

MINUTES OF

Budget and

Control Board

Meeting

January 11, 1983

014540

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



Box 12444
Columbia
29211

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

January 11, 1983

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary *WAM*

SUBJECT: Summary of Board Actions at January 11, 1983 Meeting

The following is a summary of actions taken by the Budget and Control Board at the referenced meeting:

0. Approved the minutes of meetings held on December 2, 14, and 17, 1982;
1. Approved the following county proposals to issue industrial revenue bonds, on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results:
(a) Greenville County, not exceeding \$1,600,000, Para-Chem Southern, Inc., project; (b) Richland County, \$3,300,000, Industrial Welding Supplies, Inc., and (c) Greenville County, \$950,000, Southern Foods project;
2. Received as information a Division of Local Governments report of rural improvement grant funds expended in the December 1-31, 1982 period and ratified the approval previously given to a grant for \$163,630 to the City of Orangeburg Department of Public Utilities;
3. Received as information a State Personnel Division report on the reduction of the backlog of grievance cases and the number of grievances being heard by the State Employee Grievance Committee;
4. Received as information a State Personnel Division report on new hires and employment trends;
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 15-83: Budget and Control Board, Division of General Services, item 2B; Clemson University, item 3; Francis Marion College, item 5; Parks, Recreation and Tourism, item 7; S. C. State College, item 8; Technical Education, Piedmont Technical College, items 9A and 9B; University of South Carolina-Sumter, item 10B; (b) on Summary 24-83: Division of General Services, item 2; University of South Carolina - Spartanburg, item 4; Technical

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and Comprehensive Education, items 5A and 5C; Vocational Rehabilitation, item 6; John de la Howe School, item 7; Mental Health, items 8A and 8B; Department of Agriculture, item 9; Forestry Commission, items 10A, 10B, and 10C; and (c) on Summary 25-83: Clarks Hill-Russell Authority;

6. Received as information a State Engineer report that the following Wildlife and Marine Resources Department permanent improvement projects have been approved by staff: (a) Hurricane Creek; (b) Broadway Lake; (c) Kill Kare Landing; and (d) Boat Ramps - Lake Hartwell and Brown Road and Smith's Mill;

7. Received as information a Department of Corrections report on the status of its permanent improvement program as of December, 1982;

8. Received as information reports on the payment of interviewee travel expenses by the Department of Mental Health, Lander College, Beaufort Technical College, The Citadel, and DHEC;

9. After hearing State Auditor Vaughn describe briefly four refinements of the budget reduction concept adopted on December 17, 1982 and five across-the-board reduction options, authorized staff to proceed with the preparation of bills and other documents to implement the concept for submission to the General Assembly, with the understanding that further action on the subject by the Board would be taken at the meeting scheduled for January 25;

10. Heard State Treasurer Patterson report on financing arrangements for dormitories at Clemson University which provided for the defeasance of some \$3.1 million of bonds, shortened the maturities of housing bonds by about three years and made available about \$1.5 million for a Clemson dormitory project; and on a \$27 million hospital revenue bond issue by the Medical University at an interest rate of 9 3/8% with the effective rate somewhat lower than that and with the net result that the general obligation bond share of the east wing addition project can be reduced by \$2 million;

11. Adopted a resolution approving the terms and provisions of the resolution of the Board of Trustees of the Medical University pursuant to Act 518 of 1980 and a resolution of the Board adopted December 17, 1982, in effecting the issuance of \$27,000,000 Hospital Facilities Revenue Bonds of the Medical University;

12. After agreeing that the Aeronautics Commission Owens Field project and the Wildlife and Marine Resources Department mariculture project had been released previously by the Joint Bond Review Committee and the Board, postponed until the meeting of January 25 action on the projects included in the Joint Bond Review Committee's priority group 2 to allow time for staff to review carefully the items in that list proposed for start-up;

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13. Authorized Governor Riley to accept concurrent legislative jurisdiction between the State of South Carolina and the United States over the lands of the Naval Weapons Station in Berkeley County and over those units of the National Park System which are subject to the retrocession or relinquishment of jurisdiction by the United States (Congaree Swamp National Monument, Cowpens National Battlefield, Fort Sumter National Monument, Kings Mountain National Military Park, and Ninety Six National Historic Site);

14. Approved an allocation of \$15,000 from the Civil Contingent Fund to the Secretary of State's Office to provide funds for operating expenses other than personal services in an action not considered to be a precedent for the restoration of budget reductions;

15. Exempted from the purchasing procedures and reporting requirements of the Consolidated Procurement Code, pursuant to the authority granted in Code Section 11-35-710, the purchase of the services of doctors of osteopathy, upon the recommendation of the Division of General Services;

16. Certified Francis Marion College to make the following direct agency procurements for a period of two years, as provided for in Section 11-35-1410 of the Consolidated Procurement Code: (1) goods and services exclusive of printing equipment which must be approved by the Materials Management Officer, limitation of \$5,000 per purchase commitment; and (2) consulting services, limitation of \$5,000 per purchase commitment;

17. Carried over to the January 25 meeting a request by the Division of General Services for approval of a \$30,000 loan from the Ordinary Sinking Fund to finance an addition to the Geological Survey Building so that it might be considered along with other permanent improvement projects recommended for release by the Joint Bond Review Committee;

18. Approved the establishment and release of the following projects, after their favorable review by the Joint Bond Review Committee: (a) Winthrop College, McLaurin and Margaret Nance retrofit project, estimated total cost \$3,000,000, institution bond debt service funds, to be made available in increments with the first to be \$500,000; (b) Adjutant General's Office, Hampton Armory and DLOG project, reduction of estimated project cost by \$260,562.97 of federal funds; (c) Technical and Comprehensive Education, Piedmont Technical College, Phase V, health/technical facilities, increase estimated project cost by \$327,525 of local funds; and (d) Clemson University, east end zone addition to Memorial Stadium, change source of funding from all athletic department operating revenue to \$175,000 excess stadium debt service funds, \$150,000 from bookstore operations, and \$225,000 from athletic department operating revenue;

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19. Agreed to hold its next regular meeting at 9:30 A. M. on Tuesday, January 25, 1983, in the Governor's conference room, and to hold all future meetings at 9:30 A. M. while the General Assembly is in session;
20. Was advised by Attorney General Elect Medlock of his intention to intervene in a Washington suit seeking to require the Department of Energy to prepare an environmental impact statement before restarting the L-reactor at the Savannah River Plant;
21. Approved in principle the concept of leasing certain properties, rights-of-way and equipment of the Public Railways Commission to the highest qualified and responsive bidder;
22. Reappointed E. Graves Jones of Spartanburg to the membership of the Motor Vehicle Management Council for a four-year term, subject to Senate advice and consent;
23. Approved the continued employment of an employee of the Department of Social Services who reached age 70 on November 25, 1982;
24. Heard a briefing on an insurance contractual matter; and
25. Ratified actions taken during executive session.

WAM:dw

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

JANUARY 11, 1983 9:30 A. M.

The State Budget and Control Board met at 9:30 A. M. on Tuesday, January 11, 1983, 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; Attorney General Elect T. Travis Medlock; 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 meetings held on December 2, 14, and 17.

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 items 1 and 2, relating to county proposals to issue industrial revenue bonds, had not yet been completed.

Board members agreed to add to the blue agenda a Greenville County proposal to issue \$950,000 Industrial Revenue Bonds on behalf of the Southern Foods project and were advised that the required reviews of this proposal had not yet been completed.

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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 items relating to county proposals to issue industrial revenue bonds, 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, #2) - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board approved the following county proposals to issue industrial revenue bonds, on the condition that the required reviews by the Attorney General's Office and the State Auditor's Office are completed with satisfactory results: (a) Greenville County, not exceeding \$1,600,000 on behalf of Para-Chem Southern, Inc., project; and (b) Richland County, \$3,300,000 on behalf of Industrial Welding Supplies, Inc., project.

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

The Board added to the agenda and, upon a motion by Mr. Patterson, seconded by Mr. Morris, approved a Greenville County proposal to issue \$950,000 Industrial Revenue Bonds on behalf of the Southern Foods 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 3.

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DIVISION OF LOCAL GOVERNMENT - EXPENDITURES OF RURAL IMPROVEMENT

FUNDS IN DECEMBER, 1982 (BLUE AGENDA #3) - The Budget and Control Board received as information a Division of Local Government report on rural improvement grant funds expended in the December 1-31, 1982 period which included 15 projects involving a total expenditure of \$413,450 in state grant funds. The report also indicated that an adjustment to the October report involving a \$30,000 grant to the Town of Pamplico should be made as the grant was approved on October 1 and the funds were returned on December 1. The report also showed a balance available for grants of \$1,149,225 and indicated that 153 applications involving \$3,106,070 had been approved during the fiscal year and that 14 applications involving \$349,788 of grants are pending.

The Board also ratified the approval previously given to a grant for \$163,630 to the City of Orangeburg Department of Public Utilities.

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

PERSONNEL DIVISION - REDUCTION OF GRIEVANCE BACKLOG (BLUE AGENDA #4) -

The Board received as information a State Personnel Division report on the reduction of the backlog of grievance cases and the number of grievances being heard by the State Employee Grievance Committee.

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

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PERSONNEL DIVISION - NEW HIRES AND EMPLOYMENT TRENDS REPORT (BLUE AGENDA #5) - The Board received as information a State Personnel Division report on new hires and employment trends.

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

GENERAL SERVICES (STATE ENGINEER) - PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF (BLUE AGENDA #6) - The Budget and Control Board received as information a State Engineer's report that the following permanent improvement projects have been reviewed by the Joint Bond Review Committee and released by staff: (a) on Summary 15-83: Budget and Control Board, Division of General Services, item 2B; Clemson University, item 3; Francis Marion College, item 5; Parks, Recreation and Tourism, item 7; S. C. State College, item 8; Technical Education, Piedmont Technical College, items 9A and 9B; University of South Carolina-Sumter, item 10B; (b) on Summary 24-83: Division of General Services, item 2; University of South Carolina-Spartanburg, item 4; Technical and Comprehensive Education, items 5A and 5C; Vocational Rehabilitation, item 6; John de la Howe School, item 7; Mental Health, items 8A and 8B; Department of Agriculture, item 9; Forestry Commission, items 10A, 10B, and 10C; and (c) on Summary 25-83: Clarks Hill-Russell Authority.

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

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GENERAL SERVICES (STATE ENGINEER) - PERMANENT IMPROVEMENT PROJECT

ACTION BY STAFF (BLUE AGENDA #7) - The Budget and Control Board received as information a State Engineer's report that the following Wildlife and Marine Resources Department permanent improvement projects have been approved by staff: (a) Hurricane Creek; (b) Broadway Lake; (c) Kill Kare Landing; and (c) Boat Ramps - Lake Hartwell and Brown Road and Smith's Mill.

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

DEPARTMENT OF CORRECTIONS - PERMANENT IMPROVEMENT REPORT FOR DECEMBER

1982 (BLUE AGENDA #8) - The Board received as information a Department of Corrections report on the status of its permanent improvement program as of December, 1982.

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

INTERVIEWEE TRAVEL EXPENSE PAYMENTS (BLUE AGENDA #9) - The Board

received as information reports on the payment of interviewee travel expenses by the Department of Mental Health, Lander College, Beaufort Technical College, The Citadel, and DHEC.

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

[Secretary's Note: Senator Dennis joined the meeting while the blue agenda was being considered.]

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FINANCE DIVISION - 1982-83 BUDGET REDUCTIONS - Executive Director

Putnam introduced this item by reminding the Board that, at its previous meeting, a concept of budget reductions for the current fiscal year had been adopted and that, at that time, staff had been instructed to develop the concept further.

State Auditor Vaughn advised the Board that his staff has developed nine options for the reduction concept approved at the previous meeting. He indicated that options 1, 2, 3, and 4 are refinements of the concept adopted on December 17 and that options 5 through 9 are various across-the-board options with all but options 8 and 9 requiring some sort of legislative action. Mr. Vaughn suggested that, if the Board is still comfortable with the overall budget reduction concept, it authorize staff to proceed with the preparation of the several bills and other documents necessary to communicate the concept to the General Assembly. Mr. Vaughn indicated his intention to present further information on this effort at the meeting scheduled for January 25.

Following a brief discussion, the Board without objection authorized staff of the Finance Division to proceed with the preparation of bills and other documents to implement the budget reduction concept for submission to the General Assembly, with the understanding that further action on this subject by the Board would be taken at the meeting scheduled for January 25.

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

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STATE TREASURER'S OFFICE - CLEMSON UNIVERSITY AND MEDICAL UNIVERSITY

FINANCINGS - State Treasurer Patterson advised the Board on the results of recent financings involving Clemson University and the Medical University. Mr. Patterson reported that financing arrangements worked out for Clemson University dormitories provided for the defeasance of some \$3.1 million of housing bonds, shortened the maturities of certain of those bonds by about three years and made available about \$1.5 million to help finance a Clemson dormitory project. Mr. Patterson also reported that the \$27 million hospital revenue bond issue by the Medical University had been secured at an interest rate of 9 3/8% with the effective rate somewhat lower than that and with the net result that the general obligation bond share of the east wing addition project can likely be reduced by about \$2 million.

MEDICAL UNIVERSITY - RESOLUTION ON \$27,000,000 HOSPITAL REVENUE

BOND ISSUE - Mr. Patterson and Attorney Huger Sinkler presented a resolution for adoption by the Board which would approve the terms of the provisions of the Medical University Board of Trustees resolution and the Board's December 17 resolution relating to this issue which includes the details associated with the transaction which were not available at the time the December 17 Board resolution was adopted. The resolution indicates that bond proceeds should be applied as follows: (a) an estimated \$324,000 for the costs of the issue and the delivery of the bonds; (b) \$3,028,205.40 for deposit in a reserve fund to be invested and reinvested with all earnings from investments to be deposited into the east wing addition construction fund; (c) \$2,053,000 in a special trust fund to provide the funds necessary to

pay the \$2 million of bond anticipation notes due April 1, 1983; (d) \$11 million in a special trust fund to be known as the east wing addition construction fund which, together with all investment earnings from the fund, are to be applied to pay the construction costs of the east wing addition; (e) \$5 million to a special trust fund number 2 which with all investment earnings from monies in that fund are to be applied to pay the costs of renovating the Medical University teaching hospital; and (f) with the balance of the proceeds to be deposited in a special trust fund to provide the capitalized interest during the period of construction with this fund, plus investment earnings of it, to pay interest on the bonds for the period ending January 1, 1986, with \$5,629,000 to be deposited.

Attorney Sinkler noted that the bonds are not callable and that \$7,000,000 in principal would be due in eleven years from now and that \$20,000,000 would be due January 1, 1995.

Mr. Sinkler also expressed the view that this arrangement would enable the Medical University to deposit approximately \$2,000,000 above the sum required to be deposited in the east wing construction fund by Act 518 of 1980 with the result that the general obligation bond requirement for that project could be reduced by approximately \$2,000,000.

Following this discussion, upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board adopted a resolution approving the terms and provisions of the resolution of the Medical University Board of Trustees pursuant to Act 518 of 1980 and the resolution of the Board adopted December 17, 1982, in effecting the issuance of \$27,000,000 Hospital Facilities Revenue Bonds of the Medical University.

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

JOINT BOND REVIEW COMMITTEE - PRIORITY GROUP 2 CAPITAL IMPROVEMENT

BOND PROJECTS - The Board was advised that the Joint Bond Review Committee has acted on the 28 projects to be started in Priority Group 2, involving a draw of \$8,592,050 in the January - June, 1983 period and is forwarding these items for Board consultation as is required by Section 4-A of Act 179 of 1981. Mr. Putnam noted that the Aeronautics Commission Owens Field project and the Wildlife and Marine Resources mariculture project had been approved and released by the Committee and the Board previously (the Board's action on this was taken at the August 4, 1982 meeting).

The Board was also advised in the agenda material that the Committee voted to include the \$125,000 Bamberg County Airport project in Priority Group 2 in addition to the specific items listed, on the understanding that the Aeronautics Commission would finance that project from funds allocated to the Aeronautics Commission in Priority Groups 1 and 2.

Governor Riley acknowledged that the Committee and the Board had previously approved the Owens Field and mariculture projects but he asked that the Board hold off on taking any action on other projects in Priority Group 2 until the next meeting. Governor Riley then asked that Executive Director Putnam and his staff go through the list carefully in search of operating cost impacts, emergency situations, and federal matching funds implications.

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Mr. Patterson indicated no particular feeling about carrying over action on the Priority Group 2 listing but did note that it is a continuation of the measured five-year program developed in conjunction with the Bond Committee.

Mr. Morris asked that the Board be polled on any item involving federal matching funds which might be jeopardized by delaying action on the list until January 25.

Governor Riley then expressed the view that the Joint Bond Review Committee and its Chairman Horace Smith are doing an excellent job in this area and expressed his intention to cooperate with them but he also expressed a concern that the State be very careful about starting new projects in the near future.

Mr. Mangum indicated his understanding that, by carrying over its consideration of Priority Group 2 projects, the Board is not suggesting that projects released in Priority Group 1 and which are now underway are to be stopped. While the Board took no formal action on Mr. Mangum's observation, it was apparent that it was not the Board's intention to intervene in any Priority Group 1 project but, instead, its focus was on the new starts in Priority Group 2.

Senator Dennis expressed some concern about the two-week delay on the Department of Corrections and Governor Riley agreed that that agency represents a crisis area.

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Representative Mangum expressed interest in knowing of any additional operating cost requirements, including any new employees, associated with any new projects in Priority Group 2.

The Board without objection, after agreeing that the Aeronautics Commission Owens Field project and the Wildlife and Marine Resources Department mariculture project had been released previously by the Bond Committee and the Board, postponed action on the projects included in the Joint Bond Review Committee's Priority Group 2 until the meeting of January 25 to allow time for staff to review carefully the items on that list proposed for start-up.

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

GOVERNOR'S OFFICE - ACCEPTANCE OF CONCURRENT JURISDICTION - The Board was advised that the Department of the Navy has asked that the State assume concurrent jurisdiction over the Naval Weapons Station located within the City of Goose Creek and over which the United States currently exercises proprietary jurisdiction in part of the area and exclusive jurisdiction over the remainder of the 3,022.76 acre tract. The Board also was advised that the City of Goose Creek has requested this jurisdictional change for the purpose of enhancing law enforcement activities.

In addition, the National Park Service has been directed to seek concurrent jurisdiction with states over national park lands. Currently, the United States exercises exclusive jurisdiction over portions of Cowpens National Battlefield, Fort Sumter National Monument, and Kings Mountain Military Park with some portions of the lands within these parks being under the proprietary jurisdiction of the United States. In addition, all lands within

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Congaree Swamp National Monument and Ninety-Six National Historic Site are under the proprietary jurisdiction of the United States. The Board was advised by the Governor's Office that the county councils of the five counties involved in the National Park Service situation have been contacted and that none has any objection to the proposed jurisdictional change.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board authorized Governor Riley to accept concurrent legislative jurisdiction between the State of South Carolina and the United States over the lands of the Naval Weapons Station in Berkeley County and over those units of the National Park System which are subject to the retrocession or relinquishment of jurisdiction by the United States (Congaree Swamp National Monument, Cowpens National Battlefield, Fort Sumter National Monument, Kings Mountain National Military Park, and Ninety-Six National Historic Site).

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

SECRETARY OF STATE - CIVIL CONTINGENT FUND ALLOCATION REQUEST -

Secretary of State John Campbell, by letter, asked the Board for an allocation of \$15,000 from the Civil Contingent Fund to provide funds necessary to carry on the "normal responsibilities and obligations of the Office as required by the Code." In his letter, Secretary Campbell indicated a shortage of funds for postage, newspaper notices, telephone charges, and personnel.

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Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved an allocation of \$15,000 from the Civil Contingent Fund to the Secretary of State's Office to provide funds for operating expenses other than personal services in an action not considered by the Board to be a precedent for the restoration of budget reductions. The Board directed that staff stipulate in advising Secretary Campbell of this action that the funds being made available are to be used strictly for contractual services and supplies and not to be used either directly or indirectly for personnel.

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

GENERAL SERVICES - EXEMPTION OF DOCTORS OF OSTEOPATHY - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board exempted from the purchasing procedures and reporting requirements of the Consolidated Procurement Code, under the authority granted in Code Section 11-35-710, the purchase of the services of doctors of osteopathy. The Board took this action 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 16.

GENERAL SERVICES - FRANCIS MARION COLLEGE CERTIFICATION - Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board certified Francis Marion College to make the following direct agency procurements for a period of two years, as provided for in Section 11-35-1410 of the Consolidated Procurement Code, upon the recommendation of the Division of General Services:

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(1) goods and services exclusive of printing equipment which must be approved by the Materials Management Officer, limitation of \$5,000 per purchase commitment; and (2) consultant services, limitation of \$5,000 per purchase commitment.

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

GENERAL SERVICES - ORDINARY SINKING FUND LOAN - Mr. Putnam advised the Board that the Division of General Services proposes to finance a one-story, 600 square foot office space addition to the Geological Survey Building which will be used to house staff now located at the Sumter Street Building by means of a \$30,000 loan from the Ordinary Sinking Fund. He noted that the Budget and Control Board in this instance has a dual responsibility in that it must act on the loan from the Ordinary Sinking Fund and on the question of the establishment and release of the project in conjunction with the Joint Bond Review Committee.

Following a very brief discussion, the Board without objection agreed to carry over to the January 25 meeting the referenced request by the Division of General Services so that it might be considered along with the other permanent improvement projects recommended for release by the Joint Bond Review Committee in Priority Group 1.

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

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EXECUTIVE DIRECTOR'S OFFICE - PERMANENT IMPROVEMENT PROJECTS -

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the establishment and release of the following projects, after their favorable review by the Joint Bond Review Committee: (a) Winthrop College, McLaurin and Margaret Nance retrofit project, estimated total cost \$3,000,000, institution bond debt service funds, to be made available in as-needed increments, the first of which has been approved in the amount of \$500,000, with the understanding that the College will make further requests for additional draws from time to time; (b) Adjutant General's Office, Hampton Armory and DLOG project, reduction of estimated project cost by \$260,562.97, federal funds; (c) Technical and Comprehensive Education, Piedmont Technical College, Phase V Health/Technical Facilities project, increase estimated project cost by \$327,525, local funds; and (d) Clemson University, east end zone addition to Memorial Stadium project, change source of funding from all athletic department operating revenue to \$175,000 excess stadium debt service funds, \$150,000 from bookstore operations, and \$225,000 from athletic department operating revenue; part of the project involves the construction of a facility for selling "orange aids" (Clemson souvenirs).

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

FUTURE MEETING - The Board agreed to hold its next regular meeting at 9:30 A. M. on Tuesday, January 25, 1983, in the Governor's conference room and to hold all future meetings at 9:30 A. M. while the General Assembly is in session.

EXECUTIVE SESSION - Executive Director Putnam advised the Board that one Board appointment, one extension of employment item, and a contractual matter had been proposed for consideration in executive session and that one personnel matter had been withdrawn. He also advised the Board of a request to add to the present agenda a legal matter and the receipt of advice from the Attorney General.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, 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 the Board ratified the following actions taken in executive session:

(1) Was advised by Attorney General Elect Medlock of his intention to intervene in a Washington suit seeking to require the Department of Energy to prepare an environmental impact statement before restarting the L-reactor at the Savannah River Plant;

(2) Approved in principle the concept of leasing certain properties, rights-of-way, and equipment of the Public Railways Commission to the highest qualified and responsive bidder;

(3) Reappointed E. Graves Jones of Spartanburg to the membership of the Motor Vehicle Management Council for a four-year term, subject to the advice and consent of the Senate;

(4) Approved the continued employment of an employee of the Department of Social Services who reached age 70 on November 25, 1982; and

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(5) Heard a briefing on a report on an insurance contractual matter and directed staff to release that report along with a cover letter to the news media.

The meeting was adjourned at 11:55 a.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's press secretary in the State House and near the Board Secretary's office in the Wade Hampton Building at 8:45 a.m. on Monday, January 10, 1983.]

The State of South Carolina

JAN 28 1983



Office of the Attorney General

EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

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

January 20, 1983

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

Re: Not Exceeding \$1,600,000, Greenville
County, South Carolina, Industrial
Development Revenue Note, 1983 (Para-
Chem Southern, 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,

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

David C. Eckstrom
Assistant Attorney General

DCE/jvh
Enclosures

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EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY GREENVILLE COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$1,600,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (PARA-CHEM SOUTHERN, INC. PROJECT) 1983, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Greenville 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 Greenville County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) in the aggregate principal amount of not exceeding \$1,600,000 (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") which will be an expansion to be used for the purpose of manufacturing and distributing chemical products including adhesive and products related thereto; and

WHEREAS, the Project is to be made available to Para-Chem Southern, 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, premium, if any, 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 and (ii) a copy of a resolution and petition adopted by the County on January 4, 1983, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

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

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

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

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

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

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the 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 Greenville News, which is a newspaper having general circulation in Greenville County.

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

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

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

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

The issuance by Greenville County of its Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) in the original principal amount of approximately \$1,600,000 (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 Para-Chem Southern, Inc., a South Carolina corporation, to be used as an industrial facility for the purpose of manufacturing and distributing chemical products including adhesives and products related thereto (the "Project") to be located in Greenville County. The Project will be made available to Para-Chem Southern, Inc. which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by Para-Chem Southern, 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 Greenville County to finance the same, by action de novo instituted in the Circuit Court for Greenville County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. MCINNIS, Secretary

Dated: January 11, 1983.

EXHIBIT

JAN 11 1983 NO. 1

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, January 11, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

5

AGAINST MOTION

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.

014566

January 28, 1983

William A. McInnis
Secretary

EXHIBIT

PTB 606
Greenville, SC 29602
Tel 803/271 5600

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

OK
1-10-83

December 29, 1982

State Budget and Control Board
Wade Hampton Office Building
Post Office Box 1244
Columbia, South Carolina 28211

Re: Not Exceeding \$1,600,000 Greenville County,
South Carolina, Industrial Development Revenue
Note (Para-Chem Southern, Inc. Project) 1983

Gentlemen:

We have made a commitment to purchase the above referenced issue of Greenville County, South Carolina. In connection with our commitment, we have requested and have been provided with certain financial information by Para-Chem Southern, Inc and the information, to the extent that it has been furnished in satisfaction of our commitment, is satisfactory to us. Our agreement to purchase this issue is made for our own investment for loan purposes and we do not presently contemplate the resale, distribution or redistribution of this issue. This letter shall not be construed to prohibit Bankers Trust of South Carolina from granting a participation interest in the Note.

Very truly yours,

Stacey Lindsay Murphy

Stacey L. Murphy
Assistant Vice President

SLM:vh

014567

EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY GREENVILLE COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (PARA-CHEM SOUTHERN, INC. PROJECT) 1983, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$1,600,000.

WHEREAS, Greenville 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 Para-Chem Southern, Inc., a South Carolina corporation (the "Corporation"), entered into an assistance agreement executed by the Corporation and the County on October 10, 1979, and an assistance agreement executed by the Corporation and the County on April 21, 1981 pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the assistance agreements, the County proposes to issue its Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) in the principal amount of not exceeding \$1,600,000 (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 which will be an expansion of the Corporation's existing facility which manufactures and distributes adhesives and related products (the "Project")

014568

to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and pursuant to the terms of a 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 Greenville 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 not exceeding \$1,600,000 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 60 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 not exceeding \$1,600,000 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.

014569

(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, 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 \$1,600,000.

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 and the Administrator of the County be and are 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.

014570

Passed and approved January 4, 1983.

GREENVILLE COUNTY, SOUTH
CAROLINA

By Melvin M. Pace
Chairman of County Council,
Greenville County, South
Carolina

(SEAL)

ATTEST:

Mary T. Turner
Mary T. Turner, Clerk of
County Council, Greenville
County, South Carolina

By Frank Ellenburg
Frank Ellenburg,
Administrator
Greenville County

014571

STATE OF SOUTH CAROLINA)

GREENVILLE COUNTY)

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

This Petition of Greenville 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 Greenville 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 Para-Chem Southern, Inc., a South Carolina corporation (the "Corporation"), by issuing its revenue note for the purpose of defraying the cost of expanding its manufacturing and distribution facility for adhesives and related products located in the County (the "Project") such expansion is 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 \$1,600,000 and it has requested the County to execute and deliver its

Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) (the "Note") in the principal amount of not exceeding \$1,600,000 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 will not exceed \$1,600,000; (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, premium, if any, 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 manufacturing chemical products. It is anticipated that, upon completion, the Project will provide directly 60 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 \$1,600,000.

(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:

014573

(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, premium, if any, 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.

014574

(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, 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,

GREENVILLE COUNTY, SOUTH
CAROLINA

By Melvin M. Pace
Chairman, County Council,
Greenville County, South
Carolina

Dated: January 4, 1983.

EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

014575

(SEAL)

ATTEST:

Mary T. Turner
Mary T. Turner, Clerk,
County Council, Greenville
County, South Carolina

By Frank Ellenburg
Frank Ellenburg,
Administrator,
Greenville County

EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

014576

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of Jan 11, 1983]

EXHIBIT

1. Local Government: Greenville County JAN 11 1983 NO. I
2. Bond Counsel: McNair STATE BUDGET & CONTROL BOARD
 - (a) Firm McNair
 - (b) Contact Person Kathleen Green Phone 271-4940
406 Barker Trust Plaza
 - (c) Address 7 North Lawrence St., Greenville, SC 29601
3. Project Name: Para-Chem Southern, Inc.
4. Issue Amount: \$1,600,000 Type: Industrial
not exceeding
5. Employment Impact of Project: increase of 60
6. Type/Nature of Business of Firm Involved: manufacturing and distribution facility for adhesives and related products

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	KC 1/6/83	KH 1/6/83
(b) Documents on issuance/securing of bonds	KC 1/6/83	KH 1/6/83
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>Barker Trust</u>)	KC 1/6/83	EAV 1/6/83
(3) Review by State Auditor's Office (memo)	OK 1/11	XXXXXXXXXX
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (<u>6</u> copies for certification for bond counsel)	KC 1/6/83	KH 1/6/83
(f) Review by Attorney General's Office (letter)	OK 1/28	XXXXXXXXXX

Motion: GP
Second: EM
Absent: —
Vote: For 5 - Against 0

Certificates signed: 1/28/83
Resolutions mailed: 1/28/83

014577

JAN 5 1983

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

ATTORNEYS AND COUNSELORS AT LAW

SUITE 406

BANKERS TRUST PLAZA

7 NORTH LAURENS STREET

GREENVILLE, SOUTH CAROLINA 29601

803-271-4940

KATHLEEN E. CRUM

COLUMBIA OFFICE

P.O. BOX 11390

COLUMBIA, S.C. 29211

803-799-9600

WASHINGTON OFFICE

SUITE 500

MADISON OFFICE BUILDING

WASHINGTON, D.C. 20005

202-659-3900

HILTON HEAD ISLAND OFFICE

P.O. BOX 5914

HILTON HEAD ISLAND, S.C. 29928

803-785-5169

January 5, 1982

EXHIBIT

JAN 11 1983

NO. 1

STATE BUDGET & CONTROL BOARD

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

Re: Not Exceeding \$1,600,000 Greenville County, South
Carolina, Industrial Development Revenue Note
(Para-Chem Southern, Inc. Project) 1983

Dear Mr. McInnis:

Please place the above captioned industrial development
note issue on the agenda for the January 11, 1983 meeting of
the State Budget and Control Board. Enclosed for review are
the following:

1. Copy of the Indenture;
2. Copy of the Financing Agreement;
3. The Resolution and Petition to the Budget and
Control Board executed by the County;
4. The original and five copies of the Resolution
of the Budget and Control Board along with the
form of notice.
5. Letter from Bankers Trust of South Carolina as
purchaser as required by paragraph 2(c) of the
procedures of the Board.

The project is an expansion of an existing manufacturing
and distribution facility for adhesives and related products.
This expansion is expected to result in an increase of 60
employees.

014578

Mr. William A. McInnis
January 5, 1983
Page Two

Please call if there is any additional information that you need. Thanking you for your assistance in this matter, I am

Sincerely,

McNAIR GLENN KONDUROS CORLEY
SINGLETTARY PORTER & DIBBLE, P.A.

Kathleen E. Crum /PA
Kathleen E. Crum

KEC/cf
Enclosures

014579

EXHIBIT

JAN 11 1983

NO. 1²

STATE BUDGET & CONTROL BOARD

GREENVILLE COUNTY, SOUTH CAROLINA

and

BANKERS TRUST OF SOUTH CAROLINA, as Lender

INDENTURE

Dated as of February 1, 1983

Securing
Greenville County, South Carolina, Industrial Development
Revenue Note
(Para-Chem Southern, Inc. Project) 1983

014580

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TESTIMONIUM

SIGNATURES AND SEALS

ACKNOWLEDGMENTS

EXHIBIT A

EXHIBIT B

THIS INDENTURE, dated as of February 1, 1983 (the "Indenture"), between Greenville 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 _____ 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, Para-Chem Southern, 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 manufacturing chemical products (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 as of February 1, 1983 (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, premium, if any, and interest on such revenue note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Indenture, the Agreement or the Project; and

WHEREAS, the Issuer has determined to issue hereunder a note to be designated "Greenville County, South Carolina, Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) 1983" (the "Note") in the original principal amount of \$1,600,000 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, premium, if any, 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
GREENVILLE COUNTY
INDUSTRIAL DEVELOPMENT REVENUE NOTE
(PARA-CHEM SOUTHERN, INC. PROJECT) 1983

\$1,600,000 _____, 1983

Greenville 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, on the ____ day of _____, _____, upon the presentation and surrender hereof, the principal sum of

One Million Six Hundred Thousand Dollars (\$1,600,000)

but solely from the revenues and receipts of the Issuer derived pursuant to the Financing Agreement (hereinafter referred to) as provided in the Indenture (hereinafter referred to), 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 rate per annum of _____ percent (____%) of the Prime Rate. "Prime Rate" means the prime rate of interest publicly announced as such by Bankers Trust of South Carolina at _____, including all changes in such rate as in effect from time to time. Upon a Determination of Taxability (as such term is defined in the Indenture), the interest rate on this note shall be increased as of the date of the Event of Taxability (as such term is defined in the Indenture) giving rise to such a Determination to the rate per annum equal to _____. Interest on this note shall be payable _____ on each _____ 1, _____ 1, _____ 1, and _____ 1 beginning on _____ 1, _____. Principal on this note shall be payable in _____ installments of \$ _____ each on each _____ 1, commencing _____ 1, _____. The final installment of the principal, premium, if any, and interest on this note shall be paid upon presentation and surrender hereof to Para-Chem Southern, 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, premium, if any, 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 "Greenville County, South Carolina, Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) 1983," issued in the original principal amount of \$1,600,000 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 as of February 1, 1983 (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 manufacturing chemical products (the "Project"). The Project will be made available to Para-Chem Southern, Inc., a South Carolina corporation (the "Corporation"), pursuant to the terms of a Financing Agreement dated as of February 1, 1983 (the "Agreement") between the Issuer and the Corporation.

Pursuant to the terms of the Agreement, the Corporation has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal, premium, if any, 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, premium, if any, and interest on this note has been unconditionally guaranteed to the Lender by the Corporation pursuant to the terms of a Guaranty dated as of February 1, 1983 (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 Greenville County, South Carolina, and reference is made to the Indenture (and all indentures supplementary thereto and amendatory thereof) and the Agreement (and all amendments or supplements thereto) 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, premium, if any, or interest on this note.

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

This note may be prepaid prior to the stated maturity hereof as a whole at any time 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.

This note shall also be subject to prepayment prior to maturity on or after 1, , as a whole at any time, or in part from time to time on any interest payment date, upon exercise by the Corporation of an option under the Agreement to prepay in whole or in part the payments required to be made under the Agreement, under circumstances other than those described above, upon payment in each case of the applicable prepayment price (expressed as a percentage of the principal amount of this note to be prepaid), as set forth in the schedule below, together with unpaid interest accrued to the date fixed for prepayment, in the manner and subject to the provisions of the Indenture:

Period During Which Prepaid
(both dates inclusive)

Prepayment
Price

This note is also subject to prepayment in part upon the completion of the Project if there are proceeds, including investment proceeds, not needed to pay the cost thereof or in the event there are insurance proceeds or condemnation proceeds not used by the Corporation for the repair, rebuilding or restoration of the Project. Any such prepayment shall be without premium, and the amount available therefor shall be applied to pay as much of the principal and interest accrued thereon as will equal such amount.

This note shall be subject to mandatory prepayment in whole on the interest payment date next succeeding a Determination of Taxability (as defined in the Indenture) at a prepayment price equal to _____ percent (____%) of the principal amount thereof plus unpaid interest accrued to the prepayment date, 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 and all additional notes issued under the Indenture 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 any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the holder of this note in any particular may be made only with the consent of the Corporation and the holder hereof. Any such consent by the holder of this note shall be conclusive and binding upon such holder and all future holders and owners of this note irrespective of whether any notation of such consent is made upon this note.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner, and that the issuance of this note are

within every debt and other limit prescribed by the Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Greenville 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, as of _____, 1983.

GREENVILLE COUNTY, SOUTH CAROLINA

By _____
Chairman, County Council of
Greenville County, South Carolina

(SEAL)

ATTEST:

By _____
Mary T. Turner, Clerk,
County Council of Greenville
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, premium, if any, and interest on the Note according to its tenor and effect and the performance and observance of all of its covenants expressed or implied herein and in the Note, has granted, bargained, sold, released, conveyed, assigned, pledged and granted a security interest in, and does hereby, subject to the terms and provisions of the Agreement, grant, bargain, sell, release, convey, assign, pledge and grant a security interest in, unto 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, premium, if any, and interest on the Note and the interest due or to become due thereon, at the times and in the manner mentioned in the Note, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Lender all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void, otherwise this Indenture to be and remain in full force and effect.

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

"Corporation" shall mean Para-Chem Southern, 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.

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

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Note is includable in the gross income of a Holder or former Holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failures to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a Holder thereof for any reason other than that such Holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(10); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Corporation, either directly, or with the cooperation of any Holder or former Holders of the Note, a protest being actively prosecuted in good faith by the Corporation which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service. Such a Determination of Taxability shall be deemed for all purposes of this Indenture to have occurred on the date borne by said statutory notice of deficiency or the date borne by said statement as the case may be.

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

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

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

"Guaranty" shall mean the Guaranty dated as of the date of this Indenture given by the Corporation 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 Greenville 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 _____, 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 \$1,600,000 "Greenville County, South Carolina, Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) 1983" authorized, executed and delivered by the Issuer under this Indenture.

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

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

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

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

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

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

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

"Plant" shall mean the facility of the Corporation for the purpose of manufacturing chemical products located in the jurisdiction of the Issuer.

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

"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 _____.

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

"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 "Greenville County, South Carolina, Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) 1983." The Note shall be issued in the original principal amount of \$1,600,000. The Note shall be dated February 1, 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, premium, if any, 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, premium, if any, 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, prepayment premium, if any, 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:

(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 upon the happening of one of the following events:

(1) 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 for a period of six months or more or 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 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 for a period of six months or more; or

(iii) any change occurs in the Constitution of the State of South Carolina 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 is issued by any court or administrative body (whether state or Federal), the result of which is to render the obligations of the Corporation under the Agreement unenforceable or impossible of performance in any material respect in accordance with the intent and purpose of the parties as expressed in the 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 the 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 render continued operation of the Project uneconomic for its purpose.

Under this paragraph (a), the Note shall be payable at a prepayment price equal to the principal amount thereof, together with unpaid interest accrued to the date fixed for prepayment.

(b) On or after _____, _____, as a whole at any time, or in part from time to time on any Interest Payment Date relating to the Note, upon the exercise by the Corporation of its option to prepay pursuant to Section 10.01 of the Agreement, and under circumstances other than those described in paragraphs (a) above and (c) and (d) below, upon payment in each case of the applicable prepayment price (expressed as a percentage of the principal amount of the Note to be prepaid) set forth in the schedule below, together with unpaid interest accrued to the date fixed for prepayment:

Period During Which Prepaid (both dates inclusive)	Prepayment Price
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(c) As a whole at any time upon the occurrence of a Determination of Taxability with respect to the Note on the Interest Payment Date next succeeding a Determination of Taxability, at a prepayment price equal to _____ percent (____%) of the principal amount thereof plus unpaid interest accrued to the prepayment date.

(d) 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 or in the event there are insurance proceeds or condemnation proceeds not used by the Corporation for the repair, rebuilding or restoration of the Project at a prepayment price without premium by applying the amount available therefor to so much of the principal and interest accrued thereon as will equal such amount.

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, premium, if any, or interest on the Note, the Issuer may authorize the payment of the same, without surrender thereof except in the case of a mutilated Note instead of issuing a substitute Note, provided security or indemnity is furnished as above provided in this Section 2.02.

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

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

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

If any of the officers who shall have signed or sealed the Note shall cease to be such officer of the Issuer before the Note so signed and sealed shall have been actually delivered by the Issuer, 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, premium, if any, and interest on the Note shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the sum or sums so paid.

SECTION 2.05. Note Limited Obligation of Issuer. The Note shall be a limited obligation of the Issuer, the principal, premium, if any, 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 the premium, if any, 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, premium, if any, 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 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) _____, counsel for the Issuer; (B) McNair Glenn Konduros Corley Singletary Porter & Dibble, P.A., Bond Counsel, and (C) _____, counsel for the Corporation, in each case in such form as the Lender shall approve;

(c) A certificate, dated the date of Closing 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 and the Indenture, 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.

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 "Greenville County, South Carolina, Industrial Development Construction Fund (Para-Chem Southern, 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

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 principal 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

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

ARTICLE IV

REPRESENTATIONS AND COVENANTS OF ISSUER

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

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

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

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

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

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

payment of, or reimbursement for, the costs of such rebuilding, repairing or restoration, 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 liability of the Issuer or a charge against its general credit or taxing power or pledge the credit or taxing power of the State, or any other political subdivision of the State.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

REPRESENTATIONS AND COVENANTS OF LENDER

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

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

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

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

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

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

ARTICLE VI

DEFAULTS AND REMEDIES

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

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

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

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

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

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

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

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

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

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

(b) bring suit upon the Note;

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

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

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

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

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

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

ARTICLE VII

DEFEASANCE

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

ARTICLE VIII

MISCELLANEOUS

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

SECTION 8.02. Provisions of Indenture for Sole Benefit of Corporation, Issuer, Lender and Holder of Note. 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 or registered mail (except as otherwise provided in this Indenture), postage prepaid, addressed as follows:

- (a) if to the Issuer, at
Greenville County Council

_____, South Carolina _____
Attention: Chairman;
- (b) if to the Corporation, at
Para-Chem Southern, Inc.

Attention: President; and
- (c) if to the Lender, at
Bankers Trust of South Carolina

Attention: _____
- (d) if to the Depositary, at
Bankers Trust of South Carolina

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

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

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

IN WITNESS WHEREOF, Greenville 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.

GREENVILLE COUNTY, SOUTH CAROLINA

By _____,
Chairman, County Council

SEAL

ATTEST:

Mary T. Turner, Clerk,
County Council

WITNESSES:

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Greenville County, South Carolina, affixed to the foregoing
Indenture and that he also saw _____, as
Chairman of the County Council of Greenville County, South
Carolina, and Mary T. Turner, as Clerk of the County Council
of Greenville 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
Greenville County, South Carolina.

Witness

SWORN to before me this

_____ day of _____, 1983

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

(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 _____, 1983

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

EXHIBIT

JAN 11 1983

NO. 1

1

STATE BUDGET & CONTROL BOARD

GREENVILLE COUNTY, SOUTH CAROLINA

and

PARA-CHEM SOUTHERN, INC.

FINANCING AGREEMENT

Dated as of February 1, 1983

Relating to Greenville County, South Carolina
Industrial Development Revenue Note
(Para-Chem Southern, Inc. Project) 1983

014623

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TESTIMONIUM

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, made and entered into as of February 1, 1983, by and between GREENVILLE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (the "Issuer"), and PARA-CHEM SOUTHERN, 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 manufacturing chemical products (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 \$1,600,000 (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, premium, if any, 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 as of February 1, 1983 (the "Indenture") between the Issuer and Bankers Trust of South Carolina, a

banking association organized and existing under the laws of _____, 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;

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 acquisition 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

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:

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 as of February 1, 1983, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture.

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

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

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

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

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

business and corporate records shall be principally administered and maintained.

"Corporation" shall mean Para-Chem Southern, 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 _____ banking association, organized and existing under the laws of _____.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid

or payable on any portion of the Note is includable in the gross income of a holder or former holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failures to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a holder thereof for any reason other than that such holder is a substantial user of the Project or a related person within the meaning of IRC Section 103(b)(10); 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.

"Indenture" shall mean the Indenture, dated as of 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 any particular Note.

"Issuer" shall mean Greenville 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 _____, 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 Depository, charges of the Lender and all similar expenses.

"Note" shall mean the \$1,600,000 "Greenville County, South Carolina, Industrial Development Revenue Note (Para-Chem Southern, Inc. Project) 1983" 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.

"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 manufacturing chemical products located in the jurisdiction of the Issuer.

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

"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 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 _____, ____.

"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.

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.

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 _____, _____;

(e) The Corporation intends to operate the Project as a facility for the purpose of manufacturing chemical products 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.

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

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

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 by the revision in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Corporation Representative; (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the proceeds of the Note for the Cost of the Project described therein would not impair the exemption of interest on the Note from Federal income taxation; and (iii) an Opinion of Counsel

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

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

ARTICLE IV

PAYMENTS BY CORPORATION TO ISSUER

SECTION 4.01. Payments to be Made by Corporation. In consideration of the application of the proceeds of the Note to defray the Cost of the Project the Corporation absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the times and places required the amounts required to pay the principal, premium, if any, 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, and any premium thereon, 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, (ii) any applicable prepayment premium; and (iii) 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 and to accrue and premium, if any, 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 provisions 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.

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).

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

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.

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

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 thereof, as the case may be, (ii) that in the case of the trade-in of such Equipment for other machinery, equipment or related property not to be installed in the 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.

(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

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;

(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.

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.

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

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

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

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.

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.

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 of 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;

(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

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

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, premium, if any, 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,

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.

EXHIBIT

JAN 11 1983 NO. 1

IX-5

STATE BUDGET & CONTROL BOARD

014662

(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 foreclosure 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.

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,

render continued operation of the Project uneconomic 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.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Note (including interest and premium, if any, thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Corporation 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,

Greenville County Council

Attention: _____

- (b) if to the Corporation,

Para-Chem Southern, Inc.

Attention: _____

- (c) if to the Lender,

Bankers Trust of South Carolina

Attention: _____

- (d) if to the Depositary:

Bankers Trust of South Carolina

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

notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 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 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.

IN WITNESS WHEREOF, Greenville 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 Para-Chem Southern, 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:

GREENVILLE COUNTY, SOUTH CAROLINA

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

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

In the Presence of:

PERSONALLY appeared before me _____ who on oath says that (s)he saw the within Greenville County by _____, the Chairman of the County Council of Greenville County and Mary T. Turner, the Clerk of the County Council of Greenville County sign the within Financing Agreement and the said Greenville 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 _____, 1983.

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

PARA-CHEM SOUTHERN, 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 Para-Chem
Southern, Inc., by _____, its
_____ and _____, its
_____, sign the within Financing Agreement and
the said Para-Chem Southern, 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 _____, 1983.

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

4 5 14

EXHIBIT A

[Description of Realty]

014672

EXHIBIT B

[Description of Personalty]

EXHIBIT

JAN 11 1983 NO. 1

STATE BUDGET & CONTROL BOARD

014673

FEB 10 1983

The State of South Carolina



EXHIBIT

JAN 11 1983

NO. 2

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

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

February 8, 1983

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

In re: \$3,300,000 Richland County, South Carolina,
Industrial Revenue Refunding Note, Series 1983
(Industrial Welding Supplies 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.

Sincerely yours,

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

David C. Eckstrom
Assistant Attorney General

jj

Enclosures

014674

EXHIBIT

JAN 11 1983 NO. 2

RESOLUTION

STATE BUDGET & CONTROL BOARD

THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

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

WHEREAS, the proposed undertaking consists of refunding a note heretofore issued for financing the acquisition by the County Board of a parcel of land located in Richland County, South Carolina (the County) and the acquisition, construction and equipping thereon of an acetylene plant and related facilities (said tract of land and the buildings and equipment located thereon included in the said facilities being hereinafter referred to as the Project) having been financed by the issuance of a Note pursuant to the Act, and leased to Industrial Welding Supplies, Inc., a South Carolina corporation (the Lessee); and

WHEREAS, the County Board proposes to refund the Series 1979 Note by the issuance of industrial revenue refunding note pursuant to the Act; and

WHEREAS, the Project will continue to be leased to the Lessee at a rental sufficient to provide for the payment of all industrial revenue bonds of the County heretofore or hereafter referred to, and costs and expenses resulting from the issuance thereof; and

014675

WHEREAS, in order to finance the refunding of the Series 1979 Note, the County Board proposes to provide for the issuance of a \$3,300,000 Richland County, South Carolina, Industrial Refunding Revenue Note, Series 1983 (Industrial Welding Supplies, Inc. Project) (the Series 1983 Note) pursuant to the Act payable from the rentals derived from leasing the Project to the Lessee and additionally secured by a Mortgage Supplement of the County to North Carolina National Bank (the Mortgagee); and

WHEREAS, the Lessee, Piedmont Welding Supply Company and Sunox, Inc. will unconditionally guarantee payment of the Series 1983 Note pursuant to a First Supplemental Guaranty Agreement; and

WHEREAS, the Series 1983 Note will be sold to North Carolina National Bank (the Purchaser); and

WHEREAS, the form of the First Amendatory Lease Agreement between the County and the Lessee, the Mortgage Supplement and the First Supplemental Guaranty Agreement have been considered by this Board.

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

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

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

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of refunding the Series 1979 Note, a general summary of the terms and conditions of the First Supplemental Lease Agreement, the Mortgage Supplement and the First Supplemental Guaranty Agreement and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sum prescribed by the Act.

(c) That the Project will insure the continued employment of approximately 12 persons.

(d) That refunding the Series 1979 Note promotes the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to refund the Series 1979 Note and to continue to lease the Project to the Lessee and to finance the cost of such refunding through the issuance of a \$3,300,000 Richland County, South Carolina, Industrial Refunding Revenue Note, Series 1983 (Industrial Welding Supplies, Inc. Project) (the Series 1983 Note) payable from the revenues to be derived from the leasing of the Project, and additionally secured by the Mortgage as supplemented, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not

materially affect the said undertaking), be and the same is hereby approved.

3. Notice of the action taken by the State Board in giving approval to the undertaking of the County above described in paragraph 2, supra, shall be published in THE STATE, a newspaper having general circulation in the County.

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

EXHIBIT A

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

Notice is hereby given that following the filing of a Petition by the Richland County Council (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.:

The refunding of an industrial development note issued for the acquisition by the County Board of a parcel of land in Richland County, South Carolina (the County) and the acquisition, construction and equipping thereon of an acetylene plant and related facilities (the said tract of land and the buildings included in the said facilities being hereinafter referred to as the Project). To finance the refunding of the note, the County Board will issue a \$3,300,000 Richland County, South Carolina, Industrial Revenue Refunding Note, Series 1983 (Industrial Welding Supplies, Inc. Project) (the Series 1983 Note) pursuant to Title 4, Chapter 29, Code of Laws of South Carolina, 1976. The County Board will continue to lease the Project to Industrial Welding Supplies, Inc., a South Carolina corporation (the Lessee), under a First Amendatory Lease Agreement and the Series 1983 Note will be payable by the County solely from the rentals to be paid to the County by the Lessee, which has irrevocably covenanted and agreed to

pay when due, all sums required for the principal and interest thereon, and the Series 1983 Note will be additionally secured by a First Supplemental Mortgage and Security Agreement which will constitute a pledge of the revenues to be received by the County pursuant to the First Amendatory Lease Agreement. By a First Supplemental Guaranty Agreement, the Lessee, Piedmont Welding Supply Company and Sunox, Inc. will unconditionally guarantee to North Carolina National Bank, as Mortgagee, the payment in full of the principal and interest on the Series 1983 Note.

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

The Lease by which the County will lease the Project to the Lessee provides that the Lessee shall purchase the Project for One Dollar (\$1.00) upon the payment in full of the Series 1983 Note.

Following such refunding the Project will insure the continued employment of approximately 12 persons.

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

THE STATE BUDGET AND CONTROL
BOARD

By: William A. McInnis

PUBLICATION DATE:
_____, 19__

EXHIBIT

JAN 11 1983

NO. 2

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, January 11, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

AGAINST MOTION

5

0

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

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

February 9, 1983

William A. McInnis 014682
Secretary

North Carolina National Bank
P.O. Box 120
Charlotte, NC 28255
Telephone 704 | 374-5000

NCNB

December 6, 1982

OK to 12.13.82
EXHIBIT

South Carolina State Budget
and Control Board
P.O. Box 12444
Columbia, S.C. 29211-2444

JAN 11 1983 NO. 2

Attention: William A. McInnis

STATE BUDGET & CONTROL BOARD

Re: \$3,300,000 Richland County, South Carolina
Industrial Revenue Refunding Note, Series 1983
(Industrial Welding Supplies, Inc. Project)

Gentlemen:

In connection with the sale by Richland County, South Carolina (the Issuer) of its Industrial Revenue Refunding Note, Series 1983 (Industrial Welding Supplies, Inc. Project), bearing interest from the date of issuance and delivery thereof, in the principal amount of \$3,300,000 (the Note) to North Carolina National Bank (the Purchaser), the Purchaser makes the following representations and certifications:

- (i) The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Note;
- (ii) The Purchaser is financially able to bear the economic risk of its proposed investment in the Note for an indefinite period;
- (iii) The Purchaser is familiar with the business affairs of Industrial Welding Supplies, Inc. (the Company) and has obtained and examined all financial and other information with respect to the Note and the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Note and to make an informed investment judgment in connection with the purchase of the Note;
- (iv) The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Note and its investment in the Note;

014683

South Carolina State Budget
and Control Board
December 6, 1982
Page Two

(v) The Note is being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchase has no present intention of offering the Note or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances; and

(vi) The Purchaser is not presently a party to, nor has it contemplated any agreement, undertaking, arrangement, obligation, indebtedness or commitment which is likely to compel disposition of its investment in the Note.

Sincerely,

NORTH CAROLINA NATIONAL BANK

By: H. Clayton Howze, III
H. Clayton Howze, III

EXHIBIT

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

014684

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of Jan. 11, 1983]

EXHIBIT

1. Local Government: Richland County
2. Bond Counsel: Shickler Gibbs + Simons JAN 11 1983 NO. 2
 - (a) Firm Shickler Gibbs + Simons STATE BUDGET & CONTROL BOARD
 - (b) Contact Person Mr. William Youngblood Phone 722-3366
 - (c) Address Box 340, Charleston, SC 29402
3. Project Name: Industrial Weeding Supplies, Inc.
4. Issue Amount: \$ 300,000 Type: Industrial
5. Employment Impact of Project: REFUNDING
6. Type/Nature of Business of Firm Involved: acetylene manufacturing and related facilities

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	RC 1/3	AG 1/3
(b) Documents on issuance/securing of bonds	BY 12/20	AG 1/3
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>N.C. National Bank</u>) (3) Review by State Auditor's Office (memo)	N CNB 12/13 OK 12/13	EAV 12/13 XXXXXXXX
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (<u>9</u> copies for certification for bond counsel)	BY 12/20	AG (1) 1/3
(f) Review by Attorney General's Office (letter)	Verbal OK 2/9	XXXXXXXX

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

Certificates signed: 2/9/83
 Resolutions mailed: 2/9/83

014685

A RESOLUTION
AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE OF A
\$3,300,000 RICHLAND COUNTY, SOUTH CAROLINA, INDUSTRIAL
REVENUE REFUNDING NOTE, SERIES 1983 (INDUSTRIAL WELDING
SUPPLIES PROJECT) PURSUANT TO TITLE 4, CHAPTER 29, CODE OF
LAWS OF SOUTH CAROLINA, 1976, PROVIDING FOR THE HOLDING OF A
PUBLIC HEARING PURSUANT TO SECTION 4-9-130, CODE OF LAWS OF
SOUTH CAROLINA, 1976, PUBLICATION OF NOTICE OF SUCH HEARING,
AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE RICHLAND COUNTY COUNCIL IN
MEETING DULY ASSEMBLED:

EXHIBIT

ARTICLE I

JAN 11 1983 NO. 2

FINDINGS OF FACT

STATE BUDGET & CONTROL BOARD

SECTION 1.01

As an incident to the adoption of this Resolution, the
Richland County Council (which is the governing body of the
County) (the County Council), has made the following
findings:

1. Industrial Welding Supplies, Inc., a South Carolina
corporation (the Lessee), heretofore requested that the
County Council assist in financing the acquisition,
construction and equipping of an acetylene plant and related
facilities, to be located in Richland County, South Carolina
(the County) to be leased to the Lessee, at an estimated
cost of \$3,700,000 through the issuance of an Industrial
Revenue Note pursuant to the authorization of Title 4,
Chapter 29, Code of Laws of South Carolina, 1976 (the Act).
The Lessee advised the County Council that its proposed
industrial project would be aided by the assistance which
the County might render through the sale of an industrial
revenue note in the principal amount of \$3,700,000 pursuant

014686

to the Act. The County Council agreed so to finance the acquisition, construction and equipping of the said facilities (the tract of land and the building and equipment thereon constituting the said facilities are hereinafter referred to as the Project), and on November 14, 1979 delivered to North Carolina National Bank (the Purchaser) its \$3,700,000 Richland County, South Carolina, Industrial Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project) (the Series 1979 Note) as aforesaid. The Lessee has now requested that the County issue its \$3,300,000 Industrial Revenue Refunding Note (the Series 1983 Note) in order to properly evidence the agreement of the Lessee and the Purchaser to restructure certain material terms of the Series 1979 Note. The County adopts this Resolution to authorize a petition to the State Budget and Control Board (the State Board), setting forth the facts required by the Act, to authorize the holding of a public hearing as required by the Tax Equity and Fiscal Responsibility Act of 1982 in connection with the financing, and to provide for publication of notice of such hearing.

