:								
III. D. 1. PRECARE/AFTERCARE								
1981-82 APPROPRIATIONS PER ACT					876,329	876,329		
B & C BOARD AUTHORIZED DISTRIBUTION 81-82 BASE PAY INCREASE					36,353	36,353		
B & C BOARD AUTHORIZED DISTRIBUTION OF CONTINUED INCREMENTS 1980-81					18,242	18,242		
B & C BOARD AUTHORIZED TRANSFER FROM PROGRAM III. D. 1 TO PROGRAM IV.					- 54,259	- 54,259		
REVISED PROGRAM ALLOCATION 1981-82					876,665	876,665		
MAINTAIN CURRENT PROGRAM								
DISTRIBUTION OF ANNUALIZATION FUNDS FOR 81-82 BASE PAY INCREASE IN 82-83					8,724	8,724		
TOTAL MAINTAIN CURRENT PROGRAM					8,724	8,724		
PROGRAM ADDITIONAL INCREASES								
PRIORITY NO. - INCREASE IN AFTERCARE SERVICES					300,000	300,000		
TOTAL PROGRAM ADDITIONAL INCREASES					300,000	300,000		
PROGRAM REDUCTIONS								
N/A								
PROGRAM ALLOCATION 1982-83					1,185,389	1,185,389		
3. COURT SCREENING								
PERSONAL SERVICE								
CLASSIFIED POSITIONS	482,943 (23.00)							
TOTAL PERSONAL SERVICE	482,943							
OTHER OPERATING EXPENSES								
OFFICE EQUIPMENT REPAIR	206							
PHOTOCOPYING EQUIPMENT REPAIRS	65							
MEDICAL & HEALTH SERVICES	785,584							
HOUSEHOLD,LAUNDRY,JANITORAL & SECURITY SER	355							
MOTORIZED VEHICLE REPAIR SERVICES	175							
PRINTING, BINDING, ADV. - COMMERCIAL	536							

Later Reduced to 245,000 by House Ways & Means $55,000 taken from Contractual Service

STATE BUDGET & CONTROL BOARD

EXHIBIT DEC 17 1982 NO. 26

014422

INCREASES

PROGRAM NAME Precare, Screening, Aftercare PROGRAM CODE 25150 / 01 100

RELATIONSHIP OF THIS INCREASE TO PROGRAM OBJECTIVES (listed on 82-P3)

This increase is necessary to meet the demands for services for an ever increasing number of patients referred to this program. Furthermore the current level of services to this population is less than desirable. Most of these patients have chronic diagnoses which necessitate long term provision of services from the division of Community Mental Health Services interfaced with supportive services from the community.

Rum / 82-83 Plan

EXPLANATION OF NEED AND PRIORITY ASSIGNMENT

The number one goal of the South Carolina Department of Mental Health is to accelerate the orderly and responsible shift in the locus of mental health services from centrally basic resources to regional and community based resources.

In the past five years the number of patients served in precare/aftercare programs has greatly increased in number as well as need for more in-depth services designed to treat and maintain them in the local community. Third party providor requirements and the implementation of standards have increased the mandates for quality care and documentation of same. The present staff have such high staff/patient ratios that it is essential to have additional personnel assigned to these services. We believe that seventeen new positions would be a minimal increase in staff that would enable each community mental health center to have one additional person to strengthen the medical management and community outreach efforts necessary to maintain these persons in the local community. The cost for contractual services and medications for the medically indigent patients has risen significantly due to inflation and an ever increasing number of patients seeking services - thus the need for a significant increase in operating funds. We therefore believe that this request should be given high priority.

014423

OTHER ALTERNATIVES CONSIDERED

Reallocation of departmental resources into community mental health centers may occur if significant reductions in the need for centrally based facilities are accomplished.

Reallocation of staff time in community mental health centers may have to occur to meet demands in this service area.

014424

1982-83 SCHEDULE OF ADDITIONAL INCREASES

AGENCY NAME Mental Health (from 82-83 PLAN) AGENCY CODE 31

PROGRAM NAME Precare, Screening, Aftercare PROGRAM CODE 251 50 101 100

Page No. 209

PRIORITY # 68

LINE NO. (1)	ITEMS (2)	BUDGET REQUEST 82-83 TOTAL (3)	STATE (4)	FEDERAL (5)	OTHER (6)	PROJECTED 83-84 TOTAL (7)	STATE (8)	FED/OTHER (9)	PROJECTED 84-85 TOTAL (10)	STATE (11)	FED/OTHER (12)
010	Personal Service	272,017	272,017			301,939	301,939		335,152	335,152	
020	No. of Positions	(17)	(17)	( )	( )	(17)	(17)	( )	(17)	(17)	( )
030	Employer Contributions	48,758	48,758			55,201	55,201		63,187	63,187	
040	Other Operating Expenses	54,000	54,000			59,346	59,346		64,865	64,865	
050	Other Items										
060	TOTAL	374,775	374,775			416,486	416,486		463,204	463,204	

070 IF FUNDING FOR THIS INCREASE IS NOT RECOMMENDED BY THE BUDGET & CONTROL BOARD, WOULD YOU PREFER AN INTERNAL REDUCTION TO FUND THIS INCREASE? YES[ ] NO[ ]

080 IF YES, FROM WHAT PROGRAM(S)? (USE PROGRAM CODES)