2. The County Council has determined that the refunding of the Note issued to acquire, construct and equip the Project will subserve the purposes of the Act and neither the Project nor the Series 1983 Note will give rise to any pecuniary liability of the County or a charge against its general credit or taxing power.

3. The amount necessary to refund the Series 1979 Note is Three Million Three Hundred Thousand Dollars (\$3,300,000).

4. The Lessee has submitted to the County Council a draft of the proposed First Amendatory Lease Agreement, under which the Lessee will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the Series 1983 Note.

5. The proposed Lease as amended obligates the Lessee unconditionally to pay the amount necessary to provide the annual payments of principal and interest, and premium, if any, to become due on the Series 1983 Note and to pay other costs in connection therewith and contains an appropriate provision requiring the Lessee to pay, in lieu of taxes, such amounts as would otherwise be paid if the Lessee owned the Project.

6. Pursuant to a First Supplemental Guaranty Agreement, the Lessee, Sunox, Inc. and Piedmont Welding Supply Company (the Guarantors) will unconditionally guaranty the payment of principal of, premium, if any, and interest on the Series 1983 Note.

7. In view of the well established credit of the Lessee and the successful arrangements to effect a sale of the Series 1983 Note without the establishment of reserve funds for the payment of the principal and interest, no such reserve funds will be established.

8. The Series 1983 Note will be issued as a tax exempt note by virtue of an election to be made pursuant to the provisions of Section 103(b)(6)(A) and (D) of the Internal Revenue Code of 1954, as amended.

9. The Lessee, has arranged for the sale of the Series 1983 Note to North Carolina National Bank.

ARTICLE II

RESOLUTION TO CONSTITUTE OFFICIAL ACTION

SECTION 2.01

It is intended that this resolution shall constitute the "Official Action" of the County toward the issuance of the industrial revenue note contemplated by applicable regulations of the Internal Revenue Service issued under Section 103 of the Internal Revenue Code of 1954, as amended.

ARTICLE III

SUBMISSION OF PETITION

SECTION 3.01

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

ARTICLE IV

PUBLIC HEARING AND NOTICE

SECTION 4.01

Pursuant to Section 4-9-130, Code of Laws of South Carolina, 1976, a public hearing shall be held on the question of the issuance of the Series 1983 Note. Such public hearing shall be held before final action by County Council authorizing the Lease Agreement as amended.

SECTION 4.02

Not less than fifteen days prior to the hearing provided for in Section 4.01 hereof, the Chairman of County Council shall cause notice of such hearing to be published in The "State" a newspaper of general circulation in the County. Such notice shall be substantially in the form attached hereto as Exhibit B.

EXHIBIT A

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

The Petition of the Richland County Council (the County Council) respectfully shows:

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

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

3. The County Council heretofore agreed with Industrial Welding Supplies, Inc., a South Carolina corporation (the Lessee) to finance the acquisition, construction

and equipping of an acetylene plant and related facilities located in the County, through the issuance of an Industrial Revenue Note pursuant to the Act. In this connection, the County Council agreed to accept a conveyance of the parcel of land on which the industrial facilities located, and the County Council agreed to issue a Three Million Seven Hundred Thousand Dollar (\$3,700,000) Richland County, South Carolina, Industrial Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project), (the Series 1979 Note) pursuant to the Act in order to finance the acquisition, construction and equipping of the aforesaid facilities (said facilities being hereinafter referred to as the Project). On November 14, 1979 the County delivered the Series 1979 Note to North Carolina National Bank (the Purchaser). The Lessee and the Purchaser have now completed negotiations to restructure certain material terms of the Series 1979 Note and request that the County issue another obligation to refund the Series 1979 Note.

4. The County Council is advised by the Lessee that the amount necessary to refund the Series 1979 Note will be Three Million Three Hundred Thousand Dollars (\$3,300,000) and that, therefore, in order to accomplish such refunding, the Series 1983 Note should be issued in that amount.

5. After the refunding the Project will continue to employ approximately 12 persons.

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

(a) The refunding of the Series 1979 Note will subserve the purposes of the Act.

(b) By reason of undertaking the refunding no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The Lease as amended, between the County and the Lessee, will continue to unconditionally obligate the Lessee to pay rent in an amount adequate to provide for the principal and interest payments on the Series 1983 Note.

(d) The Series 1983 Note will be dated and will mature and bear interest in amounts and at rates set forth in Article II of the Note Ordinance, a copy of which is enclosed herewith.

(e) The terms of the Lease as amended will require the Lessee to continue to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to the Act, the County Council sets forth the following information:

(a) The Project to be financed consists of the refunding of a 1979 industrial revenue note, the proceeds of which were used for the acquisition of a parcel of land located in the County, and the construction and equipping thereon of a acetylene plant and related facilities.

(b) After the refunding of the Project will continue to provide permanent employment for approximately 12 persons. It is, therefore, believed that the Project will have a beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the refunding will amount to approximately \$3,300,000.

8. The proposed First Amendatory Lease Agreement, a draft copy of which is presented herewith, will provide, among other things, the following:

(a) To refund the Series 1979 Note, the County will issue a \$3,300,000 Richland County, South Carolina, Industrial Revenue Note, Series 1983 (Industrial Welding Supplies, Inc., Project). The Series 1983 Note will be secured by a pledge of the rents to be paid by the Lessee under the Lease Agreement, as amended, and will be further secured by a Mortgage as supplemented, both as authorized by the Act.

(b) The Series 1979 Note will be delivered and cancelled in payment for the Series 1983 Note.

(c) The Lease as amended will contain a specific provision by which the Lessee will unconditionally agree to make payments to the County, to any School District in the County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by the County,

by any such School District, and by said political units if the Project were owned by the Lessee, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Lessee were it the owner of the Project.

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

9. The payment of the Series 1983 Note will be unconditionally guaranteed pursuant to a Guaranty Agreement among the Lessee, Sunox, Inc., Piedmont Welding Supply Company and North Carolina National Bank.

10. The proposed supplement to the Mortgage and Security Agreement (the Mortgage) is in conventional form. The Mortgage as supplemented continues to constitute a forecloseable mortgage upon the Project. Included in the granting clause of the Mortgage are:

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

(b) All right, title and interest of the County in the Lease, except those payments to be made in lieu of taxes or by way of indemnification.

The Note Ordinance makes provision for the issuance of the Series 1983 Note referred to above. It provides for the payment and redemption of the Series 1983 Note. It imposes

upon the Lessee the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Series 1983 Note, all other costs and expenses resulting from the Series 1983 Note Ordinance and the issuance of the Series 1983 Note pursuant thereto.

11. The proposed First Amendatory Lease Agreement, Mortgage Supplement and First Supplemental Guaranty Agreement (draft copies of which are enclosed herewith) will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act. While changes will be made in the enclosed forms, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter and as soon as practicable, make its independent investigation of the refunding and the terms and provisions of the First Amendatory Lease Agreement, the Note Ordinance, the Mortgage Supplement and the First Supplemental Guaranty Agreement, as it deems advisable, that the proposed refunding will promote the purposes of the Act and that it is reasonably anticipated to affect such result, and on the basis of such finding, that it does approve the refunding, including changes in any details of the said financing as

finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in the Act.

December __, 1982.

Respectfully submitted,

(SEAL)

By _____
Chairman, Richland County
Council

Attest:

Clerk, Richland County Council

EXHIBIT B

PUBLIC NOTICE

Notice is hereby given by the Richland County Council that a public hearing will be held relating to the proposed issuance of a \$3,300,000 Richland County, South Carolina, Industrial Revenue Refunding Note, Series 1983 (Industrial Welding Supplies, Inc., Project). The hearing will be held at the Council Chambers of the Richland County Council in the Richland County Judicial Center, Columbia, SC 29240, at _____ P.M., _____, January ____, 1983.

Chairman, Richland County
Council

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, the undersigned Clerk of the Richland County Council
County do hereby certify that the foregoing is a true,
correct and verbatim copy of a Resolution duly adopted by
the Richland County Council having been read at a duly
called meeting of said County Council on December 15th, 1982.

Witness my hand and seal of the Richland County Council
this 15th day of December, 1982.

Brenda Fuller
Clerk, Richland County Council

(SEAL)

014699

EXHIBIT

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Richland County Council (the County Council) respectfully shows:

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

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

3. The County Council heretofore agreed with Industrial Welding Supplies, Inc., a South Carolina corporation (the Lessee) to finance the acquisition, construction and equipping of an acetylene plant and related facilities located in the County, through the issuance of an Industrial Revenue Note pursuant to the Act. In this connection, the

014700

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4. The County Council is advised by the Lessee that the amount necessary to refund the Series 1979 Note will be Three Million Three Hundred Thousand Dollars (\$3,300,000) and that, therefore, in order to accomplish such refunding, the Series 1983 Note should be issued in that amount.

5. After the refunding the Project will continue to employ approximately 12 persons.

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

(a) The refunding of the Series 1979 Note will subserve the purposes of the Act.

(b) By reason of undertaking the refunding no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The Lease as amended, between the County and the Lessee, will continue to unconditionally obligate the Lessee to pay rent in an amount adequate to provide for the principal and interest payments on the Series 1983 Note.

(d) The Series 1983 Note will be dated and will mature and bear interest in amounts and at rates set forth in Article II of the Note Ordinance, a copy of which is enclosed herewith.

(e) The terms of the Lease as amended will require the Lessee to continue to carry proper insurance and to pay all costs of maintaining the Project in good repair.

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(a) The Project to be financed consists of the refunding of a 1979 industrial revenue note, the proceeds of which were used for the acquisition of a parcel of land located in the County, and the construction and equipping thereon of a acetylene plant and related facilities.

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(c) The cost of the refunding will amount to approximately \$3,300,000.

8. The proposed First Amendatory Lease Agreement, a draft copy of which is presented herewith, will provide, among other things, the following:

(a) To refund the Series 1979 Note, the County will issue a \$3,300,000 Richland County, South Carolina, Industrial Revenue Note, Series 1983 (Industrial Welding Supplies, Inc., Project). The Series 1983 Note will be secured by a pledge of the rents to be paid by the Lessee under the Lease Agreement, as amended, and will be further secured by a Mortgage as supplemented, both as authorized by the Act.

(b) The Series 1979 Note will be delivered and cancelled in payment for the Series 1983 Note.

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

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

9. The payment of the Series 1983 Note will be unconditionally guaranteed pursuant to a Guaranty Agreement among the Lessee, Sunox, Inc., Piedmont Welding Supply Company and North Carolina National Bank.

10. The proposed supplement to the Mortgage and Security Agreement (the Mortgage) is in conventional form. The Mortgage as supplemented continues to constitute a forecloseable mortgage upon the Project. Included in the granting clause of the Mortgage are:

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

(b) All right, title and interest of the County in the Lease, except those payments to be made in lieu of taxes or by way of indemnification.

The Note Ordinance makes provision for the issuance of the Series 1983 Note referred to above. It provides for the payment and redemption of the Series 1983 Note. It imposes upon the Lessee the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Series 1983 Note, all other costs and expenses resulting from the Series 1983 Note Ordinance and the issuance of the Series 1983 Note pursuant thereto.

11. The proposed First Amendatory Lease Agreement, Mortgage Supplement and First Supplemental Guaranty Agreement (draft copies of which are enclosed herewith) will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act. While changes will be made in the enclosed forms, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter and as soon as practicable, make its independent investigation of the refunding and the terms and provisions of the First Amendatory Lease Agreement, the Note Ordinance, the Mortgage Supplement and the First Supplemental Guaranty Agreement, as it deems advisable, that the proposed refunding will promote the purposes of the Act and that it is reasonably anticipated to affect such result, and on the basis of such finding, that it does approve the refunding, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in the Act.

014705

December 15, 1982.

Respectfully submitted,

(SEAL)

By John V. Thomas
Chairman, Richland County
Council

Attest:

Brenda Fuller
Clerk, Richland County Council

EXHIBIT

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

DEC 20 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 160
FIRST NATIONAL BANK BUILDING
COLUMBIA, S. C. 29201
(803) 765-1885

December 16, 1982

EXHIBIT

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

William A. McInnis
Secretary
South Carolina State Budget
and Control Board
P.O. Box 12444
Columbia, South Carolina 29211-2444

Re: \$3,300,000 Richland County, South Carolina,
Industrial Revenue Refunding Note, Series 1983
(Industrial Welding Supplies, Inc. Project)

Dear Bill:

Enclosed is a proposed form of resolution for the captioned refunding note. The Richland County Council adopted its resolution authorizing a petition to the State Budget and Control Board on December 15, 1982. North Carolina National Bank which is the holder of the outstanding industrial revenue note and purchaser of the refunding note will be sending an investment letter directly to you. I also enclose working drafts of each of the First Amendatory Lease Agreement, the First Supplemental Mortgage & Security Agreement and First Supplemental Guaranty Agreement.

If you should have any question about the enclosures, please give me a call.

With warm personal regards for the Holiday Season,

Very truly yours,

Bill Youngblood
M. William Youngblood, Jr.

MWY/bs
Enclosures

014707

EXHIBIT

JAN 11 1983

NO. 2

FIRST SUPPLEMENTAL GUARANTY AGREEMENT

THIS FIRST SUPPLEMENTAL GUARANTY AGREEMENT (the "Agreement") made and entered into as of the 1st day of January, 1983, by and among INDUSTRIAL WELDING SUPPLIES, INC., PIEDMONT WELDING SUPPLY COMPANY and SUNOX, INC. (the "Guarantors"), all corporations duly organized and existing under the laws of the State of South Carolina, and NORTH CAROLINA NATIONAL BANK, a national banking association duly organized and existing under the laws of the United States of America, its successors and assigns, hereinafter referred to as the "Bank";

WITNESSETH:

WHEREAS, Richland County, a public body corporate and politic duly organized and existing under the laws of the State of South Carolina (the "County"), heretofore issued its Richland County, South Carolina, Industrial Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project) in an aggregate principal amount of \$3,700,000 (the "Series 1979 Note"); and

WHEREAS, the proceeds derived from the issuance of the Series 1979 Note were applied to the cost of the acquisition, construction and equipping of acetylene manufacturing and related facilities in conjunction with the operations of Industrial Welding Supplies, Inc. in the County, (the "Project") for the use and benefit of Industrial Welding Supplies, Inc.; and

WHEREAS, the Series 1979 Note above described was secured by (i) a first mortgage on certain property included in the granting clauses of the Mortgage and Security Agreement from the County to the Bank as Mortgagee (the "Mortgage") and (ii) the assignment to the Bank of the Lease of the Project as above described (the "Lease"); and

WHEREAS, one of the Guarantors, Industrial Welding Supplies, Inc. borrowed from the Bank a sum of money, of which approximately \$800,000 is still due and owing (the Bank Loan) for other corporate purposes of Industrial Welding Supplies, Inc. which continues to be the absolute, unconditional and primary obligation of the such Guarantor; and

WHEREAS, the Bank has agreed with the Guarantors to restructure certain material terms of the Series 1979 Note to be evidenced by the issuance of a \$3,300,000 Richland County, South Carolina, Industrial Revenue Refunding Note (Industrial Welding Supplies, Inc. Project) (the Series 1983 Note); and

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WHEREAS, the Guarantors are all related corporations and are desirous that the County issue the Series 1983 Note and are willing to enter into this First Supplemental Guaranty Agreement in order to induce the Bank to purchase the Series 1983 Note.

NOW, THEREFORE, in consideration of the premises and in order to induce the Bank to purchase the Series 1983 Note and as an inducement to the purchase of the Series 1983 Note by all who shall at any time become holders thereof or any portion thereof, the Guarantors do hereby covenant and agree with the Bank as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTORS

SECTION 1.1. The Guarantors do hereby represent and warrant that:

(a) Each of the Guarantors is a corporation duly organized and existing under the laws of the State of South Carolina and is in good standing under the laws of the State of South Carolina; each has power under its charter and bylaws and under the laws of South Carolina to enter into and perform all agreements on its part herein contained; each Guarantor has been authorized to enter into this Agreement by all necessary and proper action; and the execution and delivery of this Agreement and the performance by each Guarantor of its obligations hereunder do not and will not contravene or constitute a default under any agreement, indenture, commitment, provision of its charter or bylaws, or other requirement of law to which it is a party or by which it is or may be bound; and

Each of the Guarantors is duly qualified or licensed and in good standing as a foreign corporation in the State of North Carolina which is the only jurisdiction wherein the nature of its business or the ownership of its properties make such qualification or licensing necessary. Piedmont Welding Supply Company and Industrial Welding Supplies, Inc. are both wholly owned subsidiaries of Sunox, Inc. Sunox, Inc. has no other subsidiaries; and

(b) There is no litigation or proceeding pending against any of the Guarantors nor to the knowledge of the officers of the Guarantors threatened, which if decided adversely to any such

Guarantor, would have a material effect upon its financial condition or business.

(c) There has been no material adverse change in the business or financial affairs of any of the Guarantors since the date of the most recent audited financial statements furnished to the Bank.

(d) The real estate and other fixed assets of each of the Guarantors is subject to no mortgage or lien except the lien of County ad valorem taxes not yet due and payable and those disclosed in the financial statements referred to in by paragraph (c) above and the Mortgage; and

(e) The First Supplemental Mortgage, which deletes certain items of equipment from Exhibit B thereof but which otherwise maintains the Mortgage in full force and effect, has been executed and shall be delivered simultaneously herewith.

(f) None of the Guarantors have any liabilities, direct or contingent, except those disclosed in the financial statements referred to in paragraph (c) above and those incurred in the ordinary course of business; and

(g) None of the Guarantors have made any investment in, advances to, or guarantees of the obligations of any company, individual, or other entity except those disclosed in the financial statements referred to in paragraph (c) above and except to the extent provided in this First Supplemental Guaranty Agreement; and

(h) Each of the Guarantors has filed all required federal, state, and local tax returns and has paid all taxes as shown on such returns as they have become due, and no claims have been assessed and are unpaid with respect to such taxes except as shown in the financial statements referred to in paragraph (c) above; and

(i) Industrial Welding Supplies, Inc. will continue to conduct its business, so as to comply with all laws and regulations affecting the Project.

ARTICLE II

THE GUARANTY

SECTION 2.1. The Guarantors, jointly and severally,

hereby unconditionally guarantee to the Bank and any other holder(s) at any time and from time to time of the Series 1983 Note (a) the full and prompt payment of the principal of the Series 1983 Note when and as the same shall become due, whether at the stated maturity or at any accelerated maturity thereof, (b) the full and prompt payment of any interest on the Series 1983 Note when and as the same shall have become due in accordance with the provisions thereof, and (c) any and all amounts becoming due to the holder of the Series 1983 Note by reason of the provisions of Section 8.9 of the Lease as amended, and agree to pay all expenses and charges (including court costs and attorneys' fees) paid and incurred by the Bank in realizing upon any of the payments hereby guaranteed or in enforcing this Agreement. All payments of the Guarantors shall be paid in immediately available funds at the office of the Bank, in the City of Charlotte, North Carolina. Each and every default in payment of the principal of or interest on the Series 1983 Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

SECTION 2.2. The obligations of the Guarantors under this Guaranty Agreement shall be primary, absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Series 1983 Note shall have been paid or provided for in accordance therewith and until all sums becoming due by reason of Section 8.9 of the Lease have been paid or provided for, and until such payment or provision for payment, such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or the consent of the Guarantors:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the County under the Series 1983 Note, the Mortgage as supplemented and the Lease as amended;

(b) the failure to give notice to the Guarantors of the occurrence of a default under the terms and provisions of this First Supplemental Guaranty Agreement or the Mortgage, or the Lease, except as specifically provided in this First Supplemental Guaranty Agreement or in such document;

(c) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the County in the Project;

(d) the waiver of the payment, performance or observance by the County or the Guarantors of any of the obligations, covenants or agreements of any of them contained in the Lease, the Series 1983 Note, the Mortgage or this First Supplemental Guaranty Agreement;

(e) the extension of the time for payment of the principal of or interest on the Series 1983 Note or any part of either thereof due or payable thereon or under this First Supplemental Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Mortgage, the Lease, or this First Supplemental Guaranty Agreement or the extension or the renewal of any thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Lease, the Mortgage, or any release of any lien or security interest in the Project;

(g) the taking or the omission of any of the actions referred to in the Lease, the Mortgage and any actions under this Agreement;

(h) any failure, omission, delay or lack of diligence on the part of the County or the Bank to enforce, assert or exercise any right, power or remedy conferred on the County or the Bank in this Agreement, the Lease, the Mortgage or the inability of the County or the Bank to enforce such agreement, or any other act or acts on the part of the County or the Bank;

(i) the invalidity, unenforceability or termination of the Lease.

SECTION 2.3. Each of the Guarantors hereby expressly waives notice in writing, or otherwise, from the Bank of its acceptance and reliance on this Agreement.

ARTICLE III

COVENANTS

SECTION 3.1. Certain terms used in this Article III as defined terms shall have the meanings normally ascribed to such terms, under generally accepted accounting principles and as used in the Guarantors' most recent audit reports.

SECTION 3.2. During the term of this Guaranty Agreement each of the Guarantors covenants that it will not, without the prior written consent of the Bank:

(1) Create any subsidiaries.

(2) Permit (i) Consolidated Working Capital at any time to be less than \$3,000,000, (ii) Consolidated Current Assets to be less than 225% of Consolidated Current Liabilities, (iii) Consolidated Tangible Net Worth to be less than \$3,500,000 until 10/31/83 and \$4,000,000 thereafter, or (iv) Consolidated liabilities to exceed 200% of Consolidated Tangible Net Worth until 11/1/83, 170% thereafter until 11/1/85 and 125% thereafter.

(3) During any fiscal year ending after 10/31/80, the Guarantors will not permit the sum of:

- (1) Capital expenditures plus
- (2) Scheduled payments on long term debt

To exceed 75% of:

- (1) Profit after tax, plus
- (2) Depreciation for the immediately preceeding fiscal year.

(4) Increase in the aggregate, the salary and bonuses of Thomas C. Stevenson, and Thomas C. Stevenson, III by more than 10% annually. Any agreement in writing on the date of this First Supplemental Guaranty Agreement as to the payment of bonuses based on profits may be honored provided the payment of such bonuses will not result in the default of any other covenant in this Article III.

(5) Pay dividends other than stock dividends.

(6) Purchase or otherwise acquire any of its outstanding shares of stock or the stock of any other corporation.

(7) Create or permit to exist any lien or encumbrance (including the charge upon assets purchased under conditional sales or other title retention agreements) upon any of its assets, whether now owned or hereafter acquired, except those existing as of the date hereof and as required hereby.

(8) Incur, create, assume or permit to exist any Funded Debt or Current Debt, or guarantee, endorse or otherwise be or become contingently liable for the obligations of any other person except:

- (i) Debt required by the Series 1983 Note and the Bank Loan;
- (ii) Endorsement in the ordinary course of business of negotiable instruments in the course of collections.
- (iii) Debt payable to Linde resulting from lost cylinder settlements.

(9) Make or have outstanding any loan or advance to, or acquire the stock, indebtedness, of all or a substantial part of the assets or properties of any person, except:

- (i) Stock or securities received in settlement of debts;
- (ii) Certificates of deposit, commercial paper (A-2 or better rated) maturing within one year from the date of acquisition and direct obligations of the United States of America.
- (iii) Other loan advancements, and not exceeding \$20,000.

(10) Merge or consolidate with any other corporation or sell, lease, or transfer or otherwise dispose of all or a substantial part of its assets.

(11) Lease real property or production equipment for terms exceeding one year if thereafter the aggregate amount of all payments in any fiscal year payable by any of the Guarantors to lessors under all such leases would exceed \$200,000.

(12) Discount or sell with recourse, or sell at less than face value thereof, any of its notes or accounts receivable.

(13) Directly or indirectly, purchase, acquire or lease any property from, or sell, dispose of or lease any property to, or otherwise deal with, in the ordinary course of business or otherwise any substantial stockholder except on an arm's length basis.

(14) Authorize or issue additional shares of common stock or create any other class of capital stock.

SECTION 3.3. Each of the Guarantors will deliver to the Bank:

(A) As soon as available and in any event within 45 days after the end of each quarterly accounting period, commencing with the quarterly period ending March 30, 1983, its balance sheet as at the end of such quarterly period, and its statement of earnings, retained earnings and source and application of funds for such quarterly period, all in reasonable detail and certified by the chief financial officer of each Guarantor and setting forth the corresponding figures in comparative form for the corresponding period of the preceding year, together with a certificate of the President or a Vice President or the Secretary, Treasurer or Comptroller of each Guarantor stating that, to the best of his knowledge, such Guarantor is not in default (except as otherwise specifically stated) in compliance with any of the terms of this Agreement, the Series 1983 Note, and the Lease as amended.

(B) As soon as available and in any event within 90 days after the end of each year, commencing with the year ending December 31, 1983, its balance sheet as at the end of such year and its statements of earnings, retained earnings and source and application of funds for the year then ended, all in reasonable detail and setting forth the corresponding figures in comparative form for the previous fiscal year, certified in each case by independent certified public accountants of recognized standing and accompanied by a letter signed by the independent certified public accountants who shall have signed the report for such year to the effect that such independent certified public accountants, in making the audit necessary for such report, have obtained no knowledge, except as specifically indicated, of any default by Industrial Welding Supplies, Inc. with respect to the Note, and in connection with such audit, such independent public accountants shall verify the existence of and possession by Industrial Welding Supplies, Inc. of all cylinders mortgaged to the Bank whether by Industrial Welding Supplies, Inc. or by the County.

SECTION 3.4. As additional security for the payment of the Series 1983 Note and the Bank Loan, Industrial Welding Supplies, Inc. shall simultaneously with the execution hereof execute and deliver to the Bank a Security Agreement and Financing Statements giving to the Bank a first lien on all of Industrial Welding Supplies, Inc. furniture, fixtures, machinery and equipment now owned or hereafter acquired by Industrial Welding Supplies, Inc.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.1. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Guarantors to pay any amounts due under Section 2.1 hereof on the due dates thereof.

(b) Failure of Industrial Welding Supplies, Inc. to pay any amount due by it on the Bank Loan or to observe and perform any covenant, condition or agreement which it is required to observe or perform pursuant to the Loan Agreement, the Company Mortgage or any note issued pursuant to the Loan Agreement.

(c) Any representation or warranty of any of the Guarantors contained in this Agreement shall be false or misleading or any of the Guarantors shall fail to observe and perform any covenant, condition or agreement in this Agreement on the part of the Guarantor to be observed or performed, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Guarantors by the Bank unless the Bank shall agree in writing to an extension of such time prior to its expiration.

(d) A default shall have occurred in respect of any bond, debenture, note, or other evidence of indebtedness of any of the Guarantors for borrowed money in excess of \$1,000 or under any indenture, or other instrument under which any such bond, debenture, note or other evidence of indebtedness for borrowed money has been issued or by which it is governed.

(e) Any judgment shall be entered against any of the Guarantors for a sum in excess of \$5,000 (or its equivalent in any other currency)

unless the affected Guarantor, within 60 days after the entry thereof, shall have discharged such judgment or obtained an effective stay of the enforcement thereof.

(f) The dissolution or liquidation of any of the Guarantors or the filing by any of the Guarantors of a voluntary petition in bankruptcy, or failure by such Guarantor promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of such Guarantor to carry on its operations, or the commission by such Guarantor of any act of bankruptcy, or adjudication of such Guarantor as a bankrupt, or assignment by such Guarantor for the benefit of its creditors, or the entry by such Guarantor into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to such Guarantor in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction, which may now be in effect or hereafter enacted.

ARTICLE V

REMEDIES

SECTION 5.1. Whenever any event of default referred to in Section 4.1 shall have happened and be subsisting, the Bank may take whatever action at law or in equity which may appear necessary or desirable to collect the amounts due and thereafter to become due hereunder or to enforce performance and observance of any obligation, agreement or covenant of any Guarantor under this Agreement.

No remedy herein conferred upon or reserved to the Bank 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 Bank 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.

ARTICLE VI

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

SECTION 6.1. For such time as the Series 1983 Note or the Bank Loan shall be outstanding, each of the Guarantors shall maintain in the State of South Carolina an agent to accept and acknowledge on its behalf, service of any and all process in any suit, action or other legal proceeding brought in any such court, and agrees and consents that in any such suit, action or other legal proceeding service of process upon any such agent shall be of the same force and effect as if like service had been made upon such Guarantor according to the laws governing the validity and the requirements of such service in such state. Each of the Guarantors may from time to time change such agent for acceptance of service provided that prior to any such change the affected Guarantor shall notify the Bank of the name and address of such new agent and the effective date of such change of agent. Each of the Guarantors agrees that in the event such Guarantor shall fail to maintain an agent for service of process within the State of South Carolina during the term of the Series 1983 Note or the Bank Loan, the Secretary of State of South Carolina shall act as such agent for such Guarantor for the service of process in any such suit or legal proceeding.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. No amendment, change, modification, alteration or termination of the Series 1983 Note or the Bank Loan, or the Loan Agreement, the Mortgage or the Company Mortgage shall be made which would in any way increase the obligations of any of the Guarantors under this First Supplemental Guaranty Agreement without obtaining the prior written consent of such Guarantor.

SECTION 7.2. The obligations of the Guarantors hereunder shall be primary obligations and shall arise absolutely and unconditionally upon the execution and delivery of this First Supplemental Guaranty Agreement.

SECTION 7.3. No waiver, amendment, release or modification of this First Supplemental Guaranty Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this First Supplemental Guaranty Agreement.

SECTION 7.4. This First Supplemental Guaranty Agreement 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 and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7.5. The invalidity or unenforceability of any one or more phrases, sentences, clauses, or sections in this First Supplemental Guaranty Agreement contained, shall not affect the validity or enforceability of the remaining portions of this First Supplemental Guaranty Agreement, or any part thereof.

SECTION 7.6. This First Supplemental Guaranty Agreement may be amended by a written agreement signed by the parties hereto.

IN WITNESS WHEREOF, each of the Guarantors, pursuant to proper resolution duly passed, has caused this First Supplemental Guaranty Agreement to be executed in its name and behalf by its duly authorized officers as of the date first above written.

INDUSTRIAL WELDING SUPPLIES, INC.

(SEAL)

By _____
President

PIEDMONT WELDING SUPPLY COMPANY

By _____

SUNOX, INC.

By _____

Attest:

Assistant Secretary

(CORPORATE SEAL)

Accepted this _____ day of
January, 1983 by
NORTH CAROLINA NATIONAL BANK

By _____

Attest:

EXHIBIT

JAN 11 1983

NO. 2

STATE BUDGET & CONTROL BOARD

THE STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

FIRST SUPPLEMENTAL
MORTGAGE AND SECURITY
AGREEMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN:

RICHLAND COUNTY, a political subdivision of the State of South Carolina and a body politic and corporate, SENDS GREETINGS:

WHEREAS, RICHLAND COUNTY, SOUTH CAROLINA (the County) is authorized and empowered by Title 4, Chapter 29, Code of Laws of South Carolina, 1976 (the Act), to acquire, own, lease, dispose of, and mortgage the properties hereinafter described to promote the industrial development of South Carolina by inducing industrial concerns to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds or notes payable solely from the lease rentals and revenues from any such project and secured by a pledge of such lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements, machinery and equipment so acquired; and

WHEREAS, the County heretofore made necessary arrangements with Industrial Welding Supplies, Inc. (the Lessee), a South Carolina corporation, for the acquisition, construction and equipping of acetylene manufacturing and related facilities, which are of the character and accomplish the purpose prescribed by the Act and the County has further entered into a Lease Agreement with the Lessee dated as of October 1, 1979 (the Lease Agreement) specifying the terms and conditions of the acquisition of the said facilities and the leasing of the same to the Lessee; and

WHEREAS, the execution and delivery of a Mortgage and Security Agreement dated as of October 1, 1979 (the 1979 Mortgage) were authorized by an Ordinance duly adopted by the Richland County Council (the County Council) and the County, in accordance with the requirements of the Act, submitted its Petition to the State Budget and Control Board of South Carolina and the said Board duly approved the said undertaking and thereby authorized the County Council to proceed with the acquisition and financing of the same, and notice of such approval was duly published in a newspaper having general circulation in the County; and

WHEREAS, on November 14, 1979 the County issued its \$3,700,000 Richland County, South Carolina, Industrial

014721

Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project) (the Series 1979 Note) which was purchased by North Carolina National Bank, Charlotte, North Carolina (the Purchaser); and

WHEREAS, the Purchaser and the Lessee have now agreed to restructure certain material terms of the Series 1979 Note and to evidence such agreement by the issuance of a \$3,300,000 Richland County, South Carolina Industrial Revenue Refunding Note, Series 1983 (Industrial Welding Supplies, Inc. Project); and

WHEREAS, the County Council in and by its Series 1983 Note is indebted to North Carolina National Bank (the Mortgagee) in accordance with the terms and conditions of the Series 1983 Note in the amount of \$3,300,000 and is now minded, pursuant to the authorization of the Act, to secure payment thereof by this First Supplemental Mortgage upon certain existing facilities of the Lessee and certain of the facilities heretofore acquired with the proceeds of the Series 1979 Note and secured by the lease rentals and revenues hereinafter described;

NOW, KNOW ALL MEN, That the County, in consideration of the said debt and sum of money aforesaid, and for the better securing of the payment thereof to the Mortgagee, in accordance with the terms of the Series 1983 Note; and also in consideration of the further sum of THREE DOLLARS (\$3.00) to the County, in hand well and truly paid by North Carolina National Bank, at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, does hereby amend the Series 1979 Mortgage by deleting from Exhibit B thereof the items "Highway Tractor" and "Over the Road Trailer".

Except to the extent herein amended and supplemented the 1979 Mortgage shall continue in full force and effect.

IN WITNESS WHEREOF, RICHLAND COUNTY, SOUTH CAROLINA, has caused these presents to be signed in its name and behalf by the Chairman of the Richland County Council, and attested by the Clerk of the Richland County Council, and its corporate seal to be hereunto affixed, all as of the 1st day of January 1, 1983.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman,
Richland County Council

Attest:

Acting Clerk, Richland County
Council

Signed, Sealed and Delivered
in the Presence of:

Accepted this ____ day of
January, 1983, by
NORTH CAROLINA NATIONAL
BANK, AS MORTGAGEE

(SEAL)

By _____

Attest:

Signed, Sealed and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the seal of RICHLAND COUNTY, SOUTH CAROLINA affixed to the foregoing First Supplemental Mortgage and Security Agreement, and that (s)he also saw _____, as Chairman, and _____, as Acting Clerk, of the Richland County Council, sign and attest the same, and that (s)he with the other witness above-subscribed witnessed the execution thereof as the act and deed of Richland County, South Carolina.

Witness No. 1

SWORN to before me this
____ day of January 1983.

_____(L.S.)
Notary Public for South Carolina

My Commission Expires:

014724

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the seal of NORTH CAROLINA NATIONAL BANK affixed to the foregoing First Supplemental Mortgage and Security Agreement, and that (s)he also saw _____, as _____, and _____, as _____, sign and attest the same, and that (s)he with the other witness above-subscribed witnessed the execution thereof as the act and deed of North Carolina National Bank.

Witness No. 1

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

(L.S.)
Notary Public for North Carolina

My Commission Expires:

014725

EXHIBIT A

DESCRIPTION OF LEASED LAND

ALL that certain piece, parcel or lot of land, together with the improvements thereon, situate, lying and being near the City of Columbia, in Richland County, in the State of South Carolina, containing 4.7 acres, and being shown as PARCELS A and B on a plat prepared for Industrial Welding Supplies, Inc., dated October 2, 1979, prepared by William Wingfield, Registered Surveyor; said property being more particularly described on said plat, as follows:

Beginning at a point on the Eastern side of South Carolina Highway #555 and at the Southwestern boundary of said property, running N 13° 45' W, for a distance of Two Hundred Fifty-Five (255.0') feet, to a point; thence, turning and running N 17° 45' W, for a distance of Ninety-Five (95.0') feet, to a point; thence, turning and running N 85° 05' E, for a distance of Three Hundred Twenty-Five (325.0') feet, to a point; thence running N 85° 05' E, for a distance of One Hundred Ninety-Four (194.0') feet, to a point; thence, turning and running S 3 1/2° 57' E, for a distance of Two Hundred Six and 8/10 (206.8') feet, to a point; thence, turning and running S 34° 14' E, for a distance of One Hundred Ninety-Six and 2/10 (196.2') feet, to a point; thence, turning and running S 85° 05' W, for a distance of Three Hundred Forty-Two and 6/10 (342.6') feet, to a point; thence, running S 85° 05' W, for a distance of Three Hundred Twenty-Five (325.0') feet, to the point of beginning; be all measurements a little more or less.

This being a portion of the same property conveyed to Industrial Welding Supplies, Inc., by Deed of Anita M. Golson, dated February 11, 1976, and recorded in Deed Book 373 at page 446 in the RMC Office for Richland County.

014726

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

11,000 gallon liquid oxygen storage tank
6,000 gallon liquid nitrogen tank
6,000 gallon liquid argon storage tank
Vaporizing equipment, pumps, controls and filling racks
Approximately 20,000 high pressure steel cylinders
(serial numbers to be furnished as delivered)
Cylinder valving equipment
Acetylene generation equipment
14 calcium carbide storage containers
materials handling equipment
Cylinder compressing hardware
Calcium Hydrate slurry tanks
Fire protection water storage tank
Approximately 12,000 acetylene cylinders
(serial numbers to be furnished as delivered)

014727

EXHIBIT

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

AND

INDUSTRIAL WELDING SUPPLIES, INC.

FIRST AMENDATORY LEASE AGREEMENT

DATED AS OF JANUARY 1, 1983

014728

THIS FIRST AMENDATORY LEASE AGREEMENT dated as of January 1, 1983, between RICHLAND COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Richland County Council (the County Board) as the governing body of Richland County, party of the first part, and INDUSTRIAL WELDING SUPPLIES, INC., a corporation organized and existing under the laws of the State of South Carolina, duly qualified to do business in South Carolina, party of the second part.

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or charge upon its general credit or taxing powers but shall be payable solely out of the proceeds derived from that certain Lease Agreement dated as of October 1, 1979 between the parties hereto as herein amended, the issuance of the Note referred to in Section 2.1 hereof and the insurance proceeds, proceeds from property released in accordance with Sections 6.2 or 11.3 of the 1979 Lease Agreement, and condemnation awards as therein provided):

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

SECTION 1.1. Certain terms used in this First Amendatory Lease Agreement are defined in that certain Lease Agreement dated as of October 1, 1979 between the parties hereto (1979 Lease Agreement). When used herein, such terms shall have the meanings given to them by the language employed in Article I of the 1979 Lease Agreement defining such terms, unless the context clearly indicates otherwise. In addition the term "Series 1983 Note" means the \$3,300,000 Richland County, South Carolina, Industrial Revenue Refunding Note, Series 1983 (Industrial Welding Supplies, Inc. Project) in substantially the form set forth as Exhibit "C" hereto.

ARTICLE II

REPRESENTATIONS

SECTION 2.1. Representations by the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this First Amendatory Lease Agreement and to carry out its obligations hereunder. The refunding of the Series 1979 Note is a permitted by the terms of the Act. By proper action by the County Board

and the State Budget and Control Board of South Carolina, the County has been duly authorized to deliver this First Amendatory Lease Agreement.

(b) The County proposes to continue to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term as such Lease Term is hereby extended, all for the purposes of promoting the industrial development, developing trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore, the County Board and the Lessee did agree that the County would finance the cost of acquiring, constructing and equipping the Project through the issuance of an industrial revenue note pursuant to the Act. On November 14, 1979 the County issued the Series 1979 Note. The Lessee has now requested that the County refund the Series 1979 Note in order to restructure certain material terms of the Series 1979 Note. On that basis the County now proposes to issue the Series 1983 Note in the form of a single note in the principal amount of \$3,300,000 dated as of January 1, 1983, which will mature and bear interest, and which will be subject to prepayment as provided in the Series 1983 Note Ordinance in order to finance the cost of refunding the Series 1979 Note.

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

(a) The Lessee is a South Carolina corporation, is in good standing under the laws of South Carolina, has power to enter into this First Amendatory Lease Agreement and by proper action has been duly authorized to execute and deliver this First Amendatory Lease Agreement.

(b) Neither the execution and delivery of this First Amendatory Lease Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this First Amendatory Lease Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) All proceeds derived from the sale of the Series 1983 Note will be used to refund the Series 1979 Note, the proceeds of which have been expended to acquire, construct and equip the Project, which

consists entirely of land and property of a character subject to the allowance for depreciation as prescribed in Section 103(b)(6)(A) and (D) of the Code. No part of the Series 1979 Note proceeds were used to finance inventory or for working capital.

(d) Neither the Lessee nor "related persons" (within the meaning of Section 103(b)(10)) are substantial users of facilities in the County other than the Project, financed in whole or in part by industrial development bonds within the meaning of Section 103(b) of the Code.

ARTICLE III

AMENDMENTS TO THE 1979 LEASE AGREEMENT

SECTION 3.1. Section 5.1 of the 1979 Lease Agreement is hereby amended by deleting the expiration date stated therein and inserting in lieu thereof the date "January 1, 1993".

SECTION 3.2. Section 5.3 of the 1979 Lease Agreement is hereby amended by deleting the rental payment dates stated therein and substituting in lieu thereof the following: "on or before April 1, 1983 and on or before each July 1, October 1, January 1 and April 1 thereafter until the principal of and interest on the Series 1983 Note shall have been fully paid, the Lessee shall pay to the Mortgagee for the account of the County as rent for the Project the sums due and payable on such date as principal of and

interest on the Series 1983 Note, as provided in the 1983 Note Ordinance.

SECTION 3.3. Section 8.9 of the 1979 Lease Agreement is hereby amended by deleting the reference to "MCLR" and inserting in lieu thereof the term "Prime Rate" which term shall be defined as the rate of interest per annum publicly announced from time to time by North Carolina National Bank to be its prime lending rate.

SECTION 3.4. Exhibit B to the 1979 Lease Agreement is hereby amended by deleting the reference therein to Highway Tractor and Over the Road Trailer.

SECTION 3.5. All references in the 1979 Lease Agreement to Series 1979 Note shall be deleted and the term Series 1983 Note shall be inserted in lieu thereof.

SECTION 3.6. Except to the extent herein amended the 1979 Lease Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, Richland County, South Carolina, has executed this First Amendatory Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the Richland County Council and the official seal of said County to be impressed hereon and attested by the Acting Clerk of the Richland County Council; and Industrial Welding Supplies, Inc. has executed this First Amendatory Lease Agreement by causing its name to be hereunto subscribed by its President and its seal to be impressed hereon and

attested by its Assistant Secretary, all being done as of
the day and year first above written.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman,
Richland County Council

Attest:

Acting Clerk, Richland County Council

Signed, Sealed and Delivered
in the Presence of:

INDUSTRIAL WELDING SUPPLIES, INC.

(SEAL)

By _____
President

Attest:

Assistant Secretary

Signed, Sealed and Delivered
in the presence of:

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

PERSONALLY appeared before me the undersigned witness,
who being duly sworn says that (s)he saw the seal of
Richland County, South Carolina, affixed to the foregoing
First Amendatory Lease Agreement, and that (s)he also saw
_____, as Chairman, and
_____, as Acting Clerk of the
Richland County Council sign and attest the same and that
(s)he with the other witness above-subscribed witnessed the
execution and delivery thereof as the act and deed of the
said Richland County, South Carolina.

Witness No. 1

SWORN to before me this
____th day of January, 1983.

Notary Public for South Carolina
My Commission Expires:

014736

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

PERSONALLY appeared before me the undersigned witness who being duly sworn says that (s)he saw the seal of Industrial Welding Supplies, Inc. affixed to the foregoing First Amendatory Lease Agreement, and that (s)he also saw Thomas C. Stevenson, as President, and Elizabeth H. Edwards, as Assistant Secretary, sign and attest the same, and that (s)he with the other witness above-subscribed, witnessed the execution and delivery thereof as the act and deed of the said Industrial Welding Supplies, Inc.

Witness No. 1

SWORN to before me this
____ day of January, 1983.

(LS)
Notary Public for South Carolina

My Commission Expires:

014737

EXHIBIT A

DESCRIPTION OF LEASED LAND

ALL that certain piece, parcel or lot of land, together with the improvements thereon, situate, lying and being near the City of Columbia, in Richland County, in the State of South Carolina, containing 4.7 acres, and being shown as PARCELS A and B on a plat prepared for Industrial Welding Supplies, Inc., dated October 2, 1979, prepared by William Wingfield, Registered Surveyor; said property being more particularly described on said plat, as follows:

Beginning at a point on the Eastern side of South Carolina Highway #555 and at the Southwestern boundary of said property, running N 13° 45' W, for a distance of Two Hundred Fifty-Five (255.0') feet, to a point; thence, turning and running N 17° 45' W, for a distance of Ninety-Five (95.0') feet, to a point; thence, turning and running N 85° 05' E, for a distance of Three Hundred Twenty-Five (325.0') feet, to a point; thence running N 85° 05' E, for a distance of One Hundred Ninety-Four (194.0') feet, to a point; thence, turning and running S 37° 57' E, for a distance of Two Hundred Six and 8/10 (206.8') feet, to a point; thence, turning and running S 34° 14' E, for a distance of One Hundred Ninety-Six and 2/10 (196.2') feet, to a point; thence, turning and running S 85° 05' W, for a distance of Three Hundred Forty-Two and 6/10 (342.6') feet, to a point; thence, running S 85° 05' W, for a distance of Three Hundred Twenty-Five (325.0') feet, to the point of beginning; be all measurements a little more or less.

This being a portion of the same property conveyed to Industrial Welding Supplies, Inc., by Deed of Anita M. Golson, dated February 11, 1976, and recorded in Deed Book 373 at page 446 in the RMC Office for Richland County.

014738

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

11,000 gallon liquid oxygen storage tank
6,000 gallon liquid nitrogen tank
6,000 gallon liquid argon storage tank
Vaporizing equipment, pumps, controls and filling racks
Approximately 20,000 high pressure steel cylinders
(serial numbers to be furnished as delivered)
Cylinder valving equipment
Acetylene generation equipment
14 calcium carbide storage containers
materials handling equipment
Cylinder compressing hardware
Calcium Hydrate slurry tanks
Fire protection water storage tank
Approximately 12,000 acetylene cylinders
(serial numbers to be furnished as delivered)

014739

EXHIBIT C

FORM OF SERIES 1979 NOTE

014740

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
RICHLAND COUNTY
INDUSTRIAL REVENUE REFUNDING NOTE, SERIES 1983
(INDUSTRIAL WELDING SUPPLIES, INC. PROJECT)

No. R-1

\$3,300,000

KNOW ALL MEN BY THESE PRESENTS that Richland County, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the County), for value received promises to pay, but only from the source and as hereinafter provided, to the order of NORTH CAROLINA NATIONAL BANK, or registered assigns, in the City of Charlotte, North Carolina, the sum of THREE MILLION THREE HUNDRED THOUSAND DOLLARS (\$3,300,000) in quarterly principal installments of \$82,500 each, commencing April 1, 1983 and ending January 1, 1993 (at which time any amounts remaining unpaid hereunder shall be due and payable). This Note shall bear interest from the date of its delivery as established by the certificate of delivery appearing hereon at the rate of seven and three-quarters per centum (7-3/4%) per annum (on a 365 day basis) payable on each April 1, July 1, October 1 and January 1 hereafter provided however that after December 31, 1983, this Note shall bear interest at a rate equal to 53% of the rate of interest per annum publicly announced from time to time by North Carolina National Bank to be its prime lending rate (the Prime Rate) for any period during which the Prime Rate exceeds 15 per centum (15%) per annum. Otherwise this note will continue to bear interest at the rate of seven and three quarters per centum (7 3/4%) per annum. Principal of and interest on this Note are payable in any coin or currency of the United States of America which is at the time legal tender for the payment of public or private debts.

This Note is issued for the purpose of refunding a \$3,700,000 Richland County, South Carolina Industrial Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project) (the Series 1979 Note). Proceeds of the Series 1979 Note were used for acquiring certain industrial facilities and leasing the same to Industrial Welding Supplies, Inc., a corporation organized under the laws of the State of South Carolina (hereinafter referred to as the "Lessee") (the land, buildings and equipment comprising such facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina.

014741

This Note is secured by a Mortgage and Security Agreement (hereinafter called the "Mortgage"), dated as of October 1, 1979, as supplemented by a First Supplemental Mortgage and Security Agreement dated as of January 1, 1983 (hereinafter referred to collectively as the "Mortgage") duly executed and delivered by the County to North Carolina National Bank, as Mortgagee (hereinafter referred to as the "Mortgagee") on the Project which has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of October 1, 1979 as amended by a First Amendatory Lease Agreement dated as of January 1, 1983 (hereinafter referred to collectively as the "Lease Agreement").

Under the Lease Agreement, the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of and interest on this Note as the same become due and, under the Lease Agreement, it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Payment of the principal of and interest on this Note has been unconditionally guaranteed by the Lessee, by Piedmont Welding Supply Company and by Sunox, Inc. (collectively the Guarantors) to a First Supplemental Guaranty Agreement dated as of January 1, 1983 (the "Guaranty Agreement") between the Guarantors, and the Mortgagee. Copies of the Mortgage and the Lease Agreement are recorded in the office of the Register of Mesne Conveyance for Richland County, South Carolina, and reference is made to the Mortgage, the Lease Agreement and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holder of this Note, the rights, duties and obligations of the County, the Lessee, the Guarantors and the Mortgagee, and the terms upon which this Note is issued and secured.

This Note is subject to prepayment at the option of the Lessee on any quarterly payment date in whole or in part (but if in part, in the amount of \$10,000 or multiples thereof and in inverse order of the principal installments), at the prepayment price (expressed as percentages of the principal amount) set forth in the table below, plus accrued interest to the prepayment date:

<u>Prepayment Date</u> (Dates Inclusive)	<u>Prepayment Price</u>
January 1, 1983 to December 31, 1984	102%
January 1, 1985 and thereafter	100%

This Note is subject to prepayment in whole, without penalty, in accordance with the provisions of Section 301 of

the Note Ordinance of the Richland County Council, authorizing, among other things, the issuance of this Note (the Note Ordinance).

All such prepayments shall be subject to the further terms and conditions of prepayment set forth in the Note Ordinance.

This Note is subject to mandatory purchase by the Lessee upon the occurrence of an Event of Taxability as such term is defined in Section 8.9 of the Lease Agreement (in accordance with the provisions of, and at a purchase price determined as provided in, said Section 8.9).

In the event the County shall default in the payment of the principal or interest when the same becomes due hereunder, or upon the occurrence of an event of default under the Lease Agreement, the Mortgage or the Guaranty Agreement, or upon any failure by the County to perform or observe any of the terms, covenants or conditions of the Note Ordinance, the holder of this Note may, at its option, by notice in writing to the Richland County Council and the Lessee at their addresses set forth in the Lease Agreement, and to the Guarantors at their addresses set forth in the Guaranty Agreement, declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it or they may deem advisable for the protection of its or their interest to collect and enforce payment.

This Note is issued pursuant to the authorization of and for the purposes prescribed by Chapter 29, Title 4, Code of Laws of South Carolina, 1976, and pursuant to proceedings duly adopted by the Richland County Council and with the approval of the State Budget and Control Board of South Carolina. This Note, both principal and interest, is a limited obligation of the County and is payable by the County solely out of the Lease Rentals (as defined in the Lease Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of this Note and leased to the Lessee.

This Note and the principal and interest payable hereunder are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of and interest on this Note are to be paid to the Mortgagee for the account of the County and have been pledged for that purpose, and in addition certain property described in the

granting clauses of the Mortgage has been subjected to the lien of the Mortgage to secure payment of such principal and interest.

This Note is transferable by the registered owner hereof in person or by attorney duly authorized in writing but only on the Note Register maintained by the Clerk of the Richland County Council, in the manner and subject to the limitations set forth in the Note Ordinance. Upon such transfer, a new registered Note shall be issued as the transferee or transferees may designate, in the then unpaid principal amount of this Note, substantially in the form of this Note, with appropriate variations and insertions and bearing interest from the date to which interest has been paid on this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Mortgage and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Note, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, Richland County, South Carolina, has caused this Note to be executed by the Chairman of the Richland County Council, by his manual signature, and its corporate seal to be impressed hereon, and attested by the Clerk of the Richland County Council, by her manual signature, all as of the 1st day of January, 1983.

RICHLAND COUNTY,
SOUTH CAROLINA

(SEAL)

By _____
Chairman,
Richland County Council

Attest:

Clerk, Richland County
Council

The date of delivery of the within
Note was January __, 1983.

RICHLAND COUNTY, SOUTH CAROLNA

By _____
Chairman, Richland County Council

EXHIBIT

JAN 11 1983 NO. 2

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

AND

INDUSTRIAL WELDING SUPPLIES, INC.

LEASE AGREEMENT

DATED AS OF OCTOBER 1, 1979

RECORDED 11-13-79- RICHLAND COUNTY RMC
BOOK D 521 PAGE 590

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EXHIBIT A DESCRIPTION OF LEASED LAND
EXHIBIT B DESCRIPTION OF LEASED EQUIPMENT
EXHIBIT C FORM OF SERIES 1979 NOTE

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B

C

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014750

THIS LEASE AGREEMENT dated as of October 1, 1979, between RICHLAND COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Richland County Council (the County Board) as the governing body of Richland County, party of the first part, and INDUSTRIAL WELDING SUPPLIES, INC., a corporation organized and existing under the laws of the State of South Carolina, duly qualified to do business in South Carolina, party of the second part.

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or charge upon its general credit or taxing powers but shall be payable solely out of the proceeds derived from this Agreement, the issuance of the Notes referred to in Section 2.1 hereof and the insurance proceeds, proceeds from property released in accordance with Sections 6.2 or 11.3 hereof, and condemnation awards as herein provided):

014751

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

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

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

"ACT" means Act No. 103 of the Acts and Joint Resolutions of the General Assembly of South Carolina, enacted at its 1967 regular session, as amended, now codified as Chapter 29, Title 4, Code of Laws, South Carolina, 1976.

"AGREEMENT" or "LEASE AGREEMENT" means the within Lease Agreement between the County and the Lessee.

"AUTHORIZED LESSEE REPRESENTATIVE" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the County and the Mortgagee containing the specimen signature of such person and signed on behalf of the Lessee by its President, any of its Vice Presidents, or its Treasurer or by the Chairman of its Board of Directors. Such certificate may designate an alternate or alternates.

"BUILDING" means those certain buildings and all other structures, improvements and fixtures which are constructed with the proceeds of the Series 1979 Note (and not constituting a part of the Leased Equipment) now or hereafter located on the Leased Land as they may at any time exist, including any air conditioning and heating systems (and any replacements thereof), all of which shall be deemed fixtures. The term "Building" shall also include the existing buildings of Lessee located on the Leased Land.

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

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

"CODE" means the Internal Revenue Code of 1954, as amended, and the applicable Regulations thereunder.

014752

"COMPLETION DATE" means the date of completion of the construction of the Plant as that date shall be certified as provided in Section 4.5 hereof.

"CONSTRUCTION FUND" means the Construction Fund created in accordance with the provisions of Section 501 of the Note Ordinance.

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

"COUNTY" means Richland County, South Carolina, a body politic and corporate, and its successors and assigns.

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

"DEPOSITORY" means North Carolina National Bank, Charlotte, North Carolina, as depository of the Construction Fund.

"GUARANTY AGREEMENT" means the agreement between the Lessee and the Mortgagee, dated as of October 1, 1979, by which the Lessee unconditionally guarantees the full and prompt payment of the principal and interest on the Series 1979 Note.

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

"INDEPENDENT ENGINEER" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full-time employee of either the County or the Lessee.

"LEASE RENTALS" means all of the revenues, rents and receipts derived directly or indirectly from the leasing or sale of the Project including all moneys received under the Lease Agreement (excepting only amounts paid pursuant to Section 5.5, 6.3, 8.7 or 10.4 hereof).

"LEASE TERM" means the duration of the leasehold estate in this Agreement as specified in Section 5.1 hereof.

"LEASED EQUIPMENT" means those items of machinery, equipment and related property required herein to be acquired and installed in the building or elsewhere on the Leased Land with proceeds from the sale of the Series 1979 Note, or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.2, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section

9.7 hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"LEASED LAND" means the real property and interest therein and the easements described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"LESSEE" means (i) party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee entity as provided in Section 8.3 hereof.

"LICENSED ENGINEER" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina.

"MORTGAGE" means the Mortgage and Security Agreement between the County and North Carolina National Bank, as Mortgagee, of even date herewith, pursuant to which the County's interest in this Agreement and the Lease Rentals are pledged and the Project is mortgaged as security for the payment of principal and interest on the Series 1979 Note.

"MORTGAGEE" means North Carolina National Bank, as the original holder of the Series 1979 Note and Mortgage of the County, and its successors and assigns.

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

"NOTES" means any Richland County, South Carolina, Industrial Revenue Notes (Industrial Welding Supplies, Inc. Project) issued pursuant to the Note Ordinance.

"NOTE ORDINANCE" means the Ordinance adopted by the County Board providing for the terms and provisions of the Notes, and any ordinance supplemental thereof and any amendment thereto.

"PENALTY RATE" shall be interest at the rate of eight percent (8%) per annum, or the highest rate permitted by law, whichever is less.

"PERMITTED ENCUMBRANCES" means, as of any particular time,

- (i) liens for ad valorem taxes not then delinquent,
- (ii) this Agreement and the Mortgage,
- (iii) utility, access and other easements and rights of way, flood rights, encroachments and leases that a Licensed Engineer or the Authorized Lessee Representative certify will

not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified),

(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 an Independent Counsel acceptable to the Mortgagee and to the Authorized Lessee Representative, materially impair the property affected thereby for the purpose for which it was acquired or is held by the County, and

(v) mechanic's and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5, Title 29, Code of Laws of South Carolina, 1976, as in effect on the date hereof, or otherwise, other than mechanic's liens which, when so filed and perfected, would assume a priority over the lien of the Mortgage.

"PROJECT" means the Leased Land, the Building and the Leased Equipment.

"SERIES 1979 NOTE" means the \$3,700,000 Richland County, South Carolina, Industrial Revenue Note, Series 1979 (Industrial Welding Supplies, Inc. Project) of the County (and any note or notes issued in exchange therefor), secured by the Mortgage, and the proceeds of which will be used to finance the acquisition, construction and equipping of the Project. The Series 1979 Note will be substantially in the form of the attached Exhibit "C".

SECTION 1.3. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement and the Notes:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) All references herein to particular articles or sections are references to articles or sections of this Agreement.

(c) The headings in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) The words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole.

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ARTICLE II

REPRESENTATIONS

SECTION 2.1. Representations by the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to deliver this Agreement.

(b) The County has acquired the Leased Land, upon which the Building is being constructed by the Lessee and has authorized, and does hereby authorize, the Lessee to complete the construction of the Building thereon, in connection with the Project; and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting the industrial development, developing trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina.

(c) Heretofore, the County Board and the Lessee did agree that the County would finance the cost of acquiring, constructing and equipping the Project through the issuance of an industrial revenue note pursuant to the Act. The Lessee estimates that such cost will exceed \$3,700,000 and Lessee has agreed that it will bear all expenses in excess of the amount of the proceeds derived from the sale of the Series 1979 Note. On that basis the County now proposes to issue the Series 1979 Note in the form of a single note in the principal amount of \$3,700,000 dated as of October 1, 1979, which will mature and bear interest, and which will be subject to prepayment as provided in the Note Ordinance in order to finance the cost of acquiring, constructing and equipping the Project.

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

(a) The Lessee is a South Carolina corporation, is in good standing under the laws of South Carolina, has power to enter into this Agreement and by proper action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) Relying upon the agreement of the County to finance the cost of acquiring, constructing and equipping the Project as aforesaid, the Lessee has acquired the Leased Land and proceeded with the construction of the Building.

(d) This Lease Agreement, under which the County acquires the Project, leases and hereafter conveys the Project to the Lessee, is the method employed by the Lessee in financing the acquisition of the Project and in effecting the payment of the Series 1979 Note.

(e) All proceeds derived from the sale of the Series 1979 Note will be used to acquire, construct and equip the Project, which consists entirely of land and property of a character subject to the allowance for depreciation as prescribed in Section 103(b)(6)(A) and (D) of the Code and no part of the Series 1979 Note proceeds will be used to finance inventory or for working capital.

(f) Neither the Lessee nor "related persons" (within the meaning of Section 103(b)(8)) are substantial users of facilities in the County other than the Project, financed in whole or in part by industrial development bonds within the meaning of Section 103(b) of the Code.

ARTICLE III

DEMISING CLAUSES

SECTION 3.1. Demise of the Leased Land, Building and Leased Equipment. The County demises and leases to the Lessee and the Lessee leases from the County, the Leased Land, the Building and Leased Equipment at the rental set forth in Section 5.3 hereof, and in accordance with the provisions of this Agreement.

SECTION 3.2. Title Opinion. The County makes no warranty with respect to title to the Leased Land; however, the Lessee will furnish, at the time of the delivery of the Series 1979 Note, a written opinion of Independent Counsel acceptable to the Mortgagee and to the Authorized Lessee Representative that the County has good and marketable fee simple title to the Leased Land, subject only to Permitted Encumbrances.

SECTION 3.3. Title Insurance. At the time of the delivery of the Series 1979 Note, the Lessee will provide a Mortgagee Title Insurance Policy (or an appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Mortgagee insuring the lien of the Mortgage upon the Leased Land and the Building, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than the cost of the Leased Land and Building. In no event shall such Policy or Binder except from coverage thereof (i) any lien, or right to a lien, for services, labor, or material furnished on or to the Project, whether or not such lien is then of record, or (ii) any encumbrance which a survey would show. Any Net Proceeds therefrom shall be paid to the Mortgagee to be applied against principal payments on the Series 1979 Note in inverse order of maturity.

ARTICLE IV

CONSTRUCTION OF THE PROJECT; ISSUANCE
OF THE SERIES 1979 NOTE; CONSTRUCTION FUND

SECTION 4.1. Agreement to Construct And Equip the Building on the Leased Land. The County has acquired the Leased Land, by deed of the Lessee. The Lessee agrees that it will exercise the authorizations given to it by the County as set forth in Section 2.1(b) and:

(a) It will cause the Building to be completed on the Leased Land wholly within the boundary lines thereof which will be utilized in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building and on the Leased Land, the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in Exhibit B, and such other items of machinery and equipment and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for operation of the Project.

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of the proceeds derived from the sale of the Series 1979 Note and to continue the said construction will all reasonable dispatch and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. Agreement to Issue Series 1979 Note; Application of Note Proceeds. In order to provide funds for payment of the costs of the Project, the County agrees that it will on or before November 15, 1979, execute and deliver the Series 1979 Note and cause it to be delivered to the Mortgagee and it will thereupon deposit in the Construction Fund the proceeds received from said sale.

SECTION 4.3. Establishment of Construction Fund; Disbursements from the Construction Fund. Not later than the occasion of the delivery of the Series 1979 Note, the County will establish the Construction Fund with the Depository. Withdrawals from the Construction Fund shall be made only upon the signature of the Authorized Lessee Representative. The moneys in the Construction Fund will be used for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) The fees for recording the deed whereby the Leased Land is conveyed to the County, this Agreement, the

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

(f) To such extent as they shall not be paid by a contractor for construction with respect to any part of the Leased Land and the Building, payment of the premium on all insurance required to be taken out and maintained during the Construction Period under this Agreement, or reimbursement thereof if paid by the Lessee.

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

(h) Payment of expenses incurred with approval of the Lessee in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Leased Land and the Building.

(i) Payment of any other costs and expenses relating to the Project, including payment of the fees and expenses of the Depository.

(j) All moneys remaining in the Construction Fund after completion of the Building and payment in full of the costs thereof, and after payment of all other items provided for in the preceding sub-sections (a) to (i), inclusive, of this Section, shall be applied to the payments as they become due on the Series 1979 Note, except for amounts retained in the Construction Fund with the approval of the Authorized Lessee Representative for payment of Project costs not then due and payable; any balance remaining of such retained funds after full payment of all such costs to be applied to the payments as they become due on the Series 1979 Note.

It is further agreed that:

(1) On the occasion of each payment from the Construction Fund in accordance with the preceding provisions of this Section, the Authorized Lessee Representative shall file a written certificate with the Depository establishing: (i) the names and addresses of the persons, firms or corporations to whom payment is due, (ii) the amount to be paid to each such person, firm or corporation, (iii) that none of the items for which the payment is being made has formed the basis for any payment theretofore made from the Construction Fund, (iv) that each item for which the payment is being made is or was necessary in connection with the Project, is in conformance with the plans and specifications therefor, and is authorized by this Agreement to be paid, and (v) that the Lessee has received appropriate mechanics'

lien affidavits from each payee with respect to the labor or materials supplied as consideration for such payment.

(2) In the case of any contract providing for retention by the Lessee of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion.

SECTION 4.4. Depository Shall Rely on Order of Authorized Representatives. The Depository shall honor withdrawals upon the certificate of the Authorized Lessee Representative described in Section 4.3 hereof and shall have no further liability with respect to payments made in accordance with such order.

SECTION 4.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Mortgagee and to the County Board by a certificate prepared by the Lessee and signed by the Authorized Lessee Representative stating that, except for amounts retained in the Construction Fund for costs not then due and payable as provided in Section 4.3(j), (i) the Building has been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, (ii) all other facilities necessary in connection with the Leased Land and the Building have been constructed, acquired and installed in accordance with the plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the foregoing has been completed.

SECTION 4.6. Lessee Required to Pay Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the costs of the Project should not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project free of all liens and encumbrances (other than Permitted Encumbrances) and to pay all that portion of the costs of the acquisition, construction and equipping of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the costs of the Project will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee should pay any portion of the said costs pursuant to the

provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Mortgagee, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement, subject to the force majeure provisions of the concluding paragraph of Section 10.1.

SECTION 4.7. Authorized Lessee Representative and Successors. The Lessee will designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative. In the event that any person so designated hereunder and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8. Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties. The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the costs referred to in Section 4.3(h), and the County agrees that the Lessee may, from time to time, in its own name, or in the name of the County, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Building in accordance with the terms of such construction contracts, and the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, to insure the peaceable and quiet enjoyment of the Project, for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the costs referred to in Section 4.3(h). Any amounts recovered by way of damage, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be applied to the payments as they become due on the Series 1979 Note.

SECTION 4.9. Investment of Construction Fund Moneys Permitted - Limitation on Investments. Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or reinvested by the Depository in (i) obligations of the United States and agencies thereof or unconditionally guaranteed as to principal and interest by the United States or any such agencies; (ii) Savings and Loan Associations to the extent that the same are secured by the Federal Savings and Loan Insurance Corporation; or (iii) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) above held by a third party as escrow agent or

custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

The Lessee further covenants and agrees:

(a) That it will not direct the investment of any moneys held as a part of the Construction Fund in a manner which shall be contrary to any policy or rules or regulations of the Internal Revenue Service with respect to "arbitrage bonds" within the meaning of Section 103(c)(2) of the Code, and the applicable regulations issued thereunder and as in effect on the occasion of the delivery of the Series 1979 Note (the Regulations); and

(b) It will furnish to the County accurate information to enable the appropriate County officers and Bond Counsel to make all necessary certifications required by the Regulations.

ARTICLE V

EFFECTIVE DATE OF THE AGREEMENT;
DURATION OF LEASE TERM;
RENTAL PROVISIONS; PAYMENTS IN LIEU OF TAXES
AND UNCONDITIONAL OBLIGATIONS OF LESSEE

SECTION 5.1. Effective Date of this Agreement; Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created in this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Articles X, XI and XII hereof), shall expire May 1, 1991.

SECTION 5.2. Delivery and Acceptance of Possession. The County agrees to deliver to the Lessee sole and exclusive possession of the Leased Land upon execution and delivery of this Agreement and Lessee thereupon and thereafter, so long as no Event of Default has occurred under Section 10.1 of this Agreement, shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the County and the Mortgagee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3. Rents and Other Amounts Payable. On or before November 1, 1979, and on or before each February 1, May 1 and August 1 and November 1 thereafter until the principal of and interest on the Series 1979 Note shall have been fully paid, the Lessee shall pay to the Mortgagee for the account of the County as rent for the Project the sums due and payable on such date as principal of and interest on the Series 1979 Note, as provided in the Note Ordinance.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal payable on the next succeeding payment date; provided that if the amount held by the Mortgagee should be sufficient to pay at the times required the principal of and interest on the Series 1979 Note then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

In the event the Lessee shall fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the Penalty Rate until paid. The provisions of this section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4. Place of Rental Payments. The rent provided for in Section 5.3 hereof shall be paid directly to the Mortgagee for the account of the County and will be applied against the Series 1979 Note.

SECTION 5.5. Payments in Lieu of Taxes. It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act, the lessee thereof shall be required to make payments to the county, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed that the County in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date or dates of such taxes which the County, school district and other political units having taxing powers would receive if such property were so privately owned; and the Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts), if any, therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made, and subject further to the Lessee's right to contest or appeal in good faith any such payment in the manner provided by law, provided that such contest or appeal shall delay any forfeiture of the Project by the County and the imposition of any penalty upon the Lessee with respect to the nonpayment of such taxes. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 5.5 to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay the same with interest thereon at the Penalty Rate until paid.

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SECTION 5.6. Obligations of Lessee Hereunder Unconditional.
Subject to the provisions of Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal, prepayment penalty, if any, and interest on the Notes shall have been duly paid or provisions for the payment thereof shall have been made in accordance therewith, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the construction of the Building, any acts or circumstances that may constitute failure of consideration, eviction, destruction of or damage to the Project, condemnation, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained, and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1. Maintenance and Modification of Project by Lessee. The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the use of the Project for the purpose for which it is intended. Subject to the provisions of Section 5.7 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land, shall become a part of the Project, and as such shall become the property of the County. The Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Mortgagee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Mortgagee shall notify the Lessee that, in the opinion of an Independent Counsel, by nonpayment of any such items, the lien of the Mortgage as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. Removal of Leased Equipment. The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade or exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Building or on the Leased Land 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, provided such removal and substitution shall not impair operating unity, all of which

shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Equipment; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof,

the Lessee shall pay the Mortgagee for application against the payments to become due on the Series 1979 Note, an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practices.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

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

SECTION 6.3. Taxes, Other Governmental Charges and Utility Charges. The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in South Carolina, (ii) that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation, (iii) and that under present law there is no tax imposed upon leasehold estates in South Carolina, and (iv) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if

not paid, will become a lien on the Project or a charge on the revenues and receipts therefrom and the pledge or assignment thereof to be created and made in the Mortgage, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Leased Land and Building, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as they become due.

If the Lessee shall first notify the Mortgagee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom (provided that such reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles shall have been made therefor) unless the Mortgagee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien or security interest of the Mortgage will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Mortgagee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Mortgagee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate from the date thereof until paid, the Lessee agrees to pay.

The County agrees that any investment tax credit with respect to the Project shall be made available to the Lessee and the County will cooperate with the Lessee in any effort by the Lessee to avail itself of any such investment tax credit.

SECTION 6.4. Insurance Required. (a) Lessee shall, at Lessee's sole cost and expense at all times during the Lease Term, keep the Project insured against loss or damage in accordance with the ordinary insurance practices of Lessee, but in all events to the following extent:

(1) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the full insurable value thereof within the terms of applicable policies.

(2) Against war risks when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the coinsurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(3) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such actual replacement value as shall be determined from time to time at the request of the County, Lessee or Mortgagee (but not more frequently than once in every twenty-four (24) months) by one of the insurers selected by Lessee.

(b) At all times during the Lease Term, Lessee shall at no cost or expense to the County, maintain or cause to be maintained:

(i) General public liability insurance (including Workmen's Compensation insurance in amounts usually carried by similar operations) against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than Workmen's Compensation Insurance) to afford protection to the limits of not less than \$1,000,000 in respect to bodily injury or death to any one person and to the limit of not less than \$3,000,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$1,000,000 in respect of damage to the property of any one owner.

(c) The insurance required by this Section 6.4, except the said war risk insurance, shall be maintained in full force and effect at all times during the Lease Term of this Agreement, except that such insurance required by Section 6.4(a) need not be placed in force and effect with respect to an improvement (including, without limitation, the ~~building~~) until the completion of that improvement provided that ~~landlord's~~ risk insurance is in effect at least to the expiration of the ~~landlord's~~ risk insurance carried pursuant to the provisions of any contracts entered into with contractors, with the end in view of having ~~landlord's~~ insurance coverage at all times.

(d) Copies or certificates of the insurance required by this Section, each bearing notations evidencing payment of the premiums or

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other evidence of payment satisfactory to the Mortgagee, shall be delivered by Lessee to the Mortgagee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Mortgagee, shall be delivered by Lessee to the Mortgagee.

(e) Policies of insurance provided for in Section 6.4(a) and any builder's risk insurance referred to in Section 6.4(c) shall name the County and the Lessee as insureds as their respective interests may appear, provided, however, that the Mortgagee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any amount remains unpaid on the Series 1979 Note, all such insurance proceeds shall be payable as provided in Section 7.1 hereof. The County and Mortgagee shall also be named as additional insureds under Section 6.4(b) of this Agreement.

(f) All insurance required by this Section 6.4 shall be effected with responsible insurance companies selected by the Lessee and satisfactory to Mortgagee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least twenty (20) days prior written notice to the County, Lessee and Mortgagee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by the County or by anyone claiming by, through or under the County, against Lessee for any damage to the Project covered by the insurance provided for by this Section 6.4, however caused, but nothing in this subsection (f) shall diminish Lessee's obligation to repair or rebuild as provided in Section 7.1. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith, provided that so long as any amount remains outstanding and unpaid on the Note, no settlement of any claim shall be effected without the written consent of the Mortgagee. All insurance policies under Section 6.4 shall include effective waivers by the insurer of all claims for insurance premiums against the County or Mortgagee, and shall provide that any losses shall be payable notwithstanding (i) any act of negligence of Lessee, the County or Mortgagee, (ii) any foreclosure or other proceedings or notice of sale relating to the Project, or (iii) any change in the title to or ownership of the Project.

SECTION 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be received by the Lessee and shall then be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4(b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. Advances by the County or the Mortgagee. In the event the Lessee shall fail to maintain the full insurance coverage

required by this Agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Project in good repair and good operating condition, or shall otherwise fail to comply with any covenant or agreement contained in or incorporated into this Agreement, the County or the Mortgagee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements and take all other action that the County or the Mortgagee may deem necessary to cause Lessee to comply with any covenant or agreement contained in or incorporated into this Agreement; and all amounts so advanced therefor by the County or the Mortgagee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate from the date thereof, the Lessee agrees to pay.

ARTICLE VII
DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. Damage and Destruction. (a) Unless the Project shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Series 1979 Note the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) hereof resulting from such destruction or damage is not greater than \$100,000 the Lessee (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not adversely affect the use of the Project for the purpose for which it is intended, and (ii) shall apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$100,000 shall be paid to the Lessee, subject to provisions of Section 7.1(e) hereof.

(b) Unless the Project shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Notes the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) hereof resulting from such destruction or damage is in excess of \$100,000, the Lessee shall promptly give written notice thereof to the Mortgagee. All Net Proceeds of insurance received by the Lessee resulting from such claims for losses in excess of \$100,000 shall be paid to and held by the Mortgagee in a separate trust account, whereupon (i) the Lessee will proceed promptly to repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such damage or destruction with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not adversely affect the use of the Project for the purpose for which it is intended, and (ii) the Mortgagee will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, upon request made by Lessee to the Mortgagee no more often than monthly accompanied by lien waivers through the last previous request.

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

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(d) The Lessee shall not, by reason of the payment of such excess costs (whether by direct payment thereof or advances to the County or Mortgagee therefor), be entitled to any reimbursement from the County, or the holder of any of the Notes, or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall, at the option of Mortgagee, be paid to the Mortgagee to be applied against the principal payments on the Series 1979 Note in inverse order of their maturity. If the Series 1979 Note has been fully paid or if the Mortgagee shall not exercise its option to receive such balance of Net Proceeds, all Net Proceeds will be paid to the Lessee.

SECTION 7.2. Condemnation. Unless title to, or temporary use of, all or substantially all of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken as a result of or in lieu of or in anticipation of the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall promptly give written notice thereof to the County and the Mortgagee, generally describing the nature and extent of such taking, and shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The Lessee hereby irrevocably assigns, transfers and sets over to Mortgagee all its rights to any award on account of any taking of the Project or any part thereof. The County, the Lessee and the Mortgagee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Mortgagee in an interest bearing trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee, subject to obtaining written consent from Mortgagee with respect to the application provided for in subsection (c):

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

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances, other than Permitted Encumbrances.

(c) To the payment of the principal of the Series 1979 Note in inverse order of maturity of installments thereof upon receipt of the written consent of the Mortgagee. If the Mortgagee does not consent to such payment of the principal of the Series 1979 Note, and the Mortgagee has determined either that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by foregoing subsection (b), the remaining Net Proceeds not used for the purposes set forth in subparagraph (a) or (b) hereof shall be paid to the Lessee.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Mortgagee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings or proceedings in lieu of or in anticipation of such eminent domain proceedings, shall, at the election of the Mortgagee, be paid to the Mortgagee to be applied against the principal payments on the Notes in inverse order of their maturity. If the Series 1979 Note has been fully paid or if the Mortgagee shall not exercise its option to receive the Net Proceeds, all Net Proceeds shall be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee and the Mortgagee, nor shall the Lessee voluntarily settle or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the County and the Mortgagee.

SECTION 7.3. Condemnation of Lessee-Owned Property. The Lessee shall be entitled to the Net Proceeds of any condemnation award at portion thereof for damage to or taking of its own property not included in the Project (except for damages for the value of its household estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1. No Warranty of Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

SECTION 8.2. County's and Mortgagee's Right of Access to the Project. The Lessee agrees that the County, the Mortgagee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the County, the Mortgagee and their or either of their duly authorized agents shall have such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The County and the Mortgagee shall also be permitted, at all reasonable times, to examine the books and records of the Lessee with respect to the Project.

SECTION 8.3. Lessee to Maintain its Corporate Existence. The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not terminate, dissolve or otherwise dispose of all or substantially all of its assets.

SECTION 8.4. Qualification in South Carolina. The Lessee warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. Release of Certain Land. In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time, but only with the written consent of the Mortgagee, to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leased estate created hereby (i) of any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated) on which the County then proposes to construct improvements for lease to the Lessee or any affiliated entity under another and different lease agreement, or (ii) any part (or interest in any part) of the Leased Land with respect to which the County proposes to convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project, provided, that if at the time any such amendment is made any amount is outstanding and unpaid upon the Notes there shall be deposited with the Mortgagee the following:

(a) A copy of said amendment as executed.

(b) A resolution of the County Board (i) stating that the County is not in default under any of the provisions of the Mortgage and the Lessee is not to the knowledge of the County in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina and (v) requesting such release.

(c) A resolution of the Board of Directors of the Lessee approving such amendment and stating that the Lessee is not in default under any of the provisions of this Agreement.

(d) A copy of any agreement wherein the County agrees to construct improvements on the portion of the Leased Land so requested to be released and to lease the same; or a copy of the instrument conveying the title to a railroad, public utility or public body.

(e) A certificate of an Independent Engineer who is acceptable to the Mortgagee, dated not more than sixty 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 Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes for which it is intended, and (ii) the release so proposed to be made will not impair the usefulness of the Project for the purpose for which it is intended and will not destroy the means of ingress thereto and egress therefrom.

If all of the conditions of this Section 8.5 are met, and if the Mortgagee shall have previously consented to the release thereof, the Mortgagee shall release any such property from the lien of the Mortgage.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.6. Granting of Easements. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Mortgage, or the

Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Mortgagee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release (ii) a written application signed by an authorized officer of the Lessee requesting such instrument; and (iii) a certificate executed by an authorized officer of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Mortgage. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.7. Indemnification Covenants. (a) Lessee shall and agrees to indemnify and save the County and the Mortgagee 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 Lease Term and against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (iv) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Mortgagee harmless from any and all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Mortgagee, Lessee shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the County hereunder, by reason of the issuance of the Series 1979 Note, by reason of the execution of the Mortgage, by reason of the performance of any act required of it by this Agreement, or by reason of the performance of any act requested of it by the Lessee, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the County should incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold harmless the County against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the County, the Lessee shall defend the County in any such action or proceeding.

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SECTION 8.8. Covenants of Lessee with Respect to Tax Exemption of Series 1979 Note. The County is issuing the Series 1979 Note pursuant to an election made by it under Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended (the Code). In order to insure that interest on the Series 1979 Note is not and will not become subject to Federal Income Taxes as a result of failure of the Series 1979 Note to qualify as an exempt small issue under Sections 103(b)(6)(A) and (D) of the Code or as a result of a violation of the capital expenditures limitation prescribed in said Section 103(b)(6)(D), the Lessee covenants with the County and the Mortgagee as follows:

(1) That all rights and privileges granted to the Lessee hereunder shall be exercised in such manner that the covenants made by this Section 8.8 shall be observed, and if any conflict between Section 8.8 and any other provisions in this Agreement shall arise, then in such case, Section 8.8 shall control;

(2) That the Lessee has not committed nor permitted and will not commit nor permit the commission of any act which would cause the Series 1979 Note not to qualify as, or not to continue to be qualified as, an exempt small issue under the provisions of Sections 103(b)(6)(A) and (D) of the Code;

(3) That the Lessee will not fail to take any action necessary to be taken in order that the Series 1979 Note shall qualify as, and continue to be, an exempt small issue under the provisions of said Sections 103(b)(6)(A) and (D) of the Code;

(4) That annually, concurrent with its filing thereof with the Internal Revenue Service, the Lessee will furnish to the Mortgagee a true and correct copy of statements filed by the Lessee pursuant to Section 1.103-10(b)(2)(vi)(C) of the Income Tax Regulations applicable to Section 103 of the Code, together with a certificate of its chief financial officer or treasurer to the effect that cumulative Section 103(b)(6)(D) capital expenditures together with the outstanding principal amount of the Series 1979 Note and the principal amount outstanding of any other obligations which are includible in the limitation prescribed by said Sections 103(b)(6)(A) and (D) have not exceeded said prescribed limitation; and

(5) That it will comply with Section 103 of the Code and with the governing regulations applicable to Section 103 of the Code, including, without limitation, those set forth in Section 8.8(3) hereof and Sections 1.103-13, 1.103-14 and 1.103-15 of the Income Tax Regulations applicable to Section 103 of the Code, to the extent that compliance therewith is necessary in order that interest on the Series 1979 Note shall remain exempt from Federal Income Taxes.

Nothing contained in this Section 8.8 shall create any obligation upon the Lessee or the County as a result of interest on the Series 1979 Note becoming taxable by virtue of the provisions of Section 103(b)(8) of the Code, or as a result of the enactment hereafter of legislation which subjects such interest to Federal Income Taxes.

SECTION 8.9. Tax Indemnification. As used in this Section 8.9 the following terms shall have the following meanings:

(a) "Event of Taxability" means the determination, in good faith, by a holder or former holder of the Note that all or any portion of the interest thereon is includable in such holder's or former holder's federal gross income (other than a holder or former holder who is a "substantial user" of the Project or "related person", as such terms are used in Section 103(b)(8) of the Code) based upon an opinion of Messrs. Sinkler Gibbs & Simons, or any other independent counsel to such holder or former holder, which other independent counsel is reasonably satisfactory to the Lessee, that such holder or former holder may not reasonably exclude or was not reasonable in excluding such income from the federal gross income of such holder or former holder,

(b) "Taxable Date" means the date determined as the earliest date on which any interest on the Note should have been included in the federal gross income of a holder or a former holder in connection with an Event of Taxability.

(c) "Taxing Authority" means the federal government, any state or local government, and any taxing jurisdiction thereof or therein.

Upon the occurrence of an Event of Taxability, the Lessee shall after receipt of notice thereof from a holder or former holder of the Series 1979 Note

(a) in the case of a holder of the Series 1979 Note, within 30 days of the receipt of notice by the Lessee of an Event of Taxability purchase the Series 1979 Note for a purchase price equal to the unpaid principal balance plus interest accrued and unpaid to the date of purchase and, in addition, and

(b) in the case of a holder or former holder of the Series 1979 Note, pay to such holder or former holder the sum of the following amounts, within 30 days of the receipt of notice by the Lessee of an Event of Taxability:

(i) for any period, commencing with the Taxable Date and ending on the date the Series 1979 Note is paid in full, an amount which, together with the interest for such period actually received by

the holder or former holder of the Series 1979 Note, will equal interest on the unpaid principal amount of the Series 1979 Note for such period at a rate per annum equal to 110% of the minimum commercial lending rate charged by the Bank from time to time for loans to its prime customers (the MCLR), such interest rate to be adjusted automatically on the effective date of any change in the MCLR; and

(ii) the amount which, after deduction of all taxes required to be paid to a Taxing Authority in respect of the receipt of such amount, shall be equal to the amount of any interest, penalties, and additions to tax and additional amounts as referred to in Subchapter A of Chapter 68 of the Code (or any successor provision thereto) paid to the federal government as a result of the interest on the Series 1979 Note being included in the federal gross income of such holder or former holder.

If at any time (whether before or after payment in full of the Note) any payment of interest on the Series 1979 Note, in whole or in part, is subject to the tax imposed by Sections 56-58 of the Code, or any similar tax imposed by a Taxing Authority on tax preference or similar items (hereinafter called a "Preference Tax"), then the Lessee will promptly pay to the Purchaser upon the written demand of the Purchaser, as additional interest on such Series 1979 Note, an amount (to be computed by the Purchaser and specified in a written demand furnished to the Lessee) which, after deduction of all taxes required to be paid to a Taxing Authority in respect of the receipt of such amount, shall be equal to the Preference Tax.

The covenants made by the Lessee in this Section and the Lessee's obligations hereunder shall survive the termination of this Agreement, the Guaranty Agreement, the Ordinance or the Mortgage, or the payment in full of the Series 1979 Note or any payment by the Lessee under this Section; provided, however, that such covenants and obligations shall survive, with respect to each holder or former holder of the Series 1979 Note for only so long as federal income taxes are assessable against such holder or former holder with respect to any taxable year in which such holder or former holder received interest on the Series 1979 Note. The Lessee will forthwith notify the Purchaser of any payments made directly to a holder or former holder of the Series 1979 Note by the Lessee pursuant to this Section.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; PREPAYMENT; RENT PREPAYMENT AND ABATEMENT

SECTION 9.1. Assignment and Subleasing. This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of the County with the prior written consent of the Mortgagee but, subject, however, to each of the following conditions:

(a) No assignment or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume in writing the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within fifteen days after the delivery thereof, furnish or cause to be furnished to the County and to the Mortgagee a true and complete copy of each such assignment or sublease, as the case may be.

(d) No such assignment or sublease shall allow the assignee or sublessee to use the Project for a purpose which would result in the interest on the Series 1979 Note being taxable.

SECTION 9.2. Mortgage of Project by County. The County shall mortgage the Project (excluding the Concorde building) to the Mortgagee pursuant to the Mortgage, and assign its interest in and pledge any moneys receivable under this Agreement to the Mortgagee pursuant to the Mortgage, and to the assignment of this Agreement to Mortgagee dated as of this day, as security for payment of the Series 1979 Note, but each such conveyance, assignment or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3. Restrictions on Sale of Project by County. The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Mortgage, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4. Prepayment of Series 1979 Note. The County, at the prior written request at any time of the Lessee shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Series 1979 Note to effect prepayment of all or part of the Series 1979 Note, as may be specified by the Lessee on the earliest prepayment date on which such prepayment may be made under such applicable provisions.

SECTION 9.5. Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Mortgagee may, but is not obligated to (except to the extent that the Series 1979 Note is subject to prepayment under the terms of the Note Ordinance and the rents are to be applied to effect such prepayment), accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the inverse order of their due dates.

SECTION 9.6. Lessee Entitled to Certain Rent Abatements if Series 1979 Note Paid Prior to Maturity. If at any time the aggregate rental payments held by the Mortgagee shall be sufficient to pay in full principal and interest on the Series 1979 Note due or to become due to maturity or to such earlier date on which the Notes are called for prepayment in accordance with the terms of the Notes and the Note Ordinance, and to pay all fees and charges of the Mortgagee due or to become due through the date on which the Series 1979 Note is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Mortgagee to and including March 1, 1989, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property, unless it shall become fixtures, and, as such, part of the Building shall remain the sole property of the Lessee and, except to the extent that it shall constitute fixtures, the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Mortgage or result in the creation of any mortgage, encumbrance, lien or charge on the Project other than

Permitted Encumbrances. Neither the County nor the Mortgagee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 unless it shall constitute fixtures, and all such machinery, equipment and personal property other than fixtures, shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8. Reference to Series 1979 Note Ineffective After Payment. Upon payment in full of the Series 1979 Note and all fees and charges of the Mortgagee, all references in this Agreement to the Series 1979 Note and the Mortgagee shall be ineffective and the Mortgagee shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1. Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement (other than as referred to in subsection (a) of this Section) in this Agreement on the part of the Lessee to be observed or performed, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the County or the Mortgagee, unless the County and the Mortgagee shall agree in writing to an extension of such time prior to its expiration.

(c) Any default by the Lessee under the Guaranty Agreement;

(d) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Lessee a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Lessee under the Federal Bankruptcy Act or any other applicable Federal or State law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official of the Lessee) or of any substantial part of its property, or ordering the winding up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(e) The institution by the Lessee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Act or any other applicable Federal or State law, or consent by it to the filing of any such petition, or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Lessee or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of official action by the Lessee in furtherance of any such action;

(f) The rendering against the Lessee of a final judgment, decree or order for the payment of money in an amount which exceeds by \$100,000 the amount of such judgment covered by insurance, and the continuance of such judgment, decree or order unsatisfied and in effect for any period of 60 consecutive days without a stay of execution;

(g) Any material representation or warranty made by the Lessee herein or in any certificate or other instrument delivered under or pursuant to any provision hereof or in connection with the financing of the Project shall prove to have been false or incorrect or breached in any material respect on the date as of which made.

The foregoing provisions of subsection (b) of this Section are subject to the following limitations, provided that such limitation shall not be applied to subsection (a), (c), (d), (e), (f) or (g) of this Section: If by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in Article V and Section 6.3, 6.4, 8.7, 8.8 and 8.9 hereof to which this paragraph shall have no application), the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee 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 Lessee unfavorable to the Lessee.

SECTION 10.2. Remedies on Default. Whenever any event of default referred to in Section 10.1 shall have happened and be subsisting, the County, with the written consent of Mortgagee or Mortgagee on behalf of the County, may take any one or more of the following remedial steps:

(a) At its option, may declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) May reenter and take possession of the Project without terminating this Agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) May terminate the Lease Term, exclude the Lessee from possession of the Project, use its best efforts to complete acquisition and construction of the Project if not then completed and lease the Project to another for the account of the Lessee, holding the Lessee liable for completion costs, if any, not reimbursed to the County or the Mortgagee from the proceeds of the Series 1979 Note or otherwise and all rent and other amounts payable by the Lessee hereunder.

(d) May, in the event any amount shall at the time be outstanding and unpaid on the Series 1979 Note, have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

(e) May exercise any rights and remedies available under the Uniform Commercial Code of the State of South Carolina as is then in effect.

(f) May take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid to the Mortgagee and applied to payments on the Series 1979 Note as they come due or, if the Series 1979 Note has been fully paid, to the Lessee.

No action taken pursuant to this Section (including repossession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3 and Section 10.2(a) hereof, all of which shall survive any such action, and the County, with the written consent of Mortgagee or Mortgagee on behalf of the County, may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of the Lessee hereunder.

SECTION 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County or the Mortgagee on behalf of the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and

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

SECTION 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Agreement and the County or the Mortgagee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Mortgagee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Mortgagee.

SECTION 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

SECTION 11.1. Options to Terminate. The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term and its obligations as Lessee hereunder:

(a) At any time prior to full payment of the Series 1979 Note, the Lessee may terminate this Agreement by paying to the Mortgagee an amount which will be sufficient to pay and retire the Series 1979 Note in accordance with its provisions (including, without limiting the generality of the foregoing, principal and interest to the earlier of the date of maturity of the Series 1979 Note or the date on which the Series 1979 Note is called for prepayment and fees and expenses, if any, of the Mortgagee).

(b) At any time after full payment of the Series 1979 Note and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2. Option to Purchase Project Prior to Payment of the Series 1979 Note. The Lessee shall have, and is hereby granted the option to purchase the Project prior to the full payment of the Series 1979 Note if any of the following shall have occurred:

(a) The Project shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of six months.

(b) Title to, or the temporary use of, all or substantially all the Project shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operation of the Project for a period of six months).

(c) Should, as a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any courts or administrative body (whether state or federal) entered after the contest thereof by the Lessee in

good faith, this Agreement become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Agreement, then in any of such events, the Lessee agrees to purchase, in full discharge of all liability hereunder, the Project within thirty days after such official determination at a purchase price equal to the sum of the following:

(1) An amount of money which, when added to the amount then held by the Mortgagee, will be sufficient to pay and retire the Notes, including without limitation, principal and all interest to accrue to the date of payment, plus

(2) An amount of money equal to the Mortgagee's reasonable fees and expenses under the Mortgage accrued and to accrue until such final payment of the Notes, plus

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement, for the Project.

To exercise such option, the Lessee shall, within sixty days following the event authorizing the exercise of such option, give written notice to the County and to the Mortgagee, if the Series 1979 Note shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five days nor more than ninety days from the date such notice is mailed. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then held by the Mortgagee, will be sufficient to pay and retire the Series 1979 Note, including without limitation, principal and all interest to accrue to the date of payment, plus

(2) An amount of money equal to the Mortgagee's reasonable fees and expenses under the Mortgage accrued and to accrue until such final payment of the Series 1979 Note, plus

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement, for the Project.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4.

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SECTION 11.3. Option to Purchase Unimproved Land. If no event of default under this Agreement shall have happened and be continuing, and if the Mortgagee shall consent thereto in writing, the Lessee shall have, and is hereby granted, the option to purchase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for a purchase price equal to the cost per acre of the Leased Land as originally purchased by the Lessee and provided that the Lessee furnishes the County with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Leased Land on a date stated, which shall not be less than forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Mortgagee, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Building for the purpose for which it is intended, and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as provided in this Section.

The County agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Lessee the County will promptly deliver such money to the Mortgagee to be applied against the principal last maturing on the Series 1979 Note, and secure from the Mortgagee a release from the lien of the Mortgage of such portion of the Leased Land with respect to which the Lessee shall have exercised the option granted to it in this Section. The payment of the purchase price for such released land shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof, and if the portion of the Leased Land released is land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project. Notwithstanding anything to the contrary stated in this Agreement, if Mortgagee consents in writing to the release of a portion of the Leased Land but elects not to accept the purchase price for such land, Lessee shall not

make any payment to the County for such land, and no prepayment of the Series 1979 Note shall be made by the County as a result of the release of the Leased Land hereunder.

SECTION 11.4. Conveyance on Exercise of Option to Purchase. At the closing of the purchase pursuant to the exercise of any option to purchase granted herein, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Mortgagee of the property with respect to which the option was exercised from all security instruments.

(b) Documents conveying to the Lessee a good and marketable title to the property being purchased, as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (iv) Permitted Encumbrances other than the Mortgage and this Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

SECTION 11.5. Relative Position of Options and Mortgage. The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Mortgage and may be exercised whether or not the Lessee is in default hereunder, provided that any condition to the exercise of any such option has been fulfilled.

ARTICLE XII

ADDITIONAL OBLIGATION OF LESSEE AND COUNTY

SECTION 12.1. Obligation to Purchase Project at Termination of Lease. The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following the payment of the Series 1979 Note. At the closing of the foregoing purchase, the County will deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Mortgage and may be exercised whether or not the Lessee is in default hereunder if condition to this right have been fulfilled.

SECTION 12.2. Lessee's Obligation to Purchase Project. (1) Lessee covenants and agrees that if an "Event of Taxability" occurs as set forth in Section 8.9, the Lessee will purchase the Project from the County (and this Lease Agreement will thereupon terminate), by depositing with the Mortgagee not later than thirty (30) days after notice of the occurrence of such Event of Taxability shall have been given to the Lessee by the Mortgagee or the holders of the Note, as the purchase price therefor, an amount equal to the sum of the following:

(a) the principal amount of the Series 1979 Note then outstanding; plus

(b) the reasonable fees and expenses of the County and the Mortgagee in connection with such payment of the Series 1979 Note; plus

(c) the amount payable by the Lessee to the holders or former holders of the Series 1979 Note pursuant to Section 8.9 of this Lease Agreement.

(2) Any moneys held by the County or the Lessee or the Purchaser in respect of the Series 1979 Note at the time of any deposit of moneys by the Lessee under this Section 12.2 for application to the payment of the principal of or interest or premium on the Series 1979 Note or for payment of the fees and expenses of the Purchaser shall be applied to the reduction of the purchase price of the Project specified in this Section 12.2.

Upon the payment in full by the Lessee of the purchase price for the Project as provided in this Section 12.2 and the surrender of the Series 1979 Note to the County by the Lessee for cancellation the Series 1979 Note so surrendered shall be deemed to have been prepaid for purposes of Section 11.1 hereof and the County shall sell and convey to the Lessee and the Lessee shall purchase the Project.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. Quiet Enjoyment. The County agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

SECTION 13.2. Surrender of Project. Except as otherwise expressly provided in this Agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance and ordinary wear, tear and obsolescence only excepted.

SECTION 13.3. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, or given when dispatched by a telegram when telegraphic notice is permitted by express provisions of this Agreement, addressed as follows: if to the County, to the Richland County Council, P. O. Box 4069, Columbia, South Carolina 29240; if to the Lessee, at Industrial Welding Supplies, Inc., P. O. Box 10789, Charleston, South Carolina 29411, Attention: Senior Vice President; if to the Mortgagee, at North Carolina National Bank, Charlotte, North Carolina 29255, Attention: Corporate Trust Officer. The County, the Lessee and the Mortgagee may, by notice given to all parties to this Agreement and the Mortgage, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4. Recording and Filing. (a) This Agreement as originally executed shall be recorded prior to the recordation of the Mortgage. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the Office of the Register of Mesne Conveyance for Richland County, South Carolina, or in such other office as may at the time be provided by law as the proper place for the recordation thereof. The security interest of the County created herein as to the personal property, equipment and fixtures and the assignment of such security interest to the Mortgagee shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions in the office of the Secretary of State of South Carolina, in the City of Columbia, South Carolina and in the office of the Register of Mesne Conveyance for Richland County. The parties further agree that all necessary continuation statements shall be filed within the time

prescribed by the South Carolina Uniform Commercial Code--Secured Transactions in order to continue the security interest created by this Agreement, to the end that the rights of the Mortgagee in the Project (and in the assignment to the Mortgagee of the rents payable under this Lease Agreement) shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement, its assignment to the Mortgagee, and the Mortgage may be recorded prior to the delivery of the Series 1979 Note. If subsequent to such recording the Notes shall not be delivered on or before December 1, 1979, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement, its Assignment to the Mortgagee, and the Mortgage shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Series 1979 Note. The County shall transfer and reconvey to the Lessee or its designee all properties conveyed to the County by the deed and for the same consideration paid to the County by the Lessee. Both parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5. Other Instruments. (a) The Lessee covenants to deliver to the County and the Mortgagee within sixty days after the close of each fiscal year of the Lessee, a description of the Building as of the close of such fiscal year, if not adequately described in the granting clauses of the Mortgage as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description, the Lessee covenants that it will:

(1) Prepare a supplement to the Mortgage and an amendment to this Agreement, and to the financing statements of record, each containing a description of the Building not adequately described in the granting clauses of the Mortgage, as then supplemented, and in the demising clauses of this Agreement, as then amended;

(2) Deliver the supplement to the Mortgage to the Mortgagee and the County and the supplement to this Agreement to the County, and deliver the amendments to the financing statement to the Mortgagee and the County for execution;

(3) Deliver the fully executed supplement to the Mortgage and the fully executed supplement to this Agreement and the supplemental financing statements to the Mortgagee for recording and filing or re-recording or re-filing in all

places required by the opinion of Counsel referred to in sub-section (a)(4) of this Section 13.5; and

(4) Deliver to the Mortgagee a written opinion of counsel (who may be counsel for the County or the Lessee) addressed to the Mortgagee that the description of the Mortgaged Property contained in the granting clauses of the Mortgage, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions include descriptions of the entire Project; that the Mortgage, as supplemented, constitutes a valid first mortgage lien on, and security interest in, the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Mortgage; that the Mortgage, as supplemented, this Agreement, as supplemented, and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or rerecorded or refiled in such manner and in such places required by law in order to fully preserve and protect the rights of the Mortgagee in the Project (and in the assignment to the Mortgagee of the rents payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Mortgagee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a)(4) of this Section 13.5. The Lessee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Series 1979 Note shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitation contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.7. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.8. Amounts Held by the Mortgagee. It is agreed by the parties hereto that any amounts held by the Mortgagee upon

expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Series 1979 Note and the fees, charges and expenses of the County and of the Mortgagee in accordance with the Mortgage and the provisions of this Agreement shall belong to and be paid to the Lessee by the Mortgagee as overpayment of rents.

SECTION 13.9. Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Mortgagee.

SECTION 13.10. Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminutions or set-off other than those herein expressly provided.

SECTION 13.11. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.12. Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, Richland County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the Richland County Council and the official seal of said County to be impressed hereon and attested by the Acting Clerk of the Richland County Council; and Industrial Welding Supplies, Inc. has executed this Lease Agreement by causing its name to be hereunto subscribed by its President and its seal to be impressed hereon and attested by its Assistant Secretary, all being done as of the day and year first above written.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL)

By Candy Y. Waites
Chairman, Richland County Council

Attest:

Betty S. McWhorter
Acting Clerk, Richland County Council

Signed, Sealed and Delivered
in the Presence of:

William K. ...
Mr. ...

INDUSTRIAL WELDING SUPPLIES, INC.

(SEAL)

By Thomas C. Johnson
President

Attest:

Elizabeth A. Johnson
Assistant Secretary

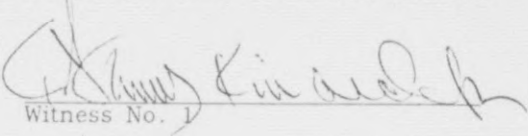
Signed, Sealed and Delivered
in the presence of:

M. W. Youngblood
Jeannie A. Pusey

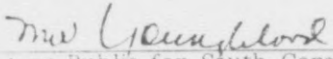
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STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

PERSONALLY appeared before me the undersigned witness, who being duly sworn says that (s)he saw the seal of Richland County, South Carolina, affixed to the foregoing Lease Agreement, and that (s)he also saw Candy Waites, as Chairman, and Betty McWhorter, as Acting Clerk of the Richland County Council sign and attest the same and that (s)he with the other witness above-subscribed witnessed the execution and delivery thereof as the act and deed of the said Richland County, South Carolina.


Witness No. 1

SWORN to before me this
13th day of November, 1979.


Notary Public for South Carolina
My Commission Expires: 12-11-82

014800

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

PERSONALLY appeared before me the undersigned witness who being duly sworn says that (s)he saw the seal of Industrial Welding Supplies, Inc. affixed to the foregoing Lease Agreement, and that (s)he also saw Thomas C. Stevenson, as President, and Elizabeth H. Edwards, as Assistant Secretary, sign and attest the same, and that (s)he with the other witness above-subscribed, witnessed the execution and delivery thereof as the act and deed of the said Industrial Welding Supplies, Inc.

MW Youngblood
Witness No. 1

SWORN to before me this
12 day of November, 1979.

Jeanne A. Pusey (LS)
Notary Public for South Carolina

My Commission Expires: 8-29-89

014801

EXHIBIT A

DESCRIPTION OF LEASED LAND

ALL that certain piece, parcel or lot of land, together with the improvements thereon, situate, lying and being near the City of Columbia, in Richland County, in the State of South Carolina, containing 4.7 acres, and being shown as PARCELS A and B on a plat prepared for Industrial Welding Supplies, Inc., dated October 2, 1979, prepared by William Wingfield, Registered Surveyor; said property being more particularly described on said plat, as follows:

Beginning at a point on the Eastern side of South Carolina Highway #555 and at the Southwestern boundary of said property, running N 13° 45' W, for a distance of Two Hundred Fifty-Five (255.0') feet, to a point; thence, turning and running N 17° 45' W, for a distance of Ninety-Five (95.0') feet, to a point; thence, turning and running N 85° 05' E, for a distance of Three Hundred Twenty-Five (325.0') feet, to a point; thence running N 85° 05' E, for a distance of One Hundred Ninety-Four (194.0') feet, to a point; thence, turning and running S 37° 57' E, for a distance of Two Hundred Six and 8/10 (206.8') feet, to a point; thence, turning and running S 34° 14' E, for a distance of One Hundred Ninety-Six and 2/10 (196.2') feet, to a point; thence, turning and running S 85° 05' W, for a distance of Three Hundred Forty-Two and 6/10 (342.6') feet, to a point; thence, running S 85° 05' W, for a distance of Three Hundred Twenty-Five (325.0') feet, to the point of beginning; be all measurements a little more or less.

This being a portion of the same property conveyed to Industrial Welding Supplies, Inc., by Deed of Anita M. Golson, dated February 11, 1976, and recorded in Deed Book 373 at page 446 in the RMC Office for Richland County.

014802

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT

11,000 gallon liquid oxygen storage tank
6,000 gallon liquid nitrogen tank
6,000 gallon liquid argon storage tank
Vaporizing equipment, pumps, controls and filling racks
Approximately 20,000 high pressure steel cylinders
(serial numbers to be furnished as delivered)
Cylinder valving equipment
Acetylene generation equipment
14 calcium carbide storage containers
materials handling equipment
Cylinder compressing hardware
Calcium Hydrate slurry tanks
Fire protection water storage tank
Approximately 12,000 acetylene cylinders
(serial numbers to be furnished as delivered)
Highway tractor
Over-the-road trailer

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EXHIBIT C
FORM OF SERIES 1979 NOTE

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UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
RICHLAND COUNTY
INDUSTRIAL REVENUE NOTE, SERIES 1979
(INDUSTRIAL WELDING SUPPLIES, INC. PROJECT)

No. R-1

\$3,700,000

KNOW ALL MEN BY THESE PRESENTS that Richland County, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the County), for value received promises to pay, but only from the source and as hereinafter provided, to the order of NORTH CAROLINA NATIONAL BANK, or registered assigns, in the City of Charlotte, North Carolina, the sum of THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$3,700,000) in quarterly principal installments in accordance with the following schedule: \$50,000 on each November 1, February 1, May 1, and August 1 commencing November 1, 1980 and ending August 1, 1983; and \$100,000 on each November 1, February 1, May 1, and August 1, commencing November 1, 1983 and ending May 1, 1991 (at which time any amounts remaining unpaid hereunder shall be due and payable). This Note shall bear interest from the date of the delivery as established by the certificate of delivery appearing hereon at the rate of seven and three-quarters per centum (7-3/4%) per annum (on a 365 day basis) payable on each November 1, February 1, May 1 and August 1 hereafter. Principal of and interest on this Note are payable in any coin or currency of the United States of America which is at the time legal tender for the payment of public or private debts.

This Note is issued for the purpose of acquiring industrial facilities and leasing the same to Industrial Welding Supplies, Inc., a corporation organized under the laws of the State of South Carolina hereinafter referred to as the "Lessee") (the land, buildings and equipment comprising such facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. This Note is secured by a Mortgage and Security Agreement (hereinafter called the "Mortgage"), dated as of October 1, 1979, duly executed and delivered by the County to North Carolina National Bank, as Mortgagee (hereinafter referred to as the "Mortgagee") on the Project which has been leased to the Lessee under and pursuant to a Lease Agreement between the County and the Lessee dated as of October 1, 1979 (herein referred to as the "Lease Agreement"). Under the Lease Agreement, the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of and interest on this Note as the same become due and, under the Lease Agreement, it is the obligation of the Lessee to pay the cost of maintaining the Project in good repair and to keep it properly insured. Payment of the principal of and interest on this Note has been unconditionally guaranteed by the Lessee pursuant

014805

to a Guaranty Agreement dated as of October 1, 1979 (the "Guaranty Agreement") between Industrial Welding Supplies, Inc., as Guarantor, and the Mortgagee. Copies of the Mortgage and the Lease Agreement are recorded in the office of the Register of Mesne Conveyance for Richland County, South Carolina, and reference is made to the Mortgage, the Lease Agreement and the Guaranty Agreement for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the charging and collection of rentals for the Project, the rights and remedies of the holder of this Note, the rights, duties and obligations of the County, the Lessee, and the Mortgagee, and the terms upon which this Note is issued and secured.

This Note is subject to prepayment at the option of the Lessee on any quarterly payment date in whole or in part (but if in part, in the amount of \$10,000 or multiples thereof and in inverse order of the principal installments), without penalty, at the principal amount thereof plus accrued interest to the prepayment date.

This Note is also subject to mandatory prepayment in part, without penalty, in accordance with the provisions of Section 303 of the Note Ordinance of the Richland County Council, authorizing, among other things, the issuance of this Note (the Note Ordinance).

All such prepayments shall be subject to the further terms and conditions of prepayment set forth in the Note Ordinance.

This Note is subject to mandatory purchase by the Lessee upon the occurrence of an Event of Taxability as such term is defined in Section 8.9 of the Lease Agreement (in accordance with the provisions of, and at a purchase price determined as provided in, said Section 8.9).

In the event the County shall default in the payment of the principal or interest when the same becomes due hereunder, or upon the occurrence of an event of default under the Lease Agreement, the Mortgage or the Guaranty Agreement, or upon any failure by the County to perform or observe any of the terms, covenants or conditions of the Note Ordinance, the holder of this Note may, at its option, by notice in writing to the Richland County Council and the Lessee at their addresses set forth in the Lease Agreement, and to the Guarantor at its address set forth in the Guaranty Agreement, declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it or they may deem advisable for the protection of its or their interest to collect and enforce payment.

This Note is issued pursuant to the authorization of and for the purposes prescribed by Chapter 29, Title 4, Code of Laws of South Carolina, 1976, and pursuant to ordinances duly adopted by the Richland County Council and with the approval of the State Budget and Control Board of South Carolina. This Note, both principal and interest, is a limited obligation of the County and is payable by the County solely out of the Lease Rentals (as defined in the Lease

Agreement) derived from the leasing or sale of the Project, which has been financed through the issuance of this Note and leased to the Lessee.

This Note and the principal and interest payable hereunder are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of and interest on this Note are to be paid to the Mortgagee for the account of the County and have been pledged for that purpose, and in addition certain property described in the granting clauses of the Mortgage has been subjected to the lien of the Mortgage to secure payment of such principal and interest.

This Note is transferable by the registered owner hereof in person or by attorney duly authorized in writing but only on the Note Register maintained by the Clerk of the Richland County Council, in the manner and subject to the limitations set forth in the Note Ordinance. Upon such transfer, a new registered Note shall be issued as the transferee or transferees may designate, in the then unpaid principal amount of this Note, substantially in the form of this Note, with appropriate variations and insertions and bearing interest from the date to which interest has been paid on this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Mortgage and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Note, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, Richland County, South Carolina, has caused this Note to be executed by the Chairman of the Richland County Council, by her manual signature, and its corporate seal to be impressed hereon, and attested by the Acting Clerk of the Richland County Council, by her manual signature, all as of the 1st day of October, 1979.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, Richland County Council

Attest:

Acting Clerk, Richland County
Council

The date of delivery of the within
Note was November 14, 1979.

RICHLAND COUNTY, SOUTH CAROLNA

By _____
Chairman, Richland County Council

EXHIBIT
JAN 11 1983 NO. 2
STATE BUDGET & CONTROL BOARD

The State of South Carolina

JAN 28 1983



Office of the Attorney General

EXHIBIT

JAN 11 1983 NO. 3

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-758-6820

STATE BUDGET & CONTROL BOARD

January 20, 1983

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

Re: \$950,000 Greenville County, South
Carolina, Industrial Revenue Bond,
Series 1983 (Southern Foods Project)

Dear Mr. McInnis:

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

With kind regards,

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

David C. Eckstrom
Assistant Attorney General

DCE/jvh
Enclosures

014809

OK w/
1-10-83

January 4, 1983

EXHIBIT

JAN 11 1983 NO. 3

STATE BUDGET & CONTROL BOARD

The South Carolina State Budget
and Control Board
Wade Hampton Office Building
Room 618
Columbia, South Carolina 29211

Gentlemen:

In connection with the sale by Greenville County, South Carolina (the "Issuer") of its Industrial Development Revenue Bond (Southern Foods Project), Series 1983, dated the date of issuance and delivery thereof, in the principal amount of \$950,000 (the "Bond") to the Citizens & Southern National Bank of South Carolina, Greenville, South Carolina (the "Purchaser"), the Purchaser makes the following representations and certifications:

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

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

(iii) the Purchaser is familiar with the business affairs of Southern Foods, Inc. (the "Company") and has obtained and examined all financial and other information with respect to the Bond, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bond and to make an informed investment judgment in connection with the purchase of the Bond;

(iv) the Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bond and its investment in the Bond;

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EXHIBIT

JAN 11 1983 NO. 3

The South Carolina State Budget
and Control Board
January 4, 1983
Page Two

STATE BUDGET & CONTROL BOARD

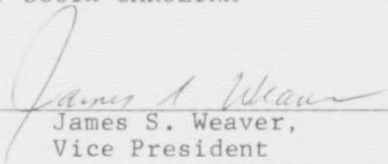
(v) the Bond is being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bond or any portion thereof for resale either currently or after the passage of a fixed period of time;

(vi) the Purchaser is not presently a party to, nor has it contemplated any agreement, undertaking, arrangement, obligation indebtedness or commitment which is likely to compel disposition of its investment in the Bond.

Sincerely,

CITIZENS & SOUTHERN NATIONAL
BANK OF SOUTH CAROLINA

By: _____


James S. Weaver,
Vice President

014811

EXHIBIT

JAN 11 1983

NO. 3

RESOLUTION
OF
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

APPROVING AN UNDERTAKING BY GREENVILLE COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING THE ACQUISITION, RENOVATION AND EQUIPPING OF A FOOD PRODUCTS STORAGE AND DISTRIBUTION PROJECT THROUGH THE ISSUANCE OF A \$950,000.00 GREENVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (SOUTHERN FOODS PROJECT) SERIES 1983.

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

WHEREAS, the undertaking provides for the issuance and sale to the Citizens and Southern National Bank of South Carolina ("C&S") of a Nine Hundred Fifty Thousand Dollar (\$950,000.00) Greenville County, South Carolina Industrial Revenue Bond (Southern Foods Project) Series 1983, pursuant to the Act, the proceeds to be used to finance the acquisition of land in the County and the acquisition, renovation and equipping thereon of a building and other plantsite improvements, all to comprise a food products storage and distribution facility (the "Project"); and

WHEREAS, C&S has agreed to purchase the Bond; and

014812

WHEREAS, the proceeds of the Bond will be loaned by the County to Southern Foods, Inc., a South Carolina corporation (the "Company"), in exchange for its \$950,000.00 note (the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the Bond; and

WHEREAS, the Company will own the Project and will secure payments under the Company Note by granting to the County a mortgage interest in the Project and certain other real property and a security interest in the Project and certain other personal property; and

WHEREAS, the County will secure payment of the Bond by granting to C&S a security interest in the Company Note and in the mortgages and security interests granted by the Company and will conditionally assign to C&S the Company Note and these mortgages and security interests; and

WHEREAS, the Company and its majority shareholder will unconditionally guarantee payment of the Bond; and

WHEREAS, the general terms of the principal loan documents contemplated in connection with this transaction have been reviewed by the Attorney General of South Carolina on behalf of the State Board; and

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

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

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

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

(b) The County Council has filed with the State Board pursuant to the Act a proper petition reciting facts which are in all respects true and correct.

(c) The Project is reasonably estimated to cost approximately One Million Dollars (\$1,000,000.00).

(d) The Project will create approximately 12 jobs in the County and will be of benefit to the State of South Carolina, and to the County and adjacent areas in particular.

(e) The Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.

2. That on the basis of the foregoing findings the proposed undertaking of the County to finance the Project through the issuance of the Bond pursuant to the Act (including changes in any details of the financing consummated which do not materially affect the undertaking) is hereby approved.

3. That notice of this action taken by the State Board in giving its approval to the undertaking of the County, shall be published in The Greenville News, which is a newspaper published in Greenville, South Carolina, and having general circulation in the County.

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

NOTICE OF APPROVAL OF PROJECT

BY

THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the financing by Greenville County, South Carolina (the "County") of the acquisition of land in the County and the construction and equipping thereon of a food products storage and distribution facility, including land, buildings and equipment, (the "Project") through the issuance of an Industrial Revenue Bond (Southern Foods Project) Series 1983, in the principal amount of Nine Hundred Fifty Thousand Dollars (\$950,000.00) (the "Bond"), pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended.

The proceeds of the Bond will be loaned by the County to Southern Foods, Inc., a South Carolina corporation (the "Company"), in exchange for its \$950,000.00 note (the "Company Note") providing for payments to the County sufficient to meet the payment schedules on the Bond. The Company will own the Project and will secure payments to be made under the Company Note by granting to the County mortgages and security interests in the

014815

and certain other property, (which will constitute foreclosable liens). The Bond will be payable by the County solely from payments received by the County under the Company Note. Neither the Project or Bond, nor any charges in connection with the Project or Bond, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

When completed, the Project is reasonably estimated to create 12 jobs in the County.

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

STATE BUDGET AND CONTROL BOARD OF
SOUTH CAROLINA

By: s/William A. McInnis
Secretary

EXHIBIT

JAN 11 1983 NO. 3

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, January 11, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

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AGAINST MOTION

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

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

014817

January 28, 1983

William A. Mc Innis
Secretary

EXHIBIT

JAN 11 1983 NO. 3

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

STATE BUDGET & CONTROL BOARD

PETITION

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

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

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

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

014818

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist in the financing of the purchase of land and the purchase, renovation and equipping of a building and plantsite improvements in the County for the storage and distribution of food products (the "Project"). In this connection, the County, acting through the County Council, has agreed to issue and sell a Greenville County, South Carolina, Industrial Revenue Bond (Southern Foods Project) Series 1983 (the "Bond") in the amount of Nine Hundred Fifty Thousand Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid in forty quarterly installments of principal over a period of ten years commencing January 1, 1984. The first 39 payments shall be \$18,750 each and the last payment shall be \$218,750. In the event that Southern Foods, Inc., a South Carolina corporation (the "Company") sells certain of the property (other than the Project) mortgaged to secure payment of the Bond, a prepayment of up to \$200,000 will be required. Interest shall be payable quarterly at the rate of seventy percent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina (the "Bank") from time to time.

4. The cost of the Project is approximately One Million Dollars (\$1,000,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond.

5. When completed the Project will create approximately 12 jobs in the County.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of Nine Hundred Fifty Thousand Dollars. The County promptly will use the proceeds of the Bond to purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be secured by the granting to the County

of a mortgage on and security interest in the Project (including fixtures) and certain other property. Payment of the Bond will be secured by the granting to the Bank of a security interest in the note and the aforementioned mortgage and the security agreement. Also, in order to secure further payment of the Bond, the County will conditionally assign to the Bank the note and the aforementioned mortgage and security agreement.

(b) The mortgage and security agreement to be granted by the Company to the County will be conventional in form and will constitute foreclosable liens. Included in the granting clause of the mortgage will be all real property and fixtures acquired for the Project and certain other real property and fixtures. Included in the granting clause of the security agreement will be all fixtures and storage racks acquired for the Project and certain other personal property;

(c) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(d) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary

014821

liability; nor shall this create a charge upon its general credit or taxing power;

(e) The payments to be made by the Company to the County under its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(f) The Company's majority shareholder will guarantee unconditionally full payment of the Bond;

(g) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(h) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(i) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project; that it find that the proposed Project will promote

the purposes of the Act and that the proposed Project is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated which do not materially affect this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

COUNTY COUNCIL OF GREENVILLE COUNTY

(SEAL)

By: Melvin M. Pace
Chairman of County Council

Attest: Mary J. Turner
Mary Turner

By: Frank Ellenburg
Frank Ellenburg
County Administrator

January 4, 1983

EXHIBIT

JAN 11 1983 NO. 3

STATE BUDGET & CONTROL BOARD

014823

EXHIBIT

JAN 11 1983 NO. 3

A RESOLUTION

STATE BUDGET & CONTROL BOARD

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF A GREENVILLE COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BOND (SOUTHERN FOODS PROJECT) SERIES 1983 IN THE PRINCIPAL AMOUNT OF NINE HUNDRED FIFTY THOUSAND DOLLARS PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THIS UNDERTAKING.

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

ARTICLE I

FINDINGS OF FACT

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

1. Southern Foods, Inc., a South Carolina corporation (the "Company") has proposed that Greenville County, South Carolina (the "County") assist in financing the acquisition of certain land and the acquisition, renovation and equipping of a building and plantsite improvements composing an industrial facility in the County owned by the Company for the storage and distribution of food products (the "Project"). The Project has been commenced by the Company and will be financed by the issuance and sale by the County of its Industrial Revenue Bond (the "Bond"), in a total principal amount of Nine Hundred Fifty Thousand Dollars, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

014824

2. The Project will be aided by the assistance which the County might render pursuant to the Act. The County, acting through the County Council, has agreed to assist in financing the Project by issuing and selling the Bond. The proceeds of the Bond will be loaned by the County to the Company to finance the Project. The Company in exchange for the Bond shall deliver to the County, at the time that the Bond is issued and sold, its note in the amount of the proceeds. Also, the Company will grant to the County a mortgage on the Project and certain other real property (including fixtures) and a security interest in all fixtures and storage racks acquired for the Project and certain other personal property. The Company and its majority shareholder will guarantee full payment of the Bond.

3. The Project will subserve the purposes of the Act. The Project, when completed, will create approximately 12 jobs.

4. Neither the Project nor the Bond will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. The amount necessary to finance the Project is approximately One Million Dollars. The amount of the Bond shall be Nine Hundred Fifty Thousand Dollars, and the Bond shall be issued and sold for this amount at no discount. The Bond shall be repaid in forty quarterly installments of principal over a period of ten years commencing January 1, 1984. The first 39 payments shall be \$18,750 each and the last payment shall be \$218,750. In the event that the Company sells certain of the property (other than the

Project) mortgaged to secure payment of the Bond, a prepayment of up to \$200,000 will be required. Interest shall be payable quarterly at the rate of seventy per cent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina, a national banking corporation, from time to time. Payments to the County by the Company shall be sufficient to allow the County to meet the repayment schedule on the Bond.

6. No reserve fund shall be established in connection with the Bond or in connection with the maintenance of the Project.

7. The Company shall pay all costs required to keep the Project in good repair and to keep the Project properly insured.

8. The proposed loan documents obligate the Company unconditionally to pay to the County the amounts necessary to pay all principal, interest and premium, if any, when and as they become due on the Bond and similarly to pay all other costs in connection with those instruments.

9. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

10. The Company has arranged for the issuance and sale of the Bond to the Citizens and Southern National Bank of South Carolina.

ARTICLE II

PETITION TO THE STATE BUDGET AND CONTROL BOARD

The County is hereby authorized and committed to submit a petition to the State Budget and Control Board of South Carolina

014826

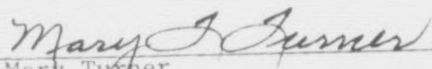
to seek the approval required by the Act. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) and the County Administrator of the County are hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to these signatures.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Greenville County, South Carolina on January 4, 1983, relating to the issuance of the Greenville County, South Carolina Industrial Revenue Bond (Southern Foods Project) Series 1983 in a total principal amount of Nine Hundred Fifty Thousand Dollars.


Mary Turner
Clerk of County Council
Greenville County, South Carolina

January 4, 1983

Exhibit A

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

PETITION

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

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

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

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

014828

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist in the financing of the purchase of land and the purchase, renovation and equipping of a building and plantsite improvements in the County for the storage and distribution of food products (the "Project"). In this connection, the County, acting through the County Council, has agreed to issue and sell a Greenville County, South Carolina, Industrial Revenue Bond (Southern Foods Project) Series 1983 (the "Bond") in the amount of Nine Hundred Fifty Thousand Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid in forty quarterly installments of principal over a period of ten years commencing January 1, 1984. The first 39 payments shall be \$18,750 each and the last payment shall be \$218,750. In the event that Southern Foods, Inc., a South Carolina corporation (the "Company") sells certain of the property (other than the Project) mortgaged to secure payment of the Bond, a prepayment of up to \$200,000 will be required. Interest shall be payable quarterly at the rate of seventy percent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina (the "Bank") from time to time.

014829

4. The cost of the Project is approximately One Million Dollars (\$1,000,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond.

5. When completed the Project will create approximately 12 jobs in the County.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of Nine Hundred Fifty Thousand Dollars. The County promptly will use the proceeds of the Bond to purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be secured by the granting to the County

of a mortgage on and security interest in the Project (including fixtures) and certain other property. Payment of the Bond will be secured by the granting to the Bank of a security interest in the note and the aforementioned mortgage and the security agreement. Also, in order to secure further payment of the Bond, the County will conditionally assign to the Bank the note and the aforementioned mortgage and security agreement.

(b) The mortgage and security agreement to be granted by the Company to the County will be conventional in form and will constitute foreclosable liens. Included in the granting clause of the mortgage will be all real property and fixtures acquired for the Project and certain other real property and fixtures. Included in the granting clause of the security agreement will be all fixtures and storage racks acquired for the Project and certain other personal property;

(c) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(d) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary

liability; nor shall this create a charge upon its general credit or taxing power;

(e) The payments to be made by the Company to the County under its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(f) The Company's majority shareholder will guarantee unconditionally full payment of the Bond;

(g) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(h) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(i) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project; that it find that the proposed Project will promote

the purposes of the Act and that the proposed Project is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated which do not materially affect this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

COUNTY COUNCIL OF GREENVILLE COUNTY

(SEAL)

By: Melvin M. Pace
Chairman of County Council

Attest: Mary Turner
Mary Turner

By: Frank Ellenburg
Frank Ellenburg
County Administrator

January 4, 1983

EXHIBIT
JAN 11 1983 NO. 3
STATE BUDGET & CONTROL BOARD

014833

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST **EXHIBIT**

[Item for Board meeting of Jan 11, 1983]

JAN 11 1983

NO. **3**

1. Local Government: Greenville County STATE BUDGET & CONTROL BOARD
2. Bond Counsel:
 - (a) Firm Hyle, Surges, Freeman & Parkman
 - (b) Contact Person Carl Mullen Phone 242-3131
 - (c) Address Box 10207, Greenville, SC 29603
3. Project Name: Southern Foods
4. Issue Amount: \$ 950,000 Type: Industrial
5. Employment Impact of Project: Approximately 12
6. Type/Nature of Business of Firm Involved: Storage and distribution of food products

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	CM 1/10	JH 1/10
(b) Documents on issuance/securing of bonds	CM 1/10	JH 1/10
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>C & S National</u>)	CM 1/10	EV 1/10
(3) Review by State Auditor's Office (memo)	OK 1/11	XXXXXXXX
(d) Health and Environmental Control certification	—	—
(e) B&C Board Resolution and Notice (<u>3</u> copies for certification for bond counsel)	CM 1/10	JH 1/10
(f) Review by Attorney General's Office (letter)	OK 1/28	XXXXXXXX

Motion: GP
 Second: EM
 Absent: —
 Votes: For 5 • Against 0

Certificates signed: 1/28/83

Resolutions mailed: 1/28/83

014834

C. GRANVILLE WYCHE
ALFRED F. BURGESS
C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEHL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
CARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.
BRADFORD W. WYCHE
ERIC B. AMSTUTZ
FRANK S. HOLLEMAN, III

WYCHE, BURGESS, FREEMAN & PARHAM
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
GREENVILLE, SOUTH CAROLINA 29603

JAN 10 1983

POST OFFICE BOX 10207
44 EAST CAMPERDOWN WAY
CABLE ADDRESS: JURAL
TELEPHONE 803-242-3131

January 5, 1983

EXHIBIT

JAN 11 1983 NO. 3

STATE BUDGET & CONTROL BOARD

Mr. William McInnes
State Budget and Control Board
Wade Hampton Office Building
Sixth Floor
Columbia, S. C. 29211

Re: \$950,000 Greenville County, South Carolina
Industrial Revenue Bond (Southern Foods Project)
Series 1983

Dear Mr. McInnes:

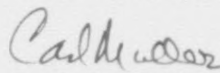
Enclosed please find the following documents in the above-captioned matter to be reviewed at the meeting of the State Budget and Control Board on January 11, 1983:

1. Petition to the State Budget and Control Board of South Carolina;
2. Resolution Authorizing Petition to the State Budget and Control Board;
3. Resolution of the State Budget and Control Board;
4. Commitment Letter of Citizens & Southern National Bank of South Carolina.

Please forward a signed copy of the Resolution of the State Budget and Control Board when this matter has been approved.

As always, if you have any questions, please call upon me.

Very truly yours,


Carl F. Muller

CFM/bjm

Enclosures

014835

EXHIBIT

JAN 11 1983 NO. 3

STATE BUDGET & CONTROL BOARD

GREENVILLE COUNTY, SOUTH CAROLINA

\$950,000

INDUSTRIAL REVENUE BOND

(SOUTHERN FOODS PROJECT)

SERIES 1983

BOND ORDINANCE

014836

AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE BY GREENVILLE COUNTY, SOUTH CAROLINA TO THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA OF A GREENVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (SOUTHERN FOODS PROJECT) SERIES 1983 IN THE TOTAL AMOUNT OF NINE HUNDRED FIFTY THOUSAND DOLLARS TO FINANCE THE ACQUISITION OF LAND AND ACQUISITION, RENOVATION AND EQUIPPING OF A BUILDING AND IMPROVEMENTS COMPOSING AN INDUSTRIAL FACILITY FOR THE STORAGE AND DISTRIBUTION OF FOOD PRODUCTS; AUTHORIZING THE LOAN BY THIS COUNTY OF THE PROCEEDS OF THIS BOND TO SOUTHERN FOODS, INC. FOR THE ACQUISITION, RENOVATION AND EQUIPPING OF THIS FACILITY; AUTHORIZING THE ACCEPTANCE BY THIS COUNTY FROM THIS COMPANY OF ITS NOTE IN THE TOTAL AMOUNT OF NINE HUNDRED FIFTY THOUSAND DOLLARS AND OTHERWISE PROVIDING FOR PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS BOND; AUTHORIZING THE ACCEPTANCE BY THIS COUNTY FROM THE COMPANY OF MORTGAGES ON AND SECURITY INTERESTS IN THIS FACILITY AND OTHER PROPERTY; AUTHORIZING THE CONDITIONAL ASSIGNMENT OF THIS NOTE, THESE MORTGAGES AND SECURITY INTERESTS AND THE GRANTING OF A SECURITY INTEREST IN THIS NOTE, THESE MORTGAGES AND SECURITY INTERESTS BY THIS COUNTY TO THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA IN ORDER TO SECURE PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS BOND; AND AUTHORIZING OTHER RELATED MATTERS.

WHEPEAS, Greenville County, South Carolina is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to loan money to private corporations in order to promote the industrial development of South Carolina and to develop trade in South Carolina by inducing industrial enterprises to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, Greenville County, South Carolina is further authorized by this statute to issue industrial revenue bonds payable solely out of payments which it shall receive from private

014837

corporations that have been granted these industrial development loans; and

WHEREAS, Greenville County, South Carolina has been requested to assist in financing the acquisition of land and the acquisition, renovation and equipping of a building and plantsite improvements for an industrial facility in Greenville County, South Carolina; and

WHEREAS, Greenville County, South Carolina has committed to lend this assistance for the acquisition, renovation and equipping of these facilities; and

WHEREAS, these facilities will be of the character and will accomplish the purposes prescribed by the aforementioned statute; and

WHEREAS, Greenville County, South Carolina proposes to loan to Southern Foods, Inc. funds to finance the acquisition, renovation and equipping of these facilities and necessary related expenses; and

WHEREAS, it has been determined that, in order to finance these facilities and these necessary related expenses, Greenville County, South Carolina will be required to issue, sell and deliver to the Citizens and Southern National Bank of South Carolina a \$950,000 principal amount Greenville County, South Carolina Industrial Revenue Bond (Southern Foods Project), Series 1983.

NOW, THEREFORE, BE IT ORDAINED by the County Council of Greenville County, South Carolina, in meeting duly assembled:

ARTICLE I

DEFINITIONS

The terms defined in this section for all purposes of this Ordinance shall have the respective meanings specified in this section.

"ADMINISTRATOR" means the County Administrator of the County or, in his absence, any person authorized to act in his stead.

"BOND" means the \$950,000 Greenville County, South Carolina Industrial Development Revenue Bond (Southern Foods Project), Series 1983, in the principal amount of \$950,000 to be issued, sold and delivered by the County to the Citizens and Southern National Bank of South Carolina. The Bond shall be substantially in the form attached as Exhibit A to the Loan Agreement.

"CHAIRMAN" means the duly elected Chairman of County Council or, in his absence, the Vice-Chairman of County Council.

"CLERK" means the Clerk of County Council, or, in her absence, any person authorized to act in her stead.

"CODE" means the Internal Revenue Code of 1954, as amended, and all applicable regulations.

"COMPANY" means Southern Foods, Inc., a South Carolina corporation, its successors and assigns.

"COMPANY NOTE" means the Secured Note of the Company in the principal amount of \$950,000 to be executed and delivered by the Company to the County in consideration for the issuance of the Bond and the loan of the proceeds of the Bond to the Company. The Company Note will be substantially in the form attached as Exhibit C to the Loan Agreement.

"CONSTRUCTION FUND" means the account to be established at the Citizens and Southern National Bank of South Carolina with the proceeds from the sale and delivery of the Bond and Company Note.

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

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

"C&S" means the Citizens and Southern National Bank of South Carolina, a national banking association, its successors and assigns, and, if it shall sell or transfer the Bond, then any party which shall subsequently become a registered holder of that Bond.

"GUARANTY" means the Guaranty by Louise H. Helms guaranteeing full payment of the Bond. The Guaranty will be substantially in the form attached as Exhibit E to the Loan Agreement.

"LOAN AGREEMENT" means the Loan Agreement among the County, C&S and the Company, which recites the terms and

conditions of the loan to be made by C&S to the County and by the County to the Company to finance the Project and necessary related expenses. The Loan Agreement will be substantially in the form attached as Exhibit X to this Ordinance.

"MORTGAGE AND SECURITY AGREEMENT" means the Mortgage and Security Agreement between the County and the Company in which the Company grants to the County a mortgage and security interest covering the Project (including fixtures) and other property. The Mortgage and Security Agreement will be substantially in the form attached as Exhibit D to the Loan Agreement.

"PROJECT" means the land, building and plantsite improvements that have been acquired, constructed and/or installed in the County, that will be financed with the proceeds from the Company Note and that will be used by the Company as a facility for the storage and distribution of food products.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment between the County and C&S, in which the County grants to C&S a security interest in its rights in and to the Company Note, and the Mortgage and Security Agreement, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to C&S its rights in and to those documents, all amounts received under

those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to the Loan Agreement.

ARTICLE II

TERMS OF THE BOND AND THE COMPANY NOTE

SECTION 201. RESTRICTION ON ISSUANCE. No Bond shall be issued under this Ordinance except in accordance with the provisions of this Ordinance.

SECTION 202. ISSUANCE OF BOND. The Bond is hereby authorized and shall be issued and delivered by the County on or before February 28, 1983 at such time as the County, the Company and C&S shall agree and shall be dated the date of issuance and delivery. The Bond shall be sold to C&S for a purchase price equal to its principal face amount of \$950,000. The interest rate, maturity, redemption provisions and other terms and conditions of the Bond shall be as provided in the Loan Agreement, which is attached to and expressly incorporated into this Ordinance.

SECTION 203. LIMITED OBLIGATION. The Bond and all payments required under the Bond (including principal and interest) shall be limited obligations of the County payable by the County solely from payments received by the County under or in connection with the Company Note. This Ordinance, the Loan

Agreement, the Bond, the Mortgage and Security Agreement, the Security Agreement and Conditional Assignment and all obligations of the County arising under or related to these documents, do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

SECTION 204. ACCEPTANCE OF COMPANY NOTE. Simultaneous with the issuance, sale and delivery of the Bond, the County shall purchase the Company Note, which shall be dated the date of delivery. The Company Note shall be in the principal amount of \$950,000 and shall be purchased for that amount. The terms and conditions of the Company Note shall be as provided in the Loan Agreement, which is attached to and expressly incorporated into this Ordinance. The Company Note shall provide for payments of principal, interest and costs sufficient to pay when due all amounts payable under the Bond.

ARTICLE III

DOCUMENTATION

SECTION 301. AUTHORIZATION, EXECUTION AND DELIVERY OF DOCUMENTS. The County is authorized and directed to execute, seal and deliver and to exercise its powers and perform its obligations under the Bond, the Loan Agreement, the Mortgage and Security Agreement, and the Security Agreement and Conditional

Assignment, each substantially in the form attached as an exhibit to this Ordinance or the Loan Agreement. The County is authorized and directed, prior to execution, sealing and delivery of these documents, to make any changes or modifications in the form of any of these documents which may be required or deemed appropriate by the Chairman in order to accomplish the purposes of the transactions authorized by this Ordinance and which the Chairman shall determine do not materially affect adversely the interest of the County under these documents. The County is authorized and directed to execute, seal and deliver all other documents which may be requested by C&S or the Company at any time in connection with this transaction and which the Chairman shall determine do not materially affect adversely the interests of the County in this transaction. All documents to be executed by the County shall be signed and sealed by the Chairman and Administrator and the Clerk shall attest to their signatures. The execution, sealing and delivery of each document shall be conclusive evidence of its due execution, sealing and delivery in accordance with the terms of this Ordinance, and each such document shall thereupon become binding and enforceable against the County.

SECTION 302. CONDITION OF COUNTY'S OBLIGATION; PAYMENT OF PRINCIPAL AND INTEREST. Any obligation for the payment of money incurred by the County pursuant to this Ordinance or any documents executed in connection with the transactions authorized

by this Ordinance shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from payments received by the County under or in connection with the Loan Agreement, the Company Note, the Guaranty and the Mortgage and Security Agreement. Nothing in this Ordinance, the Bond or any document executed in connection with the transactions authorized by this Ordinance shall be considered as pledging any other funds or assets of the County.

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS

SECTION 401. CONSTRUCTION FUND. The County shall establish with C&S the Construction Fund to receive all of the proceeds from the issuance and sale of the Bond and Company Note and to be designated "Greenville County (Southern Foods Project) Series 1983 Construction Fund." All funds in the Construction Fund shall be disbursed in accordance with the terms of the Loan Agreement solely for the purposes and upon receipt of the requisitions described in the Loan Agreement.

SECTION 402. APPLICATION OF PROCEEDS. All of the proceeds from the sale and delivery of the Company Note shall be used to acquire, construct and install the Project and to pay the necessary expenses related to acquisition, construction and installation of the Project, all as more fully described in the Loan Agreement. The Company shall have the right to direct the

investment of the moneys in the Construction Fund in accordance with the procedures described in the Loan Agreement and shall have the right to retain the earnings from those investments in the Construction Fund for use as described in the Loan Agreement.

ARTICLE V

MISCELLANEOUS

SECTION 501. ARBITRAGE. All of the proceeds of the Company Note are reasonably expected to be expended by the Company not later than April 1, 1983 to pay for the Project, which will consist entirely of land and property of a character subject to the allowance for depreciation under the Code and to pay any expenses allowed by the Act and the Code and incurred in connection with the acquisition, construction and installation of the Project. No part of the proceeds of the Bond or Company Note will be used to finance inventory or for working capital. The Chairman is hereby authorized to execute and file in the name and on behalf of the County a non-arbitrage certificate required to be executed pursuant to the provisions of the regulations issued pursuant to Section 103 of the Code.

SECTION 502. SEVERABILITY. If any provision of this Ordinance shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any jurisdiction or jurisdictions or in all jurisdictions, or in any case or cases or in all cases because it conflicts with any constitution or statute or rule of law or public policy, or for any other reason,

that circumstance shall not have the effect of rendering the provision in question otherwise inoperative or unenforceable, or of rendering any other provision invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Ordinance, shall not affect the remaining portions of this Ordinance.

SECTION 503. CONTRACT. This Ordinance shall be deemed to be a contract which shall bind the County to the performance of its obligations hereunder and which shall be enforceable by the Company, C&S and any subsequent lawful holder of the Bond.

SECTION 504. EFFECTIVE DATE OF ORDINANCE. This Ordinance shall take effect immediately upon third reading by the County Council.

SECTION 505. The Chairman of the County is hereby authorized to make, if requested by the Company, an election to issue the Bond pursuant to Section 103(b)(6)(D) of the Code and to sign and file or cause to be filed any and all documents necessary to accomplish and effect such election.

I hereby certify that the foregoing constitutes a true copy of a Bond Ordinance duly adopted by the County Council of Greenville County, South Carolina on January ___, 1983.

By _____
Mary Turner
Clerk of County Council

EXHIBIT X

014848

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of February 1, 1983, among GREENVILLE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), the CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, a national banking association ("C&S"), and SOUTHERN FOODS, INC., a South Carolina corporation (the "Company").

WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

ARTICLE I

LIMITATION OF COUNTY'S LIABILITY

Section 1.1. Any obligation which the County may incur for the payment of money as a result of its entering into or performance of this Loan Agreement or the transactions described in this Loan Agreement shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never create a pecuniary liability against it or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under or related to this Loan Agreement, the Company Note or the Mortgage and Security Agreement or the Guaranty.

014849

ARTICLE II

DEFINITIONS

Section 2.1. Certain terms used in this Loan Agreement shall have the meanings given to them in Section 2.2 of this Loan Agreement, unless the context clearly indicates otherwise. The definition of any document shall include any amendments to that document, unless the context clearly indicates otherwise.

Section 2.2. These terms are defined under this Loan Agreement as follows:

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

"ASSISTANCE AGREEMENT" means the contract pursuant to which the County has agreed to finance the acquisition, construction and installation of the Project.

"BOND" means the \$950,000 Greenville County, South Carolina Industrial Development Revenue Bond (Southern Foods Project) Series 1983 to be issued, sold and delivered by the County to C&S. The Bond shall be substantially in the form attached as Exhibit A to this Loan Agreement.

"CHAIRMAN" means the Chairman of County Council (or the Vice Chairman of County Council whenever the Chairman of County Council is unavailable to act).

"CLERK" means the Clerk of County Council (or the Assistant Clerk or Acting Clerk of County Council whenever the Clerk of County Council is unavailable to act).

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

"COMPANY" means Southern Foods, Inc., a South Carolina corporation.

"COMPANY NOTE" means the \$1,000,000 Secured Note of the Company to be executed and delivered by the Company to the County in consideration for the issuance of the Bond and the loan of the proceeds thereof to the Company. The Company Note will be substantially in the form attached as Exhibit C to this Loan Agreement.

"COMPLETION DATE" means the date of completion of the acquisition, construction and installation of the Project as that date shall be certified as provided in Section 6.4 of this Loan Agreement.

"CONSTRUCTION FUND" means the account to be established by the Company and the County at C&S with the proceeds from the sale and delivery of the Company Note and the Bond as provided in Article VI of this Loan Agreement.

"CONSTRUCTION PERIOD" means the period beginning with the execution and delivery of the Assistance Agreement and ending on the date that the Project is certified as completed in accordance with the procedure described in Section 6.4 of this Loan Agreement.

"COUNTY" means Greenville County, South Carolina, and its successors and assigns.

"COUNTY ADMINISTRATOR" means the County Administrator of the County.

"COUNTY COUNCIL" means the County Council of the County.

"C&S" means the Citizens and Southern National Bank of South Carolina, and, if it shall sell the Bond, then any party which shall subsequently become a registered owner of that Bond.

"GUARANTY" means the Guaranty dated as of February 1, 1983 substantially in the form attached as Exhibit E to this Loan Agreement.

"LOAN AGREEMENT" means this Loan Agreement.

"MORTGAGE AND SECURITY AGREEMENT" means the Mortgage and Security Agreement dated as of February 1, 1983 in which the Company grants to the County a mortgage and security interest covering the property composing the Project and certain other property. The Mortgage and Security Agreement will be substantially in the form attached as Exhibit D to this Loan Agreement.

"PENALTY RATE" means that rate of interest equal to 110% of the Prime Rate or such maximum lesser amount as shall be allowed by law.

"PRIME RATE" means that rate of interest announced from time to time by C&S at its principal office as its prime rate determined at the close of business on each business day.

"PROJECT" means the land, buildings, plantsite improvements, and equipment composing an industrial facility of the Company in the County and used as a facility for the storage and distribution of food products.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment, dated as of February 1, 1983 between the County and C&S, in which the County grants to C&S a security interest in its rights in and to the Company Note, the Mortgage and Security Agreement, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to C&S its rights in and to those documents, all amounts received under those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to this Loan Agreement.

ARTICLE III

REPRESENTATIONS AND ACKNOWLEDGMENTS

Section 3.1 Representations by the County. The County makes the following representations to the other parties to this Loan Agreement:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to issue the Bond and to enter into and perform the transactions described in this Loan Agreement. The County has been duly authorized by proper action of the County Council to execute and deliver this Loan Agreement and the Bond and to enter into and fully perform the transactions described in this Loan Agreement.

(b) Neither the execution and delivery of this Loan Agreement, nor the consummation and performance of the transactions described in or contemplated by this Loan Agreement, including specifically, but not limited to, the issuance of the Bond, violates, conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling or finding would adversely affect the Bond or the transactions described in or contemplated by this Loan Agreement.

(d) Neither the existence of the County nor the rights of the County Administrator and the members of County Council to their offices is being contested and none of the proceedings taken to authorize the execution and delivery of the Bond or the transactions described in this Loan Agreement has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations or approvals required on the part of the County in connection with the issuance of the Bond and the execution and delivery of this Loan Agreement and the consummation of the transactions contemplated thereby have been obtained and remain in full force and effect as of the date hereof.

Section 3.2 Representations by the Company. The Company makes the following representations to the other parties to this Loan Agreement:

(a) The Company is a corporation duly incorporated and in good standing under the laws of the State of South Carolina and is duly qualified to do business in every jurisdiction where such qualification is necessary. The Company has all necessary power to enter into and perform the transactions described in this Loan Agreement and has been duly authorized to do so.

(b) Neither the execution and delivery of this Loan Agreement or the Company Note, nor the consummation and performance of the transactions described in this Loan Agreement or the Company Note, violates, conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Company is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the transactions described in this Loan Agreement; nor are there any judgments outstanding and unsatisfied against the Company.

(d) This Loan Agreement and the executed counterparts of each of the documents attached as an exhibit to this Loan Agreement are legal, valid and binding obligations enforceable in accordance with their terms.

(e) The financial statements of the Company and Jesse L. Helms delivered to C&S represent fairly the financial condition of the Company and Mr. Helms, respectively, at those dates. The Company has no forward or long-term commitments or material unrealized anticipated losses from unfavorable commitments or contingent liabilities except those disclosed in the Company's financial statements at that date. Since January 2, 1981 there has been no material adverse change in the financial condition of the business or operations of the Company.

(f) The Company reasonably expects that all of the proceeds of the sale of the Bond will be expended not later than April 1, 1983 to pay for the Project, which will consist entirely of land and property of a character subject to the allowance for depreciation under the Code and to pay any expenses relating to the issuance of the Bond allowed by the Act and the Code, and incurred in connection with the acquisition, construction and installation of the Project. All amounts received as income or profit at any time from securities or obligations purchased as temporary investments with the Construction Fund will be used for the aforesaid purposes no later than one (1) year after said

amounts are received. Acquisition of the Project, if not already complete, will proceed with due diligence to completion no later than April 1, 1983. No part of the proceeds of the Bond will be used to finance inventory or for working capital.

(g) All consents, approvals or authorizations, if any, of any governmental body or authority required on the part of the the Company in connection with the issuance of the Bond, the execution, delivery and performance of this Agreement and the Company Note and the acquisition of the Project have been obtained and remain in full force and effect.

(h) As of February 18, 1981, no contracts had been entered into with respect to the Project. No portion of the Bond proceeds will be used to reimburse the Company for any costs paid or incurred prior to February 18, 1981.

(i) The Project is located entirely within the unincorporated area of the County.

(j) The Company has clear title to all assets and properties comprising the Project, free and clear of all prior liens, pledges, mortgages or security interests.

(k) The Company has filed all tax returns required to be filed and paid all taxes that are deemed to be due or provided adequate reserves for payment.

(l) The Company has delivered to C&S all credit agreements, guarantees, purchase agreements, or other instruments related to extensions of credit in excess of \$100,000.

(m) The Company has not made any investments by stock purchase, contributions, loan, advance, guaranty, assumption, or by any other means, except those as disclosed in the financial statements of the Company as of January 2, 1981.

ARTICLE IV

ISSUANCE AND SALE OF THE BOND AND COMPANY NOTE

Section 4.1. Issuance and Sale of the Bond, Acceptance of Company Note and Application of Proceeds. In order to provide the Company, by way of loan, with funds for the payment of the costs of the acquisition, construction and installation of the Project, the County shall issue, sell and deliver the Bond to C&S (and C&S shall purchase the Bond) on or before February 28, 1983 at such time as the County, the Company and C&S shall agree, and the County shall loan the proceeds to the Company at that such time in exchange for the Company Note. The Bond and Company Note shall be sold for a price equal to their principal face amounts, without discount. The Bond and Company Note shall be dated the date of issuance and delivery.

Delivery of the Bond and the loan of the proceeds of the sale thereof to the Company shall be conditioned upon the execution and delivery to the County of the Company Note. Payments to be made by the Company under the Company Note shall be sufficient to enable the County to make timely payments of all amounts due under the Bond.

The terms and conditions of the Bond and the Company Note shall be as provided in the respective forms of Bond and Company Note attached as exhibits to this Loan Agreement.

Payment of the Bond shall be secured at the time of issuance and delivery by the Security Agreement and Conditional Assignment. Payment of the Company Note shall be secured at the time of sale by the Mortgage and Security Agreement. Payment of the Bond shall be guaranteed at the time of sale by the Guaranty.

All proceeds from the issuance and sale of the Bond and Company Note shall be deposited in the Construction Fund.

Section 4.2. Execution; Limited Obligation. The Bond shall be executed on behalf of the County by the signature of the Chairman and County Administrator and attested with the signature of the Clerk and shall have impressed thereon the corporate seal of the County. In case any officer of the County whose signature shall appear on the Bond shall cease to be such officer before the Bond is issued and delivered, such signature shall nevertheless be valid and sufficient for all purposes and the Bond may be issued and delivered as though said officer had remained in office until such issuance and delivery. The Bond shall be a limited obligation of the County as provided therein.

Section 4.3. Mutilated, Lost or Destroyed Bond. Should the Bond become mutilated, the County shall cause to be executed

and shall deliver a new Bond of like date and tenor upon the cancellation of such mutilated Bond. Should the Bond be lost or destroyed, the County shall cause to be executed and shall deliver a new Bond of like date and tenor in substitution therefor. If the Bond shall have matured, instead of issuing a new Bond the County may pay the same without surrender thereof. Such new Bond shall be executed and delivered or such matured Bond shall be paid without surrender only when the registered owner has paid the reasonable expenses and charges of the County in connection therewith.

Section 4.4. Registration and Transfer of Bond. The Bond shall be fully registered, payable to the registered owner thereof. The County hereby designates the Company as bond registrar and hereby directs the Company to maintain registration books for the registration or transfer of the Bond. The Bond may be transferred only upon assignment duly executed by the registered owner of the Bond, such transfer to be made on said registration books and endorsed on the Bond by the bond registrar. No such transfer shall be made until the transferring bondholder has caused its interest in the Company Note to be endorsed to the order of the transferee of the Bond. The person in whose name the the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on the Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability of the County upon the Bond to the extent of the sum or sums so paid.

Section 4.5. Unconditional Obligation of Company. The obligation of the Company to make the payments required to be made hereunder and under the Company Note and to perform and observe the other agreements on its part contained herein and in the Company Note shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. The Company (i) will not suspend or discontinue any payments required to be made under the Company Note except to the extent the same have been prepaid (and then only to the extent such prepayments have been received by the bondholders), (ii) will timely perform and observe all its other agreements contained in this Loan Agreement and in the Company Note, and (iii) will not terminate this Loan Agreement or its obligations under the Company Note for any cause including, without limiting the generality of the foregoing, the invalidity or unenforceability of the Bond, failure of the Company's title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, sale, loss, destruction or condemnation of or damage to the Project,

commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative acts by or under the authority of the United States of America, the State of South Carolina, or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement.

Section 4.6. Cooperation by County. The Company, at its own cost and expense and in its own name or, to the extent lawful, in the name of the County, may prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights under this Loan Agreement, and in such event the County hereby agrees to cooperate fully with the Company, but at the Company's expense, and to take all action necessary to effect a substitution of the Company for the County in any such action or proceeding if the Company shall so request.

Section 4.7. Prepayment. Any prepayment of the Company Note in accordance with the provisions of that Note shall be applied to the prepayment of the Bond in accordance with the provisions of the Bond.

ARTICLE V

REPLACEMENTS AND RELEASES OF COLLATERAL

Section 5.1. In order to induce the County to loan the proceeds of the sale of the Bond to the Company and in order to secure repayment of the Company Note, the Company shall grant or shall cause to be granted to the County a mortgage and security interest on certain of the Company's property.

The County hereby appoints C&S to accept or reject any proposed deletions of collateral. C&S may but shall be under no obligation to consult with the County prior to accepting or rejecting any such proposal. Further, the County hereby appoints C&S as its agent with full authority:

- (1) to accept a security interest or mortgage on any additional collateral to secure payment of the Company Note; and
- (2) to receive and hold any collateral subject to any security interest or mortgage granted to secure payment of the Company Note; and
- (3) to release any and all collateral from any security interest or mortgage granted to secure payment of the Company Note.

ARTICLE VI

CONSTRUCTION FUND

Section 6.1. Disbursements from the Construction Fund.
Monies in the Construction Fund shall be used for the following purposes and, subject to the provisions of Section 6.5 of this Loan Agreement, for no other purpose:

(a) Payment of the costs associated with granting, perfecting and protecting any mortgage or security interest to secure full payment or performance of the Bond, the Company Note or this Loan Agreement; and

(b) Payment of all planning, engineering, architectural, supervision, inspection, construction and asset acquisition expenses incurred in connection with the acquisition, installation and construction of the Project; and

(c) Payment of all legal, financing, insurance, accounting and printing expenses incurred in connection with the acquisition, construction and installation of the Project; and

(d) Payment of all expenses incurred in seeking to enforce any remedy against any contractor or subcontractor under any contract relating to the acquisition, construction and installation of the Project; and

(e) Payment of all interest coming due during the Construction Period on the Company Note; and

(f) Payment of all taxes and assessments relating to the Project coming due during the Construction Period; and

(g) Payment of all fees coming due to C&S in connection with supervision of the Construction Fund during the Construction Period; and

(h) Payment of any and all other costs or expenses relating to the acquisition, construction and installation of the Project; and

Any payment made pursuant to the preceding subsections (a) through (h), inclusive, of this section may be made only for obligations or expenses paid or incurred after February 18, 1981, the date of the Assistance Agreement. No payment shall be made

for any item except upon receipt by C&S, as agent, of a certificate from any officer of the Company stating that:

(a) an obligation in the stated amount has been paid or incurred by or on behalf of the Company, the payment of which is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal from the Construction Fund;

(b) each item for which the payment is being made is or was necessary in connection with the Project and is authorized by this Loan Agreement to be paid;

(c) there are no vendors', mechanics', materialmen's or similar liens or rights to liens, chattel mortgages or conditional sale contracts or other contracts or obligations which should be satisfied or discharged before payment of such obligation is made;

(d) the requisition contains no request for payment of any portion of any obligation which the Company is, as of the date of the certificate, entitled to retain under any retained percentage agreements;

(e) the requisition contains no request for payment of any obligation which when added to all previous requisitions and all anticipated future requisitions will result in less than substantially all of the proceeds of the Bond spent as of the date of such certificate being used to provide for land or property of a character subject to the allowance for depreciation under Section 167 of the Code; and

(f) the requisition contains no request for payment of any obligation which was paid or incurred prior to February 18, 1981.

This certificate also shall set forth:

(i) the names and addresses of the persons, firms or corporations to whom payment is due or to whom payments were made for which reimbursement is being requested; and

(ii) the amount to be paid for each such person, firm to corporation, and the purposes of such payments.

Payments from the Construction Fund, at the sole discretion of C&S, may be made:

- (a) to the Company by way of reimbursement for expenses already paid from its own separate funds; or
- (b) to the Company for payment to any third parties entitled to payment; or
- (c) to any third parties entitled to payment.

In no event shall any advance from the Construction Fund be made if there exists a default under this Loan Agreement or any other documents delivered in connection with this transaction. No advance from the Construction Fund shall constitute a waiver of any of the conditions applicable to any subsequent advance.

Any and all funds remaining in the Construction Fund after the Completion Date and after payment in full of the costs of acquiring, constructing and installing the Project shall be applied immediately by the Company to prepay the Company Note, and the County shall use such prepayments immediately to prepay the Bond.

There shall be a reasonable fee charged by C&S for handling the Construction Fund.

Section 6.2. Bank's Right to Rely on Certifications and to Withhold Funds. In making any payment from the Construction Fund, C&S may rely on any information, representation or certification delivered to it pursuant to Section 6.1 of this Loan Agreement, and C&S shall have no liability for making payments in accordance with this information, representation or certification. However, if C&S shall believe that any such information, representation or certification is incomplete or misleading in any material respect, then it shall immediately notify the Company in writing and it shall have no obligation to make any further payment from the Construction Fund until the validity of the requisition in question shall have been resolved to its reasonable satisfaction.

Section 6.3. Company Required to Pay Costs in Event Construction Fund Insufficient. In the event the funds in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs of the Project in full, the Company shall pay all additional costs to complete the Project. The County makes no warranty that the funds which will be paid into the Construction Fund in fact will be sufficient to pay all costs which have been or will be incurred in connection with the acquisition, construction and installation of the Project. The Company agrees that, even if it shall not be fully reimbursed for these additional costs of the Project through payments from the Construction Fund, it shall not be entitled to any further funds from the County or from C&S.

Section 6.4. Establishment of Completion Date. Completion of the Project shall be evidenced by a certificate signed by an officer of the Company stating that acquisition, construction and installation of the Project has been completed as planned.

It shall be the duty of the Company to cause the certificate contemplated by this Section 6.4 to be furnished as soon as practicable after the Project shall have been completed.

Section 6.5. Temporary Investment of Construction Fund. Any funds held as a part of the Construction Fund may be invested and reinvested by C&S at the direction of the Company only in (1) obligations issued or guaranteed by the United States of America, or any agency or corporation which is or may hereafter be created by or pursuant to an Act of Congress as an agency or instrumentality of the United States of America, or (2) obligations of any national or state banking association that are fully secured by obligations described in the preceding clause.

All earnings from such investment shall belong to the Company and shall be retained in the Construction Fund for disbursement as provided in this Loan Agreement.

The Company covenants: (a) that it will not direct C&S to make investments which would cause the Bond to be an "arbitrage bond" within the meaning of Section 103(c)(2) of the Code and the applicable regulations; and (b) that it will furnish to the County accurate information necessary to enable the appropriate County officers and bond counsel to make all necessary certifications required by Section 103(c)(2) of the Code and the applicable regulations.

Section 6.6. Protection of Tax Exempt Status of the Bond. In order to insure that interest on the Bonds is not and will not become subject to federal income taxes, the Company and the County covenant with each other and the holder of the Bond that:

(1) all rights and privileges granted to the Company under this Loan Agreement shall be exercised so that if any conflict between this Section and any other provisions in this Loan Agreement shall arise, then in that case, this Section shall control; and

(2) the Company has not committed or permitted and will not commit or permit (as to any act over which it has control) the commission of any act which would cause the interest on the Bond to become includable in the gross income for federal tax purposes of the holder thereof; and

(3) the Company will comply with Section 103 of the Code and with the applicable regulations to the extent that compliance is necessary in order for interest on the Bond to be excludable from the income of the bondholder for the purpose of calculating income subject to federal income taxation.

Section 6.7. Determination of Taxability and Event of Taxability. An "Event of Taxability" shall mean any event as a result of which the Interest income on the Bond becomes subject to federal income taxation; provided, however, no Event of Taxability shall be deemed to have occurred if the interest on the Bond is includable in gross income for federal tax purposes solely because a Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(10) of the Code.

A "Determination of Taxability" shall mean a determination that the interest income on the Bond is subject to federal income taxation as a result of an Event of Taxability, which determination shall be deemed to have occurred (i) on that date when the Company files any statement pursuant to Section 1.103-10(b)(2)(vi) (c) of the Income Tax Regulations applicable to Section 103 of the Code which discloses that an Event of Taxability has occurred; (ii) on that date when any amendments, modifications, addition or change causing an Event of Taxability hereunder shall have been made in Section 103 of the Code or the applicable of Income Tax Regulations thereunder; or (iii) on that date when any ruling, proposed deficiency or assessment of the Internal Revenue Service or opinion of any court shall have been rendered with respect to the taxability of interest income on the Bond, which ruling, deficiency, assessment, or opinion, in the opinion of counsel for a bondholder, would preclude the bondholder from excluding from his gross income for federal income tax purposes interest on his Bond; provided, however, no Determination of Taxability shall be deemed to have occurred under (iii) above, unless the Company has been afforded the opportunity, at its own expense, to contest any such conclusions or assessments and, further, no Determination of Taxability shall be deemed to have occurred unless such contest, if made, has been finally determined. The Company shall be deemed to have been afforded the opportunity to contest if it shall have been permitted to commence and maintain any action in the name of any holder or former holder of a Bond to judgment and through any appeals therefrom or other proceedings related thereto.

The Company, the County and C&S shall each give notice thereof to the others immediately upon receipt by any of them of notice that an Event of Taxability has occurred.

ARTICLE VII

EFFECTIVE DATE OF THIS LOAN AGREEMENT;
CERTAIN EXPENSES; REPAYMENT PROVISIONS; AND
UNCONDITIONAL OBLIGATIONS OF COMPANY

Section 7 1. Effective Date of this Loan Agreement. This Loan Agreement shall become effective upon its delivery, and shall continue in full force and effect until all amounts payable under the Bond and Company Note have been fully paid, together with all sums to which the County and C&S are entitled under this Loan Agreement; provided, the obligation of the Company and the County to pay all amounts arising upon the occurrence of an Event of Taxability and a Determination of Taxability shall survive forever.

Section 7.2. Payment of County's Expenses and Lender's Expenses. The Company shall pay upon demand by the County all fees and expenses incurred by the County in connection with the issuance, sale and delivery of the Bond and otherwise arising from the transactions described in this Loan Agreement.

Section 7.3. Repayment of Loan. The Company shall pay to C&S for the account of the County all payments required to be made by the Company to the County under the Company Note. All of these payments shall be applied by C&S immediately and exclusively to payment of the County's obligations under the Bond.

Section 7.4. Unconditional Guarantee. The Company hereby unconditionally guarantees that all payments required to be made to C&S under this Loan Agreement, the Bond and the Security Agreement and Conditional Assignment, shall be made promptly when due regardless of any determination for any reason, including but not limited to a determination that one or more of these documents or any portion thereof are deemed invalid or unenforceable.

ARTICLE VIII

MAINTENANCE AND INSURANCE

Section 8.1. Maintenance and Modifications of Project. The Company agrees that it will at its own expense keep the Project in reasonably safe condition and keep the Project in good repair and operating condition, reasonable wear and tear only excepted. The Company may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not adversely affect the use of the Project for the purpose for which it is intended and which (i) do not change the nature of the Project as a "project" under the Act; (ii) do not impair the security of the bondholders, and (iii) do not affect the tax-exempt status of the interest on the Bond. Any such additions, modifications, or improvements which are made by the Company shall be made only with the written approval of C&S, which will not be unreasonably withheld.

Section 8.2. Insurance Required.

(a) The Company shall, at no cost to the County and at all times, keep the Project insured against loss by fire, windstorm, hail, earthquake, water damage, explosion or other casualty in an amount not less than all amounts of outstanding principal, accrued interest and other expenses payable under the Company Note, this Loan Agreement and the Mortgage and Security Agreement from time to time.

(b) At all times the Company shall at no cost to the County either maintain:

(i) Public liability personal injury insurance (including Workmen's Compensation insurance) in an amount maintained by similar operations against claims for bodily injury or death occurring upon, in or about the Project, with such insurance (other than Workmen's Compensation Insurance) to afford protection to the limit of not less than the total principal amount outstanding under the Company Note in respect of injury or death to one or more persons arising from any one accident; and

(ii) Public liability property damage insurance, insuring against claims for damage to property of third persons occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than the total principal amount outstanding under the Company Note in respect of damage to the properties of one or more owner arising from any one accident.

(c) The insurance required by this Section 8.2 shall be maintained in full force and effect at all times.

(d) Certificates evidencing the insurance coverage required by this Section 8.2, shall be delivered by the Company to the County and C&S at the time of the sale of the Bond. And, in the case of expiring policies throughout the term of this Agreement, copies of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment, shall be delivered by the Company to the County and C&S.

(e) The policies of insurance provided for in this section shall name the Company as the insured and C&S and the County, as additional insureds and/or loss payees, as their respective interests may appear.

(f) All insurance required by this Section 8.2 shall be effected with responsible insurance companies qualified to do business in the State of South Carolina selected by the Company and reasonably satisfactory to the County and C&S and may be written with deductible amounts, co-insurance features and exceptions and exclusions comparable to those in similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company is engaged. The Company shall use its best efforts to cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least 30 days prior written notice to the County and C&S.

(g) The Company shall have the sole right and responsibility to adjust any loss with any insurance company, provided that so long as any amount remains outstanding and unpaid under the Company Note or the Loan Agreement, no settlement of any claim shall be effected without the written consent of the County and C&S.

(h) The County hereby appoints C&S to approve or reject any such insurance company which the Company shall propose, to receive copies of certificates of insurance, to receive any notice of cancellation which may be required, and to approve or reject any settlement negotiated under any insurance policy. C&S may but shall be under no obligation to deliver to or discuss with the County any information so received or any proposed or final action relating to any insurance policy.

Section 8.3. Application of Net Proceeds of Insurance. The net proceeds of casualty insurance shall be paid and applied as provided in Section 8.5. The net proceeds of liability insurance

shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 8.4. Advances by the County or C&S. In the event that the Company shall fail to cause to be maintained the full insurance coverage required by this Loan Agreement or shall fail to keep the Project in reasonably safe condition or shall fail to keep the Project in good repair and good operating condition, or shall fail to pay the taxes and other charges as required by this Loan Agreement, or shall otherwise fail to comply with any covenant or agreement contained in or incorporated into this Loan Agreement, the County, or C&S, after actual notice to the Company, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements or make the required payments and take all other action that the County or C&S may deem necessary to cause the Company to comply with any covenant or agreement contained in or incorporated into this Loan Agreement; and all amounts so advanced by the County or C&S shall become an additional obligation of the Company to the one making the advancement. The Company agrees to pay upon demand the amounts so advanced with interest at the Penalty Rate from the date of advancement to the date of payment.

Section 8.5. Damage and Impairment.

(a) If prior to full payment of the Company Note, the Project is damaged by fire or other casualty, the Company will, at its election, either:

- (i) promptly terminate this Loan Agreement in accordance with the provisions of Article XI, or
- (ii) promptly replace the property affected with substantially similar property of equal value (without regard to the damage), or
- (iii) restore the property affected to substantially the same condition that existed prior to the occurrence of damage,

with such changes, alterations and modifications (including the substitution and addition of other property) that may be desired by the Company and reasonably approved by the County and C&S (i) as not adversely affecting the use of the Project for the purpose for which it was intended, (ii) as not impairing the tax-exempt status of the interest on the Bond or (iii) as not affecting the qualification of the Project as a "project" under the Act. The

County hereby appoints C&S to accept or reject any change, alteration or modification that the Company may propose. C&S may but shall be under no obligation to consult with the County prior to approving or rejecting any such change, alteration or modification. The Company shall apply so much as may be necessary of any net proceeds of insurance resulting from claims for such losses in order to carry out its chosen alternative. All net proceeds of insurance arising from these losses or casualties shall be paid jointly to the County, the Company and C&S. If the Company elects to replace or repair the Project or cure the impairment, then all net proceeds of insurance received from such claims or losses shall be deposited with C&S in a separate account. Funds in that account shall be disbursed solely for the purposes and according to the procedures and to the parties described in Article VI of this Loan Agreement.

(b) If the Company elects to replace or repair the Project, and if the net proceeds of insurance are not sufficient to pay in full the costs of repair or replacement, the Company will nonetheless complete this undertaking and will pay that portion of all costs in excess of the amount of the net proceeds of insurance. The Company shall not be entitled to any reimbursement from the County or C&S for payment of these excess costs; nor shall the Company be entitled to any abatement or diminution of the amounts payable under the Company Note or this Loan Agreement or any other document related to this transaction.

(c) All net proceeds remaining after payment of all costs of repair or replacement or cure, shall be paid by the Company to the County to prepay the Company Note. The County immediately will pay to C&S all such amounts to serve as prepayment on the Bond to the extent of the payment made. When the Company Note has been fully paid, all net proceeds of insurance will be paid to the Company.

Section 8.6. Condemnation.

In the event that title to, or the temporary use of, the Project or any part of the Project shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall apply the net proceeds received by it relating to such eminent domain proceedings for one of the purposes and according to the procedures described in Section 8.5.

Within ninety days from the date of such payment, the Company shall notify the County and C&S in writing as to which of the ways

the Company in its sole discretion has decided to apply the condemnation payment. If the Company has decided to repair or replace the Project, all net proceeds of the payment remaining after payment of the costs of this repair or replacement shall be applied to prepay the Company Note and Bond, as more fully described in Section 8.5(c).

In no event shall the Company voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof, without the consent of the County and C&S. The County hereby appoints C&S as its agent to accept or reject any condemnation award offer. C&S may but shall be under no obligation to consult with the County prior to approving or rejecting any such condemnation award offer.

ARTICLE IX

SPECIAL COVENANTS

Section 9.1. Operation of the Project. The Company shall own the Project subject to the Mortgage and Security Agreement.

Section 9.2. No Warranty of Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Project, or that it is or will be suitable for the Company's purposes or needs.

Section 9.3. County's Right of Access to the Project and Company Records. Upon the occurrence of an Event of Default by the Company, the duly authorized agents of the County and C&S shall have the right at all reasonable times, to enter upon, examine and inspect the Project and inspect the Company's financial records and the financial records.

Section 9.4. Indemnification Covenants.

(a) The Company shall and agrees to indemnify and save the County and C&S and their officers, agents or employees harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the term of this Loan Agreement, and, the Company further shall indemnify and save the County and C&S and their officers, agents or employees harmless against and from all claims arising during the term of this Loan Agreement from (i) any condition of or on the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Loan Agreement, (iii) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, and (iv) any act of negligence of any assignee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee of the Company. The Company shall indemnify and save the County and C&S harmless from any such claim arising as aforesaid or in connection with any action or proceeding brought thereon, and upon notice, the Company at its own expense shall defend the County and C&S in any such action or proceeding at its own expense.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Loan Agreement, by reason of the issuance, sale and delivery of the Bond or any other document in connection with the issuance, sale and delivery of the Bond, by reason of the performance of any act in connection with the entering into and performance of the transactions described in this Loan Agreement, or by reason of the operation of the Project

by the Company, including claims, liabilities or losses arising in connection with the violation of any statutes or regulations, nevertheless, if the County should incur any such pecuniary liability, then in that event the Company shall indemnify and hold harmless the County against all pecuniary 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 on such claim and upon notice from the County, the Company at its own expense shall defend the County in any such action or proceeding; provided, however, that this indemnification shall not extend to wilfulness of the County.

Section 9.5. Affirmative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of principal and interest of the Company Note, unless the County and C&S shall otherwise consent in writing, the Company will (and will cause each consolidated subsidiary to):

(a) Furnish C&S and the County a copy of report of certified audit of the Company for each fiscal year prepared by a certified public accountant satisfactory to the County and C&S, and a balance sheet and related statements of income and surplus of the Company for each quarter signed by an officer of the Company. All financial statements (which will be consolidated and consolidating financial statements), will be prepared in accordance with generally accepted accounting principles and will be in a form satisfactory to the County and C&S. The engagement of a certified public accountant will require, and the report of audit will show, any and all of the terms of the agreement that are being violated or that there are no violations. Such annual audits and quarterly statements shall be delivered within 90 days and 30 days, respectively, after the close of the fiscal period. The Company will furnish the County and C&S within a reasonable period of time such additional information and financial statements as the County and C&S may from time to time request.

(b) Maintain at all times (consolidated) net working capital (i.e., current assets in excess of current liabilities) of not less than \$450,000 and (consolidated) tangible net worth (i.e., the sum of shareholders' equity plus all indebtedness subordinated to the Company Note, less all intangibles appearing on the balance sheet) of not less than \$750,000 (additions to net worth arising from revaluation of assets not to be allowed), all as determined by generally accepted accounting principles.

(c) Maintain (consolidated) current assets of not less than 1.5 times (consolidated) current liabilities, all as determined by generally accepted accounting principles.

Section 9.6. Negative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of principal and interest of the Company Note, unless the County and C&S shall otherwise consent in writing, the Company will not (and will not allow any consolidated subsidiary to):

(a) Pay, or be liable to pay, either directly or contingently, for financial obligations owed in connection with leased property in any fiscal year in excess of an aggregate of \$50,000.

(b) Suffer or permit: 1. Dissolution or liquidation either in whole or in part or redeem or retire any shares of its own stock (or that of any consolidated subsidiary except through corporate reorganization), 2. A Change in ownership of stock now owned by Louise H. Helms or transfer of such stock without the unconditional guarantee of the Bond by each recipient stockholder.

Section 9.7. Appointment. The County hereby appoints C&S as its fully authorized agent to waive any of the conditions imposed by these covenants and to receive all reports described in this Article.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The occurrence of any one or more of the following events shall be an "Event of Default" under this Loan Agreement:

(a) If the Company shall fail to make any required payment of principal or interest under the Company Note and the failure shall continue for two business days; or

(b) If the County shall fail to make any required payment of principal or interest under the Bond and the failure shall continue for two business days; or

(c) If the Company shall fail to observe or perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in Section 10.1(a)), for a period of thirty days after written notice has been given to the Company by the County or C&S; provided, however, if said failure be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued so that the default is corrected within ninety days after such written notice and provided further, if by reason of "force majeure" as hereinafter defined the Company is unable in whole or in part to carry out any agreement on its part herein contained (other than as referred to in Section 10.1 (a)) there shall be no Event of Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or any State, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or any other cause or event not reasonably within the control of the Company; or

(d) If any representation or warranty on the part of the Company made in this Loan Agreement, or in any report, certificate, financial or other statement furnished in connection with this Loan Agreement or the transactions described in this Loan Agreement shall have been false or misleading in any material respect when made; or

(e) If the Company shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall be

adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for any receiver of or any trustee for itself or of any substantial part of its property; or shall commence as debtor any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or similar law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall be commenced against the Company any such proceeding which remains undismissed for a period of thirty days; or if the Company indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver of or trustee for itself or any substantial part of its property; or if the Company suffers any such receivership or trusteeship to continue undischarged for a period of thirty days; or

(f) an Event of Default shall occur under the Mortgage and Security Agreement or the Security Agreement and Conditional Assignment in addition to this Loan Agreement.

Promptly after the occurrence of any Event of Default under this Loan Agreement, the Company will provide to C&S and the County written notice setting forth the nature of the default, the steps being taken to remedy the default, and the anticipated time that will be necessary to cure the default.

Section 10.2. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) C&S may, at its option and by notice in writing to the County and the Company, declare the unpaid principal amount of the Bond and Company Note and the interest accrued on the Bond and Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) C&S may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the County or the Company, under or described in this Loan Agreement or otherwise; and

(c) The County may, at its option and by notice in writing to the Company, declare the unpaid principal amount of the Company Note and the interest accrued on the Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

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

Whenever an Event of Default referred to in Section 10.1 shall have happened and be subsisting, C&S shall have the right to enforce in the name of the County any rights or powers of the County described in the above subparagraphs (c) and (d), and the County hereby consents to any such action in this regard, and the County hereby appoints C&S as its agent with full authority to enforce these rights or powers.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to C&S or the County 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 Loan Agreement or any other document 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.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event there shall occur an Event of Default and C&S or the County should employ attorneys or reasonably incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company or reasonably incur expenses for the protection of or realization upon collateral given to secure these obligations and agreements, the Company shall upon demand pay to C&S or the County the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by C&S or the County.

Section 10.5. No Additional Waiver Implied by One Waiver. In the event any warranty, covenant or agreement contained in this Loan Agreement should be breached by the Company or the County and thereafter waived by the other parties to this Loan Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach. In addition no waiver hereunder shall be effective unless agreed upon in writing by C&S.

ARTICLE XI

OPTION IN FAVOR OF THE COMPANY

Section 11.1. Option to Terminate. At any time upon at least thirty days' notice the Company may terminate this Loan Agreement by paying to the County the full principal outstanding, interest accrued, and other amounts payable under the Company Note and paying to the County any and all other sums then due to the County under this Loan Agreement and the Mortgage and Security Agreement; provided, however, the obligation of the Company and the County to pay all amounts arising upon the occurrence of any Event of Taxability and a Determination of Taxability shall survive forever.

Except as provided above, the Company cannot terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Project to function at its intended level, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax laws of the United States of America or of South Carolina or any political subdivision of either of these, or any failure of the County or C&S to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or failure of the Project at any time to comply with any existing or future statute, rule or regulation.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed to have been given when delivered (a) if to the County, at Greenville County Courthouse Annex, Room 111, Greenville, South Carolina 29601, Attention: Clerk of County Council; or (b) if to the Company, at P. O. Box 5067, Greenville, South Carolina, 29606, Attention: President; or (c) if to C&S Bank at P. O. Box 1449, Greenville, South Carolina, 29602, Attention: Senior Loan Officer. In the event that C&S shall sell its interest in the Bond, notice hereunder shall be given to the transferee at the address shown on the registration books kept by the Company as bond registrar. The Company, the County and the bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications given hereunder shall be sent or persons to whose attention the same shall be directed.

Section 12.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the registered holders of the Bond, the County and the Company and their respective successors and assigns. C&S shall have the right at any time to assign its respective rights under this Loan Agreement, the Bond, the Security Agreement and Conditional Assignment and the Company Note without the consent of the County or the Company; however, neither the County nor the Company shall have any such right of assignment without the consent of the holder of Bond. The bondholder may not transfer its interest in its Bond without also transferring its interest in the Security Agreement and Conditional Assignment, the Company Note and the Loan Agreement.

Section 12.3. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that holding shall not invalidate or render unenforceable any other provision of this Loan Agreement.

Section 12.4. Waiver of Presentment, etc. The Company hereby waives presentment, demand, dishonor, protest, notice for payment, notice of non-payment, notice of default, notice of compromise or surrender and any other demand or notice whatsoever in connection with the payment of the Bond or the Company Note.

Section 12.5. Payments Due on Saturday, Sunday and Holidays. Whenever any payment to be made hereunder, under the Bond or under the Company Note shall be stated to be due on a Saturday, a Sunday or a public holiday under the laws of the State of South Carolina, such payment shall be made on the next succeeding business day.

Section 12.6. Amendments, Changes and Modifications. This Loan Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County, the Company and the registered owner of the Bond.

Section 12.7. Execution of Counterparts. This Loan Agreement may be executed in several counterparts, only one of which shall be an original for Uniform Commercial Code perfection purposes; provided, however, that any action may be brought upon any counterpart of this Loan Agreement or any counterpart of any document that is attached to this Loan Agreement as an exhibit.

Section 12.8. Law Governing Construction of Agreement. This Loan Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, THE CITIZENS AND SOUTHERN NATIONAL BANK, GREENVILLE COUNTY, SOUTH CAROLINA, and SOUTHERN FOODS, INC., each pursuant to due authority, have duly executed this Loan Agreement, all as of the date first above written.

(SEAL)
Attest:

GREENVILLE COUNTY, SOUTH CAROLINA

Mary Turner
Clerk of County Council

By: _____
Chairman of County Council

Witness

By: _____
Frank Ellenburg
County Administrator

Witness

(SEAL)

CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH CAROLINA

By: _____

Witness

Witness

(SEAL)

SOUTHERN FOODS, INC.

By: _____
President

Witness

Witness

Attest: _____
Secretary

EXHIBIT A

014881

THIS BOND IS A LIMITED OBLIGATION AND IS NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS

STATE OF SOUTH CAROLINA
GREENVILLE COUNTY
INDUSTRIAL REVENUE BOND (SOUTHERN FOODS PROJECT)
SERIES 1983

\$950,000.00

KNOW ALL MEN BY THESE PRESENTS that Greenville County, a body politic and corporate, and a political subdivision of the State of South Carolina (the "County"), for value received, does promise to pay, but only from the source and upon the terms hereinafter provided, to the order of the Citizens and Southern National Bank of South Carolina (hereinafter, together with its successors and assigns and any lawful subsequent registered holder of this Bond, termed "Holder"), the principal sum of NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000.00), plus interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to seventy per cent (70%) of the "Prime Rate" (as hereinafter defined), computed on the basis of a 360 day year of twelve 30 day months.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate of interest per annum equal to the "Penalty Rate" (as hereinafter defined).

014882

If the maximum marginal tax rate imposed on corporate income by Section 11 of the Internal Revenue Code of 1954, as amended (the "Tax Rate"), should increase or decrease from the current rate of 46%, then the County shall pay to the Holder of this Bond interest on the outstanding principal amount of this Bond as it varies from day to day at a rate of interest per annum calculated by multiplying the "Tax Equivalent Yield" by the difference between one and the new Tax Rate.

"Tax Equivalent Yield" means 70% of the Prime Rate divided by 54%. The "Prime Rate" means the rate of interest announced by the Citizens and Southern National Bank of South Carolina, as its prime rate determined at the close of business on each business day. The "Penalty Rate" means the rate of interest per annum equal to 110% of the Prime Rate.

In the event there shall occur a "Determination of Taxability" (as defined in the hereafter referred to Loan Agreement), the Holder shall have the option (to be exercised within 30 days of learning of the Determination of Taxability) to declare that the entire outstanding principal of and accrued interest under this Bond shall become due and payable within 30 days after notice to the County of such declaration. If the Holder makes such declaration, the redemption price shall be equal to the outstanding principal amount hereof plus accrued interest to the date of redemption. If the Holder does not make such declaration, then at all times after the Determination of Taxability this Bond

EXHIBIT

-2-

JAN 11 1983 NO. 3

STATE BUDGET & CONTROL BOARD
014883

shall bear interest at the Penalty Rate. In either case, the County shall pay to the Holder an amount equal to (i) any penalties or interest on overdue taxes which are payable by the Holder as a result of the failure of the Holder to include in its gross income the interest received on this Bond for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day hereof computed at a rate of interest per annum equal to 110% of the Prime Rate and the interest actually paid or accrued on this Bond for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability; provided that if there is or has been more than one Holder of this Bond between the time of the Event of Taxability and the time of the Determination of Taxability, then payments described in (ii) shall be prorated according to the length of time that each Holder has held this Bond between the time of the Event of Taxability and the Determination of Taxability and shall be payable to each Holder on that basis. The obligations of the County described in this paragraph shall survive full payment or prepayment of this Bond.

Interest on this Bond shall be payable on each January 1, April 1, July 1 and October 1, commencing April 1, 1983, until payment in full of the principal hereof.

Principal shall be repaid in thirty-nine equal installments in the amount of Eighteen Thousand Seven Hundred Fifty and No/100

Dollars (\$18,750.00) and one final installment of Two Hundred Eighteen Thousand Seven Hundred Fifty and No/100 Dollars (\$218,750.00); provided, however, if Southern Foods, Inc., a South Carolina corporation (the "Company") shall sell its three lots of land on Watson Road near Greenville, South Carolina (other than the Project), then at the time of each sale the County shall be required to prepay the net sales price, up to an aggregate maximum of \$200,000 for all three properties. Principal installments shall be due on the first day of each January 1, April 1, July 1 and October 1 commencing January 1, 1984 and continuing until October 1, 1993.

Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment of principal or interest hereon shall be due on a Sunday or a holiday, then payment shall be made on the next succeeding business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of Default" (as defined in the Loan Agreement).

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Bond and fourth to the principal amount of this Bond from time to time remaining unpaid.

All the payments made on this Bond shall be payable in legal tender of the United States of America and in immediately

available funds. Payments of principal and interest hereon shall be made by check or draft and mailed to the registered owner hereof at the address shown on the registration books kept by the Company as bond registrar, or at such other place as the Holder may from time to time designate; provided, however, that payment of the final installment of principal and interest hereon shall be made only upon surrender of this Bond to the Company.

This Bond is issued pursuant to a Loan Agreement, dated as of February 1, 1983 among the County, the Company and the Holder, and an ordinance of the County adopted February 1, 1983 for the purpose of providing funds for the County to loan the Company, which will in turn use these funds pursuant to the Loan Agreement to pay for an industrial facility in the County for the storage and distribution of food products (such facility being hereinafter termed the "Project"). The Company shall use these funds solely to pay expenses incidental to the Project as provided in the Loan Agreement. The County offers this assistance in order to promote industry and to develop trade in the County and South Carolina.

This Bond is secured by a Security Agreement and Conditional Assignment dated as of February 1, 1983 (the "Security Agreement and Conditional Assignment") among the County, as debtor, and the Holder, as secured party. The collateral under that Security Agreement and Conditional Assignment includes one \$950,000 Secured Note executed by the Company and payable to the order of the

County (the "Company Note") and the proceeds of the Company Note. Payment of the Company Note is secured by a Mortgage and Security Agreement, dated as of February 1, 1983 (the "Mortgage and Security Agreement"), between the Company, as mortgagor/debtor, and the County, as mortgagee/secured party. Payment of the Bond is guaranteed by the Company and the Company's majority shareholder pursuant to a Guaranty dated as of February 1, 1983 (the "Guaranty").

Copies of the Security Agreement and Conditional Assignment, the Company Note, the Mortgage and Security Agreement, the Loan Agreement, and the Guaranty are on file at the principal offices of the Holder in Greenville, South Carolina. Reference is made to these agreements for a full description of the collateral, the obligations of the County and the Company and the rights and remedies of the Holder and the conditions under which the Holder may exercise rights under the Loan Agreement, to all of the provisions of which, the Holder of this Bond, by acceptance of this Bond, assents.

The County shall have the right at any time to prepay this Bond in whole or in part, without penalty, provided that notice of such prepayment shall have been given in writing to the Holder at least 30 days prior to the date of such prepayment. Any partial prepayment of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an Event of Default (and the expiration of any applicable cure period) as provided in the Loan Agreement, the Holder may, at its option, by notice in writing to the County and the Company declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Bond be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such collection (including attorneys' fees) shall be added to the amount due upon this Bond, and be collectible as a part hereof.

This Bond is issued pursuant to the authorization of and for the purposes prescribed by Title 4, Chapter 29 of the Code of Laws of South Carolina, 1976, as amended, and pursuant to an ordinance duly adopted by the County Council of Greenville County, South Carolina, and with the approval of the State Budget and Control Board of South Carolina. This Bond is a limited obligation of the County and is payable solely from the payments received by the County under the Company Note or out of the proceeds of the Security Agreement and Conditional Assignment or the Mortgage and Security Agreement or the Guaranty.

Pursuant to the Loan Agreement and the Company Note, payments sufficient for the prompt payment of all amounts payable under this Bond are to be paid by the Company to the County for application to payments due under this Bond.

This Bond is registered in the name of the Holder on the registration books kept by the Company as bond registrar, which registration has been made in said registration books and endorsed hereon by said bond registrar, and no transfer hereof shall be valid unless made on said registration book at the written request of the Holder. This Bond may not be transferred or assigned unless the Holder shall at the same time transfer and assign to any successor Holder its interest in the Loan Agreement, the Security Agreement and Conditional Assignment, the Company Note, the Mortgage and Security Agreement and the Guaranty.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and for the execution and delivery of this Bond, the Loan Agreement, the Security Agreement and Conditional Assignment and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, GREENVILLE COUNTY, SOUTH CAROLINA, has caused this Bond to be duly executed, sealed and delivered by the

Chairman of County Council and the County Administrator with the
Clerk of County Council attesting, all on the ____ day of February,
1983.

(SEAL)

GREENVILLE COUNTY, SOUTH CAROLINA

By: _____
Chairman of County Council

Attest: _____
Clerk of County Council

By: _____
County Administrator

EXHIBIT B

014891

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA

AND

GREENVILLE COUNTY, SOUTH CAROLINA

SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT

DATED AS OF FEBRUARY 1, 1983

014892

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

SECURITY AGREEMENT
AND
CONDITIONAL ASSIGNMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Greenville County, South Carolina, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), SENDS GREETINGS:

WHEREAS, the County is authorized and empowered by Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the acquisition, construction and equipping of the properties hereinafter described; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds for this purpose; and

WHEREAS, these industrial revenue bonds are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments in exchange for the loan of the proceeds of these industrial revenue bonds to these private enterprises; and

WHEREAS, the County has agreed to issue and sell its \$950,000 Industrial Revenue Bond (Southern Foods Project), Series 1983 (the "Bond"); and

WHEREAS, the Citizens and Southern National Bank of South Carolina ("C&S"), has agreed to purchase the Bond upon receipt

014893

from the County of adequate security for payment of all amounts payable under the Bond; and

WHEREAS, the County has agreed to loan to Southern Foods, Inc., a South Carolina corporation (the "Company") the proceeds from the issuance and sale of the Bond upon receipt by the County of the Company's Secured Note committing it to pay when due all amounts payable under the Bond and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the Bond and for the better securing of the payment of all amounts payable in accordance with the terms of the Bond and for the better securing of the payment of any other amounts herein specified, the County and C&S agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to C&S as holder of the Bond and its successors and assigns, and to any subsequent registered owner of the Bond, and C&S does hereby accept, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

(a) That certain Secured Note dated on or about February __, 1983 in the principal face amount of \$950,000 executed by the

Company and delivered to the County, naming the County as payee (the "Company Note"), substantially in the form attached as Exhibit C to the Loan Agreement, dated as of February 1, 1983, among the County, C&S and the Company (the "Loan Agreement"); and

(b) That certain Mortgage and Security Agreement, between the County, as mortgagee/secured party, and the Company, as mortgagor/debtor, dated as of February 1, 1983, in substantially the form attached as Exhibit D to the Loan Agreement, and all amendments thereto (the "Mortgage and Security Agreement"); and

(c) All proceeds payable to the County from disposition by it of the Company Note and the Mortgage and Security Agreement;

(d) All amounts payable to the County under the Company Note and the Mortgage and Security Agreement.

The things described in (a) through (d), inclusive, hereinafter collectively shall be termed "Collateral."

C&S, its successors and assigns, and the subsequent registered owners of the Bond shall have and hold the Collateral forever; provided always, however, that this security interest is granted upon the express condition that if the County shall pay or cause to be paid all amounts payable to the holders of the Bond under the Bond, the Loan Agreement, and this Security Agreement and Conditional Assignment, then the security interest hereby granted shall cease and be discharged; otherwise it shall remain in full force and effect.

SECTION 2. CONDITIONAL ASSIGNMENT.

The County does hereby assign to C&S, its successors and assigns, and to any subsequent registered owners of the Bond, and C&S does hereby accept, as collateral security for payment of the Bond and any other amounts herein specified, all and singular of the County's right, title and interest in, to or arising under the following:

- (a) Company Note; and
- (b) Mortgage and Security Agreement; and
- (c) All proceeds payable to the County from disposition by it of the Company Note and the Mortgage and Security Agreement; and
- (d) All amounts payable to the County under the Company Note and the Mortgage and Security Agreement.

These assignments are made upon the express condition that if the County shall pay or cause to be paid all amounts payable to the holders of the Bond under the Bond, the Loan Agreement, and this Security Agreement and Conditional Assignment, then these assignments shall cease and be discharged; otherwise they shall remain in full force and effect.

SECTION 3. PROTECTION OF COLLATERAL.

The County will not:

(a) by affirmative act consent to the creation or existence of any security interest in the Collateral except that granted to the holders of the Bond in connection with the transaction described in the Loan Agreement; or

(b) sell, mortgage, transfer, assign or hypothecate its interest in the Collateral except in accordance with the terms of the Loan Agreement and this Security Agreement and Conditional Assignment.

SECTION 4. DEFAULTS AND OTHER PROVISIONS.

An "Event of Default" under this Security Agreement and Conditional Assignment shall occur if and when there shall be an Event of Default under:

- (a) the Loan Agreement, or
- (b) the Mortgage and Security Agreement.

SECTION 5. RIGHTS OF BONDHOLDER.

The County agrees that when any Event of Default has occurred and is continuing:

(a) C&S or the successor registered owner of the Bond shall have the rights, duties and remedies of a secured party and the County shall have the rights and duties of a debtor under the Uniform Commercial Code of the State of South Carolina, regardless of where action may be taken to enforce those rights and duties; and

(b) C&S or the registered owner of the Bond may, by notice in writing to the County, declare the entire unpaid balance of the Bond to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest, shall be immediately due and payable; and

(c) C&S or the registered owner of the Bond, personally or by agents or attorneys, shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof; and

(d) C&S or the registered owner of the Bond may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, and either for cash or on credit and on such terms as the bondholder may determine, and at any place, provided, however, that any such sale shall be held in a commercially reasonable manner; and

(e) C&S or the registered owner of the Bond may proceed to protect and enforce the Bond and this Security Agreement and Conditional Assignment by suit or suits or proceedings in equity or at law, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(f) C&S, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to manage the Collateral and to collect the rents and profits thereof. The receiver shall be entitled to perform all lawful acts necessary and appropriate for the management of the Collateral including, but not limited to, the execution, cancellation or modification of leases, and the execution or termination of contracts providing for the management of the Collateral, all on such terms as are lawful and are deemed best to protect the security of this Security Agreement and Conditional Assignment. All rents collected shall be applied first to the reasonable costs of taking control of and managing the Collateral and collecting the rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, premiums on insurance policies, taxes, assessments and other charges on the Collateral, and the costs of discharging any obligation or liability arising under the Collateral and then in the manner hereinafter provided. C&S and the receiver shall have access to the books and records used in the management of the Collateral and shall be liable to account only for those rents actually received. C&S shall not be liable to the Company, the County or anyone claiming under or through the County, or anyone having an interest in the Collateral by reason

of anything done or left undone by the County under this paragraph. If the rents of the Collateral are not sufficient to meet the costs of taking control of and managing the Collateral and collecting the rents, C&S, at its sole option, may advance moneys to meet the costs. Any funds expended by C&S for such purposes shall become indebtedness of the County to C&S secured by this Security Agreement and Conditional Assignment. Unless the County and C&S agree in writing to other terms of payment, such amounts shall be payable upon notice from C&S to the County requesting payment thereof and shall bear interest from the date of disbursement at the Penalty Rate as stated in the Loan Agreement. The entering upon and taking and maintaining of control of the Collateral by C&S or the receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of C&S hereunder.

In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement and Conditional Assignment, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Bond and any claims for matured and unpaid interest on the Bond and any claim for any other amounts arising under the Bond.

The proceeds and avails of any sale of the Collateral and the proceeds and the avails of any remedy hereunder shall be paid and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the bondholders of the amount then owing or unpaid on the Bond for principal and interest and all allowable collection expenses, and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Bond with application to be made first to allowable collection expenses, second to any unpaid interest thereon, and third to unpaid principal thereof, such application to be made upon presentation of the Bond, and upon the notation thereof of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the bondholders and unpaid under the Loan Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the County or to whomsoever may be lawfully entitled to receive the same.

No delay or omission of C&S or any other registered owner of the Bond to exercise any right or power arising from any default on the part of the County, shall exhaust or impair any such right

or power or prevent its exercise during the continuance of such default. No waiver by C&S or any other registered owner of the Bond of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. C&S, or any other registered owner of the Bond, may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security interests and conditional assignments effected by this Security Agreement and Conditional Assignment or any rights, powers or remedies hereunder; nor shall C&S or any other registered owner of the Bond be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. MISCELLANEOUS.

The unenforceability or invalidity of any provision or provisions of this Security Agreement and Conditional Assignment shall not render any other provision or provisions herein contained unenforceable or invalid.

All communications provided for herein shall be in writing and sent by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed given when actually received by the addressee. The respective addresses of the Company, C&S and the County are as follows:

As to the Company: Attention: President
 P. O. Box 5067
 Greenville, SC 29606

As to C&S: Attention: Senior Loan Officer
 P. O. Box 1449
 Greenville, SC 29602

As to the County: Attention: Chairman of
 County Council
 Courthouse Annex
 Greenville, SC 29601

or such other addresses as the Company, C&S or the County may designate by notice duly given to the other parties. All notices given by any party hereto shall be given to all parties hereto or their successors and assigns.

IT IS THE EXPRESS CONDITION of this Security Agreement and Conditional Assignment that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charges against its taxing powers or upon its general credit. Any obligation of the County for the

payment of money shall be payable solely from the payments received by the County under or in connection with the Company Note, and nothing in this Security Agreement and Conditional Assignment shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, C&S and the County have caused these presents to be duly executed and sealed, all as of the 1st day of February, 1983.

(SEAL)

CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH CAROLINA

Witness

By: _____

Title: _____

Witness

(SEAL)

GREENVILLE COUNTY, SOUTH CAROLINA

Attest: _____
Mary Turner
Clerk of County Council

By: _____
Chairman of County Council

Witness

By: _____
Frank Ellenburg
County Administrator

Witness

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

PROBATE

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw the corporate seal of Greenville County, South Carolina affixed to the foregoing Security Agreement and Conditional Assignment, and that (s)he saw _____ as Chairman of County Council and Frank Ellenburg, as County Administrator sign, and Mary Turner, as Clerk of County Council, attest the same, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of the County.

SWORN TO before me this _____
day of February, 1983.

Notary Public for South Carolina

My Commission Expires: _____

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

PROBATE

PERSONALLY APPEARED before me _____, who being duly sworn, says that (s)he saw the corporate seal of the Citizens and Southern National Bank of South Carolina affixed to the foregoing Security Agreement and Conditional Assignment, and that (s)he saw _____, as _____, sign, and that (s)he with _____ witnessed the execution and delivery thereof as the free act and deed of the Citizens and Southern National Bank of South Carolina.

SWORN TO before me this _____
day of February, 1983

Notary Public for South Carolina

My Commission Expires: _____

EXHIBIT

JAN 11 1983

NO. 3

STATE BUDGET & CONTROL BOARD

014905

EXHIBIT C

014306

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

SECURED NOTE
1983

KNOW ALL MEN BY THESE PRESENTS that Southern Foods, Inc., a South Carolina corporation (the "Company"), for value received, does promise to pay to the order of Greenville County, South Carolina (the "County"), the principal sum of NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000.00), and to pay interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to seventy per cent (70%) of the "Prime Rate" (as hereinafter defined) computed on the basis of a 360 day year of twelve 30 day months.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate per annum equal to the "Penalty Rate" (as hereinafter defined).

If the maximum marginal tax rate imposed on corporate income by Section 11 of the Internal Revenue Code of 1954, as amended (the "Tax Rate"), should increase or decrease from the current rate of 46%, then the Company shall pay to the County interest on the outstanding principal amount from time to time of this Note at a rate of interest per annum calculated by multiplying the "Tax Equivalent Yield" by the difference between one and the new Tax Rate.

"Tax Equivalent Yield" means 70% of the Prime Rate divided by 54%. The "Prime Rate" means the rate of interest announced

014307

by the Citizens and Southern National of South Carolina ("C&S") as its prime rate determined at the close of business on each business day. The "Penalty Rate" means the rate of interest per annum equal to 110% of the Prime Rate.

In the event there shall occur a "Determination of Taxability" [as defined in the Loan Agreement among C&S, the County and the Company dated as of February 1, 1983 (the "Loan Agreement")] the County shall have the option (to be exercised within 30 days of learning of the Determination of Taxability) to declare that the entire outstanding principal of and accrued interest under this Secured Note shall become due and payable within 30 days after notice to the Company of such declaration. If the County makes such declaration, the redemption price shall be equal to the outstanding principal amount hereof plus accrued interest to the date of redemption. If the County does not make such declaration, then at all times after the Determination of Taxability, this Secured Note shall bear interest at the Penalty Rate. In either case, the Company shall pay to the County an amount equal to (i) any penalties or interest on overdue taxes which are payable by the holder of the \$950,000 Greenville County, South Carolina Industrial Revenue Bond (Southern Foods Project) Series 1983 (the "Bond") as a result of the failure of such holder to include in its gross income the interest received on the Bond for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the

Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day of the Bond computed at a rate of interest per annum equal to 110% of the Prime Rate and the interest actually paid or accrued on the Bond for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability.

Interest on this Secured Note shall be payable on each January 1, April 1, July 1 and October 1, commencing April 1, 1983 and continuing until payment in full of this Secured Note. Beginning on January 1, 1984 principal shall be repaid in thirty-nine (39) equal installments of Eighteen Thousand Seven Hundred and Fifty Dollars (\$18,750.00) due on January 1, April 1, July 1 and October 1 of each year. On October 1, 1993, the last payment of principal shall become due and that payment shall be in the amount of Two Hundred Eighteen Thousand Seven Hundred and Fifty Dollars (\$218,750.00); provided, however, if the Company shall sell its three lots of land on Watson Road near Greenville, South Carolina (other than the Project), then at the time of each sale the Company shall be required to prepay the net sales price, up to an aggregate maximum of \$200,000 for all three properties. Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment date shall fall on a Sunday or a holiday, then payment shall be made on the next succeeding business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall

give rise to an "Event of Default" (as defined in the Loan Agreement).

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Note and fourth to the principal amount of this Note from time to time remaining unpaid.

All the payments made on this Secured Note shall be payable in legal tender of the United States of America and in immediately available funds.

This Secured Note is given as security for the payment of the \$950,000 Greenville County Industrial Revenue Bond (Southern Foods Project), Series 1983 (the "Bond"), dated the date of this Secured Note and issued by the County under the terms of the Loan Agreement. Payments of both principal and interest from this Secured Note have been assigned and pledged to C&S as the original purchaser of the Bond and its registered assigns (the "Bondholders"), under the terms of a Security Agreement and Conditional Assignment, dated as of February 1, 1983 (the "Security Agreement and Conditional Assignment"), and all such payments will be made directly to the Bondholders for the account of the County pursuant to the Security Agreement and Conditional Assignment.

Under the Loan Agreement, the County is loaning to the Company the proceeds of the sale of the Bond so that the Company can pay for facilities in the County for the storage and distribution of food products (such facilities being hereinafter termed

the "Project"). The Company will use these funds solely to pay expenses incidental to the Project.

This Secured Note is secured by a Mortgage and Security Agreement between the County, as mortgagee/secured party, and the Company, as mortgagor/debtor, dated as of February 1, 1983 (the "Mortgage and Security Agreement").

The Company shall have the right at any time to prepay this Secured Note in whole or in part, without penalty, provided that notice of such prepayment shall have been given to the County at least 30 days in advance and shall be in writing. Any partial prepayment of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an "Event of Default" under the Loan Agreement, the County (or the Bondholders as assignees of the County) may, at its option and by notice in writing to the Company, declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Secured Note be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such

collection (including attorneys' fees) shall be added to the amount due upon this Secured Note, and be collectible as a part hereof.

As to this Secured Note and all instruments securing this indebtedness, the undersigned and endorers severally waive all applicable exemption rights, whether under state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment, and expressly agree that the maturity of this Secured Note, or any payment hereunder, may be extended from time to time without in any way affecting the liability of the undersigned or said endorers.

IN WITNESS WHEREOF, the Company has caused this Secured Note to be duly executed on the ____ day of February, 1983.

(SEAL)

SOUTHERN FOODS, INC.

Attest: _____

By: _____

EXHIBIT D

014913

GREENVILLE COUNTY, SOUTH CAROLINA

AND

SOUTHERN FOODS, INC.

MORTGAGE AND SECURITY AGREEMENT

DATED AS OF FEBRUARY 1, 1983

014914

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

MORTGAGE AND SECURITY AGREEMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Southern Foods, Inc., a South Carolina corporation (the "Company"), SENDS GREETINGS:

WHEREAS, GREENVILLE COUNTY, SOUTH CAROLINA, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), is authorized and empowered by Title 4, Chapter 29 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the construction, acquisition and installation of the properties hereinafter described; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds for this purpose; and

WHEREAS, these industrial revenue bonds are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments on notes executed and delivered to the County by these private enterprises in exchange for the loan of the proceeds of these industrial revenue bonds to such private enterprises; and

WHEREAS, the County has agreed to issue and sell its \$950,000 Industrial Revenue Bond (Southern Foods Project) Series 1983 (the "Bond"); and

WHEREAS, the Citizens and Southern National Bank of South Carolina, a national banking association ("C&S"), has agreed to

014915

purchase the Bond upon receipt from the County of adequate security for payment of all amounts payable under the Bond; and

WHEREAS, the County has agreed to loan to the Company the proceeds from the issuance and sale of the Bond upon receipt by the County of the Company's \$950,000 Note committing it to pay when due all amounts payable under the Bond, and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the advancement by the County to the Company of the aforementioned funds and for the better securing of the repayment of these funds with interest to the County in accordance with the terms of the Company's aforementioned Note and also for the better securing of the repayment of all other indebtedness hereby secured, the County and the Company agree as follows:

SECTION 1. DEFINITIONS.

"Collateral" shall mean all of the property subject to this Mortgage and Security Agreement.

"Company Note" shall mean that Secured Note dated the date of the issuance and delivery of the Bond and in the principal amount of \$950,000, made by the Company and naming the County as payee, the form of which is attached as Exhibit C to the Loan Agreement. The Company Note and all of its terms are incorporated

herein by reference and this conveyance shall secure any and all renewals or extensions or modifications thereof, however evidenced.

"Loan Agreement" shall mean that Loan Agreement, dated as of February 1, 1983, among the County, C&S and the Company.

SECTION . . GRANT OF MORTGAGE.

The Company has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the County, its successors and assigns, and the County does hereby accept all of the following described land, buildings, structures, improvements and fixtures (hereinafter sometimes collectively called the "Premises"), to-wit:

(a) All those pieces, parcels or lots of land, more particularly described in Schedule I attached hereto and made a part hereof; and

(b) All buildings, structures and improvements now located on the land described in Schedule I or afterwards erected on that land; and

(c) All wiring, air-conditioning and plumbing, heating and refrigeration equipment and storage racks now located on the land described in Schedule I or afterwards erected on that land,

TOGETHER WITH all and singular the rights, members, hereditaments and appurtenances in any way belonging, relating or

appertaining to any of the Premises hereinabove mentioned or which hereafter shall in any way belong, relate or be appurtenant thereto.

TO HAVE AND TO HOLD all and singular the said Premises unto the said County, its successors and assigns forever, provided always, however, that this mortgage is granted upon the express condition that, if the Company shall pay or cause to be paid all amounts payable under the Company Note, the Loan Agreement and this Mortgage and Security Agreement, then this mortgage shall cease and shall become null and void; otherwise, this mortgage shall remain in full force and effect.

The Company covenants that it is lawfully seized of the Premises hereinabove described in fee simple absolute, that it has good right and is lawfully authorized to sell, convey or encumber the same, and that the Premises are free and clear of all liens except liens for taxes not yet due and unfiled mechanics' and materialmen's liens. The Company further covenants to warrant and forever defend all and singular the said Premises unto the County forever from and against the Company and all persons whomsoever lawfully claiming the same or any part thereof. The Company also agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Premises which are or will be claimed by any party through the Company and which are not related to this mortgage.

SECTION 3. GRANT OF SECURITY INTEREST.

The Company does hereby convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a first security interest in and to all and singular of the Company's right, title and interest in and to the Premises.

Subject to the provisions of Section 4 of this Mortgage and Security Agreement, the Company does hereby further convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a first security interest in and to all and singular of the Company's right, title and interest in and to any and all obligations which are purchased with the proceeds of the Bond and the Company Note [said securities constituting a part of the "Construction Fund" (as defined in the Loan Agreement)] during the Construction Period (as defined in the Loan Agreement), and all replacements or substitutions and proceeds of those obligations.

The County, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that this security interest is granted upon the express condition that if the Company shall pay or cause to be paid all amounts payable under the Company Note, the Loan Agreement and this Mortgage and Security Agreement, then the security interest hereby granted shall cease and be discharged; otherwise this security interest shall remain in full force and effect.

The Company warrants that it has all right, power and authority to grant to the County security interests in the Collateral for the uses and purposes herein set forth and that the Collateral is unencumbered and the Company has good title to the same; and the Company will warrant and defend title to the Collateral against all claims and demands of all persons claiming by, through, under or against the Company. The Company also agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary duly to discharge any liens, encumbrances or taxes on the Collateral which are or will be claimed by any party through or against the Company and which are not related to this Mortgage and Security Agreement or the transactions described in the Loan Agreement.

SECTION 4. POSSESSION OF COLLATERAL.

The Company will deposit with C&S for the account of and as agent for the County any and all obligations purchased in whole or in part with the proceeds of the Bond and the Company Note during the Construction Period. This deposit shall occur contemporaneously with the purchase of such obligations. All cash dividends, interest or other income received on such obligations shall be deposited in and shall become a part of, and subject to the restrictions applicable to the Construction Fund. As and when C&S, as custodian of the Construction Fund, shall need to sell, assign or otherwise dispose of such obligations in order to defray costs of the Project for which a requisition and certification has

been duly submitted as provided in the Loan Agreement, C&S shall be permitted to do so, so long as the Company satisfies the requirements of Section 6 of the Loan Agreement. The Company will, at no cost to the County, pay to C&S any reasonable administrative charge imposed by such bank with respect to the Construction Fund.

While the Company is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral other than the Construction Fund, and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the terms of this Mortgage and Security Agreement and the provisions of the Loan Agreement.

SECTION 5. ASSURANCES AND RECORDATION.

(a) The Company will, at no expense to the County, perform every further act reasonably necessary or proper for the perfection of the mortgages and security interests being herein granted. The Company will cause this Mortgage and Security Agreement and any supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the County in such manner and in such places as may be required by

law in order fully to preserve and protect the rights of the County hereunder.

(b) The Company upon demand will pay or reimburse the County for all reasonable attorneys' fees, costs and expenses paid or incurred by it in any proceedings or action or dispute of any kind affecting the indebtedness secured hereby, this Mortgage and Security Agreement or the interest created herein or the Collateral, including, but not limited to, any action to foreclose this Mortgage and Security Agreement or to enforce payment of the Company Note secured hereby and any condemnation action involving the Collateral or any action to protect the security hereof; and any such amounts paid by the County shall be added to the indebtedness secured by the lien of this Mortgage and Security Agreement.

SECTION 6. DEFAULTS.

Any one or more of the following events shall be an "Event of Default" under this Mortgage and Security Agreement: (a) if and when an Event of Default shall occur under the Loan Agreement, (b) if and when the Company shall breach any covenant or agreement in this Mortgage and Security Agreement or (c) if any warranty or representation of the Company in this Mortgage and Security Agreement shall have been false or misleading when made in any material respect.

SECTION 7. COUNTY'S RIGHTS.

The Company agrees that when any Event of Default has occurred and is continuing:

EXHIBIT

JAN 11 1983

NO. 3

STATE BUDGET & CONTROL BOARD

014922

(a) The County shall have the rights, duties and remedies of a mortgagee/secured party, and the Company shall have the rights and duties of a mortgagor/debtor, under the Uniform Commercial Code of the State of South Carolina regardless of where action may be taken to enforce those rights and duties; and

(b) The County may, by notice in writing to the Company, declare the entire unpaid balance of the Company Note to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest thereon, of such Company Note shall be and become immediately due and payable; and

(c) The County personally or by agents or attorneys, shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral or any portion thereof, and for that purpose may pursue the same wherever it may be found and keep the rents and profits thereof until sold; and

(d) The County may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the County may determine, and at any place (whether or not it be the location of Collateral or any part thereof), and to whomsoever it shall select (including the County or C&S), provided, however, that any such sale shall be held in a commercially

reasonable manner and otherwise in compliance with applicable law; and

(e) The County may proceed to protect and enforce this Mortgage and Security Agreement, the Company Note and the Loan Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(f) The County, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Collateral and to collect the rents and profits thereof. The receiver shall be entitled to perform all acts necessary and appropriate for the operation and maintenance of the Collateral including, but not limited to, the execution, cancellation or modification of leases, the making of repairs to the Collateral and the execution or termination of contracts providing for the management or maintenance of the Collateral, all on such terms as are deemed best to protect the security of this Mortgage and Security Agreement. All rents collected pursuant to this paragraph (f) or pursuant to paragraph (c) shall be applied first

to the reasonable costs of taking control of and managing the Collateral and collecting the rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Collateral, premiums on insurance policies, taxes, assessments and other charges on the Collateral, and the costs of discharging any obligation or liability of the Company as lessor or landlord of the Collateral and then in the manner hereinafter provided. The County and the receiver shall have access to the books and records used in the operation and maintenance of the Collateral and shall be liable to account only for those rents actually received. The County shall not be liable to the Company, anyone claiming under or through the Company, or anyone having an interest in the Collateral by reason of anything done or left undone by the Company. If the rents of the Collateral are not sufficient to meet the costs of taking control of and managing the Collateral and collecting the rents, the County, at its sole option, may advance moneys to meet the costs. Any funds expended by the County for such purposes shall become indebtedness of the Company to the County secured by this Mortgage and Security Agreement. Unless the County and the Company agree in writing to other terms of payment, such amounts shall be payable upon notice from the County to the Company requesting payment thereof and shall bear interest from the date of disbursement at the Penalty Rate as stated in the Loan Agreement. The entering upon and taking and maintaining of control of the

Collateral by the County or the receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of the County hereunder.

In case of any sale of the Collateral or of any part thereof (pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage and Security Agreement), the principal of the Company Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Company Note and any claims for accrued interest and allowable costs unpaid thereon.

The proceeds and avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the County of the amount then owing or unpaid on the Company Note for principal, interest, any penalties or fines and all allowable collection expenses; and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Company Note, with

application to be made, first to allowable collection expenses, second to any penalties or fines, third to unpaid interest thereon, and fourth to unpaid principal thereof; such application to be made upon presentation of the Company Note and upon the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the County and unpaid under the Loan Agreement or this Mortgage and Security Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the Company or to whomsoever may be lawfully entitled to receive the same.

No delay or omission of the County to exercise any right or power arising from any default on the part of the Company shall exhaust or impair or constitute a waiver of any such right or power or prevent its exercise during the continuance of such default. No waiver by the County of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The County may exercise any one or more or all of the remedies hereunder, and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or

enforcement of any other or additional mortgage, security, collateral or guaranty for the payment of the indebtedness secured under this Mortgage and Security Agreement operate to prejudice, waive or affect the mortgages and security interests granted by this Mortgage and Security Agreement or any rights, powers or remedies hereunder; nor shall the County be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

In case the County shall have proceeded to enforce any right or remedy under this Mortgage and Security Agreement by receiver, entry, foreclosure or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the County, then to the extent allowed by law the Company and the County shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the County shall continue as if no such proceedings had been taken.

SECTION 8. RIGHTS OF THE BANK.

The Company acknowledges and consents to the granting by the County to C&S and to any subsequent registered owner of the Bond of a security interest in this Mortgage and Security Agreement and the Company Note and acknowledges and consents to the conditional assignment by the County to C&S and to any subsequent registered owner of the Bond of this Mortgage and Security Agreement and the Company Note.

Further, the Company and County acknowledge that this Mortgage and Security Agreement is made for the benefit of C&S and subsequent registered owners of the Bond and that they and subsequent registered owners of the Bond shall have all rights and remedies of the County under this Mortgage and Security Agreement and shall be entitled to enforce this Mortgage and Security Agreement as if they were the County without regard to the separate validity of any other security interest or conditional assignment granted or made by the County. This Mortgage and Security Agreement shall remain binding upon the Company until the holders of the Bond have received payment of the amounts loaned by them regardless of any determination for any reason, including invalidity, that the County is not liable for the payment of the Bond.

Finally, the Company is required to notify C&S or any subsequent registered owner of the Bond as shown by the registration books kept by the Company as bond registrar at the times and to the extent that it is required to notify the County of any event under this Mortgage and Security Agreement.

SECTION 9. MISCELLANEOUS.

This Mortgage and Security Agreement shall be construed and enforced in accordance with the laws of South Carolina.

When in this Mortgage and Security Agreement one of the parties hereto is named or referred to, the legal representative, successors or assigns of such party shall be included and all

covenants and agreements contained in this Mortgage and Security Agreement by or on behalf of the Company or by or on behalf of the County shall bind and inure to the benefit of the respective representatives, successors or assigns of the other, whether so expressed or not.

The headings of the sections, paragraphs and subdivisions of this Mortgage and Security Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

The unenforceability or invalidity of any provision or provisions of this Mortgage and Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

All communications provided for herein shall be in writing and shall be deemed given when actually received by the addressee. The respective addresses of the Company, the County and C&S are as follows:

As to the Company:	Attention: President P. O. Box 5067 Greenville, SC 29606
--------------------	--

As to the County:	Attention: Chairman of County Council Courthouse Annex Greenville, SC 29601
-------------------	--

As to C&S:

Attention: Senior Loan Officer
P. O. Box 1449
Greenville, SC 29602

or to the Company or the County or C&S at such other address as the Company or the County or C&S respectively may designate by notice duly given to the other parties.

IT IS THE EXPRESS CONDITION of this Mortgage and Security Agreement that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charges against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County on or in connection with the Company Note and nothing in this Mortgage and Security Agreement shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, the Company and the County have caused these presents to be duly executed and sealed, all as of the 1st day of February, 1983.

(SEAL)

SOUTHERN FOODS, INC.

Attest: _____

By: _____

Witness:

(SEAL)

GREENVILLE COUNTY, SOUTH CAROLINA

Attest:

By: Chairman of County Council

Clerk of County Council

County Administrator

Witness:

EXHIBIT E

014933

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

GUARANTY

FOR VALUE RECEIVED, the undersigned does hereby unconditionally guarantee to the Citizens and Southern National Bank of South Carolina (the "Bank"), and all other subsequent lawful holders of the Industrial Development Revenue Bond (Southern Foods Project) Series 1983 made by Greenville County, South Carolina (the "County") in the principal sum of NINE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$950,000) dated February __, 1983 (the "Bond"), that the principal and interest and other sums due under the Bond will be promptly paid in accordance with the terms of the Bond, and the undersigned will, upon demand of the lawful holder of the Bond, pay each and every amount lawfully due to that holder of the Bond which is not paid to that holder by the maker as any such amount shall become due. The undersigned further agrees to perform all obligations of Southern Foods, Inc. under that certain Loan Agreement dated as of February 1, 1983 among it, the County and the Bank.

The undersigned hereby waives any and all defenses of any nature whatsoever to payment of any amounts lawfully due under the Bond and Loan Agreement (including but not limited to the invalidity of the Bond and alteration of the terms of payment of the Bond) should payment of any amounts be required under the terms of this Guaranty.

014934

The undersigned hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, incurred by the Bank or any subsequent lawful holder of the Bond in collecting any amounts lawfully due under this Guaranty.

It is understood that this is a guaranty of payment and that enforcement of this guaranty as to any one or more of the parties is not conditional upon any prior attempt to enforce any other guaranty, security agreement or assignment or upon any attempt to assert any rights against any other person or any collateral.

IN WITNESS WHEREOF, the undersigned has duly executed this Guaranty as of this the 1st day of February, 1983.

Louise H. Helms

EXHIBIT

STATE BUDGET AND CONTROL BOARD JAN 11 1983
MEETING OF January 11, 1983

NO. 4 BLUE AGENDA
ITEM NUMBER 3

STATE BUDGET & CONTROL BOARD

Agency: Division of Local Governments

Subject: Expenditures of Rural Improvement Funds in December 1-31, 1982
Period

The referenced report includes 15 projects involving a total expenditure of \$413,450 in state grant funds. The report indicates that an adjustment to the October 1-31 report involving a \$30,000 grant to the Town of Pamplico should be made. That grant was approved on October 1, 1982 and the funds were returned on December 1. These funds are reflected in the total figures shown in this report. This report shows a balance available for grants of \$1,149,225 and that 153 applications involving \$3,106,070 had been approved to that point during the current fiscal year and that 14 applications involving \$349,788 of grants were then pending.

Item 9 on this report is a grant for \$163,630 to the City of Orangeburg Department of Public Utilities. The report indicates that the grant was approved on October 20, 1982 and funded on December 3, 1982. This action needs to be ratified by the Board.

Board Action Requested:

Receive as information and ratify the approval previously given to item 9.

Staff Comment:

Attachments:

Referenced report.

014936

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF JANUARY 1983

APPLICATIONS		AMOUNT
Balance Available For Grants		1,149,225
Approved To Date	153	3,106,070
Disapproved To Date		
Pending	14	349,788

(Above Figures Include Items In This Report)

Expenditures for the period December 1 through December 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. Fairfield County P.O. Box 216 Winnsboro, S.C. 29065	8/26/82	17,771	----	----	12/1/82	10,000	Purchase of equipment for the Jenkinsville- Monticello VFD.
2. Lancaster County Water and Sewer District P.O. Box 1009 Lancaster, S.C. 29720	11/29/82	49,950	----	----	12/1/82	49,950	Water extension in Indian-Land.
3. Georgetown County P.O. Drawer 1270 Georgetown, S.C. 29440	5/27/82	15,000	----	----	12/1/82	15,000	Completion of plant to disinfect surface run-off entering shellfish areas.
4. Town of Nichols P.O. Box 32 Nichols, S.C. 29581	6/23/82	10,000	----	----	12/1/82	5,000	Purchase of equipment for the fire department.
5. Town of Lane P.O. Box 39 Lane, S.C. 29564	11/12/82	7,500	----	905	12/1/82	5,000	Extension of water lines.
6. City of Walhalla P.O. Box AP Walhalla, S.C. 29691	4/14/82	14,900	----	----	12/1/82	14,000	Extension of 12" water line to industrial properties on SC 11.

014937

EXHIBIT

JAN 11 1983

NO. 4

STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF January 1983 Cont'd

APPLICATIONS	NO.	AMOUNT
Balance Available For Grants		
Approved To Date		
Disapproved To Date		
Pending		

(Above Figures Include Items In This Report)

2

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. Lexington County 212 South Lake Drive Lexington, S.C. 29072	11/29/82	45,000	----	16,500	12/1/82	45,000	Site preparation for the expansion of the water treatment plant.
8. City of Manning Main Street Manning, S.C. 29012	6/29/82	25,000	----	----	12/1/82	25,000	Update capacity of sewer pump station.
9. City of Orangeburg- Dept. of Public Utilities 195 Russell SW Orangeburg, S.C. 29115	11/10/82	163,630	----	16,370	12/3/82 (funded 10/20/82 approved)	163,630	Water and sewer extension to Rotron, Orangeburg Regional Hospital, Orangeburg--Calhoun Tech and other industries.
10. Town of Ravenel P.O. Box 126 Ravenel, S.C. 29470	11/22/82	30,319	----	----	12/3/82	30,000	Purchase of equipment to update fire department.
11. Charleston County Court House Square Charleston, S.C. 29401	11/22/82	16,000	59,994 ^a	14,998 ^b	12/3/82	16,000	Construction of a multi-purpose community facility for the Peters Field Human Services Corporation, Inc.

a EDA

b Governor's Office-OEPP

014938

EXHIBIT
JAN 11 1983 NO. 4
STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF January 1983 Cont'd

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			
12. Waterloo Rural VFD P.O. Box 19 Waterloo, SC 29384	11/17/82	2,500	-----	-----	12/3/82	2,500	Purchase of equipment for the pumper truck.
13. Town of Lynchburg P.O. Box 147 Lynchburg, SC 29080	11/29/82	2,500	-----	-----	12/3/82	2,500	Purchase of materials to construct a fire station.
14. Town of Ridge Spring P.O. Box 444 Ridge Spring, SC 29129	11/1/82	20,500	-----	-----	12/3/82	20,500	Improvements to the water and sewer system.
15. Craytonville Fire Dept. Rt. 1 Belton, SC 29627	10/6/82	9,370	-----	9,000	12/8/82	9,370	Addition to the fire station.
						413,450	

EXHIBIT

JAN 11 1983 NO. 4

STATE BUDGET & CONTROL BOARD

014939



EXHIBIT

JAN 11 1983 NO. 4

STATE BUDGET & CONTROL BOARD

State of South Carolina
BUDGET AND CONTROL BOARD
Local Government Division
State Capitol
P. O. Box 11867
Columbia, S. C. 29201

Woody Brooks
Executive Director
(803) 758-3606

TOWN OF PAMPLICO--

In our November 1982 report to the Budget and Control Board outlining expenditures for the period October 1 through October 31, the Division of Local Government reported a grant in the amount of \$30,000 to the Town of Pamplico. Funding had been requested for the extension of water and sewer lines. The grant was approved on October 1, 1982.

Due to a disagreement between the Mayor and Council, the terms of the agreement could not be upheld. Therefore, we requested that the funds be returned. On December 1, the funds were returned. The totals on page one reflect the necessary corrections.

014940

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 5

BLUE AGENDA

4

MEETING OF January 11, 1983

ITEM NUMBER

STATE BUDGET & CONTROL BOARD

Agency: State Personnel Division

Subject: Reduction of Grievance Backlog

Board Action Requested:

Presented for information only

Staff Comment:

Attachments:

Memo to Members of the Budget and Control Board

014941

State of South Carolina
BUDGET AND CONTROL BOARD
PERSONNEL DIVISION
1205 Pendleton Street
P. O. Box 12547
Columbia, South Carolina 29211

EXHIBIT

JAN 11 1983

NO. 5

STATE BUDGET & CONTROL BOARD

Jack S. Mullins, Ph.D.
Director

803-758-3334

MEMORANDUM
=====

TO: Members of Budget and Control Board
FROM: Jack S. Mullins *Jack S. Mullins*
DATE: January 6, 1983
SUBJECT: Reduction of Grievance Backlog

It is a pleasure to report that significant progress has been made in reducing both the backlog and the number of grievances being heard by the State Employee Grievance Committee. The improvements result from the 1982 State Employee Grievance Procedure Act.

Major changes in legislation included: (1) enlarging the Committee from eleven to eighteen members so that more hearings could be conducted; (2) providing for a Committee Attorney to attend all hearings to determine the order and relevance of testimony and to rule on all motions and legal matters; (3) more clearly defining grievable matters; and (4) providing for mandatory mediation by the State Personnel Division with written findings and recommendations being made to both parties prior to the case being heard by the Grievance Committee.

Forty-two grievances awaited hearing by the Grievance Committee at the time the new Grievance Act was passed in June of 1982. As of January 1, 1983, the number of pending grievances has been reduced by 60% to seventeen. In June of 1982 the waiting period for grievances to be heard was eight months. It is now two and one-half months, a reduction of 69%.

The dramatic improvement in the processing and resolution of grievances can be attributed primarily to the changes in legislation previously mentioned. For example, the large number of Grievance Committee members enables us to schedule eight new hearings per month as compared to the previous four. Also, the use of the Committee Attorney has reduced the average length of hearings by 33%, from an average of 1.5 days per hearing to one day. Finally, we have experienced phenomenal success under the new mandatory mediation process. Since October 1, 1982, the staff has mediated a total of seventeen grievances and has been successful in resolving twelve, a success rate of 70.6%.

JSM/omc

014942

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 6

BLUE AGENDA

MEETING OF January 11, 1983

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

5

Agency: State Personnel Division

Subject:

New Hires and Employment Trends Report

Board Action Requested:

Staff Comment:

Attachments:

Report

014943

EXHIBIT

JAN 11 1983 NO. 6

SOURCE: PDSPEC30
DATE: 1/03/83
PREPARED BY: RWB

STATE BUDGET & CONTROL BOARD 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	3rd QUARTER	4th QUARTER
New Hires	2,602	1,513	1,269	875	2,369	1,141		
Average Employees	54,836	55,343	55,350	54,692	54,297	54,645		
Average Vacancies	5,214	4,528	4,545	5,226	6,311	5,619		
Average Positions	60,050	59,871	59,895	59,918	60,608	60,264		
Hires as a % of Average Positions	4.33	2.53	2.12	1.46	3.90	1.89		

SOURCE: PDGEN205
DATE: 12/31/82
PREPARED BY: RWB

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%)
December, 1982	54,645	(1.27%)

Although 3,510 new employees have been hired since July 1, 1982, the total number of filled positions increased by only 539. There was a net decrease of 99 filled positions over the last month of the 1982 calendar year.

014944

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 7

BLUE AGENDA

MEETING OF January 11, 1983

ITEM NUMBER

6

STATE BUDGET & CONTROL BOARD

Agency: General Services - State Engineer

Subject: Projects Approved by Staff

The State Engineer advises that the following projects have been reviewed by the Joint Bond Review Committee and released by Staff:

Summary 15-83 - Budget & Control Board, Division of General Services, Item 2B; Clemson University, Item 3; Francis Marion College, Item 5; Parks, Recreation & Tourism, Item 7; S. C. State College, Item 8; Technical Education - Piedmont Technical College; Items 9A & B; University of South Carolina - Sumter, Item 10B.

Summary 24-83 - Division of General Services, Item 2; University of South Carolina - Spartanburg, Item 4; Technical & Comprehensive Education, Items 5A & C; Vocational Rehabilitation, Item 6; John de la Howe School, Item 7; Mental Health, Items 8A & B; Department of Agriculture, Item 9; Forestry Commission, Items 10A, B & C.

Summary 25-83 - Clarks Hill-Russell Authority (only item).

Board Action Requested:

Approval

Staff Comment:

Attachments:

Referenced Summaries

014945

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

SOURCE OF FUNDS		
(1) Capital Improvement Bond Proceeds	(3) Insurance Reserve Fund	
(2) Debt Capital Improvement Bond Proceeds	(4) Operating - State	
(12) Institution (Student) Bond Proceeds	(7) Federal	
(13) Revenue Bond Proceeds	(8) Athletic & Other Special	
(14) Excess Debt Service/Reserve	(9)	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 9/28/82.
Page 1 of 3.

NUMBER
15-83

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. ADJUTANT GENERAL'S OFFICE	Revise budget (decrease) to 1,212,401.90	Deduct \$158,533.30 [7] Federal Funds	E24-025	Greer Armory: To reflect change in federal participation to \$819,061.90 of the \$1,212,461.90 budget.	APPROVED (Staff) 10/18/82	STATE BUDGET & CONTROL BOARD JAN 11 1983 NO. 7
Supporting document page 1						
1B. ADJUTANT GENERAL'S OFFICE	Revise budget (decrease) to 174,980.88	Deduct \$19.12 [0] Capital Improvement Bond funds, transfer to E24-021, below	E24-023	National Guard Armory Interior Renovations: To reflect final costs and to close project.	APPROVED (Staff) 10/18/82	
Supporting document page 2						
1C. ADJUTANT GENERAL'S OFFICE	Revise budget (increase) to \$110,019.12	Add \$19.12 [0] Capital Improvement Bond funds, transfer from #24-023, above	E24-021	Armory Equipment Storage Buildings	APPROVED (Staff) 10/18/82	STAFF APP 11-5-82
Supporting document page 3						
2A. BUDGET AND CONTROL BOARD, GENERAL SERVICES DIVISION	Revise budget (decrease) to \$37,259.61	Deduct \$2,190.39 [4] Mental Retardation Excess Debt Service Funds	F12-051	Mary E. White Building - Waterproofing: To reflect final costs and to close project.	APPROVED (Staff) 10/18/82	
Supporting document page 4						
2B. BUDGET AND CONTROL BOARD, GENERAL SERVICES DIVISION	Revise budget (increase) to \$104,500	Add \$8,000 [8]	F12-059	Commission for the Blind/HVAC System/Comprehensive Training Center: To increase contingencies budget.	APPROVED 10/26/82	STAFF APP 11-18-82
Supporting document page 5						
3. CLEMSON UNIVERSITY	Change source of funds	Deduct \$25,000 [8] from Old Houses/Prefab account; Add \$25,000 [4] Student & Faculty Housing	H12-084	Norris Hall - Replace Doors	APPROVED 10/26/82	
Supporting document page 6						

RECEIVED

NOV 1 1982

STATE ENGINEER
OFFICE

014946

EXHIBIT

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER
15-83

Code	Fund	Code	Fund
101	Capital Improvement Bond Proceeds	151	Insurance Reserve Fund
111	Debt Capital Improv Bond Proceeds	161	Operating - State
121	Facilities (Facilities) Bond Proceeds	171	Federal
131	Revenue Bond Proceeds	181	Athletic & Other Special
141	Excess Debt Service Reserve	191	

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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	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	
Supporting document page 7						
4B. EDUCATIONAL TELEVISION COMMISSION	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	
Supporting document page 8						
5. FRANCIS MARION COLLEGE	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	STAFF APP 11-5-82
Supporting document page 9						
6A. MENTAL RETARDATION	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	STATE BUDGET & CONTROL BOARD
Supporting document pages 10-18						JAN 11 1983
6B. MENTAL RETARDATION	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	
Supporting document pages 19-20						
MENTAL RETARDATION	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	NO. 2
Supporting document pages 23-28						

014947

EXHIBIT

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

SOURCE OF FUNDS	
(1) Capital Improv Bond Proceeds	(12) Institution - State
(2) Dept Capital Improv Bond Proceeds	(13) Operating - State
(3) Institution (Tuition) Bond Proceeds	(14) Federal
(4) Revenue Bond Proceeds	(15) Athletic & Other Special
(5) Excess Debt Service/Refund	(16)

RECEIVED
NOV 01 1982
Assembled by Staff of Budget and Control Board.
Forwarded to Bond Review Committee 9/28/82
Page 3 of 3

NUMBER
15-83

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. PARKS, RECREATION AND TOURISM	Establish project and source of funds	\$100,000 [1]: Released in Priority Group 1; \$15,800 [1]: CIB funds previously drawn by agency; \$18,511.38 [1]: Previously paid to SCS by PRT	assigned	Oolenoy Watershed: To provide flood control for the Oolenoy Valley and increase recreation. Replaces Item 2C on Summary 22-82.	APPROVED 10/26/82	STAFF APP 11-5-82
Supporting document pages 29-37						
8. S. C. STATE COLLEGE	Establish project and source of funds	\$120,000 [8]	Not yet assigned	Athletic Track Resurfacing, Extension and Relining: To resurface 12-year-old track and reline it to conform to the metric system.	APPROVED 10/26/82	APP Staff 12-2-82
Supporting document pages 38-40						
9A. TECHNICAL EDUCATION - PIEDMONT TECHNICAL COLLEGE	Establish project and source of funds	\$39,450 [7] 39,450 [8] 78,900	Not yet assigned	Piedmont - Phase II - Campus Energy Conversion: Microprocessor control of electrical/mechanical systems in buildings to conserve energy.	APPROVED 10/26/82	STATE BUDGET & CONTROL BOARD
Supporting document pages 41-43						
9B. TECHNICAL EDUCATION - MIDLANDS TECHNICAL COLLEGE	Establish project and source of funds	\$40,000 [8] Local	Not yet assigned	Midlands - Airport Campus - Site Work - Phase III: Final phase of site development.	APPROVED 10/26/82	STATE BUDGET & CONTROL BOARD
Supporting document pages 44-46						
10A. UNIVERSITY OF SOUTH CAROLINA - COLUMBIA CAMPUS	Revise budget (decrease) to -0-	Deduct \$410,000 [4] Parking Facilities	H27-035	Parking Facilities - West of Sumter (Phase I): To cancel and close project.	APPROVED (Staff) 10/18/82	STATE BUDGET & CONTROL BOARD
Supporting document page 47						
10B. UNIVERSITY OF SOUTH CAROLINA - SUMTER	Revise budget (increase) to \$73,900	Add \$25,000 [8]: Renovation Reserve	H27-052	Campus Development: Improvements for the parking lot and roads; equipment for student union building.	APPROVED 10/26/82	STAFF APP 11-5-82
Supporting document page 48						

JAN 11 1983

NO. 2

EXHIBIT

014948

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER

24-83

Assembled by staff of Budget and Control Board.

Forwarded to Bond Review Committee 12/6/82.

Page 1 of 4

SOURCE OF FUNDS		SOURCE OF FUNDS	
Code	Type	Code	Type
101	Capital Improvement Bond Proceeds	151	Insurance Reserve Fund
111	Dept Capital Improv Bond Proceeds	161	Operating - State
121	Institution (Tuition) Bond Proceeds	171	Federal
131	Revenue Bond Proceeds	181	Athletic & Other Special
141	Excess Debt Service/Reserve	191	

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. ADJUTANT GENERAL'S OFFICE	Establish project and source of funds	\$58,000: \$9,400 [0] Cap Imp Bonds \$48,600 [7] Federal	8078	Clinton Armory - A&E Planning Only: No construction funds have been authorized for this project. See page 1 of Priority Group 1.	CARRIED OVER 12/13/82		
Supporting document pages 1-2							
1B. ADJUTANT GENERAL'S OFFICE	Establish project and source of funds	\$69,000: \$20,000 [0] Cap Imp Bnds \$49,000 [7] Federal	8079	Darlington Armory - A&E Planning Only: No construction funds have been authorized for this project. See page 1 of Priority Group 1.	CARRIED OVER 12/13/82		
Supporting document pages 3-4							
1C. ADJUTANT GENERAL'S OFFICE	Reduce budget to 1,243,037.03	Deduct: \$34,166.60 [0] CFM \$226,396.37 [7] Federal <i>all</i>	7012	Hampton Armory & DLOC: To reflect construction costs as bid and to reflect corresponding estimated budget reductions.	APPROVED 12/13/82	✓	
Supporting document page 5							
2. DIVISION OF GENERAL SERVICES	Increase budget to \$292,266	Add \$18,525 [7]	7017	Boylston House Restoration/Renovations: To add federal reimbursement to contingencies budget of project.	APPROVED 12/13/82	staff 008 12-16-82 ✓	
Supporting document pages 6-7							
1A. ADJUTANT GENERAL'S OFFICE	Increase budget to 1,329,847	Add \$25,614 [4] Institution (Tuition) Bond Debt Service Funds	7037	Student Union Building: To close project.	EXHIBIT JAN 11 1983 NO. 7 STATE BUDGET & CONTROL BOARD		
Supporting document page 8							
1B. ADJUTANT GENERAL'S OFFICE	Increase budget to 2,717,085.21	Add \$17,385.21 [4] Institution (Tuition) Bond Debt Service Funds	7050	Science Building:			
Supporting document page 9							

014949

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER

24-83

Assembled by staff of Budget and Control Board.

Forwarded to Bond Review Committee 12/6/82

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
4. USC - SPARTANBURG	Increase budget to 1,639,003.20	Add \$8,000 [8] Parking Revenue ✓	7057	Hodge Center Expansion: To provide additional lighting for parking lots; add funding for drainage work and for fire alarm system.	APPROVED 12/13/82	staff app 12-16-82
Supporting document pages 10-11						
5A. TECHNICAL AND COMPREHENSIVE EDUCATION	Increase budget to \$195,973.60	Add \$32,403.60 [8] Local ✓	7915	Piedmont - Campus Energy Conversion, Phase I: To cover additional construction costs.	APPROVED 12/13/82	staff app 12-16-82
Supporting document page 12						
5B. TECHNICAL AND COMPREHENSIVE EDUCATION	Increase budget to 1,885,910	Add \$327,525 [8] Local ✓	7084	Piedmont - Phase V Health/Technical Facilities: To finance the addition of 7,200 square feet to the Industrial Services Building.	APPROVED 12/13/82	
Supporting document pages 13-14						
5C. TECHNICAL AND COMPREHENSIVE EDUCATION	Increase budget to \$500,000	Add \$44,161 [7] Federal ✓	7957	Sumter - Wastewater Treatment Plant Operation Training Facility: To finance the addition of approximately 800 square feet to the facility.	APPROVED 12/13/82	staff app 12-16-82
Supporting document pages 15-16						
6. VOCATIONAL REHABILITATION	Decrease budget to \$117,940.10	Deduct \$15,492.90 [8]	7904	Anderson Vocational Rehabilitation Center: To close project. Fund balance to remain in Department's permanent improvement account.	APPROVED 12/13/82	staff app 12-16-82
Supporting document page 17						
JOHN DE LA HOWE SCHOOL	Increase budget to \$11,000	Add \$4,000 [6] Operating ✓	8021	Palmetto Cottage Heat Pump: To revise project to include the installation of a new heating and cooling system.	APPROVED 12/13/82	staff app 12-16-82
Supporting document pages 18-20						

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JAN 1

014950

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

NUMBER

24-83

Assembled by staff of Budget and Control Board.

Forwarded to Bond Review Committee 12/6/82.

Page 3 of 4.

SOURCE OF FUNDS			
Code	Fund	Code	Fund
(01) Capital Improvement Bond Proceeds	(10) Insurance Reserve Fund	(101) Capital Improvement Bond Proceeds	(10) Insurance Reserve Fund
(02) Debt Capital Improvement Bond Proceeds	(11) Operating - State	(102) Debt Capital Improvement Bond Proceeds	(11) Operating - State
(03) Institutions (Funding) Bond Proceeds	(12) Federal	(103) Institutions (Funding) Bond Proceeds	(12) Federal
(04) Revenue Bond Proceeds	(13) Aesthetic & Other Special	(104) Revenue Bond Proceeds	(13) Aesthetic & Other Special
(05) Excess Debt Service/Reserve	(14)	(105) Excess Debt Service/Reserve	(14)

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
8A. MENTAL HEALTH	Increase budget to \$33,500	Add \$5,500 [4] ✓ Excess Patient Fee Debt Service Funds. Transfer from 7913, below	7912	Reroofing of Dormitory Building - COIL: To provide funds to finance contract with low bidder.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document pages 21-23B						
8B. MENTAL HEALTH	Decrease budget to \$66,500	Deduct \$5,500 [4] ✓ Excess Patient Fee Debt Service Funds. Transfer to 7912, above.	7913	Reroofing McLendon Clinical Center, CFSH: To reduce funds required to finance contract with low bidder.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document pages 24-27A						
9. DEPARTMENT OF AGRICULTURE	Establish project and source of funds	\$192,500 [6] ✓ Revenues	8080	Columbia Farmers Market - Enclosure of Warehouse facility: To finance the construction of walls to enclose an open structure to convert it to warehouse space. Structure is 100' x 100'. Bathrooms will be constructed also.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document pages 28-29						
10A. FORESTRY COMMISSION	Decrease budget to \$353,123.93	Deduct \$24.27 [8] ✓ Transfer to 8034, below	7473	Seedling Processing Facility: To close project.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document page 30						
10B. FORESTRY COMMISSION	Increase budget to \$43,024.27	Add \$24.27 [8] ✓ Transfer from 7473, above	8034	Walterboro Office/Shop: To increase contingencies budget.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document page 31						
10C. FORESTRY COMMISSION	Increase budget to \$71,000	Add \$22,620 [7] ✓ Federal	7985	Taylor Irrigation: To provide funds for basic equipment and supplies.	APPROVED 12/13/82	Staff app 12-16-82
Supporting document pages 32-33						

STATE BUDGET & CONTROL BOARD
JAN 11 1983
EXHIBIT
NO. 7

014951

SOURCE OF FUNDS			
Code	Type	Code	Type
[0]	Capital Improvement Bond Proceeds	[5]	Insurance Reserve Fund
[1]	Debt 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]	

Page 1 of 1

25-83

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
CLARKS HILL-RUSSELL AUTHORITY	Establish project and source of funds	Not to exceed \$30,000 [6] \$62,745 [7]	8083	Railroad Right-of-Way Acquisition: To acquire abandoned Seaboard Coast Line Railroad right-of-way between McCormick and Calhoun Falls. Project is now estimated to cost \$89,636.	APPROVED 12/13/82	Staff app 12-15
Supporting document pages 1-11						

JAN 11 1983 ND. 7

STATE BUDGET & CONTROL BOARD

EXHIBIT

014952

EXHIBIT
JAN 11 1983
NO. 7
STATE BUDGET & CONTROL BOARD

014952

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 8 BLUE AGENDA

MEETING OF January 11, 1983

STATE BUDGET & CONTROL BOARD ITEM NUMBER

7

Agency: General Services - State Engineer

Subject: Project Action by Staff

The State Engineer advises the following action by Staff on Permanent Improvement Projects. JBRC action not required.

Wildlife & Marine Resources:

1. Hurricane Creek (8-56) - Decrease project funds by \$523.47. \$3.27 from this project to be transferred to Broadway Lake (8-56). Unexpended balance to remain in Anderson County Water Recreation Resource Fund and close project.
2. Broadway Lake (8-56) - Increase project funds by \$3.27. Projects funded by Anderson County Water Recreation Resource Fund and to close project.
3. Kill Kare Landing (8-55) - Decrease project funds by \$1,000. Funds to remain in Orangeburg County Water Recreation Resource Fund and to close project.
4. Boat Ramps-Lake Hartwell at Brown Rd. & Smith's Mill (8-56) - Decrease project funds by \$1,909.92. Unexpended funds to remain in Anderson County Water Recreation Resource Fund and to close project.

Board Action Requested:

Receive for Information

Staff Comment:

Attachments:

Referenced Forms E-11

014953

Handed
to Mr. Rivers
12-15-82

REVISION OF PROJECT COST ESTIMATE

Rev. 7-72
Submit in Duplicate

Date December 14 1982

Institution or Agency Wildlife and Marine Resources

EXHIBIT

Name of Project Hurricane Creek (8-56)

JAN 11 1983

NO.

8

No. P24-078

To: State Budget and Control Board
Columbia, South Carolina

STATE BUDGET & CONTROL BOARD

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

Item	Last Estimate	Revised Estimate	Change
Site	\$	\$	\$
Grading			
Construction	11,638.20	11,114.73	-523.47
Fees			
Renovation			
Basic Equipment and Supplies			
Landscaping			
Builder's Risk Insurance			
Other			
Contingencies			
Total Estimated Cost	\$ 11,638.20	\$ 11,114.73	\$ -523.47*
FINAL			

* AUTHORIZATION IS REQUESTED TO EXPEND
\$3.27 FROM THIS PROJECT AND TRANSFER
AMOUNT TO PROJECT P24-079. UNEXPENDED
BALANCE TO REMAIN IN ANDERSON COUNTY
WATER RECREATION RESOURCE FUND.

(Signed)

John Rivers

Title Director of Administrative Services

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED

John Rivers
State Auditor

DATE

12-15-82

014954

Handed
to Mr. Reeves
12-15-82

REV. 3-72
Submit in Duplicate

REVISION OF PROJECT COST ESTIMATE

Date..... December 14 1982

Institution or Agency..... Wildlife and Marine Resources

Name of Project..... Broadway Lake (8-56)

EXHIBIT No. P24-079 7918

To: State Budget and Control Board
Columbia, South Carolina

JAN 11 1983 NO. 8

STATE BUDGET & CONTROL BOARD

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

Item	Last Estimate	Revised Estimate	Change
Site	\$	\$	\$
Grading	.....	.....	.....
Construction	13,231.96	13,235.23	+3.27
Fees	.....	.....	.....
Renovation	.....	.....	.....
Basic Equipment and Supplies	.....	.....	.....
Landscaping	.....	.....	.....
Builder's Risk Insurance	.....	.....	.....
Other.....	.....	.....	.....
Contingencies	.....	.....	.....
Total Estimated Cost	\$ 13,231.96	\$ 13,235.23	\$ +3.27*

ADDITIONAL FUNDS REQUESTED TO
BE EXPENDED FROM PROJECT P24-078
(7919). PROJECTS FUNDED BY ANDERSON
COUNTY WATER RECREATION RESOURCE
FUND.

FINAL

(Signed)

Title..... Director of Administrative Services

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED

John M. Pherson
State Auditor

DATE: 12-15-82

014955

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NOV 17 1982

REVISION OF PROJECT COST ESTIMATE

Submit in Duplicate

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Date November 15 1982

Institution or Agency S.C. Wildlife and Marine Resources Department

Name of Project Kill Kare Landing (8-55) EXHIBIT No. P24-083 7955

To: State Budget and Control Board
Columbia, South Carolina

JAN 11 1983 NO. 8

STATE BUDGET & CONTROL BOARD

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

Item	Last Estimate	Revised Estimate	Change
Site	\$	\$	\$
Grading	.....	.....	.....
Construction	13,544.00	13,544.00	-0-
Fees	.....	.....	.....
Renovation	.....	.....	.....
Basic Equipment and Supplies	.....	.....	.....
Landscaping	.....	.....	.....
Builder's Risk Insurance	.....	.....	.....
Other	.....	.....	.....
Contingencies	1,000.00	-0-	-1,000.00
Total Estimated Cost	\$ 14,544.00	\$ 13,544.00	\$ -1,000.00*

FINAL

*Funds to remain in the Orangeburg
County Water Recreation Resource Fund.(Signed) John B. Pinner
Title Director of Administrative Services

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED

John M. Pinner
STATE ENGINEER

DATE: 11-23-82

014956

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DEC 16 1982

REVISION OF PROJECT COST ESTIMATE

Rev. 7-72
Submit in Duplicate

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Date: December 14 1982

Wildlife and Marine Resources

Institution or Agency: _____

Name of Project: Boat Ramps Lake Hartwell at Brown Rd. and Smith's Mill No. P24-075 7906
(8-56)

EXHIBIT

To: State Budget and Control Board
Columbia, South Carolina

JAN 11 1983 NO. 8

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

STATE BUDGET & CONTROL BOARD

Item	Last Estimate	Revised Estimate	Change
Site	\$ _____	\$ _____	\$ _____
Grading	_____	_____	_____
Construction	3,036.00	1,126.08	-1,909.92
Fees	_____	_____	_____
Renovation	_____	_____	_____
Basic Equipment and Supplies	_____	_____	_____
Landscaping	_____	_____	_____
Builder's Risk Insurance	_____	_____	_____
Other	_____	_____	_____
Contingencies	_____	_____	_____
Total Estimated Cost	\$ 3,036.00	\$ 1,126.08	\$ -1,909.92*

FINAL
UNEXPENDED FUNDS TO REMAIN IN THE
ANDERSON COUNTY WATER RECREATION
RESOURCE FUND.

(Signed) *[Signature]*

Title: Director of Administrative Services

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED

[Signature]

DATE

12-29-82

014957

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF January 11, 1983

JAN 11 1983

NO. 9

BLUE AGENDA

ITEM NUMBER

8

STATE BUDGET & CONTROL BOARD

Agency: S. C. Department of Corrections

Subject: Permanent Improvement Report for December, 1982

Please reference the attached for details on Status of Department's Permanent Improvement Program for December, 1982.

Board Action Requested:

Receive for Information

Staff Comment:

Attachments:

Referenced Report

014958

DIVISION OF CONSTRUCTION, ENGINEERING & MAINTENANCE

SUMMARY REPORT

NELSON W. MEEK, P.E., DIRECTOR, DEC. 1-31, 1982

I. PROJECTS COMPLETED: NONE


II. NEW PROJECTS:

A. State Park (Tentative)

III. PROBLEM AREAS: NONE

IV. WORK ORDERS:

- A. As of December 17, 1982, 75 work orders were received from SCDC institutions and facilities. 70 of these work orders were declared emergencies by institutional personnel calling them in. A total of 208 work orders were completed during the month of December, 159 purchase orders were processing during the month.


Nelson W. Meek, P.E., Director
Division of Construction,
Engineering & Maintenance

NWM/dbv

014959

DIVISION OF CONSTRUCTION, ENGINEERING AND MAINTENANCE

NELSON W. MEEK, P.E., DIRECTOR

DECEMBER, 1982

- I. CONSTRUCTION MISSION: To provide necessary coordination and supervision required for the implementation and execution of the Comprehensive Ten-Year Growth and Capital Improvement Plan.

II. PROJECTS:

A. Perry Correctional Institution (N04-002)

General Contractor - Robert H. Pinnis Associates

- (1) Pinnix has been notified of plumbing chase problems.

B. Cross Anchor Industries Building and Painting - Inmate Labor Project (N04-027)

- (1) Painting - Buildings "1", "2" and "3" complete. Building "P4" Ninety percent (90%) complete. Building "P5" forty percent (40%) complete.
- (2) Fence - Relocation of perimeter to allow for grading of hill between Cross Anchor and Dutchman Correctional Institution is complete.
- (3) Basketball Court - Lowered eight feet (8') by National Guard.
- (4) Landscaping - Seventy-five percent (75%) complete.
- (5) Conduit - Four inch (4") conduit for computer terminal is complete.
- (6) Device Covers - Building "A", "B", "C" and "E" are complete. Now working in buildings "P3" and "D".
- (7) Molding - Buildings "A", "B", "C" and "M" complete. Building "D" twenty percent (20%) complete.

C. Perry Infirmary (N04-033)

- (1) Project on hold pending release of funds.

014960

EXHIBIT

CONSTRUCTION BRANCH
Nelson W. Meek, P.E., Director, December, 1982
Page II

JAN 11 1983 NO. 9

STATE BUDGET & CONTROL BOARD

- D. Coastal Medium Security Facility (Francis Lieber) (N04-066)
 - (1) Water tank ninety-nine percent (99%) complete.
- E. Industries and Food Service Warehouses (N04-058 and N04-063)
 - (1) Project on hold pending release of funds.
- F. Women's Correctional Center (96-Bed Medium Security Addition) (N04-062)
 - (1) Project on hold pending release of funds.
- G. Wateree Sewer Upgrade and MacDougall Sewer Upgrade (EPA Project)
 - (1) Continuing operation and maintenance testing procedures.
- H. Perry Multipurpose Building (N04-003)
 - (1) Project on hold pending release of funds.
- I. Dutchman Multipurpose Building (N04-006)
 - (1) Project on hold pending release of funds.
- J. Wateree Water Treatment Plant (Inmate Labor Project) (N04-011 and surplus funds out of N04-009 and N04-031)
 - (1) Materials on order through General Services for chemical feed pump and plumbing supplies with delivery date in ten (10) days.
- K. KCI Psychiatric Facility (N04-073)
 - (1) Design work seventy-five percent (75%) complete.

014961

CONSTRUCTION BRANCH

Nelson W. Meek, P.E., Director, December, 1982

Page III


L. Perry Correctional Institution Upgrade Waste Treatment Facility
(N04-069)

- (1) Sludge Drying Beds approximately thirty percent (30%) complete.
Block walls twenty percent (20%) complete. Footings poured
forty percent (40%) complete.

M. Byrnes Clinical Center Renovations (N04-075) (Inmate Labor Project)

Estimated completion date, December 30, 1982.

- (1) Outside Sally Port seventy-five percent (75%) complete.
- (2) Painting sixty-five percent (65%) complete.
- (3) Metal work one hundred percent (100%) complete.
- (4) Electrical eighty percent (80%) complete.


Nelson W. Meek, P.E., Director
Division of Construction,
Engineering & Maintenance

NWM/dbv

014962

ENGINEERING AND MAINTENANCE BRANCH

HARRY OBERLIES, CHIEF

DECEMBER, 1982

- I. MISSION: The mission of the Engineering and Maintenance Branch is to properly maintain and operate physical plant facilities of the South Carolina Department of Corrections, providing the maximum level of efficiency with available resources; to perform assigned renovation projects at existing facilities; and to provide technical assistance to institutional maintenance personnel, state, county and city officials. This mission is accomplished using a small supervisory staff and a large number of inmate tradesworkers.

II. MAINTENANCE - ROUTINE AND EMERGENCIES

- A. As of December 17, 1982, 75 work orders were received from SCDC institutions and facilities. 70 of these work orders were declared emergencies by institutional personnel calling them in. A total of 208 work orders were completed during the month of December, 159 purchase orders were processing during the month.

III. RENOVATIONS:

- A. Aiken Youth Correctional Center - (N04-039)
 - (1) One hundred percent (100%) complete.
- B. Kirkland Correctional Institution Armory - (N04-067)
 - (1) No work this period.

IV. SPECIAL PROJECTS:

- A. Catawba Sewer - (N04-070)
 - (1) Painting of tank is one hundred percent (100%) complete. Material purchases have been ordered to vendors. Work scheduled to begin January, 1983.

014963

ENGINEERING AND MAINTENANCE BRANCH
Harry Oberlies, Chief, December, 1982
Page II

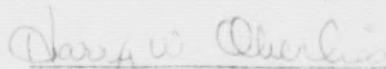
EXHIBIT

JAN 11 1983 NO. 9

STATE BUDGET & CONTROL BOARD

B. Abattoir Blood Drying System

- (1) No work this period. Materials on order; all pipe has been received.



Harry W. Oberlies, Chief
Engineering and Maintenance Branch

HWO/dbv

014964

EXHIBIT

STATE BUDGET AND CONTROL BOARD JAN 11 1983

NO. 10 BLUE AGENDA

MEETING OF January 11, 1983

ITEM NUMBER

9

~~STATE BUDGET & CONTROL BOARD~~

Agency: Executive Director's Office

Subject: Interviewee Travel Expense Payments

Attached are reports on agency payments of interviewee travel expenses pursuant to authority granted by the Board. Board policy requires that any exercise of that authority be reported within 30 days.

Included here are reports covering three payments made by the Department of Mental Health; three by Lander College; one by Beaufort Technical College; nine by The Citadel; and one by DHEC.

Board Action Requested:

Receive as information

Staff Comment:

Attachments:

Referenced reports

014965

DEC 23 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

RECEIVED

JAN 11 1983

NO. 10

DEC 21 1982

STATE BUDGET & CONTROL BOARD
MEMORANDUM

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

TO: William S. Hall, M.D.
State Commissioner of Mental Health

FROM: Donald W. Morgan, M.D.
Acting Institute Director, Wm. S. Hall Psychiatric Institute *DWM*

SUBJECT: Request to Expend Travel Funds for a Residency Applicant

DATE: December 20, 1982

I request approval of travel reimbursement in the amount of approximately \$35.00 for Paul Switzer, for an interview at the Institute for the position of first year psychiatric resident (PGY I).

Because the Institute is a teaching facility, it is necessary that residents be actively recruited for the training program in general psychiatry, and the cost is warranted. The cost of this interview will be less than to pay the cost of five staff members to travel to Union, South Carolina for the interview. In addition, it is imperative that the applicant see the Institute to make an informed decision.

This request is submitted in accordance with instructions and attached memorandum from Mr. Putman for your approval.

DDL

dp

CC: William A. McInnis
Deputy Executive Director
State Budget and Control Board

See Resident



014966



William S. Hall Psychiatric Institute

The Teaching and Research Facility of the South Carolina Department of Mental Health

P. O. Box 119 / Columbia, South Carolina / 29202

Alexander G. Donald, M.D.
Director

DEC 21 1982

RECEIVED

DEC 17 1982

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

MEMORANDUM

TO: William S. Hall, M.D.
State Commissioner of Mental Health

FROM: Donald W. Morgan, M.D., M.Sc.
Acting Institute Director
William S. Hall Psychiatric Institute

DATE: December 13, 1982

SUBJECT: Request to Expend Travel Funds for a Faculty Candidate

I request approval of travel reimbursement in the amount of approximately \$450.00 for James B. Payton, 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. Payton has better qualifications (i.e., is Board Certified in Child Psychiatry) than the South Carolina applicant.

DWM

11b

CC: William A. McInnis
Deputy Executive Director
State Budget and Control Board



014967

William S. Hall, M.D. / State Commissioner of Mental Health



DEC 16 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

RECEIVED

DEC 14 1982

JAN 11 1983

NO. 10

State Commissioner of
Mental Health
S. C. Dept. of Mental Health

MEMORANDUM
STATE BUDGET & CONTROL BOARD

TO: Racine D. Brown, Ph.D.
Assistant State Commissioner of Mental Health

FROM: Donald W. Morgan, M.D.
Acting Institute Director, Wm. S. Hall Psychiatric Institute

SUBJECT: Request to Expend Travel Funds for a Residency Applicant

DATE: December 13, 1982

*Recommended
approved
12/13/82*

I request approval of travel reimbursement in the amount of approximately \$234.00 for Peter Jenkins, M.D., for an interview at the Institute for the position of psychiatric resident.

Because the Institute is a teaching facility, it is necessary that residents be actively recruited for the training program in general psychiatry, and the cost is warranted. The cost of this interview will be less than to pay the cost of five staff members to travel to Atlanta, Georgia for the interview. In addition, it is imperative that the applicant see the Institute to make an informed decision.

There are six residency positions to be filled, and we have not had six qualified applicants who are residents of South Carolina.

This request is submitted in accordance with instructions and attached memorandum from Mr. Putnam for your approval.

DDL

nd

CC: William A. McInnis
Deputy Executive Director
State Budget and Control Board



W. S. Hall M.D.

014968

DEC 20 1982

Lander

COLLEGE

Greenwood, South Carolina 29646
Telephone (803) 229-5521

DATE: December 15, 1982

TO: Larry A. Jackson, President
FROM: Oscar C. Page

Your approval is requested to invite Edward Figarsky to campus for an interview for the position of Assist. Prof. of Computer Science and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ 248
Food-----	\$ 20
Lodging----	\$ 32
TOTAL	\$ 300

Initial Approval: Larry A. Jackson
Larry A. Jackson

Date: 12 - 15 - 82

Actual Costs:

Travel----	\$ 322.00	(includes \$228 air fare; \$69 travel to airport;
Food-----	\$	and \$25 parking)
Lodging---	\$ 79.64	(includes food)
TOTAL	\$ 401.64	

APPROVAL RECOMMENDED Oscar C. Page
Oscar C. Page

APPROVED Larry A. Jackson
Larry A. Jackson

Date: December 15, 1982

Date: 12 - 15 - 82

014969

DEC 20 1982

Lander

COLLEGE

Greenwood, South Carolina 29646
Telephone (803) 229-5521

DATE: December 15, 1982

TO: Larry A. Jackson, President

FROM: Oscar C. Page

Your approval is requested to invite Karen MacRae to campus for an interview for the position of Assist. Prof. - Teacher Ed. and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ 35.00
Food-----	\$
Lodging-----	\$
TOTAL	\$ 35.00

Initial Approval: Larry A. Jackson
Larry A. Jackson

Date: 12 - 15 - 82

Actual Costs:

Travel----	\$ 28.75
Food-----	\$
Lodging----	\$
TOTAL	\$ 28.75

APPROVAL RECOMMENDED Oscar C. Page
Oscar C. Page

Date: December 15, 1982

APPROVED Larry A. Jackson
Larry A. Jackson

Date: 12 - 15 - 82

014370

DEC 20 1982

Lander

COLLEGE

Greenwood, South Carolina 29646
Telephone (803) 229-5521

DATE: December 15, 1982

EXHIBIT

JAN 11 1983 NO. 10

TO: Larry A. Jackson, President

STATE BUDGET & CONTROL BOARD

FROM: Oscar C. Page

Your approval is requested to invite Wilfred C. Barber to campus for an interview for the position of Assist. Prof. - Teacher Ed. and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ 472.00*
Food-----	\$ 20.00
Lodging-----	\$ 32.00
TOTAL	\$ 524.00

Initial Approval: *Larry A. Jackson*
Larry A. Jackson

Date: 12-15-82

Actual Costs:

Travel----	\$ 508.88*
Food-----	\$
Lodging---	\$ 64.78 (includes food)
TOTAL	\$ 573.66

APPROVAL RECOMMENDED *Oscar C. Page*
Oscar C. Page

APPROVED *Larry A. Jackson*
Larry A. Jackson

Date: December 15, 1982

Date: 12-15-82

*These amounts do not include mileage for picking up and delivering candidates.

014971



RECEIVED

DEC 23 1982

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

STATE BOARD FOR TECHNICAL
AND
COMPREHENSIVE EDUCATION

G. WILLIAM DUDLEY, JR.
EXECUTIVE DIRECTOR

111 Executive Center Dr.

XXXXXXXXXXXX
XXXXXXXXXXXX

Columbia, S.C. 29210

December 21, 1982

Mr. George W. Goldsmith, Jr.
President
Beaufort Technical College
100 South Ribaut Road
Beaufort, South Carolina 29902

Dear George:

Reference is made to your letter of December 15, 1982, requesting payment for interviewee travel expenses for the position of Curriculum Design. A careful review of the explanations offered has been made and it has been determined that the necessary criteria have been met.

It was mentioned that this position is an integral part of your Title III award so please be sure there is compliance with any appropriate Federal regulations or guidelines.

If we may be of any assistance, please do not hesitate to call on us.

With kind personal regards,

Sincerely,

Wyman D. Shealy
Associate Executive Director

WDS:bhc

CC: William T. Putnam ✓
Donald R. Peterson

014972

DEC 1 0 1982



BEAUFORT TECHNICAL COLLEGE
Ribaut Road, P.O. Box 1288 Beaufort, South Carolina 29902
George W. Goldsmith, Jr., President
803-524-3380

December 15, 1982

Mr. Wyman Shealy
State Board for Technical
and Comprehensive Education
111 Executive Center Drive
Columbia SC 29210

Dear Wyman:

This letter is in reference to the requirements set forth in the November 4, 1982 memorandum to Agency Heads from W.T. Putnam concerning the revision of the Budget and Control Board's Interviewee Travel Expense Payment Policy. I am requesting approval to reimburse an interviewee's travel expenses under the revision. The formal determinations in this case as required by the policy, are as follows:

(1) The position we are seeking to fill is that of Curriculum Design. This individual is an integral part of our Title III award and will have the responsibility of completely revamping Beaufort Technical College's curriculum in terms of competency based instruction. This will be a four year process and it requires an individual with a sound knowledge base in CBI and the experience to work with a wide range of faculty interest and expertise.

(2) We are requesting permission to reimburse travel expenses for the interviewee from Wisconsin, for the airline ticket, hotel accommodations for one night, and applicable State per diem reimbursements within State guidelines. Since this interview is being conducted by a committee, the cost of reimbursing the interviewee is less than the travel costs which would be incurred by the committee as a whole.

014973

Page 2
Wyman Shealy
December 15, 1982

(3) All South Carolina candidates for this position were previously interviewed and given first consideration. A great deal of time was spent in pursuing a qualified candidate in the Charleston area, but to no avail. The pursuit of out-of-state candidates is a second effort to fill the position with a candidate who has the necessary qualifications to enable this institution to accomplish goals that will enhance the educational component of the State of South Carolina.

If there is any other information required, please advise.

Sincerely,

George W. Goldsmith, Jr. / C.W. Shealy

GEORGE W. GOLDSMITH, JR.
President

CWG/amh

014974

DEC 20 1982

THE CITADEL
THE MILITARY COLLEGE OF SOUTH CAROLINA
CHARLESTON, S. C. 29409

PERSONNEL AND
ADMINISTRATIVE SERVICES

17 December 1982

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Box 12444
Columbia, South Carolina 29211


Dear Mr. McInnis:

Attached is a determination to pay travel expenses for candidates for Head Football Coach of The Citadel. This determination is forwarded in accordance with instructions contained in Mr. Putnam's memoranda of 9 March 1982 and 4 November 1982, concerning this subject.

For information, Coach Arthur Baker was relieved as Head Football Coach on 23 November 1982, and will be terminated on 1 January 1983. A Search Committee was appointed immediately following notification to Coach Baker; applications received; interviews conducted; and selection made on 10 December 1982. As is common practice within athletic circles, travel expenses for such a critical position are paid to candidates.

Please take action as appropriate, and please give me a call should you have questions or if additional information is required.

Sincerely,


LEE V. E. MARTIN
Major, Director of Personnel
and Administrative Services

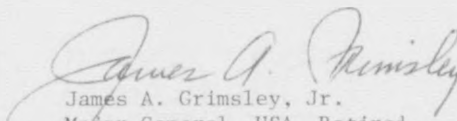
Attachment
As stated

LVEM:bjb

014975

D E T E R M I N A T I O N

In accordance with State Budget and Control Board policy on Interviewee Travel Expense Payment, I have determined that in the case of filling the vacancy for the Head Football Coach at The Citadel it was necessary to conduct the interviews on The Citadel Campus. Nine individuals were interviewed and, of the nine, three were residents of South Carolina. The cost for conducting the interviews at The Citadel would be less than the expense of conducting the interviews at the interviewees home area or elsewhere. The position of Head Football Coach warrants incurring interviewee travel expense in order that a wide range of candidates could be interviewed to satisfy the requirements for this position.


James A. Grimsley, Jr.
Major General, USA, Retired
President

15 Dec 1982

014876

South Carolina
Department of
Health and
Environmental
Control

MSI
RECEIVED

JAN 3 1983
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

BOARD

J. Lorin Mason, Jr., M.D., Chairman
Gerald A. Kaynard, Vice-Chairman
Leonard W. Douglas, M. D., Secretary
Oren L. Brady, Jr.
Moses H. Clarkson, Jr.
Barbara P. Nuesle
James A. Spruill, Jr.

COMMISSIONER

Robert S. Jackson, M.D.
2600 Bull Street
Columbia, S. C. 29201

January 3, 1983

Mr. W. T. Putnam, Executive Director
State Budget & Control Board
212 Wade Hampton Office Building
Box 12444
Columbia, South Carolina 29211

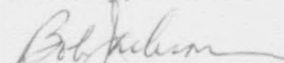
Dear Mr. Putnam:

As a result of reviewing documentation submitted for travel reimbursement for an interviewee, specific determination has been made to pay travel expenses within the limitations applicable to State Employees to Patricia Dillow, interviewee from Orlando, Florida.

In accordance with "Revision of Board's Interviewee Travel Expense Payment Policy" contained in memorandum dated November 4, 1982, you are provided notification and attached copy of the documentation.

If you desire additional information, please call me.

Sincerely,



ROBERT S. JACKSON, M.D.
Commissioner

RSJ/thl

014977

Lower Savannah 1 Health District
South Carolina Department of Health and Environmental Control

CHARLES M. GARLAND, M.D., FACOG
MEDICAL DIRECTOR

PATRICK A. KELL, MPH
ADMINISTRATOR



VIRGINIA L. HOLLEY, R.N., M.S.P.H.
NURSING DIRECTOR

LEONARD F. RICE, R.S.
ENVIRONMENTAL HEALTH DIRECTOR

828 RICHLAND AVE., W. AIKEN, S. C. 29801
803 - 648-9531

December 21, 1982

MEMORANDUM

TO: Robert S. Jackson, MD
Commissioner

THROUGH: C. M. Garland, MD
District Medical Director

FROM: Patrick A. Kell
District Administrator

C. M. Garland M.D.

Patrick A. Kell

SUBJECT: Travel Expenses for Nurse Practitioner

On December 6, 1982 we interviewed, at our Aiken office, a recent graduate Family Planning Nurse Practitioner from the Orlando, Florida, area. Her travel expenses were especially burdensome for her since she had incurred significant debt while financing her Nurse Practitioner schooling.

Our Family Planning Program has operated for eighteen months without a Nurse Practitioner which has adversely effected our caseload and services. We have tried to recruit a Nurse Practitioner from the State Merit System with no results. We have been unable to find a staff nurse willing to attend the Nurse Practitioner school at Emory, and we seem to have exhausted all of the in-state resources.

The expense that the Nurse Practitioner from Florida incurred in coming to Aiken for the interview was less than our cost would have been in traveling to Florida to interview her because her trip was combined with her school work. This means we did not have to pay lodging for her, and since Aiken is smaller than Orlando, we can reimburse her meals at a lower rate.

In view of our longstanding need for a Family Planning Nurse Practitioner, we request reimbursement to this individual for her travel expenses.

PAK:pt

014378

1

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF January 11, 1983

JAN 11 1983

NO. 11

REGULAR SESSION AGENDA

ITEM NUMBER

2

Agency: Finance Division

STATE BUDGET & CONTROL BOARD

Subject: 1982-83 Budget Reductions

State Auditor Edgar A. Vaughn and his staff will present information on this subject at the meeting.

Board Action Requested:

Staff Comment:

Attachments:

014979

EXHIBIT

JAN 11 1983 NO. 11

January 11, 1982

STATE BUDGET & CONTROL BOARD

DESCRIPTION OF OPTIONS

1. Option 1 represents the same plan which was adopted, in concept, by the Board on December 17, 1982, as adjusted and updated.
2. Option 2 represents the capture of all items on the original plan, as adjusted, with the exception of unobligated State salary funds and balances with an across-the-board reduction of .32%. This plan exempts Debt Service (adjusted) only.
3. Option 3 is basically the same as option 2 above except that it exempts everything from the cut that was exempted in the 4.6% cut (as adjusted) and would require an across-the-board reduction of .35%.
4. Option 4 is the same as option 3 except that it also exempts the small agencies with appropriations of less than \$100,000. This has no effect on the across-the-board, which remains at .35%.
5. Option 5 captures only Debt Service excess, specific State reductions and one-time off budget reductions. The remaining reductions exempts only Debt Service and would require an across-the-board reduction of 2.44%.
6. Option 6 captures the same items as option 5. It exempts the same items as the 4.6% reduction (adjusted) and would require a 2.72% across-the-board reduction.
7. Option 7 captures the same as option 6, but adds the small agencies, i.e. less than \$100,000, to the exemption. This option requires an across-the-board of 2.73%.
8. Option 8 utilized specific appropriation reductions as in other options, but only utilizes those one time off budget reductions which require no legislative action.
9. Option 9 is the same as option 8, except that the items exempted under the 4.6% reduction are exempted from the across-the-board reduction.

014980

Budget Reduction Options
January 11, 1983

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>	<u>Option 4</u>	<u>Option 5</u>	<u>Option 6</u>	<u>Option 7</u>	<u>Option 8</u>	<u>Option 9</u>
Public Education	20,881,868	20,881,868	20,881,868	20,881,868					
Aid to Subdivisions	3,611,072	3,611,072	3,611,072	3,611,072					
Debt Service	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Personal Service and Employer Contributions	20,607,462	14,566,005	14,566,005	14,566,005					
Specific Appropriation Reductions	1,639,000	1,639,000	1,639,000	1,639,000	1,639,000	1,639,000	1,639,000	1,639,000	1,639,000
One Time/Off Budget Reductions	10,640,878	10,640,878	10,640,878	10,640,878	10,640,878	10,640,878	10,640,878	7,140,878	7,140,878
Legislative	291,000	291,000	291,000	291,000					
Judicial	98,885	98,885	98,885	98,885					
Across the Board		5,771,292	5,771,292	5,771,292	45,220,122	45,220,122	45,220,122	48,720,122	48,720,122
% (Approximate)		.32	.35	.35	2.44	2.72	2.72	2.63	2.93
Totals	59,770,165	59,500,000	59,500,000	59,500,000	59,500,000	59,500,000	59,500,000	59,500,000	59,500,000
Base (000 Omitted)		1,856,020	1,663,262	1,661,905	1,856,020	1,663,262	1,661,905	1,856,020	1,663,262

EXHIBIT

JAN 11 1983 NO. 11

STATE BUDGET & CONTROL BOARD

014981

EXHIBIT

STATE BUDGET AND CONTROL BOARD JAN 11 1983
MEETING OF January 11, 1983

NO. 12

REGULAR SESSION AGENDA

ITEM NUMBER

4

STATE BUDGET & CONTROL BOARD

Agency: Medical University

Subject: Details Relating to \$27,000,000 Hospital Revenue Bond Issue

Board Action Requested:

Adopt a resolution approving the terms and conditions of the resolution of the Medical University Board of Trustees and the resolution of the Budget and Control Board adopted December 17, 1982 in effecting the issuance of \$27,000,000 Hospital Facilities Revenue Bonds of the Medical University.

Staff Comment:

Attachments:

Referenced resolution

014982

EXHIBIT

ORIGINAL

JAN 11 1983

NO. 12

STATE BUDGET & CONTROL BOARD A RESOLUTION
APPROVING THE TERMS AND PROVISIONS OF THE RESOLUTION OF THE
BOARD OF TRUSTEES OF THE MEDICAL UNIVERSITY OF SOUTH
CAROLINA PURSUANT TO THE AUTHORIZATIONS OF ACT 518 OF THE
ACTS OF 1980 AND A RESOLUTION OF THE SOUTH CAROLINA STATE
BUDGET AND CONTROL BOARD ADOPTED DECEMBER 17, 1982, IN
EFFECTING THE ISSUANCE OF \$27,000,000 HOSPITAL FACILITIES
REVENUE BONDS OF THE MEDICAL UNIVERSITY OF SOUTH CAROLINA,
SERIES 1982.

WHEREAS, the South Carolina State Budget and Control
Board (the State Board) did on December 17, 1982, pursuant
to the authorizations of Act 518 of 1980 (the Act) authorize
the issuance of not exceeding \$27,000,000 Hospital
Facilities Revenue Bonds of the Medical University of South
Carolina (the Bonds) in order 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;
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;

014983

EXHIBIT

JAN 11 1983 NO. 12

and

STATE BUDGET & CONTROL BOARD

WHEREAS, at that time, it was uncertain as to whom such bonds be sold, and

WHEREAS, thereafter the State Treasurer of South Carolina (the State Treasurer) on December 28, 1982, finalized negotiations with Morgan Guaranty Trust Company of New York (the Morgan Bank) to purchase the bonds to bear interest at nine and three eights percent (9 3/8%), to mature Seven Million Dollars (\$7,000,000) on January 1, 1994, and Twenty Million Dollars (\$20,000,000) on January 1, 1995, at a price of ninety-nine and five tenths percent (99.5%) of par value which required use of Bond Proceeds as set forth below, and

WHEREAS, thereafter the Board of Trustees of The Medical University of South Carolina (the Trustees) in conformity with the above recited authorizations, did on December 28, 1982, adopt:

a. A General Resolution providing for the Issuance of Hospital Facilities Revenue Bonds of The Medical University of South Carolina and other matters relating thereto (which as required by Act 518 defines "Hospital Revenues"), and

b. A Series Resolution Providing for the Issuance and Sale of Twenty-Seven Million Dollars (\$27,000,000) Hospital Facilities Revenue Bonds of The Medical University of South Carolina, Series 1982, and Other Matters Relating Thereto.

EXHIBIT

JAN 11 1983 NO. 12

and

STATE BUDGET & CONTROL BOARD

WHEREAS, the Series Resolution provides that the Bond proceeds should be applied as follows:

a. so much as shall be necessary therefor shall be used to pay the costs of the issuance and delivery of the Series 1982 Bonds (which, including the discount of .5%, is now estimated at \$324,000);

b. the sum of \$3,000,000 shall be deposited in the Reserve Fund and kept invested and reinvested. Until the cost of the construction of the East Wing addition shall have been fully paid or provided for, all earnings from investments made with moneys in said fund shall be deposited into the East Wing Addition Construction Fund ... (\$3,028,205.40 was actually deposited in this fund. Of this, accrued interest amounted to \$35,263.35. Earnings during construction will flow to East Wing Construction Fund);

c. that sum shall be deposited in a special trust fund, which when invested in Government Obligations, will provide the funds necessary to effect the payment in full of the BANS at their stated maturity on April 1, 1983 (\$2,053,000 was actually deposited);

d. the sum of \$10,941,494 shall be deposited in a special trust fund to be known as the East Wing Addition Construction Fund which sum, together with all earnings from the investments made with moneys in such fund, shall be applied to pay construction costs of the

EXHIBIT

JAN 11 1983 NO. 12

East Wing Addition (\$11,000,000 ^{STATE BUDGET & CONTROL BOARD} was actually deposited; earnings will flow to East Wing Construction Fund);

e. the sum of \$5,000,000 shall be deposited in a special trust fund to be known as Construction Fund Number 2, which together with all earnings from the investments made with moneys in such fund, shall be applied to pay construction costs of renovation of the teaching hospital of MUSC (\$4,998,000 was deposited); and

f. the balance remaining shall be deposited in a special trust fund hereby created to provide for capitalized interest during the period of construction. Such moneys, together with earnings from investments thereof shall be used to pay interest on the Series 1982 Bonds for the period ending January 1, 1986, (\$5,629,000 was deposited which together with interest earnings will pay interest on the Bonds through July 1, 1985 and leave a small balance applicable to interest to become due on January 1, 1986.),

and

WHEREAS, the Act requires approval of the State Board to the resolutions of the Trustees and specific approval of definition of Hospital Revenues as set forth in the General Resolution, and

WHEREAS, there has been presented to this Board a certified copy of the Transcript of Proceedings as filed in the Office of the Secretary of State of the State of South

EXHIBIT

JAN 11 1983 NO. 12

STATE BUDGET & CONTROL BOARD
Carolina relating to the issuance of such Bonds containing
the General Resolution and the Series Resolution, and

WHEREAS, The Medical University estimates that on the basis of the foregoing, there will be approximately \$2,000,000 deposited in the East Wing Construction Fund over and above that sum which was required to be deposited therein by Act 518 and it therefore suggests to insure such occurrence that portion, if any, of the earnings in Construction Fund Number 2 be so applied if, earnings from investments in the Reserve Fund and in the East Wing Construction Fund do not produce the \$2,000,000, and

WHEREAS, it is appropriate that the State Board ratify, approve and confirm the Resolutions of the Trustees including specifically the definition of the Hospital Revenues appearing therein as well as the disposition and use of the proceeds as set forth in the Series Resolution.

NOW, THEREFORE, BE IT RESOLVED by the State Board, that the resolutions described above which were adopted by the Trustees, including specifically the definition of Hospital Revenues as set forth in the General Resolution, and the use of Bond proceeds as set forth in this resolution, be and the same are hereby ratified, approved and confirmed except that so much of those earnings from investments in Construction Fund Number 2, as may prove needed to bring the aggregate of all payments into the East Wing Construction Fund up to \$13,000,000 shall be paid into the East Wing Construction Fund.

EXHIBIT

JAN 11 1983 NO. 12

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 9:30 A. M., Tuesday, January 11, 1983, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: none.

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

FOR MOTION

5

AGAINST MOTION

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.

January 11, 1983

William A. McInnis
Secretary

014388

JAN 7 1983

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 1800
FIRST NATIONAL BANK BUILDING
COLUMBIA, S. C. 29201
(803) 765-1885

January 6, 1983

Mr. William A. McInnis
Secretary
South Carolina State Budget and Control Board
P. O. Box 124447
Columbia, SC 29211

Re: \$27,000,000 Hospital Facilities Revenue Bonds
of The Medical University of South Carolina,
Series 1982

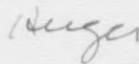
Dear Bill:

I have had a terrible time getting the actual figures which I felt necessary for the enclosed resolution.

I wish you would go over the resolution and see if you understand it. What I am trying to do is to finalize the use of proceeds on the Bonds. From it you will note that assuming the estimates set forth in the 1980 Act 518 are correct, the State's contribution will be \$2,000,000 less than anticipated. Marion Woodbury and I will attend the meeting of the Budget and Control Board so that we can answer questions if there are any.

After the resolution is adopted, please send me eight certified copies.

Sincerely yours,



HS/mpm
Enc.

014989

EXHIBIT

STATE BUDGET AND CONTROL BOARD JAN 11 1983 NO. 13 REGULAR SESSION AGENDA
MEETING OF January 11, 1983 ITEM NUMBER 5

~~STATE BUDGET & CONTROL BOARD~~

Agency: Joint Bond Review Committee

Subject: Capital Improvement Bond Funded Projects, Priority Group 2

The Joint Bond Review Committee has acted on the projects included in Priority Group 2 and is forwarding these items for Board consultation as is required by Section 4A of Act 179 of 1981.

In addition to the specific items listed in the attachments, the Committee also voted to include the \$125,000 Bamberg County Airport project in Priority Group 2 on the understanding that the Aeronautics Commission will finance that project from funds allocated to the Aeronautics Commission in Priority Groups 1 and 2.

Board Action Requested:

Provide required consultation with the Joint Bond Review Committee on Capital Improvement Bond funded projects in Priority Group 2.

Attachments:

- (a) Listing of projects with initial draw in Priority Group 2;

014990

Capital Improvements
Joint Bond Review Committee

Horace C. Smith
Senate
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Tom G. Mangum
House of Representatives
Vice Chairman

Lib Croft
Administrative Assistant

P. O. BOX 142 TELEPHONE (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29202

January 6, 1983

Senate Members:
Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

House Members:
Tom G. Mangum
Marion P. Carnell
Jennings C. McAbee
Bill Campbell
T. W. Edwards, Jr.

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
600 Wade Hampton Bldg.
Columbia, South Carolina 29201

EXHIBIT

JAN 11 1983 NO. 13

STATE BUDGET & CONTROL BOARD

In Re: Capital Improvement Bond Funded Projects
Priority Group No. 2

Dear Mr. McInnis:

Transmitted herewith for the Budget and Control Board's review is the Joint Bond Review Committee's Priority Group No.2 listing of Capital Improvement Bond Funded projects.

The Committee also included the Bamberg County Airport project (\$125,000) in Group No.2 with the understanding that the Aeronautics Commission will finance that project from funds allocated to the Commission in Groups No.1 and No.2.

With kind regards,

Sincerely,

A handwritten signature in cursive script that reads "Horace C. Smith".
Senator Horace C. Smith, Chairman
Joint Bond Review Committee

HCS:lc

Enc.

cc: Mr. John A. McPherson

014991

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 1

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
Aeronautics Owens Field	750,000	750,000	500,000		
		Total for all 4 draws:		2,000,000	
Aeronautics	750,000	750,000	500,000		
		Aeronautics totals:		2,000,000	
Agriculture Dpt. Blackville Market	54,291				
		Total for all 4 draws:		54,291	
Agriculture Dpt.	54,291				
		Agriculture Dpt. totals:		54,291	
B & C Board Cont. Fund	50,000	150,000	250,000	50,000	
		Total for all 4 draws:		500,000	
B & C Board	50,000	150,000	250,000	50,000	
		B & C Board totals:		500,000	
Citadel Cadet Services	516,000	260,962			
		Total for all 4 draws:		776,962	
Citadel Letellier Hall	64,000	400,000	436,000	100,000	
		Total for all 4 draws:		1,000,000	

STATE BUDGET & CONTROL BOARD

JAN 11 1983

EXHIBIT

NO. 13

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014992

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 2

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
Citadel	580,000	660,962	436,000 Citadel totals:	100,000 1,776,962	
Clemson Pee Dee Exp.	400,000	1,022,311	1,000,000	1,000,000 Total for all 4 draws:	3,422,311
Clemson	400,000	1,022,311	1,000,000 Clemson totals:	1,000,000 3,422,311	
Coastal Council Beach Access	237,000	200,000		200,000 Total for all 4 draws:	637,000
Coastal Council	237,000	200,000	Coastal Council totals:	200,000 637,000	
Corrections Cross Anchor Industry	282,658		Total for all 4 draws:	282,658	
Corrections Perry Medium Security	42,758		Total for all 4 draws:	42,758	
Corrections Wateree Dairy	400,000	166,145	Total for all 4 draws:	566,145	

014993

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 3

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
Corrections	725,416	166,145			
		Corrections totals:		891,561	
Deaf/Blind Voc. Ed. Facility	35,000	65,000	2,300,000		
		Total for all 4 draws:		2,400,000	
Deaf/Blind	35,000	65,000	2,300,000		
		Deaf/Blind totals:		2,400,000	
ETV Hughes Property	150,000	21,547			
		Total for all 4 draws:		171,547	
ETV Master Control	216,000	300,095			
		Total for all 4 draws:		516,095	
ETV	366,000	321,642			
		ETV totals:		687,642	
Lander College Ctr.	270,343	1,341,968	1,137,768	1,330,368	
		Total for all 4 draws:		4,080,447	
Lander	270,343	1,341,968	1,137,768	1,330,368	
		Lander totals:		4,080,447	

014994

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 4

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
PRT Drayton Hall	199,600				
		Total for all 4 draws:		199,600	
PRT Hickory Knob Golf	47,686	200,000			
		Total for all 4 draws:		247,686	
PRT	247,286	200,000			
		PRT totals:		447,286	
TEC Denmark Kit./Cafe.	250,000	500,000	647,000		
		Total for all 4 draws:		1,397,000	
TEC York Classroom L. R. C.	500,000	500,000	500,000		
		Total for all 4 draws:		1,500,000	
TEC	750,000	1,000,000	1,147,000		
		TEC totals:		2,897,000	
USC Aiken Library	280,200	350,000	300,000	230,979	
		Total for all 4 draws:		1,161,179	
USC Coastal Wm. Bryce Add.	34,533	500,000	760,000	750,886	
		Total for all 4 draws:		2,045,419	

014995

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 5

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
USC Coastal Sci. Rm.	248,290	605,000			
		Total for all 4 draws:		853,290	
USC Spartanburg Hum./Sci.	502,500	2,047,000	1,535,000	796,000	
		Total for all 4 draws:		4,880,500	
USC Union Main Bldg.	39,920				
		Total for all 4 draws:		39,920	
USC	1,105,443	3,502,000	2,595,000	1,777,865	
			USC totals:	8,980,308	
Voc. Rehab. Greenwood Rehab.	250,000	494,454	233,900		
		Total for all 4 draws:		978,354	
Voc. Rehab.	250,000	494,454	233,900		
		Voc. Rehab. totals:		978,354	
Wildlife Mariculture	1,976,000	1,481,027			
		Total for all 4 draws:		3,457,027	
Wildlife	1,976,000	1,481,027			
		Wildlife totals:		3,457,027	

EXHIBIT
JAN 11 1983
NO. 13
STATE BUDGET & CONTROL BOARD

014396

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 6

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
Winthrop Bldg. Renov.	755,500	427,000	313,500	500,000	
		Total for all 4 draws:		1,996,000	
Winthrop	755,500	427,000	313,500	500,000	
		Winthrop totals:		1,996,000	
Youth Services 8 Roofs Replaced	39,771	74,400			
		Total for all 4 draws:		114,171	
Youth Services	39,771	74,400			
		Youth Services totals:		114,171	

EXHIBIT
JAN 11 1983 NO. 13
STATE BUDGET & CONTROL BOARD

014997

JOINT BOND REVIEW COMMITTEE

Monday January 3, 1983 4:53 PM

Priority Group Number Two
Capital Improvement Bond Funded Projects

Page 7

Project	Group 2 (Jan-June '83)	Second Draw (July-Dec '83)	Third Draw (Jan-June '84)	Fourth Draw (July-Dec '84)	NOTES
All Projects	8,592,050	11,856,909	9,913,168	4,958,233	
		Total for ALL projects:		35,320,360	

014998

Capital Improvements
Joint Bond Review Committee

JAN 5 1983

Horace C. Smith
Senate
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Tom G. Mangum
House of Representatives
Vice Chairman

Lib Croft
Administrative Assistant

P. O. BOX 142 TELEPHONE (803) 758-5088 or -8900
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January 5, 1983

Senate Members:
Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
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Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
600 Wade Hampton Bldg.
Columbia, South Carolina 29201

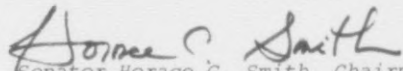
In Re: Capital Improvement Bond Funded Projects
Priority Group No. 2

Dear Mr. McInnis:

Transmitted herewith for the Budget and Control Board's review is the Joint Bond Review Committee's Priority Group No. 2 listing of Capital Improvement Bond Funded projects.

With kind regards, I am

Sincerely,


Senator Horace C. Smith, Chairman
Joint Bond Review Committee

HCS:lc

Enc.

cc: Mr. John A. McPherson

014999

Wednesday January 5, 1983 3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 1

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Adjutant General A&E on Clinton Timmonsville, Darli	19,966								19,966
Adjutant General Building Renovations	21,956								21,956
Adjutant General Charleston Armory	40,000	200,000	200,000	172,000					612,000
Adjutant General Greer Armory	51,056	150,000	140,000	8,344					349,400
Adjutant General Hampton Armory	65,000	160,000	160,000	49,400					434,400
Adjutant General Moncks Corner Armor	18,000								18,000
Adjutant General Renovations Armories	274,450	225,550							500,000
Adjutant General Renovations Roofs	139,720	59,880							199,600

EXHIBIT
JAN 11 1983
NO. 13
STATE BUDGET & CONTROL BOARD

015060

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 2

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Adjutant General Vault Doors	10,000	25,000	30,000						65,000
Adjutant General West Columbia Armory	67,827								67,827
Totals for GROUP 1:	707,975	820,430	530,000	229,744					2,288,149
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	707,975	820,430	530,000	229,744					2,288,149

015001

Wednesday January 5, 1983 3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 3

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Aeronautics Aiken						57,378			57,378
Aeronautics Airplane	1,100,000								1,100,000
Aeronautics Allendale					10,500				10,500
Aeronautics Anderson Airport					8,056				8,056
Aeronautics Bamberg County						125,000			125,000
Aeronautics Barnwell					24,405				24,405
Aeronautics Beaufort					15,280	84,000			99,280
Aeronautics Berkeley Airport						9,783	57,014		66,797

015602

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 4

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Aeronautics Camden					24,696				24,696
Aeronautics Charleston Airport	100,000								100,000
Aeronautics Cheraw Airport					7,253				7,253
Aeronautics Cherokee Airport					20,000				20,000
Aeronautics Chester					21,140				21,140
Aeronautics Columbia Airport	53,509								53,509
Aeronautics Donaldson Center						90,000	105,857		195,857
Aeronautics Dorchester Airport					3,700				3,700

015003

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 5

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Aeronautics Estill						44,283			44,283
Aeronautics Florence						76,043			76,043
Aeronautics Grass Cutters								115,000	115,000
Aeronautics Greenville Downtown					11,374			72,856	84,230
Aeronautics Greenville/Sprtnbrg Airport	15,880		66,287						82,167
Aeronautics Greenwood Airport					20,005				20,005
Aeronautics Hanger/Ofc.	79,573								79,573
Aeronautics Hartsville					20,215				20,215

015004

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 6

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Aeronautics Horry Airport					42,000	117,547			159,547
Aeronautics Jasper						124,760			124,760
Aeronautics Lancaster Airfield	37,500								37,500
Aeronautics Laurens Airport							40,000		40,000
Aeronautics McCormick Airfield	32,770								32,770
Aeronautics Newberry					25,000				25,000
Aeronautics Not Committed								27,515	27,515
Aeronautics Owens Field		750,000	750,000	500,000					2,000,000

015005

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 7

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Aeronautics Pelion Airport					4,023	35,000			39,023
Aeronautics Pickens					47,702				47,702
Aeronautics SCAC Auto Shop								11,613	11,613
Aeronautics Spartanburg						65,491			65,491
Aeronautics Sumter Airport						41,873			41,873
Aeronautics Walterboro/ Colleton						53,235			53,235
Totals for GROUP 1:	1,419,232		66,287						1,485,519
Totals for GROUP 2:		750,000	750,000	500,000					2,000,000
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:					305,349	236,547		72,856	614,752
Totals for GROUP 6:						687,846	162,871		850,717
Totals for GROUP 7:							40,000		40,000
Totals for GROUP 8:								154,128	154,128
ALL Groups:	1,419,232	750,000	816,287	500,000	305,349	924,393	202,871	226,984	5,145,116

015006

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 8

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Agriculture Dpt. Blackville Market		54,291							54,291
Totals for GROUP 1:									
Totals for GROUP 2:		54,291							54,291
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:		54,291							54,291

015007

Wednesday January 5, 1983

3:46 PM

JOINT BOND REVIEW COMMITTEE

Tentative, Subject to Change

Tentative Priority Start Date and Cash Draw for Groups 1 - 8
Capital Improvement Bond Funded Projects

Page 9

Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
B & C Board Blatt and Gressette	84,150	50,000	223,385						357,535
B & C Board Boyleston House	111,147								111,147
B & C Board Boyleston House								1,246	1,246
B & C Board Calhoun Bldg. Renovation							469,060		469,060
B & C Board Computer Fire System	25,000	30,926	30,926						86,852
B & C Board Cont. Fund		50,000	150,000	250,000	50,000				500,000
B & C Board Gasahol Development								4,990,000	4,990,000
B & C Board HVAC Five Points							41,546		41,546

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
B & C Board Handicap/Depreciat Account	120,000		100,000	148,690					368,690
B & C Board Inter Water Lines								14,970	14,970
B & C Board Roof Repairs	3,133								3,133
B & C Board State House Cleaning	3,650								3,650
B & C Board State House/ DHEC Lab							294,410		294,410
B & C Board State Park Water District							49,900		49,900
Totals for GROUP 1:	347,080	80,926	354,311	148,690					931,007
Totals for GROUP 2:		50,000	150,000	250,000	50,000				500,000
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:							854,916		854,916
Totals for GROUP 8:								5,006,216	5,006,216
ALL Groups:	347,080	130,926	504,311	398,690	50,000		854,916	5,006,216	7,292,139

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Citadel Cadet Services		516,000	260,962						776,962
Citadel Letellier Hall		64,000	400,000	436,000	100,000				1,000,000
Citadel McCallister Field House						592,700	1,400,000	1,650,000	3,642,700
Citadel Renovations								10,894	10,894
Citadel Roofing Repairs								11,371	11,371
Totals for GROUP 1:									
Totals for GROUP 2:		580,000	660,962	436,000	100,000				1,776,962
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:						592,700	1,400,000	1,650,000	3,642,700
Totals for GROUP 7:									
Totals for GROUP 8:								22,265	22,265
ALL Groups:		580,000	660,962	436,000	100,000	592,700	1,400,000	1,672,265	5,441,927

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Clemson Chemistry Bldg.			50,000	250,000	1,680,000	1,500,000	2,500,000	3,615,600	9,595,600
Clemson Germ Plasma Res.			428,832						428,832
Clemson Handicap Access						140,910	40,910		181,820
Clemson Pee Dee Exp.		400,000	1,022,311	1,000,000	1,000,000	1,000,000	1,101,082		5,523,393
Clemson Pesticide Storage							39,896	12,000	51,896
Clemson Swine						104,141	100,000	25,000	229,141
Clemson Utility System						104,141	100,000	73,109	277,250
Totals for GROUP 1:									
Totals for GROUP 2:		400,000	1,022,311	1,000,000	1,000,000	1,000,000	1,101,082		5,523,393
Totals for GROUP 3:			478,832	250,000	1,680,000	1,500,000	2,500,000	3,615,600	10,024,432
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:						349,192	240,910	98,109	688,211
Totals for GROUP 7:							39,896	12,000	51,896
Totals for GROUP 8:									
ALL Groups:		400,000	1,501,143	1,250,000	2,680,000	2,849,192	3,881,888	3,725,709	16,287,932

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Coastal Council Beach Access		237,000	200,000		200,000	113,000			750,000
Coastal Council Beach Erosion			150,000		82,203				232,203
Totals for GROUP 1:									
Totals for GROUP 2:		237,000			200,000	113,000			750,000
Totals for GROUP 3:			150,000		82,203				232,203
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:		237,000	350,000		282,203	113,000			982,203

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Coll. of Charleston Handicap Access								164,121	164,121
Coll. of Charleston Science Center								127,544	127,544
Totals for GROUP 1:									
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:								291,665	291,665
ALL Groups:								291,665	291,665

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Corrections Blue Ridge Renovations	75,000	75,000							150,000
Corrections Catawba Sewer	100,000								100,000
Corrections Cross Anchor Industry		282,658							282,658
Corrections Dutchman Multi-Purpose						144,691	150,000	50,000	344,691
Corrections Fire/Life Safety	75,000	275,000	100,000	50,000					500,000
Corrections General Renovations								59,399	59,399
Corrections Industries Warehouse						411,992			411,992
Corrections Lieber	100,000		1,997,000	2,837,563	4,006,984	1,233,761	2,450,642	3,892,965	16,518,915

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Corrections MCI						30,000	60,000		90,000
Corrections Northside Pre-Release	17,658								17,658
Corrections Perry Outpatient						162,773	230,378	371,371	764,522
Corrections Perry Sewer	300,000								300,000
Corrections Perry Medium Security		42,758							42,758
Corrections Psychiatric Facility	100,000	650,000	802,000						1,552,000
Corrections Warehouse Food Service					187,382				187,382
Corrections Washer Replacement			365,000						365,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Corrections Wateree Dairy		400,000	166,145						566,145
Corrections Women's Center						513,402			513,402
Totals for GROUP 1:	767,658	1,000,000	2,899,000	2,887,563	4,006,984	1,233,761	2,450,642	3,892,965	19,138,573
Totals for GROUP 2:		725,416	166,145						891,561
Totals for GROUP 3:			365,000						365,000
Totals for GROUP 4:									
Totals for GROUP 5:					187,382				187,382
Totals for GROUP 6:						1,262,858	440,378	421,371	2,124,607
Totals for GROUP 7:									
Totals for GROUP 8:								59,399	59,399
ALL Groups:	767,658	1,725,416	3,430,145	2,887,563	4,194,366	2,496,619	2,891,020	4,373,735	22,766,522

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
DMR Berkeley C. R.							206,586	137,724	344,310
DMR Charleston C. R.							134,730	89,820	224,550
DMR Coastal Hospital						100,000	600,000	300,000	1,000,000
DMR Conway C. R.							21,030		21,030
DMR Easley Com. Res.							110,778	73,852	184,630
DMR Midlands Renov.								34,550	34,550
DMR Multi Handicap Bldg.						40,250	432,685	533,310	1,006,245
DMR Not Committed								202,725	202,725

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
DMR Pee Dee Support Fac.						116,000	1,247,000	1,537,000	2,900,000
DMR Rock Hill C. R.							103,293	68,862	172,155
DMR Whitten Renovation					458,400	827,600	827,600	651,701	2,765,301
DMR Whitten Renovations	33,578								33,578
Totals for GROUP 1:	33,578								33,578
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:					458,400	827,600	827,600	651,701	2,765,301
Totals for GROUP 6:						256,250	2,279,685	2,370,310	4,906,245
Totals for GROUP 7:							576,417	370,258	946,675
Totals for GROUP 8:								237,275	237,275
ALL Groups:	33,578				458,400	1,083,850	3,683,702	3,629,544	8,889,074

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Deaf/Blind Buses	750,000								750,000
Deaf/Blind Steam Line Replacement	12,000								12,000
Deaf/Blind Voc. Ed. Facility		35,000	65,000	2,300,000					2,400,000
Totals for GROUP 1:	762,000								762,000
Totals for GROUP 2:		35,000	65,000	2,300,000					2,400,000
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	762,000	35,000	65,000	2,300,000					3,162,000

EXHIBIT
JAN 11 1983 NO. 13
STATE BUDGET & CONTROL BOARD

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
ETV Conway Studio								484,030	484,030
ETV Conway Open Circuits	5,620								5,620
ETV Greenville Transmitter								1,169,557	1,169,557
ETV Greenwood Studio								484,030	484,030
ETV Greenwood Studio			406,157						406,157
ETV Hughes Property		150,000	21,547						171,547
ETV Master Control		216,000	300,095						516,095
ETV Spartanburg Const & Equip	11,419								11,419

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
ETV Spartanburg Studio								484,030	484,030
Totals for GROUP 1:	17,039								17,039
Totals for GROUP 2:		366,000	321,642						687,642
Totals for GROUP 3:			406,157						406,157
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:								2,621,647	2,621,647
ALL Groups:	17,039	366,000	727,799					2,621,647	3,732,485

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Forestry Kingstree Ofc.	16,722								16,722
Forestry Walterboro Shop	43,000	322,177							365,177
Totals for GROUP 1:	59,722	322,177							381,899
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	59,722	322,177							381,899

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
J. D. La Howe Power Line Upgrade								250,000	250,000
J. D. La Howe Power Line Study							14,970		14,970
J. D. La Howe Reroofing			96,000						96,000
J. D. La Howe Roof Repairs	85,000								85,000
J. D. La Howe Sprinkler System	81,000								81,000
Totals for GROUP 1:	166,000								166,000
Totals for GROUP 2:									
Totals for GROUP 3:			96,000						96,000
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:							14,970		14,970
Totals for GROUP 8:								250,000	250,000
ALL Groups:	166,000		96,000				14,970	250,000	526,970

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Lander Chipley Hall	119,397								119,397
Lander College Ctr.		270,343	1,341,968	1,137,768	1,330,368	1,334,553			5,415,000
Lander Handicap								353,465	353,465
Lander Landscaping							10,000	21,919	31,919
Lander Student Center	34,698								34,698
Totals for GROUP 1:	154,095								154,095
Totals for GROUP 2:		270,343	1,341,968	1,137,768	1,330,368	1,334,553			5,415,000
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:							10,000	21,919	31,919
Totals for GROUP 8:								353,465	353,465
ALL Groups:	154,095	270,343	1,341,968	1,137,768	1,330,368	1,334,553	10,000	375,384	5,954,479

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
M. U. S. C. East Add.				9,500,000	9,828,573	6,300,000	5,188,300		30,816,873
M. U. S. C. Hosp. Renov.						616,000	1,350,000	628,800	2,594,800
M. U. S. C. Hosp. Renov.				75,336	650,000	889,120	556,839		2,171,295
Totals for GROUP 1:									
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:				9,575,336	10,478,573	7,189,120	5,745,139		32,988,168
Totals for GROUP 5:									
Totals for GROUP 6:						616,000	1,350,000	628,800	2,594,800
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:				9,575,336	10,478,573	7,805,120	7,095,139	628,800	35,582,968

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Mental Health Patrick B. Harris Hosp.				2,400,000	1,400,000	200,000			4,000,000
Totals for GROUP 1:									
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:				2,400,000	1,400,000	200,000			4,000,000
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:				2,400,000	1,400,000	200,000			4,000,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Museum Commission				734,000	1,619,500	1,646,500			4,000,000
Totals for GROUP 1:									
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:				734,000	1,619,500	1,646,500			4,000,000
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:				734,000	1,619,500	1,646,500			4,000,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Andrew Jackson	44,851								44,851
PRT Bathhouse & Rest Station						55,000	55,260		110,260
PRT Best Friend Train						31,135	49,900		81,035
PRT Brissy's Valley					14,970				14,970
PRT Caesar's Head						25,483	33,775	49,973	109,231
PRT Campground Renovation						40,000	40,000	34,770	114,770
PRT Charlestown Landing						119,760			119,760
PRT Charlestown Improvements					39,900				39,900

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Cheraw Group						42,000	42,000		84,000
PRT Colleton							32,000	32,070	64,070
PRT Crofts Road						80,795			80,795
PRT Dam Repairs							90,000	190,000	280,000
PRT Drayton Hall		199,600							199,600
PRT Erosion & Weed Control								9,040	9,040
PRT General Park Improvement						35,000	35,000	28,236	98,236
PRT Hickory Knob Lodging			73,640						73,640

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Hickory Knob Golf		47,686	200,000						247,686
PRT Hunting Island								97,100	97,100
PRT Hunting Island	300,000	301,988							601,988
PRT Jasper Park					80,500		175,000	366,330	621,830
PRT Keowee Toxaway					50,000				50,000
PRT Kings Mountain							30,000	33,990	63,990
PRT Lake Hartwell	104,000	281,000	279,300	100,000					764,300
PRT Lake Russell							150,000	159,380	309,380

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Landsford Canal	5,220								5,220
PRT Little River	1,000,000								1,000,000
PRT Local Historical						15,000	15,000	21,761	51,761
PRT Lynches River					30,000				30,000
PRT Musgrove Mill							99,600	100,000	199,600
PRT Myrtle Beach Parking					79,840				79,840
PRT Myrtle Beach Roads							174,650		174,650
PRT Myrtle Beach Pool						143,475	150,000	25,394	318,869

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Ooleney Watershed	99,800								99,800
PRT Paris & Kings Mountain						40,000	46,926		86,926
PRT Poinsett & Pleasant Ridge Cabins								19,341	19,341
PRT Radcliffe Plantation						30,000			30,000
PRT Recreation Land Trust	300,000	240,730	205,750						746,480
PRT Santee-Fort Watson					11,993				11,993
PRT Special Heavy Equip.							171,656		171,656
PRT State Park Roads							75,000	77,609	152,609

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
PRT Utility Repairs						1,569	146,423	146,423	294,415
PRT Welcome Center						57,485			57,485
PRT Woods Bay							24,768		24,768
Totals for GROUP 1:	1,853,871	823,718	485,050	100,000					3,262,639
Totals for GROUP 2:		247,286	200,000						447,286
Totals for GROUP 3:			73,640						73,640
Totals for GROUP 4:									
Totals for GROUP 5:					307,203		175,000	366,330	848,533
Totals for GROUP 6:						716,702	614,284	306,557	1,637,543
Totals for GROUP 7:							847,674	593,049	1,440,723
Totals for GROUP 8:								125,481	125,481
ALL Groups:	1,853,871	1,071,004	758,690	100,000	307,203	716,702	1,636,958	1,391,417	7,835,845

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
S.C. State College B. A. Bldg.	100,000	750,000	1,150,000	750,000	750,000	750,000	750,000		5,000,000
Totals for GROUP 1:	100,000	750,000	1,150,000	750,000	750,000	750,000	750,000		5,000,000
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	100,000	750,000	1,150,000	750,000	750,000	750,000	750,000		5,000,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
SLED Office Renovation	54,707								54,707
Totals for GROUP 1:	54,707								54,707
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	54,707								54,707

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
State Ports Auth. Seafood Park						1,338,805	1,338,805		2,677,610
Totals for GROUP 1:									
Totals for GROUP 2:									
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:						1,338,805	1,338,805		2,677,610
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:						1,338,805	1,338,805		2,677,610

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
TEC Beaufort L. R. C.					150,000	600,000	1,046,400		1,796,400
TEC Denmark Kit./Cafe.		250,000	500,000	647,000					1,397,000
TEC Equipment	319,335								319,335
TEC Equipment Design for 80's	302,935								302,935
TEC Equipment for System	1,377,710	2,522,290	904,356	1,250,000			929,913	1,820,087	8,804,356
TEC Florence/ Darlington	150,000	600,000	750,000	246,500					1,746,500
TEC Florence/Darl. L. R. C.					150,000	1,500,000	830,000		2,480,000
TEC Greenville Engineering	243,000								243,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
TEC Midlands Airport Site			475,000						475,000
TEC Sumter Dev. Studio			400,000	455,064					855,064
TEC Trident Berkeley					875,000	875,000			1,750,000
TEC Williamsburg L. R. C.					100,000	514,768			614,768
TEC York Classroom L. R. C.		500,000	500,000	500,000					1,500,000
Totals for GROUP 1:	2,392,980	3,122,290	1,654,356	1,496,500			929,913	1,820,087	11,416,126
Totals for GROUP 2:		750,000	1,000,000	1,147,000					2,897,000
Totals for GROUP 3:			875,000	455,064					1,330,064
Totals for GROUP 4:									
Totals for GROUP 5:					1,275,000	3,489,768	1,876,400		6,641,168
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	2,392,980	3,872,290	3,529,356	3,098,564	1,275,000	3,489,768	2,806,313	1,820,087	22,284,358

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
USC Aiken Library		280,200	350,000	300,000	230,979				1,161,179
USC Aiken Fine Arts			515,000	564,000	421,000				1,500,000
USC Beaufort Marine Sci.			25,000	150,000	150,000	67,314			392,314
USC Coastal Wm. Bryce Add.		34,533	500,000	760,000	750,886				2,045,419
USC Coastal Sci. Rm.		248,290	605,000						853,290
USC Columbia B. A. Addition	1,929,000	2,210,000	1,868,000						6,007,000
USC Columbia Fed. Bldg.				345,000	350,000	525,000	458,400		1,678,400
USC Columbia Computer						2,495,000			2,495,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
USC Spartanburg Hum./Sci.		502,500	2,047,000	1,535,000	796,000	595,500			5,476,000
USC Sumter Hum./Sci.			510,000	1,315,000	985,000	510,000	330,000		3,650,000
USC Union Main Bldg.		39,920							39,920
USC Union Commuter	34,930								34,930
Totals for GROUP 1:	1,963,930	2,210,000	1,868,000						6,041,930
Totals for GROUP 2:		1,105,443	3,502,000	2,595,000	1,777,865	595,500			9,575,808
Totals for GROUP 3:			1,050,000	2,029,000	1,556,000	577,314	330,000		5,542,314
Totals for GROUP 4:				345,000	350,000	525,000	458,400		1,678,400
Totals for GROUP 5:									
Totals for GROUP 6:						2,495,000			2,495,000
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	1,963,930	3,315,443	6,420,000	4,969,000	3,683,865	4,192,814	788,400		25,333,452

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Voc. Ed. Beaufort					374,250	374,250			748,500
Voc. Ed. Clarendon 2							433,786		433,786
Voc. Ed. Cost Overruns								403,396	403,396
Voc. Ed. Equip. Built fac.	1,131,757	2,097,942							3,229,699
Voc. Ed. Hampton 2			422,154						422,154
Voc. Ed. Kershaw			500,000	500,000	500,000				1,500,000
Voc. Ed. Lexington 5							701,719	701,719	1,403,438
Voc. Ed. Newberry								46,259	46,259

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Voc. Ed. Replacement Equipment	1,000,000		1,500,000						2,500,000
Voc. Ed. Richland 2							419,160		419,160
Voc. Ed. Union			40,000	79,760					119,760
Totals for GROUP 1:	2,131,757	2,097,942	1,500,000						5,729,699
Totals for GROUP 2:									
Totals for GROUP 3:			962,154	579,760	500,000				2,041,914
Totals for GROUP 4:									
Totals for GROUP 5:					374,250	374,250			748,500
Totals for GROUP 6:									
Totals for GROUP 7:							1,554,665	701,719	2,256,384
Totals for GROUP 8:								449,655	449,655
ALL Groups:	2,131,757	2,097,942	2,462,154	579,760	874,250	374,250	1,554,665	1,151,374	11,226,152

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Voc. Rehab. Comprehensive Center	10,479								10,479
Voc. Rehab. Greenwood Rehab.		250,000	494,454	233,900					978,354
Totals for GROUP 1:	10,479								10,479
Totals for GROUP 2:		250,000	494,454	233,900					978,354
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	10,479	250,000	494,454	233,900					988,833

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups.
Wildlife Clemson							12,000		12,000
Wildlife District III						50,000			50,000
Wildlife Florence							10,000		10,000
Wildlife Fort Johnson							60,000		60,000
Wildlife Georgetown						33,000			33,000
Wildlife Lake Wallace Dam							500,000	50,000	550,000
Wildlife Mariculture		1,976,000	1,481,027						3,457,027
Wildlife Santee Workshed					20,000				20,000

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Wildlife Styx Storage					29,000				29,000
Wildlife Webb Center					6,373				6,373
Wildlife Airplane	47,000								47,000
Totals for GROUP 1:	47,000								47,000
Totals for GROUP 2:		1,976,000	1,481,027						3,457,027
Totals for GROUP 3:									
Totals for GROUP 4:									
Totals for GROUP 5:					55,373				55,373
Totals for GROUP 6:						83,000			83,000
Totals for GROUP 7:							582,000	50,000	632,000
Totals for GROUP 8:									
ALL Groups:	47,000	1,976,000	1,481,027		55,373	83,000	582,000	50,000	4,274,400

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Winthrop Bldg. Renov.		755,500	427,000	313,500	500,000				1,996,000
Winthrop Handicap Access							203,884	136,522	340,406
Winthrop Improvements				45,919	20,000				65,919
Winthrop Water Lines	3,886								3,886
Totals for GROUP 1:	3,886								3,886
Totals for GROUP 2:		755,500	427,000	313,500	500,000				1,996,000
Totals for GROUP 3:									
Totals for GROUP 4:				45,919	20,000				65,919
Totals for GROUP 5:									
Totals for GROUP 6:									
Totals for GROUP 7:							203,884	136,522	340,406
Totals for GROUP 8:									
ALL Groups:	3,886	755,500	427,000	359,419	520,000		203,884	136,522	2,406,211

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Youth Services 8 Roofs Replaced		39,771	74,400						114,171
Youth Services Barrier-Free			24,922						24,922
Youth Services Farm Equip.			262,528						262,528
Youth Services Fire/Safety	25,000	150,000	121,277						296,277
Youth Services Food Service			124,750						124,750
Youth Services Hope House Runaway						40,000	134,650		174,650
Youth Services Htg/Air Cond.			2,961						2,961
Youth Services Internal Roads			3,046						3,046

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Youth Services									
Internal Roads						74,510	169,819		244,329
Youth Services									
Utility Poles			4,790						4,790
Totals for GROUP 1:	25,000	150,000	121,277						296,277
Totals for GROUP 2:		39,771	74,400						114,171
Totals for GROUP 3:			422,997						422,997
Totals for GROUP 4:									
Totals for GROUP 5:									
Totals for GROUP 6:						114,510	304,469		418,979
Totals for GROUP 7:									
Totals for GROUP 8:									
ALL Groups:	25,000	189,771	618,674			114,510	304,469		1,252,424

EXHIBIT
JAN 11 1983 NO. 13
STATE BUDGET & CONTROL BOARD

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Project	Group 1 (Jy-De 82)	Group 2 (Ja-Jn 83)	Group 3 (Jy-De 83)	Group 4 (Ja-Jn 84)	Group 5 (Jy-De 84)	Group 6 (Ja-Jn 85)	Group 7 (Jy-De 85)	Group 8 (Ja-Jn 86)	Total for all Groups
Totals for GROUP 1:	13,017,989	11,377,483	10,628,281	5,612,497	4,756,984	1,983,761	4,130,555	5,713,052	57,220,602
Totals for GROUP 2:		8,592,050	11,856,909	9,913,168	4,958,233	3,043,053	1,101,082		39,464,495
Totals for GROUP 3:			4,879,780	3,313,824	3,818,203	2,077,314	2,830,000	3,615,600	20,534,721
Totals for GROUP 4:				13,100,255	13,868,073	9,560,620	6,203,539		42,732,487
Totals for GROUP 5:					2,962,957	4,928,165	2,879,000	1,090,887	11,861,009
Totals for GROUP 6:						8,512,863	8,131,402	5,475,147	22,119,412
Totals for GROUP 7:							4,724,422	1,885,467	6,609,889
Totals for GROUP 8:								9,571,196	9,571,196
ALL Groups:	13,017,989	19,969,533	27,364,970	31,939,744	30,364,450	30,105,776	30,000,000	27,351,349	210,113,811
Available Funds:	13,456,581	20,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	213,456,581
Difference:	438,592	30,467	2,635,030	-1,939,744	-364,450	-105,776		2,648,651	3,342,770

015049

EXHIBIT

STATE BUDGET AND CONTROL BOARD

MEETING OF January 11, 1983

JAN 11 1983

NO. 14

REGULAR SESSION AGENDA

ITEM NUMBER

6

Agency: Governor's Office

STATE BUDGET & CONTROL BOARD

Subject: Acceptance of Concurrent Jurisdiction

(a) The Department of the Navy has asked that the State assume concurrent jurisdiction over the Naval Weapons Station. The United States currently exercises proprietary jurisdiction over a portion of the tract and exclusive jurisdiction over the remainder of the tract. The entire property is within the City of Goose Creek. The City of Goose Creek has requested the jurisdictional change which involves some 3,022.76 acres of land. The purpose of this action is to enhance law enforcement.

(b) The National Park Service has been directed to seek concurrent jurisdiction with states over national park lands. Currently, the United States exercises exclusive jurisdiction over portions of Cowpens National Battlefield, Fort Sumter National Monument, and Kings Mountain Military Park. Some portions of lands within these parks are under the proprietorial jurisdiction of the United States. All lands within Congaree Swamp National Monument and Ninety-Six National Historic Site are under the proprietorial jurisdiction of the United States.

The National Park Service has claimed exclusive jurisdiction under Sections 3-1-10 and 3-1-120 of the South Carolina Code which are self-executing. The National Park Service asks that the Budget and Control Board accept concurrent jurisdiction as is authorized by Section 3-1-150 of the South Carolina Code.

The Governor's Office advises that County Councils have been contacted in each of the five counties involved and that none has any objection to this jurisdictional change.

Board Action Requested:

Approve.

Staff Comment:

Attachments:

Governor's Office memos and attached documents

015050



County of Charleston
Charleston, South Carolina

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DEC 28 1982

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR
Sewan Stegert
County Office Building
2 Court House Square
Charleston, S.C. 29401

December 22, 1982

723-6762

EXHIBIT

JAN 11 1983

NO. 14

Mr. William T. Putnam
Executive Director
Budget and Control Board
State of South Carolina
Box 12444
Columbia, S. C. 29211

STATE BUDGET & CONTROL BOARD

Re: Concurrent Jurisdiction - Fort Sumter National Monument

Dear Mr. Putnam:

In response to Governor Riley's letter of October 25th, 1982 inquiring whether Charleston County has any objection to the Budget and Control Board authorizing concurrent jurisdiction over the Fort Sumter National Monument. It is the position of Charleston County that we have no objection to this change.

Very truly yours,

William E. Koopman, Jr.
Deputy County Administrator

WEK,JR:ls

cc: Charles T. Wallace, M.D.
Chairman Charleston County Council

Leonard L. Long, Jr., Esquire
County Attorney

015051



JAN 17 1983

EXHIBIT

JAN 11 1983

NO. 14

State of South Carolina STATE BUDGET & CONTROL BOARD

Office of the Governor

RICHARD W. RILEY
GOVERNOR

Post Office Box 11450
COLUMBIA 29211

January 12, 1983

Commander F. S. Sterns
Department of the Navy
Naval Facilities Engineering Command
200 Stovall Street
Alexandria, Virginia 22332

Dear Commander Sterns:

On behalf of the Budget and Control Board, I hereby accept your proposed change, on behalf of the Department of the Navy, in the legislative jurisdiction over the land at the Naval Weapons Station, Charleston, South Carolina, description attached. This acceptance shall be effective upon your executing this notice of acceptance of jurisdiction.

This letter is prepared in duplicate originals. Please acknowledge acceptance by duly executing both originals and returning one to my office for filing with the South Carolina Secretary of State.

Yours sincerely,

Richard W. Riley
Richard W. Riley

RWR/vdr
Attachment

Agreement for Acceptance of Concurrent Jurisdiction over the Naval Weapons Station

Pursuant to the authority delegated to me by the Secretary of the Navy to accept legislative jurisdiction on behalf of the United States as authorized by Title 40, United States Code, Section 255, I hereby accept the exclusive jurisdiction over that portion of the Naval Weapons Station in Berkeley County, South Carolina, in which the United States exercises proprietary jurisdiction, in accordance with Sections 3-1-10 and 3-1-120 of the South Carolina Code.

015052

By the authority delegated to me by the Secretary of the Navy, in accordance with Title 10, United States Code, Section 2683, I hereby retrocede and relinquish such measure of legislative jurisdiction as is necessary to establish concurrent legislative jurisdiction between the State of South Carolina and the United States over the Naval Weapons Station in Berkeley County, South Carolina.

F. S. Sterns
Deputy Assistant Commander
for Real Estate

Pursuant to Section 3-1-150 of the South Carolina and the resolution of the State Budget and Control Board, I hereby accept concurrent legislative jurisdiction between the State of South Carolina and the United States over the lands of the Naval Weapons Station which are subject to retrocession or relinquishment of jurisdiction by the United States.

Richard W. Riley
Governor of South Carolina
Chairman, State Budget and
Control Board

Valerie D. Richardson
Attest:

EXHIBIT

JAN 11 1983 NO. 14

STATE BUDGET & CONTROL BOARD

015053

EXHIBIT

LEGAL DESCRIPTION OF TRACTS

JAN 11 1983

NO. 14

STATE BUDGET & CONTROL BOARD

TRACT 1

A parcel of land in the Second Goose Creek District of Berkeley County, South Carolina, more particularly described as follows:

Commence at a point which is the intersection of the west right-of-way line of the S.C.L. Railroad and the north right-of-way line of Redbank Road, S-8-29;

Thence S $74^{\circ} 55'$ E along the north right-of-way line of said Redbank Road for 1908.09 feet to the POINT OF BEGINNING;

Thence N $47^{\circ} 59'$ E for 1855.90 feet;

Thence N $42^{\circ} 07'$ E for 115.35 feet;

Thence N $52^{\circ} 46'$ E for 384.59 feet;

Thence N $62^{\circ} 58'$ E for 992.70 feet;

Thence N $18^{\circ} 08'$ W for 223.13 feet;

Thence N $11^{\circ} 05'$ W for 439.60 feet;

Thence N $13^{\circ} 36'$ W for 562.20 feet to a point on the low water line of Foster Creek;

Thence northerly and easterly along the southerly bank of Goose Creek for 21300 feet, more or less, to the point of intersection with the high water line of the Back River;

Thence southerly and easterly along said high water line of the Back River and crossing the causeway of the Bushy Park Reservoir for 6700 feet, more or less, to the point of intersection with the high water line of the Cooper River;

Thence southerly along said high water line of the Cooper River for 2500 feet, more or less;

Thence leaving said high water line of the Cooper River S $62^{\circ} 04'$ W for 2840 feet;

Thence N $80^{\circ} 40'$ W for 1872.70 feet to a point which is the beginning of the north right-of-way line of Redbank Road, S-8-29;

Thence continue N $80^{\circ} 40'$ W along said north right-of-way line for 3653 feet;

015054

Thence N 10° 20' E along a line common to the USA & Berkeley County Water and Sewer Authority for 1815.10 feet;

Thence N 80° 40' W along said common line for 600.00 feet;

Thence S 10° 20' W along said common line for 726.00 feet;

Thence N 80° 40' W along said common line for 200.00 feet;

Thence S 10° 20' W along said common line for 1089.00 feet to a point on the north right-of-way line of Redbank Road, S-8-29;

Thence N 80° 40' W along said north right-of-way line for 1980 \pm feet to the beginning of a curve;

Thence westerly along said north right-of-way line on a curve to the left for 1060 \pm feet to the end of said curve;

Thence due west along said north right-of-way line for 3410 \pm feet to the beginning of a curve;

Thence along a curve to the right for 260 feet more or less.

Thence along a curve to the right for 830 feet more or less.

Thence N 73° 14' 31" W for 920 feet more or less.

Thence N 73° 57' 40" W for 1014.48 feet.

Thence N 72° 44' 42" W for 635 feet.

Thence N 74° 55' 00" W for 1797.61 feet.

Thence N 15° 04' E along a line common to the USA & Berkeley County Board of Education for 838.10 feet;

Thence N 23° 08' W along said common line for 790.40 feet;

Thence N 52° 45' W along said common line for 101.17 feet;

Thence S 37° 15' W along said common line for 466.00 feet;

Thence S 64° 01' W along said common line for 171.42 feet;

Thence S 42° 21' E along said common line for 221.03 feet;

Thence S 15° 03' W along said common line for 832.61 feet to a point on the north right-of-way line of Redbank Road, S-8-29;

Thence N $74^{\circ} 55'$ W along said north right-of-way line for 1097.61 feet to the POINT OF BEGINNING.

Less and except that parcel of land totally contained in the above described parcel owned by the Berkeley County Board of Education and more particularly described as follows:

Commence at the intersection of the centerline of Redbank Road, S-8-29, and the S.C.L. Railroad; thence go N $85^{\circ} 24' 56''$ E for 7622.74 feet to the POINT OF BEGINNING;

Thence N $87^{\circ} 22'$ E for 1742.40 feet;

Thence S $2^{\circ} 38'$ E for 1000.00 feet;

Thence S $87^{\circ} 22'$ W for 1742.40 feet;

Thence N $2^{\circ} 38'$ W for 1000.00 feet to the POINT OF BEGINNING containing 40.00 acres, more or less.

The parcel thus described after deletion to Berkeley County Board of Education and the Berkeley County Water and Sewer Authority, contains 2599.66 acres, more or less.

Included in the above description is an easement, Noy(R)-57258, granted to the South Carolina Highway Department, dated May 38, 1962, for that portion of Redbank Road located on Navy property.



EXHIBIT

JAN 11 1983

NO. 14

STATE BUDGET & CONTROL BOARD

State of South Carolina

Office of the Governor

RICHARD W. RILEY
GOVERNOR

Post Office Box 11450
COLUMBIA 29211

January 12, 1983

Commander F. S. Sterns
Department of the Navy
Naval Facilities Engineering Command
200 Stovall Street
Alexandria, Virginia 22332

Dear Commander Sterns:

On behalf of the Budget and Control Board, I hereby accept your proposed change, on behalf of the Department of the Navy, in the legislative jurisdiction over the land at the Naval Weapons Station, Charleston, South Carolina, description attached. This acceptance shall be effective upon your executing this notice of acceptance of jurisdiction.

This letter is prepared in duplicate originals. Please acknowledge acceptance by duly executing both originals and returning one to my office for filing with the South Carolina Secretary of State.

Yours sincerely,

Richard W. Riley
Richard W. Riley

RWR/vdr
Attachment

Agreement for Acceptance of Concurrent Jurisdiction
over the Naval Weapons Station

Pursuant to the authority delegated to me by the Secretary of the Navy to accept legislative jurisdiction on behalf of the United States as authorized by Title 40, United States Code, Section 255, I hereby accept the exclusive jurisdiction over that portion of the Naval Weapons Station in Berkeley County, South Carolina, in which the United States exercises proprietary jurisdiction, in accordance with Sections 3-1-10 and 3-1-120 of the South Carolina Code.

015057

By the authority delegated to me by the Secretary of the Navy, in accordance with Title 10, United States Code, Section 2683, I hereby retrocede and relinquish such measure of legislative jurisdiction as is necessary to establish concurrent legislative jurisdiction between the State of South Carolina and the United States over the Naval Weapons Station in Berkeley County, South Carolina.

F. S. Sterns
Deputy Assistant Commander
for Real Estate

Pursuant to Section 3-1-150 of the South Carolina and the resolution of the State Budget and Control Board, I hereby accept concurrent legislative jurisdiction between the State of South Carolina and the United States over the lands of the Naval Weapons Station which are subject to retrocession or relinquishment of jurisdiction by the United States.

Richard W. Riley
Governor of South Carolina
Chairman, State Budget and
Control Board

Valerie D. Richardson
Attest:

EXHIBIT

JAN 11 1983

NO. 14

STATE BUDGET & CONTROL BOARD

015058

LEGAL DESCRIPTION OF TRACTS

TRACT 1

A parcel of land in the Second Goose Creek District of Berkeley County, South Carolina, more particularly described as follows:

Commence at a point which is the intersection of the west right-of-way line of the S.C.L. Railroad and the north right-of-way line of Redbank Road, S-8-29;

Thence S $74^{\circ} 55'$ E along the north right-of-way line of said Redbank Road for 1908.09 feet to the POINT OF BEGINNING;

Thence N $47^{\circ} 59'$ E for 1855.90 feet;

Thence N $42^{\circ} 07'$ E for 115.35 feet;

Thence N $52^{\circ} 46'$ E for 384.59 feet;

Thence N $62^{\circ} 58'$ E for 992.70 feet;

Thence N $18^{\circ} 08'$ W for 223.13 feet;

Thence N $11^{\circ} 05'$ W for 439.60 feet;

Thence N $13^{\circ} 36'$ W for 562.20 feet to a point on the low water line of Foster Creek;

Thence northerly and easterly along the southerly bank of Goose Creek for 21300 feet, more or less, to the point of intersection with the high water line of the Back River;

Thence southerly and easterly along said high water line of the Back River and crossing the causeway of the Bushy Park Reservoir for 6700 feet, more or less, to the point of intersection with the high water line of the Cooper River;

Thence southerly along said high water line of the Cooper River for 2500 feet, more or less;

Thence leaving said high water line of the Cooper River S $62^{\circ} 04'$ W for 2840 feet;

Thence N $80^{\circ} 40'$ W for 1872.70 feet to a point which is the beginning of the north right-of-way line of Redbank Road, S-8-29;

Thence continue N $80^{\circ} 40'$ W along said north right-of-way line for 3653 feet;

015059

Thence N $10^{\circ} 20'$ E along a line common to the USA & Berkeley County Water and Sewer Authority for 1815.10 feet;

Thence N $80^{\circ} 40'$ W along said common line for 600.00 feet;

Thence S $10^{\circ} 20'$ W along said common line for 726.00 feet;

Thence N $80^{\circ} 40'$ W along said common line for 200.00 feet;

Thence S $10^{\circ} 20'$ W along said common line for 1089.00 feet to a point on the north right-of-way line of Redbank Road, S-8-29;

Thence N $80^{\circ} 40'$ W along said north right-of-way line for $1980 \pm$ feet to the beginning of a curve;

Thence westerly along said north right-of-way line on a curve to the left for $1060 \pm$ feet to the end of said curve;

Thence due west along said north right-of-way line for $3410 \pm$ feet to the beginning of a curve;

Thence along a curve to the right for 260 feet more or less.

Thence along a curve to the right for 830 feet more or less.

Thence N $73^{\circ} 14' 31''$ W for 920 feet more or less.

Thence N $73^{\circ} 57' 40''$ W for 1014.48 feet.

Thence N $72^{\circ} 44' 42''$ W for 635 feet.

Thence N $74^{\circ} 55' 00''$ W for 1797.61 feet.

Thence N $15^{\circ} 04'$ E along a line common to the USA & Berkeley County Board of Education for 838.10 feet;

Thence N $23^{\circ} 08'$ W along said common line for 790.40 feet;

Thence N $52^{\circ} 45'$ W along said common line for 101.17 feet;

Thence S $37^{\circ} 15'$ W along said common line for 466.00 feet;

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Thence S $42^{\circ} 21'$ E along said common line for 221.03 feet;

Thence S $15^{\circ} 03'$ W along said common line for 832.61 feet to a point on the north right-of-way line of Redbank Road, S-8-29;

Thence N $74^{\circ} 55'$ W along said north right-of-way line for 1097.61 feet to the POINT OF BEGINNING.

Less and except that parcel of land totally contained in the above described parcel owned by the Berkeley County Board of Education and more particularly described as follows:

Commence at the intersection of the centerline of Redbank Road, S-8-29, and the S.C.L. Railroad; thence go N $85^{\circ} 24' 56''$ E for 7622.74 feet to the POINT OF BEGINNING;

Thence N $87^{\circ} 22'$ E for 1742.40 feet;

Thence S $2^{\circ} 38'$ E for 1000.00 feet;

Thence S $87^{\circ} 22'$ W for 1742.40 feet;


Thence N $2^{\circ} 38'$ W for 1000.00 feet to the POINT OF BEGINNING containing 40.00 acres, more or less.

The parcel thus described after deletion to Berkeley County Board of Education and the Berkeley County Water and Sewer Authority, contains 2599.66 acres, more or less.

Included in the above description is an easement, Noy(R)-57258, granted to the South Carolina Highway Department, dated May 38, 1962, for that portion of Redbank Road located on Navy property.

015061

(a)

Item 

Acceptance of concurrent jurisdiction over the Naval Weapons Station in Berkeley County.

The Department of the Navy has asked that the State assume concurrent jurisdiction over the Naval Weapons Station. The United States currently exercises proprietary jurisdiction over a portion of the tract and exclusive jurisdiction over the remainder of the tract. The entire property is within the City of Goose Creek.

The City has requested the jurisdictional change.

015062



State of South Carolina

Office of the Governor

RICHARD W. RILEY
GOVERNOR

Post Office Box 11450
COLUMBIA 29211

January 7, 1983

EXHIBIT

JAN 11 1983 NO. 14

STATE BUDGET & CONTROL BOARD

Commander F. S. Sterns
Department of the Navy
Naval Facilities Engineering Command
200 Stovall Street
Alexandria, Virginia 22332

Dear Commander Sterns:

On behalf of the Budget and Control Board, I hereby accept your proposed change, on behalf of the Department of the Navy, in the legislative jurisdiction over the land at the Naval Weapons Station, Charleston, South Carolina, description attached. This acceptance shall be effective upon your executing this notice of acceptance of jurisdiction.

This letter is prepared in duplicate originals. Please acknowledge acceptance by duly executing both originals and returning one to my office for filing with the South Carolina Secretary of State.

Yours sincerely,

Richard W. Riley

RWR/vdr
Attachment

Agreement for Acceptance of Concurrent Jurisdiction over the Naval Weapons Station

Pursuant to the authority delegated to me by the Secretary of the Navy to accept legislative jurisdiction on behalf of the United States as authorized by Title 40, United States Code, Section 255, I hereby accept the exclusive jurisdiction over that portion of the Naval Weapons Station in Berkeley County, South Carolina, in which the United States exercises proprietary jurisdiction, in accordance with Sections 3-1-10 and 3-1-120 of the South Carolina Code.

015063

By the authority delegated to me by the Secretary of the Navy, in accordance with Title 10, United States Code, Section 2683, I hereby retrocede and relinquish such measure of legislative jurisdiction as is necessary to establish concurrent legislative jurisdiction between the State of South Carolina and the United States over the Naval Weapons Station in Berkeley County, South Carolina.

F. S. Sterns
Deputy Assistant Commander for
Real Estate

Pursuant to Section 3-1-150 of the South Carolina Code and the resolution of the State Budget and Control Board, I hereby accept concurrent legislative jurisdiction between the State of South Carolina and the United States over the lands of the Naval Weapons Station which are subject to retrocession or relinquishment of jurisdiction by the United States.

Governor of South Carolina
Chairman, State Budget & Control Board

ATTEST:

015064



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
200 STOVALL STREET
ALEXANDRIA VA 22332

IN REPLY REFER TO

2 DEC 1982

Governor Richard W. Riley
State House
Box 11450
Columbia, South Carolina 29211

Dear Governor Riley:

The Department of the Navy wishes to adjust the legislative jurisdiction held by the United States over 3022.76 acres of land at the Naval Weapons Station, Charleston, South Carolina. The purpose is to obtain concurrent jurisdiction over all the property to enhance law enforcement. We request your assistance with this action.

The property consists of Navy housing and recreational areas and land included in an easement to the South Carolina Highway Department. We propose adjustment from exclusive to concurrent jurisdiction over 422.7 acres, and adjustment from proprietary to concurrent jurisdiction over 2599.66 acres. These two areas, which are shown on the enclosed map with legal descriptions, are in the City of Goose Creek. The City has agreed to the proposed adjustment of jurisdiction, as shown in the attached letter.

Title 40, U. S. Code, Section 255 authorizes the Secretary of the Navy to accept legislative jurisdiction on behalf of the United States. Title 10, U. S. Code, Section 2683 authorizes him to retrocede jurisdiction over land he controls. This authority has been delegated to the Deputy Assistant Commander for Real Estate, Naval Facilities Engineering Command.

To accomplish the proposed adjustment of jurisdiction, we suggest that the United States accept exclusive jurisdiction from the State over the 2599.66 acres. We would then retrocede concurrent jurisdiction over this parcel and the 422.7 acres. We understand that these actions would be authorized under Title 3 of the Code of Laws of South Carolina.

We will be pleased to assist your staff with this action. Mr. Louis Griebler may be called at (202) 325-0474 for further information on this project.

Sincerely,

F. S. STERNS
Deputy Assistant Commander for
Real Estate

015065

REC-110

DEC 15 1982

REFER

ANSWERED

3-1-110
gone up to
Exclusion
3-1-150 acre
retrocede
to
concurrent

LEGAL DESCRIPTION OF TRACTS

TRACT 1

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015066

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Thence S $87^{\circ} 22'$ W for 1742.40 feet;

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The parcel thus described after deletion to Berkeley County Board of Education and the Berkeley County Water and Sewer Authority, contains 2599.66 acres, more or less.

Included in the above description is an easement, Noy(R)-57258, granted to the South Carolina Highway Department, dated May 38, 1962, for that portion of Redbank Road located on Navy property.

015068

(b)

Item 10

Acceptance of concurrent jurisdiction over National Park lands in South Carolina.

The National Park Service has been directed to seek concurrent jurisdiction with States over National Park lands. Currently, the United States exercises exclusive jurisdiction over portions of Cowpens National Battlefield, Fort Sumter National Monument, and Kings Mountain Military Park. Some portions of lands within these parks are under the proprietary jurisdiction of the United States. All lands within Congaree Swamp National Monument and Ninety Six National Historic Site are under the proprietary jurisdiction of the United States.

The National Park Service has claimed exclusive jurisdiction under Sections 3-1-10 and 3-1-120 of the South Carolina Code which are self-executing. The National Park Service asks that the Budget and Control Board accept concurrent jurisdiction as is authorized by Section 3-1-150 of the South Carolina Code.

County Councils have been contacted in each of the five counties involved. None has any objection to this jurisdictional change.

Suggested action: approval

015069

The Honorable Richard W. Riley
Governor of South Carolina
Post Office Box 11450
Columbia, South Carolina 29211

Dear Governor Riley:

It is the purpose of this letter to bring about certain changes in jurisdiction over the lands and waters administered by the National Park Service within the State of South Carolina. The result will be the establishment of concurrent legislative jurisdiction, between the United States and the State of South Carolina, over these lands and waters. This action, pursuant to applicable South Carolina and Federal statutes, will allow for more efficient conduct of both State and Federal functions and will comply with the congressional mandate, as expressed in the Act of October 7, 1976 (90 Stat. 1939, 16 U.S.C. §1a-3), that insofar as practicable the United States shall exercise concurrent legislative jurisdiction within units of the National Park System.

The term "concurrent legislative jurisdiction" is intended herein as vesting in the State and the United States all the rights accorded a sovereign with the broad qualification that such authority is held concurrently over matters including but not limited to criminal laws, police powers and tax laws. It is the parallel right of both the State and United States to legislate with respect to such land and persons present or residing thereon, subject only to the United States and State of South Carolina constitutional constraints such as but not limited to, the supremacy clause of the United States Constitution and the prohibition of taxation of the property of one sovereign by another. The acquisition by the United States of concurrent jurisdiction will also assist in the enforcement of State criminal laws by the United States under the Act of June 25, 1948 (18 U.S.C. §13 1976)).

The following units of the National Park System situated in the State of South Carolina are presently administered by the National Park Service and are the subject of this transfer of legislative jurisdiction:

Congaree Swamp National Monument
Cowpens National Battlefield
Fort Sumter National Monument
Kings Mountain National Military Park
Ninety Six National Historic Site

The United States currently exercises exclusive jurisdiction over portions of Cowpens National Battlefield, Fort Sumter National Monument, and Kings Mountain National Military Park. Some portions of lands within the foregoing units are under the proprietary jurisdiction of the United States. All lands within Congaree Swamp National Monument and Ninety Six National Historic Site are under the proprietary jurisdiction of the United States.

015070

The National Park Service considers the exercise of concurrent legislative jurisdiction between the United States and the State of South Carolina over all of the foregoing units as highly desirable and in the public interest.

The establishment of concurrent legislative jurisdiction over units of the National Park System situated in the State of South Carolina will require a cession of exclusive legislative jurisdiction by the State to the United States over all those areas under the proprietary jurisdiction of the United States and an acceptance of such measure of jurisdiction by the United States. This would establish exclusive legislative jurisdiction over all units situated within the State of South Carolina. In turn, the United States would cede concurrent legislative jurisdiction to the State over all units of the System situated in South Carolina and upon acceptance by the State, concurrent legislative jurisdiction would be established.

In accordance with Sections 3-1-10 and 3-1-120 of the South Carolina Code the State of South Carolina ceded exclusive jurisdiction to the United States over lands acquired for public purposes. Therefore, in accordance with the Act of February 1, 1940, 54 Stat. 19, 40 U.S.C. §255, I hereby accept such measure of legislative jurisdiction over all area of the National Park System situated in the State of South Carolina over which the United States exercises proprietary jurisdiction.

Pursuant to the delegated authority vested in me by the Act of October 7, 1976, 39 Stat. 1939, 16 U.S.C. §1a-3, I hereby retrocede and relinquish to the State of South Carolina such measure of legislative jurisdiction between the State of South Carolina and the United States over the Congaree Swamp National Monument, Cowpens National Battlefield, Fort Sumter National Monument, Kings Mountain National Military Park and Ninety Six National Historic Site.

By acceptance of this notice of cession of jurisdiction in the manner prescribed by Section 3-1-150 of the South Carolina Code, the State of South Carolina hereby accepts such measure of legislative jurisdiction as is necessary to establish concurrent legislative jurisdiction between the State of South Carolina and the United States over those units of the National Park System which are the subject of said retrocession and relinquishment of jurisdiction.

It is the intention of this letter and the acceptance thereof that the parties herein have ceded, relinquished and accepted jurisdiction necessary to assure that the State of South Carolina and the United States exercise concurrent legislative jurisdiction over all areas of the National Park System situated in the State of South Carolina and more particularly set out herein.

It is recognized that additional units may be added to the National Park System within the State or that the boundaries in the existing units may be modified. Upon any such addition or modification, a letter to that effect with an adequate legal description will be provided to the State to assure that concurrent legislative jurisdiction is established over these areas.

015071

In accordance with State law, the establishment of concurrent legislative jurisdiction over all those units of the National Park System, which are subject of the retrocession and relinquishment of jurisdiction by the United States, shall become effective upon the State of South Carolina executing the notice of acceptance of jurisdiction and the sending of the notice to the Director of the National Park Service.

Sincerely,

Director
National Park Service
_____ day of January, 1983

Enclosures

State of South Carolina

Pursuant to applicable State statutes, the South Carolina Budget and Control Board has by resolution authorized an acceptance of concurrent legislative jurisdiction between the State of South Carolina and the United States over those units of the National Park System which are the subject of the retrocession or relinquishment of jurisdiction by the United States. On behalf of the State of South Carolina concurrent jurisdiction between the State of South Carolina and the United States over those units of the National Park System which are subject to said retrocession and relinquishment of jurisdiction is hereby accepted this _____ day of _____, 19____ at _____ o'clock ____ .m., pursuant to Code of Laws of South Carolina 1976 §3-1-150 (1962 Code §39-141; 1974 (58) 2673).

Governor of South Carolina
Chairman, State Budget & Control Board

Sworn to and subscribed before me
this _____ day of _____, 19____

Notary Public of S.C.

My Commission Expires _____

015072



404221-4447
CAB
DO

United States Department of the Interior

OFFICE OF THE SOLICITOR
ATLANTA REGIONAL C

Richard B. Russell Feder
75 Spring Street, S
Atlanta, Georgia 30



OFFICE OF THE GOVERNOR - SOUTH CAROLINA

IN REPLY REFER TO

JRM:vlj

DOROTHY A. MANIGAULT
EXEC. ASST. FOR LEGAL AFFAIRS

Ms. Dorothy Manigault
Legal Counsel to the Governor
Office of the Governor
P.O. Box 11450
Columbia, South Carolina 29211

(803) 756-3361

Dear Ms. Manigault:

The National Park Service has been directed by the Congress of the United States to "diligently pursue the consummation of arrangements with each state, within which a unit of the National Park System is located, to the end insofar as practicable the United States shall exercise concurrent legislative jurisdiction within units of the National Park System" (Public Law 94-458).

Although it is not possible in this letter to discuss all the legal and practical ramifications of concurrent jurisdiction, I can briefly summarize its basic characteristics.

Under concurrent jurisdiction, the Federal Government and a State each have all the rights accorded a sovereign with the broad qualification that such rights run concurrently with those of the other sovereign. State law is applicable in a concurrent jurisdiction area. Federal laws appertaining generally to areas under the legislative jurisdiction of the United States also apply, as well as the Federal laws and regulations that pertain to the particular area. State criminal laws are applicable in the area for enforcement by the State, or by the Federal Government under the Assimilative Crimes Act (18 U.S.C. §13). Most crimes fall under both Federal and State sanction and either government or both may take jurisdiction over a given offense. The State and local governmental subdivisions have the same obligation to furnish their normal governmental services, such as sewage disposal, to and in the area, as they have elsewhere in the State. They also have the compensating right of imposing taxes on persons, property, and activities in the area, but not directly on the Federal Government or its instrumentalities. The regulatory powers of the State may be exercised in the area but not directly on the Federal Government or its instrumentalities, and not so as to interfere with Government activities.

015073

~~CONFIDENTIAL - SECURITY INFORMATION~~

National Park Service files on the five parks within the State of South Carolina indicate that Cowpens National Battlefield Site and Fort Sumter National Monument are both areas over which the United States has a combination exclusive and proprietorial jurisdiction situation. The United States exercises exclusive jurisdiction over Kings Mountain National Military Park and exercises proprietorial jurisdiction over both Ninety Six National Historic Site and Congaree Swamp National Monument.

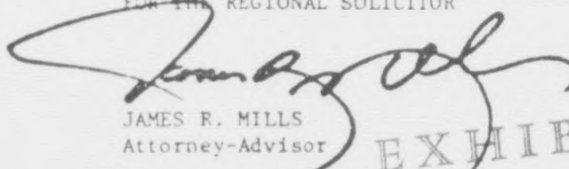
To implement the goal of the sharing of concurrent jurisdiction in these five parks, the Secretary of the Interior must retrocede the existing exclusive jurisdiction over Kings Mountain National Military Park and those portions of Cowpens National Battlefield Site and Fort Sumter National Monument pursuant to Section 6 of Public Law 94-458, copy enclosed. Section 3-1-150 of the Code of Laws of South Carolina 1976 provides for consent to such retrocession. In regard to those parks, or portions thereof, over which the United States exercises proprietorial jurisdiction, the Secretary of the Interior would seek a cession of concurrent jurisdiction under the authority of 40 U.S.C. 255 (1970). The relevant section of the Code of Laws of South Carolina 1976 for a cession of jurisdiction by the State of South Carolina to the United States is Section 3-1-10. PL 94-458
Sec 4002
255

The Department of the Interior has developed a draft memorandum of agreement which would facilitate the establishment of concurrent jurisdiction as contemplated in Public Law 94-458. A copy of the subject draft is enclosed for your review. An opinion emanating from the Office of Senate Research of the State of South Carolina relative to legislative jurisdiction of the United States over certain lands is also enclosed for informational purposes.

We would appreciate the opportunity to meet with you in the near future to discuss the benefits and ramifications regarding the exercise of concurrent jurisdiction over units of the National Park System situated in the State of South Carolina.

If you have any questions or comments regarding this matter, please contact me at (404) 221-4950.

FOR THE REGIONAL SOLICITOR


JAMES R. MILLS
Attorney-Advisor

EXHIBIT

Enclosures

JAN 11 1983

NO. 14

STATE BUDGET & CONTROL BOARD

015074



United States Department of the Interior

OFFICE OF THE SOLICITOR

ATLANTA REGIONAL OFFICE

Richard B. Russell Federal Building

75 Spring Street, S. W.

Atlanta, Georgia 30303

November 18, 1982

IN REPLY REFER TO:

LG - 1 X LG - 7

A 82-11-1372

NPS:SERO:SC

402 221 4447

Steve Hooks, Esquire
Executive Assistant for Legal Affairs
Office of the Governor
Post Office Box 11450
Columbia, South Carolina 29211

Dear Mr. Hooks:

Pursuant to our telephone conversation on this date, you will find enclosed a rough draft of a letter that the National Park Service proposes to use for the purpose of establishing concurrent jurisdiction over units of the National Park System within the State of South Carolina. As we discussed, the Service wants to use this letter in lieu of the proposed agreement for concurrent jurisdiction previously submitted to your office.

After you have had an opportunity to review the enclosed letter, I would appreciate it if you contact me so we may discuss its contents.

We appreciate your time and efforts in this matter.

Sincerely,


James R. Mills

Enclosure

015075

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 15

REGULAR SESSION AGENDA

MEETING OF January 11, 1983

ITEM NUMBER 7

STATE BUDGET & CONTROL BOARD

Agency: Secretary of State's Office

Subject: Civil Contingent Fund Allocation Request

Secretary of State Campbell advises the Board of a need for \$15,000 from the Civil Contingent Fund to pay operating expenses of his office.

Please refer to attached letter for details.

Board Action Requested:

Consider.

Staff Comment:

015076

Attachments:

Campbell December 30, 1982 letter to Putnam plus statement of financial position of Civil Contingent Fund

State of South Carolina

Department of State

P.O. BOX 11350
COLUMBIA 29211

JOHN T. CAMPBELL
SECRETARY OF STATE
JOHN P. STOKES
DEPUTY SECRETARY OF STATE

December 30, 1982

RECEIVED

DEC 30 1982

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

STANLEY V. LEWIS
DEPUTY SECURITIES COMMISSIONER
816 Keenan Building

ERIC W. PANTSARI
DIRECTOR, PUBLIC CHARITIES
816 Keenan Building

EXHIBIT

JAN 11 1983 NO. 15

STATE BUDGET & CONTROL BOARD

Mr. W. T. Putnam
Executive Director
Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29201

Dear Mr. Putnam:

This is with further reference to your discussion with this office regarding a depletion of our operating funds for the fiscal year 1982-83. The budget cuts several months ago left this office without the necessary funds to carry on the normal responsibilities and obligations of the office as required by the code.

As a example, the code requires this office to cancel charters of corporations delinquent in paying taxes to the Tax Commission. This cancellation involves the sending of notices by registered mail, as well as giving a notice in a newspaper circulated throughout the state. This cancellation takes place each quarter. It involves as little as 300 corporations to as many as 1,000 per quarter and the cost involved is as little as five hundred to six hundred dollars to as much as \$1,800, which, as you can see, cost the State of South Carolina up to around \$3,000 per year. This office cancelled three or four hundred charters in October, 1982 by mailing the registered notices, however, the notice required to be given in a newspaper has not been published due to a lack of funds. We have just been requested by the Tax Commission to cancel another seven or eight hundred charters on January 2, 1983. This request cannot be carried out due to a lack of funds (approximately \$700 for postage) and a lack of funds for the newspaper notice (approximately six or eight hundred dollars).

It is further evident to this office that we will not have funds for postage and the payment of the telephone charges as well as other necessary expenditures to carry us through the balance of the fiscal year. Another serious problem facing this office is a shortage of personnel. We desperately need another clerk in our U.C.C. Division. This office records liens and security interest daily. They are, at this time, approximately 30 days behind in their work. This is probably one of the most essential and important responsibilities of this office and the filings must be recorded daily to be effective. In another division, we are without a Notary clerk.

015077

EXHIBIT

JAN 11 1983 NO. 15

STATE BUDGET & CONTROL BOARD

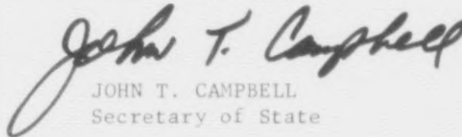
Mr. W. T. Putnam
December 30, 1982
Page Two

We are approximately two weeks behind issuing Notary Public commissions and this problem will double in numbers when the legislature convenes.

The underlying purpose of this letter is to make the board aware that the effectiveness of this office is greatly impaired and we are not able to comply with the requirements of the code due to a lack of operating funds and a shortage of personnel.

Please consider our request for funds in the amount of \$15,000 from the contingent fund which would carry this office through the balance of the present fiscal year.

Yours very truly,



JOHN T. CAMPBELL
Secretary of State

JTC/er

015078

STATE BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR
CIVIL CONTINGENT FUND - FINANCIAL POSITION
As of January 7, 1983

EXHIBIT

Receipts

JAN 11 1983 NO. 15

Appropriations		
General Operations.....	\$290,000.00	STATE BUDGET & CONTROL BOARD
Appropriation Reduction		
General Operations.....	(21,275.00)	
Contractual Services.....	125,000.00	
Appropriation Reduction		
Contractual Services.....	(387.50)	
Total Receipts.....		\$393,337.50

Departmental Allocations:

Task Force on Structure and Authority of State Government.....	20,236.00	
State Budget and Control Board		
-Fire Marshal Division.....	6,000.00	
-Office of Executive Director.....	1,500.00	
Heritage World Expo Authority		
Quarterly Meeting.....	378.32	
Department of Highways and Public Transportation.....	90,000.00	
S.C. School for the Deaf & Blind.....	2,000.00	
S.C. Public Service Authority		
Wampee Meeting.....	540.00	
Opportunity School.....	7,500.00	
Health Care Planning & Oversight Committee.....	30,000.00	
Board of Barber Examiners.....	5,000.00	
State Law Enforcement Division.....	35,000.00	
Total Departmental Allocations.....		\$198,154.32

Committee Expenditures:

Budget and Control Board(meetings).....	1,771.84	
Governor's Youth Advisory Council.....	1,652.32	
Board of Economic Advisors		
Travel Expenses for Dr. James A. Morris.....	1,102.42	
Consolidated Procurement Code		
Committees.....	2,552.74	
Public Service Merit Selection Panel.....	33.50	
Council on Productivity.....	1,010.44	
Total Committee Expenditures.....		\$ 8,123.26

015079

Unexpended Committee Encumbrances:		
Budget and Control Board(meetings).....	1,228.16	
Governor's Youth Advisory Council.....	3,347.68	
Board of Economic Advisors		
Travel Expenses for Dr. James A. Morris.....	5.58	
Consolidated Procurement Code		
Committees.....	2,447.26	
Public Service Merit Selection Panel.....	266.50	
Council on Productivity.....	<u>3,489.56</u>	
Total Unexpended Committee Encumbrances.....		\$ 10,784.74
Earmarked For Counties And Municipalities		
For Legal Fees For Catawba Indians Suit.....		\$124,612.50
Other Expenses:		
Reward Offer - Patrolman Caffey.....	5,000.00	
Sun Belt Research Coalition.....	2,500.00	
Advisory Commission on Intergovernmental		
Relations.....	<u>2,250.00</u>	
Total Other Expenses.....		\$ 9,750.00
UNENCUMBERED FUND BALANCE.....		\$ 41,912.68

015080

EXHIBIT

STATE BUDGET AND CONTROL BOARD
MEETING OF January 11, 1983

JAN 11 1983

NO. 16

REGULAR SESSION AGENDA

ITEM NUMBER

8

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject: Exemption of Doctors of Osteopathy

In July, the Board granted an exemption for the procurement of the services of medical doctors from the purchasing procedures of the Consolidated Procurement Code. Contracts and Audit Management Director Barbara A. McMillan advises that it was the intent of the Division in specifying "medical doctors" for the exemption to include all doctors of medicine who come under the jurisdiction of the State Board of Medical Examiners. However, she advises that in reviewing that Board's statutory authority for licensure, she has noted that that Board makes a distinction between doctors of medicine and doctors of osteopathy. She indicates that she would have no problem with the Board granting an additional exemption for doctors of osteopathy.

The question arises in connection with a request by the Department of Mental Health.

Board Action Requested:

Approve exemption of doctors of osteopathy from the purchasing procedures of the Consolidated Procurement Code.

Staff Comment:

015081

Attachments:

McMillan December 29 letter to McInnis



EXHIBIT

JAN 11 1983

NO. 16

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201

December 29, 1982

T.M. COPELAND
DIVISION DIRECTOR
(803) 758-2226

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Your Memorandum of December 16, 1982

Dear Bill:

I am writing you with respect to the exemption that the Budget and Control Board granted for the procurement of services of medical doctors and the intent of the Materials Management Office in seeking that exemption in July. We found after reviewing agency quarterly reports of sole source and emergency procurements that the majority of specialized professional consultant services required by the State were being procured on the basis of either of the aforementioned methodologies. It was the recommendation of this office to exempt those particular services from the purchasing procedures of the Consolidated Procurement Code in order to recognize not only the special nature of the service being acquired but also the efficiencies attained by delegating that procurement decision to the agencies.

Our intent in specifying "medical doctors" for the exemption was to include all doctors of medicine who come under the jurisdiction of the State Board of Medical Examiners, but in reviewing their statutory authority for licensure, I have noted that they do make a distinction between doctors of medicine and doctors of osteopathy. Section 40-47-50 of the South Carolina Code of Laws 1976, as amended, recognizes osteopathy as a complete school of medicine and surgery and that graduates of an osteopathic college would use the letters D.O. after their names when used in connection with their profession as opposed to M.D. For these reasons, I do not feel that it would be proper to include the two practices within one exemption but I have no problem with the Budget and Control Board granting an additional exemption for doctors of osteopathy.

I would appreciate your advising me as to whether or not you will put the item on the Budget and Control Board agenda or feel that the

015082

EXHIBIT

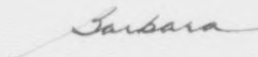
JAN 11 1983 NO. 16

Mr. William A. McInnis
December 29, 1982
Page 2

STATE BUDGET & CONTROL BOARD

Materials Management Office of the Division of General Services should.
If I can be of any further assistance, please do not hesitate to call.

Sincerely,



Barbara A. McMillan, Director
Contracts and Audit Management

BAM:rms

CC: Mr. Tony R. Ellis
Mr. Richard J. Campbell

015083

STATE BUDGET AND CONTROL BOARD

EXHIBIT

REGULAR SESSION AGENDA

MEETING OF January 11, 1983 JAN 11 1983

NO. 17 ITEM NUMBER

9

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Certification for Francis Marion College in accordance with
S.C. Consolidated Procurement Code Section 11-35-1410

Pursuant to the enclosed Procurement Audit and Certification report, the Materials Management Office of the Division of General Services hereby recommends that the Budget and Control Board certify Francis Marion College to make the following direct agency procurements for a period of two years as provided for in Section 11-35-1410 of the Consolidated Procurement Code: (1) goods and services exclusive of printing equipment which must be approved by the Materials Management Officer, limitation of \$5,000 per purchase commitment; and (2) consulting services, limitation of \$5,000 per purchase commitment.

Board Action Requested:

Staff Comment:

Attachments:

Procurement Audit and Certification (Francis Marion College)

015084

EXHIBIT

JAN 11 1983

NO. 17

DIVISION OF GENERAL SERVICES

REQUEST FOR BUDGET AND CONTROL BOARD ACTION

STATE BUDGET & CONTROL BOARD

DATE January 4, 1983

SUBJECT: Certification for Francis Marion College in accordance with S. C.
Consolidated Procurement Code Section 11-35-1410.

BACKGROUND: (INCLUDE APPLICABLE ATTACHMENTS)

Pursuant to the enclosed Procurement Audit and Certification report, the Materials Management Office of the Division of General Services hereby recommends that the Budget and Control Board certify Francis Marion College to make the following direct agency procurements for a period of two years as provided for in Section 11-35-1410 of the Consolidated Procurement Code: (1) goods and services exclusive of printing equipment which must be approved by the Materials Management Officer, limitation of \$5,000 per purchase commitment; and (2) consulting services, limitation of \$5,000 per purchase commitment.

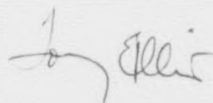
RECOMMENDATIONS

Requestor -

Unit Director -

Assistant Director -

Deputy Director -



015085

EXHIBIT

JAN 11 1983 NO. 17

STATE BUDGET & CONTROL BOARD



**South Carolina
Division of General Services
Materials Management Office**

PROCUREMENT AUDIT AND CERTIFICATION

015086

FRANCIS MARION COLLEGE
AGENCY

December 23, 1982
DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES

800 DUTCH SQUARE BLVD., SUITE 150
COLUMBIA, S.C. 29210
(803) 758-6060



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

TONY ELLIS
MATERIALS MANAGEMENT OFFICER

December 23, 1982

Mr. T. Michael Copeland
Acting Deputy Executive Director
Budget and Control Board
Columbia Building, 9th Floor
Number One Main Street
Columbia, South Carolina 29201

Dear Mike:

Attached is the final Francis Marion College audit report and recommendations made by the Materials Management Office. I recommend the Budget and Control Board grant Francis Marion College two years certification as outlined in the audit report.

Sincerely,

Tony B. Ellis
Acting Deputy Director

TRE:rms

Attachment

015087

MATERIALS MANAGEMENT

STATE
PROCUREMENTS
(803) 758-6050

CONTRACTS
AND AUDIT MANAGEMENT
(803) 758-6060

INFORMATION
MANAGEMENT TECHNOLOGY
(803) 758-6060

RESEARCH
AND TRAINING
(803) 758-6060

CENTRAL
STATE WAREHOUSE
(803) 758-3240

SURPLUS PROPERTY
(803) 758-2620

FRANCIS MARION COLLEGE

AUDIT REPORT

December 23, 1982

015088

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	<u>PAGE</u>
Introduction.....	1
Purpose.....	2
Background.....	3
Scope.....	4
Summary Results of Examination.....	6
Results of Examination.....	9
Summary of Audit Conclusions.....	32

INTRODUCTION

The Audit and Certification Section of the Materials Management Office of the Division of General Services conducted an examination of the internal procurement operating procedures and policies and related manual of Francis Marion College.

Our on-site review was conducted May 26, 1982 through June 24, 1982.

Our examination was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

015090

PURPOSE

Our examination was directed principally to determine whether, in all material respects, the internal controls of Francis Marion College's procurement system were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally, our work was directed toward assisting the institution in its efforts to meet the underlying purposes and policies of the Code as outlined in Section 11-35-20, which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State;
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State;
- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process.

BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The Budget and Control Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The materials management office shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuring regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

On January 11, 1982, Francis Marion College submitted to the Materials Management Office a request for certification to handle their own procurements above \$2,500 as follows:

<u>Category</u>	<u>Requested Limit</u>
1. Goods and Services	\$30,000
2. Consultant Services	\$30,000
3. Construction	\$4,000,000
4. Information Technology	No Additional Authority Requested

As a result of this request, we began an audit of the procurement system on May 26, 1982.

015092

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of Francis Marion College and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions up to the requested certification limits.

The Audit and Certification team of the Materials Management Office statistically selected random samples for the period August 1, 1981 - May 28, 1982, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

- (1) adherence to provisions of the South Carolina Consolidated Procurement Code and accompanying regulations;
 - (2) procurement staff and training;
 - (3) adequate audit trails and purchase order register;
 - (4) evidences of competition;
 - (5) small purchase provisions and purchase order confirmations;
 - (6) emergency and sole source procurements;
 - (7) source selections;
 - (8) file documentation of procurements;
 - (9) reporting of Fiscal Accountability Act;
 - (10) warehousing, inventory and disposition of surplus property;
- and

(11) economy and efficiency of the procurement process.

At the date of this report, neither the state plan nor the College's plan for the management and use of information technology have been completed. Additionally, procedures for monitoring construction and related services procurements have not been finalized. Because of this, we feel it would be inappropriate to recommend certification in these areas at this time.

Our examination included a review of these areas so that once the aforementioned plans and procedures are completed we will be able to make recommendations for certification with only a limited follow-up review.

SUMMARY RESULTS OF EXAMINATION

Our examination of the procurement system of Francis Marion College produced findings and recommendations for improvement in the following areas:

	<u>PAGE</u>
I. GENERAL TRANSACTION CONTROL	9
A. Evidence of an Audit of Voucher Packages	9
There is lack of evidence that Accounts Payable follows established procedures in the audit of voucher packages.	
B. Adequate Documentation of Purchase Order Changes	10
Purchase orders are being changed in price and quantity without sufficient documentation.	
C. Timely Payment of Invoices	11
Untimely payment of invoices results in lost discounts and potentially could result in late payment penalties.	
II. COMPLIANCE - GENERAL	14
A. Bookstore Procurements	14
Francis Marion College's bookstore is providing a central stores function for the college which threatens its exemption under the Code.	
B. Food Service Procurements	15
Francis Marion College erroneously considers supply purchases for the Cafe exempt from the Code.	

015094

	<u>PAGE</u>
C. Student Organization Procurements	16
Francis Marion College could improve documentation establishing the exempt status of procurement relating to the activities of student organizations.	
D. Confirmation of Prices on Requisitions for Less than \$500	17
Francis Marion College's purchasing department has no established procedures to confirm prices on requisitions under \$500, particularly maintenance and custodial supplies.	
E. Fiscal Accountability Act Reporting	18
Francis Marion College is out of compliance with the requirements of the Fiscal Accountability Act.	
III. COMPLIANCE - GOODS AND SERVICES	20
A. Lack of Competition and/or Sole Source or Emergency Determinations	20
Francis Marion College is procuring goods and services with no evidence of competition or written determinations.	
B. Proper Ratification of an Unauthorized Purchase	22
The College failed to make a written determination of an unauthorized purchase.	
C. Source Selection Lists	23
Adequate source selection lists to ensure broad base competition are not maintained.	

	<u>PAGE</u>
D. Internal Control over Maintenance Repair Purchases	25
Francis Marion College does not require sufficient documentation in the procurement of maintenance repairs to ensure code compliance.	
IV. COMPLIANCE - CONSTRUCTION	26
Francis Marion College's procedures in minor construction procurements are not in compliance with the Consolidated Procurement Code.	
V. SUPPLY MANAGEMENT - MAINTENANCE STORES	28
Due to budgetary constraints, there is no formal accountability of inventory and a weak separation of duties in Francis Marion College's maintenance stores function.	
VI. STANDARDIZATION AND SPECIFICATIONS - PRINT SHOP	30
Francis Marion College's Print Shop standardization and specification policy reduces cost effectiveness in the procurement of supplies.	
VII. ADDITIONAL POLICIES AND PROCEDURES NECESSARY FOR CERTIFICATION	31
Our examination determined that additional policies and procedures are necessary before certification can be granted for higher procurement limits.	

EXHIBIT
JAN 11 1983 NO. 17
STATE BUDGET & CONTROL BOARD

RESULTS OF EXAMINATION

I. GENERAL TRANSACTION CONTROL

A. Evidence of an Audit of Voucher Packages

Our review of the voucher package accumulation and payment process at Francis Marion College revealed that Accounts Payable audit procedures are in effect to properly verify the accuracy of invoices and to verify that purchases are properly authorized.

Our test of these procedures, however, based on a random statistical selection of 60 vouchers in all areas of procurement, found 14 voucher packages that had no evidence that an audit by Accounts Payable had taken place.

This error rate, when projected to the entire transaction population under examination, results in there being a 90% probability that at least 13%, and up to 32%, of the vouchers contain no evidence of the required audit by Accounts Payable.

Good internal control procedures are effective only when those charged with performing the control function perform in accordance with the agency's policies. This can only be assured and responsibility clearly assigned when documentation of the procedure performed is available.

Since no evidence of Accounts Payable's audit appeared in the voucher packet, we have no assurance that Francis Marion College's established procedures are being followed.

We, therefore, recommend that the Controller inform his staff of the importance of the Accounts Payable audit function and take the necessary steps to ensure Francis Marion College's procedures are followed in processing vouchers.

B. Adequate Documentation of Purchase Order Changes

Purchase orders are being changed in price and quantity without formal documentation. Usually the documentation is a department inquiry or a packing slip reflecting an overshipment, which is then approved by annotating the purchase order. Although there is an informal "change slip" procedure in effect by the Procurement Section, our transaction test analysis determined that it was not being used.

Using attribute sampling techniques, we found the total number of errors in the classification of "purchase order changes" to be seven (7). Therefore, summarizing as before, we can project with a 90% degree of confidence that there are no less than 4.59% errors and no more than 20.18% errors in the entire population. With a population of 379 there could exist as many as 76 transactions without formal change order documentation.

Good internal control over the procurement function dictates that price changes to purchase orders be properly approved and documented. This accomplishes the following:

- (1) Control of all price deviations by the Purchasing Agent, thereby effecting total centralized control of the procurement function.

015098

- (2) Monitoring of user department requests to authorize quantity changes to vendors.
- (3) Preventing vendors from making unauthorized price changes on purchase orders which are issued and approved at a specific price.
- (4) Ensuring that pertinent divisions within the organization are notified formally of all changes.

A strength of internal control in the procurement process lies in the routing of pertinent documents to a central location and the delegation of the approval authority to one individual, in this case the Purchasing Agent. A dilution of this internal control occurs when changes can be made to purchase orders without the proper documentation.

We recognize that Francis Marion College's size of operation makes informal communication of purchase order changes easily accomplished. However, we emphasize that the final approval authority should remain with the Purchasing Agent thus maintaining control over all purchase order changes. Change orders should be properly processed and approved before the merchandise or services are received by departments. This ensures that the final authority is being exercised by Purchasing and strengthens internal control.

C. Timely Payment of Invoices

Our test of procurement transactions determined the following:

- (1) Eight vouchers were paid untimely resulting in cash discounts being lost.

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- (2) Two additional vouchers required in excess of 60 days from the invoice date to the payment date for processing.

Section 11-35-20(f) of the Consolidated Procurement Code states as one of its purposes:

...to provide increased economy in state procurements.

Additionally, Section 17 of Act 148 of 1981 was amended to read, in part:

Section 17.

A. Beginning January 1, 1983, all vouchers for payment of purchases of goods or services shall be delivered to the Comptroller General's Office within thirty (30) workdays from receipt of the goods or services, whichever is received later by the agency. After the thirtieth workday, the Comptroller General shall levy an amount not to exceed fifteen percent per annum from the funds available to the agency, such amount to be applied to the unpaid balance to be remitted to the vendor.

Further examination determined that Francis Marion College is on a bi-weekly payment cycle. Unless the discount term coincides with this established cycle of payment, discounts are lost.

Francis Marion College does not consider it cost effective to process vouchers to take advantage of discounts apart from the normal payment cycle, unless they are of a material nature.

As a result, the vendor's offer to reduce prices for prompt payment according to invoice terms is not taken in the above mentioned transactions.

While we did not seek to determine the dollar amount of discounts lost, we can state that we are 95% confident that no more than 80 of the transactions in the population are affected by this policy.

However, we question the policy for the following reasons:

- (1) If cash discounts are considered in the source selection and award process, the integrity of the competitive system is undermined if, after the fact, such discounts are lost.
- (2) There is no account in Francis Marion College's general ledger reporting system to measure the total dollars lost in order to justify the cost effectiveness of giving the payment cycle priority over invoice discount terms.
- (3) Other options in procurement methodology to ensure that all advantages in price reduction can be taken have apparently not been considered.

We, therefore, recommend that Francis Marion College exercise the following options:

- (1) That a discounts lost account be established to measure total funds expended as a result of present policy,
or,
- (2) Implementation of a step in the procurement process that will seek to establish cash discount terms prior to award which will allow purchasing, receiving, and accounts payable sufficient time for processing to enable Francis Marion College to take advantage of this price reduction.

In short, vendor invoice terms are not "chiseled in stone".

As to disbursements requiring in excess of thirty workdays, we realize there may be extenuating circumstances that could prevent normal processing. However, in light of the amendments to Act 148 quoted above, we recommend that Francis Marion College closely monitor invoices

over thirty workdays old and sufficiently document the reasons for excessive delay in order to prevent unnecessary penalty.

II. COMPLIANCE - GENERAL

A. Bookstore Procurements

Our review of Francis Marion College's procurement manual indicated that the Bookstore, an auxiliary, is providing the central stores function for office supplies to all departments of the college. Further examination revealed that Francis Marion College pays the Bookstore a 10% service charge over cost for this function.

Section 11-35-710(f) of the Code, under exemptions, states:

Expenditure of funds at state institutions of higher learning derived wholly...from the operation of...bookstores....

Based on this criteria, Francis Marion College is of the opinion that Bookstore procurements do not require Code compliance.

However, we believe that the Bookstore loses its exemption in the procurement of supplies intended for college use.

Additionally, Francis Marion College's expenditure of appropriated funds for these commodities at cost plus 10% results in state funds contributing to an auxiliary function whose existence is predicated on its being wholly self-supporting from operations.

As a result, it is our opinion that Francis Marion College is out of compliance with the Code as well as the Appropriations Act.

We, therefore, recommend that all supplies actually used by Francis Marion College be procured in accordance with the Consolidated Procurement Code.

B. Food Service Procurements

Francis Marion College operates the College Cafe as an auxiliary function. It considers procurements in this area exempt from the Code for the following reasons:

- (1) It is an "in house" operation.
- (2) Its expenditures are derived wholly from operations.
- (3) It is a canteen.
- (4) The supplies purchased are part of the package for resale.

As a result of this interpretation, all supplies are purchased without regard for Code requirements. We discovered one instance where a purchase for disposable plates, bowls, etc. in excess of \$2,500 was processed internally rather than through Central State Purchasing.

Section 11-35-710(f) of the Code intends to exempt wholly self-supporting canteens. The Code further exempts the purchase of food and items for commercial sale.

However, in our opinion the Code does not exempt supply purchases of the College's food service operation because it is not a canteen operation.

Furthermore, the fact that the South Carolina Tax Commission exempts the purchase of bulk food containers from sales tax when being used as part of a process to package food for resale has little bearing on Procurement Code compliance.

We, therefore, recommend that all procurements with the exception of fresh food and items for commercial sale be processed through the Director of Purchasing who will ensure that the requirements of the Consolidated Procurement Code are met.

C. Student Organization Procurements

Our examination of Francis Marion College's consultant and contractual services payments revealed that procurements of entertainers, bands, etc. are made by the Student Life Department on behalf of various student organizations. Since Francis Marion College does not segregate student activity fees in its fund accounting system, these procurements initially appear to be paid from current operating funds.

Further review determined that revenues generated by these activities offset the expenditures, and adequate internal controls are in place under the Vice President of Business Affairs to ensure that appropriated funds are not underwriting these activities.

We, therefore, concur with Francis Marion College that these contracts are exempt from the Code under Section 11-35-710(f) as activities of student organizations.

However, we would recommend that future contracts be clearly marked in order to identify their exemption from the Procurement Code. This would leave a more visible audit trail and avoid a duplication of effort by other external auditors.

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D. Confirmation of Prices on Requisitions for Less than \$500

During our examination of the internal procurement operating procedures and policies, it was noted that there was no evidence that the procurement division was confirming prices on requisitions furnished by the using departments. In particular, our audit revealed that in the procurement of maintenance and custodial supplies under \$500, the Physical Plant buyer was making his own source selection, noting them on the requisitions and purchasing was issuing confirming purchase orders.

A well controlled procurement cycle includes proper management approval of all requisitions flowing through the College's procurement channels. The purchasing department has the responsibility to ensure that prices are fair and reasonable on orders less than \$500 through the verification of any vendor prices submitted by departments.

The failure to confirm prices reduces the overall effectiveness of the procurement department as it negates its capability to monitor requests for possible excessive pricing or favored vendor treatment, and increases the possibility of purchase order changes. Additionally, by not confirming orders, the authorizing signature on the purchase order becomes unreliable in complying with Rule 19-445.2100 of the Permanent Regulations, Subsection B, dealing with the certification of prices as being fair and reasonable.

We recommend that vendor prices be confirmed by the procurement department, even when the request is less than \$500. Since the internal policy and procedures manual denotes that the purchasing agent's signature indicates that the price is "fair and reasonable", then price

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confirmation will ensure compliance with the regulations by Francis Marion College.

E. Fiscal Accountability Act Reporting

Partially, as a result of lack of clarification as to report procedures statewide, Francis Marion College has failed to comply with the requirements of the Fiscal Accountability Act in the following areas:

- (1) Failed to report to the Comptroller General (CG) a statement of all existing contracts for permanent or capital improvements and the status of the work pursuant to such contracts.
- (2) Neglected to report all expenditures as required under the Act.
- (3) Neglected, since the passage of the Act (1976), to reconcile the data collected for FAA reporting to General Services with the Accounts Payable check distribution files of Francis Marion College.

Act 561 of 1976, Section 4, states in part:

The quarterly reports required by this act shall include the following information current to the end of the last preceding quarter;

- (2) A statement of all existing contracts for permanent or capital improvements and the status of the work pursuant to such contracts....

Additionally, Section 5 states in part:

All agencies, departments and institutions of state government shall...furnish to the Division of General Services of the Budget and Control Board...a statement of all expenditures...for commodities which were not purchased through the Division. Such statements shall be prepared in

the commodity code structure and report format established by the Division for reporting commodities purchased through the Division's central purchasing system....

...Expenditures for units under two hundred dollars shall be reported in the aggregate and units in excess of two hundred dollars shall be itemized.

Further, 561 as amended May 30, 1977, states in part:

...it is the intent of the General Assembly that all funds including state, federal, and other agency revenues, and also including any financial transactions covered by the budget code of the Comptroller General's office, be included in the reporting requirements of this Act....

While Francis Marion College is faithful to the requirements of the Fiscal Accountability Act in reporting all procurements that are handled on purchase orders by the Director of Purchasing, including limited purchase orders (direct vouchers), the following procurements are not reported:

- (1) Bookstore
- (2) Food Service
- (3) Library
- (4) Prepaids
- (5) Contractual Services and/or Consultants
- (6) Construction Procurements

The General Assembly, without a major audit effort, cannot readily know the procurement activity of Francis Marion College in the areas of:

- (1) Permanent and capital improvements;
- (2) Total commodities purchased with any degree of fiscal reliability.

Additionally, by not establishing FAA input as a reliable data base, Francis Marion College deprives itself of the internal fringe benefits that could result therefrom, such as:

- (1) Planning and scheduling acquisitions;
- (2) Consolidation of commodities for better prices;
- (3) Monitoring of user department needs for efficiency, cost effectiveness and small order abuse;
- (4) Evaluation of purchasing goals.

Until such time as updated statewide guidelines are finalized, we recommend Francis Marion College take prompt action to establish and implement the necessary controls to ensure the following:

- (1) The Comptroller General receives a quarterly report on all existing contracts and status of work done on capital and permanent improvements.
- (2) Francis Marion College instruct all procurement centers to route procurement information through the Director of Purchasing in order to facilitate a prompt entry into the FAA data base.

III. COMPLIANCE - GOODS AND SERVICES

A. Lack of Competition and/or Sole Source or Emergency Determinations

Our examination of 60 transactions in the area Goods and Services determined that a number of procurements in excess of \$500 were not made in compliance with the Consolidated Procurement Code and the Permanent Regulations. We determined that 12 transactions of a sample of 60 were

procured without evidence of competition, or a determination that the procurement was either "sole source" or "emergency". We can, therefore, project on a statistical basis, using a 95% confidence level, that at least 11% of all transactions processed by purchasing are not in compliance with the Consolidated Procurement Code in this regard. With a total population of 379, this would translate to a probable minimum of 42 transactions completed without competition or appropriate written determinations.

We understand that Francis Marion College had not fully implemented the Consolidated Procurement Code until January, 1982, partially due to the delay in receiving the appropriate documents. This would explain the unfavorable statistical projections of the compliance aspect of our audit.

Section 19-445.2100, Subsection B, Items 2 and 3 of the regulations state in part:

Purchases from \$500.01 to \$1499.99. Solicitations of verbal or written quotes from two qualified sources of supply shall be made and documented that the procurement is to the advantage of the State, price and other factors considered, including the administrative cost of the purchase. Such documentation shall be attached to the requisition.

Additionally,

Purchases from \$1500.00 to \$2499.99. Solicitation of written quotations from three qualified sources of supply shall be made and documented that the procurement is to the advantage of the State, price and other factors considered, including the administrative cost of the purchase. Such documentation shall be attached to the purchase requisition. When prices are solicited by telephone, the vendors shall be requested to furnish written evidence of their quotation.

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Of course, the primary cut-off in the Code of \$2,500 requires the full sealed bid procurement process for all purchases over that amount not covered by one of the specific exceptions.

Some of the samples which might have been classified as sole source were not documented as such and processed in accordance with the Consolidated Procurement Code.

Our review of the Internal Procedures Manual of Francis Marion indicates that proper small purchasing policies and procedures have been described in that document. We recommend an adherence to these and other procedures by all people involved in the procurement function.

B. Proper Ratification of an Unauthorized Purchase

During our examination we noted one item in the amount of \$533.83 that was obtained directly by a department with a requisition submitted after-the-fact for payment to be processed by purchasing. The unauthorized purchase was ratified by the procurement division without the required written determination.

The Consolidated Procurement Code Regulation 19-445.2015, Sub-section A: Unauthorized Procurements, Item 3, states in part:

...the head of the governmental body shall prepare a written determination as to the facts and circumstances surrounding the act, what corrective action is being taken to prevent reoccurrence, action taken against the individual committing the act, and documentation that the price paid is fair and reasonable. If the price paid is unreasonable, the individual may be held pecuniarily liable for the difference.

This example serves to illustrate a weakness by procurement division personnel in understanding those sections of the Code which pertain

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to procurements requiring a written determination. The problem is compounded by the fact that the Policy and Procedures Manual does not address this part of the Code and Regulations with clarity.

We recommend that both the departmental user manual and the Internal Policy and Procedures Manual of Francis Marion College explicitly address the policy regarding "unauthorized procurements". We do feel that the operating departments should be allowed to obtain prices or reference suggested vendors on their requisitions as long as the authorized procurement process is being followed. However, it should be clearly stated that departments are not authorized to make awards, nor assure vendors that they will receive orders, as commitments can only be finalized by the purchasing department.

C. Source Selection Lists

Our review of transactions in the Goods and Services area indicated that procedures for expanding the source selection lists to foster broad base competition were not adequate. We noted in the area of janitorial supplies that a procurement for laundry soap was solicited from only one vendor, with the procurement division indicating that all known sources who could supply the commodity had been solicited. We acknowledge that this procurement was made prior to the enactment of the Procurement Code. However, we noted there were several vendors who could submit a competitive quote and furnish the particular brand specified.

The Consolidated Procurement Code Section 11-35-20 states in part as its underlying purpose and policy:

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...to foster effective broad-based competition for public procurement within the free enterprise system.

Additionally, when levels of certification above \$2,500 are granted to state agencies, and contracts are awarded by competitive sealed bidding, it is imperative to ensure that agency bidder's lists contain all known sources interested in bidding on state requirements and capable of doing so.

We encourage Francis Marion College to continually improve its efforts to expand its bidder's list to promote competition. An ineffective bidder's list for a commodity can result in higher administrative costs, excessive vendor grievances and dilution of the value of the procurement dollar.

We recommend that Francis Marion College implement a procedure for expanding source selections, thereby maximizing the purchasing dollar through competition. The procedures should include but not be limited to the following:

- (1) Reviewing future supply requisitions where only one vendor is recommended and contacting the product manufacturer for distributor lists.
- (2) Availing themselves of product information books and publications such as: The Thomas Register, South Carolina Directory of Manufacturers, etc.
- (3) Reference source selection procedures in the Internal Purchasing Policies and Procedures Manual.
- (4) Contact other agencies to establish a free flow of information regarding interested bidders and their products.

- (5) Review the Minority Business Bid List supplied by General Services.

D. Internal Control over Maintenance Repair Purchases

The Physical Plant is authorized to handle the procurement of maintenance repairs under the supervision of the Vice President for Finance. Our examination of the transactions in the maintenance repair category indicates that some procurements over \$500 are being made without documentation of competition, and without a purchase order being prepared. These examples included but were not limited to:

- (1) A Grading and Paving Company for \$3,000
- (2) A Body Shop for \$600
- (3) A Painter for \$550

Good internal control dictates that delegated authority for procurements outside the procurement division, be monitored for competition and code compliance.

At the present time the policy and procedures manual directs that repair information from the Physical Plant be compiled on a requisition and forwarded to purchasing. This document along with the invoice for the repair is checked and processed as a prepaid without a purchase order.

The weakness in the procedures is that they do not allow the procurement division to monitor repair purchases before the fact with the resulting lack of ability to correct the problems.

We recommend for the purpose of clarification regarding maintenance repairs by the Physical Plant that the following changes be implemented:

- (1) Physical Plant's authority to process procurements of maintenance repairs should be addressed in the Francis Marion Purchasing Policy and Procedures Manual, specifying the extent of their authority and parameters of their procurements.
- (2) Specifically, to provide more effective control by purchasing, all Physical Plant procurements should be limited to a certain dollar amount set by management. Procurements above that dollar amount should be processed by the procurement division in accordance with their procedures. Procurements below the limit made by the Physical Plant Department should be adequately documented with telephone and/or written quotations as needed.

IV. COMPLIANCE - CONSTRUCTION

Our examination of construction procurements included a review of project #H18006, Campus Development Phase IV. This construction phase was initially approved prior to the Code for the purpose as follows:

Chilled Water Expansion

Paving and Utilities

Gasoline Storage

Warehouse Expansion

The source of funding was Campus Development Fees which are generated by designating a portion of student fees for capital improvements.

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Since the above construction was completed under budget estimates, approved funds were available for minor small improvements.

Francis Marion College's procurement authorization methodology for these small improvements involved verbal approval by the State Engineer with written approval such as E-7's and E-11's to be received after the work was complete.

We reviewed the following procurements entered into subsequent to the Code under this E-1 approval:

- (1) Refinishing Doors, Windows and Columns - Stokes Building
- (2) Miscellaneous Paving and Grading
- (3) Construction of a Kiln - Fine Arts Building

The requirements of the memorandum dated March 22, 1982 from Mike Copeland to all state agencies for construction procurement, B. Basic Equipment, and C. Construction Material for In-House Construction, states: "Bids shall be received and awarded by the agency per Section 11-35-3020(2) of the Code."

Based on this memorandum, we determined that Francis Marion College was out of compliance in the following areas:

- (A) Procurements in excess of \$10,000
 - (1) No public advertisement of the project.
 - (2) No Bid Security, Performance Bonds or Payments Bonds were required.
 - (3) A 10% Retention was enforced.
 - (4) No method of contract administration was requested or approved.

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(B) Procurements less than \$10,000

- (1) No evidence of competition in certain cases.
- (2) There appeared to be evidence of splitting work orders to circumvent the requirements of the \$2,500 limit on purchasing procedures.

We recommend that Francis Marion College notify the State Engineer promptly in writing of its method of contracting administration on all construction projects. Additionally, we suggest verbal approvals be noted and placed in the construction files.

We further recommend that the Director of the Physical Plant comply with the requirements of Section 11-35-3020(2) of the Code on procurements in excess of Francis Marion College's certification limit and so notify the State Engineer in writing.

For procurements of \$2,500 up to Francis Marion College's approved certification limit, the Director of the Physical Plant should follow the requirements of Section 11-35-1520 and so notify the State Engineer in writing.

For procurements of less than \$2,500, Section 11-35-1550 should be adhered to and the State Engineer so notified in writing.

V. SUPPLY MANAGEMENT - MAINTENANCE STORES

Our examination included inquiry and observation concerning the Maintenance Stores operation at Francis Marion College. From this review we determined the following:

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- (1) There is no formal system of accountability for inventory receipt and issues, except the work order tickets. Restocking decisions are made using the visual method. Additionally, no physical inventory is taken to establish the value of the assets.
- (2) There is a weak separation of duties between the purchasing and the stores function. The maintenance supervisor is responsible for the procurement of items to restock the inventory and the control of issues from inventory. Both are physically located in the Maintenance Shop.

Good internal control should provide reasonable assurance that assets are safeguarded and the effectiveness of such procedures require an adequate separation of duties.

This lack of accountability and control procedures are acknowledged by Francis Marion College and are a result of a cost/benefit decision by management.

The Maintenance Stores operation is comparatively small. Only high use items are stocked, i.e., tools, bolts, screws, etc. Motors, carpet squares, ceiling tiles, etc., are stocked in the Central Warehouse which is totally separate from the Maintenance Department and under different management control.

Due to this condition, Francis Marion College feels that the costs involved in establishing a formal inventory control system and separating the purchasing function from the stores function would exceed the benefits derived therefrom because of the small size of the operation.

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Our examination leads us to concur with Francis Marion College. However, we would suggest an annual cost/benefits analysis be made by Francis Marion College in order to ensure that this inventory does not increase to a material amount requiring more effective control.

VI. STANDARDIZATION AND SPECIFICATIONS - PRINT SHOP

Our examination also included a test to determine if Francis Marion College standardizes purchases to satisfy single end use. Also, we addressed the question, does Francis Marion College write specifications in a manner to serve the agency's best interest?

Our review of Print Shop procedures revealed that standardization of specifications is not adequately addressed.

The Procurement Code states as its purpose in Article I: "to maximize the purchasing values of the funds of the State."

Because the Print Shop Manager does not have the expertise to determine the cost saving impact when purchasing printing supply items available on state contract and the purchasing department lacks the expertise to monitor these types of commodities for standardization and specifications, materials are requisitioned and procured which have comparable items under term contracts that would serve the same purpose.

Prior to leaving the audit site, we discussed this issue with the Director of Purchasing. We suggested that she meet with the Print Shop Manager and share with him the cost differences that occur as a result of minor specification requirements on the requisition.

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In turn, we suggested the Print Shop Manager brief the Director of Purchasing on paper and other supply requirements and the method by which he makes material selections.

We feel, with this channel of communication opened, corrective action will follow and printing material procurements will become more cost effective.

VII. ADDITIONAL POLICIES AND PROCEDURES NECESSARY FOR CERTIFICATION

Due to the recent implementation of the Code and its ensuing regulations, Francis Marion College has not had time to establish and implement all the necessary policies and procedures to ensure their adherence to the Code and thereby qualifying them for certification.

We recommend the following additional policies and procedures be established and implemented:

- (1) Authorized Signature Forms for Division Heads.
- (2) Bid Security, Bid Opening and Award Procedures as outlined in the Permanent Regulations.
- (3) Construction and Related Procurement Procedures added to the manual.
- (4) Blanket Purchase Order Logs, and Agreements.
- (5) In-State Bidder's Preference and Tie Bid Procedures.
- (6) Unauthorized Procurement Ratification Procedures.
- (7) Establishment of Determination Report File as listed in Section 11-35-2410 of the Consolidated Procurement Code.

SUMMARY OF AUDIT CONCLUSIONS

We have examined the procurement policies and procedures of Francis Marion College for the period August 1, 1981 - May 28, 1982. As a part of our examination, we reviewed and tested the College's system of internal control over procurement transactions to the extent we considered necessary to evaluate the procurement system. The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and College procurement policy. Additionally, the evaluation was used in determining the nature, timing, and extent of other auditing procedures that were necessary for developing a recommendation for certification above the \$2,500 limit.

The objective of internal control is to provide reasonable but not absolute, assurance of the safeguarding of the procurement process, and of the reliability of the purchasing records. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly,

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control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions. Further, projection of any evaluation of internal control to future periods is subject to the risks that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

It should be understood that our study and evaluation of the College's system of internal control over procurement operations for the period August 1, 1981 - May 28, 1982, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system.

Our review of the system of internal procurement control did, however, disclose the aforementioned conditions which we believe to be subject to improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Francis Marion College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to the above corrective action, we recommend that Francis Marion College be certified to make direct agency procurements as follows:

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RECOMMENDED CERTIFICATION LIMITS

I. GOODS AND SERVICES, EXCLUSIVE OF PRINTING EQUIPMENT

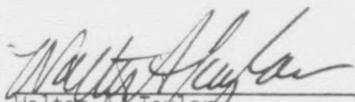
\$5,000.00 per purchase commitment

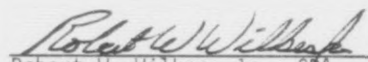
II. CONSULTANTS

\$5,000.00 per purchase commitment

This would result in Francis Marion College handling 99% of purchase orders issued.

As indicated in the Scope section of our report, certification recommendations in the areas of Information Technology and Construction and Related Services are being deferred until completion of statewide procedures in these areas.


Walter A. Taylor
In Charge Auditor


Robert W. Wilkes, Jr., CPA
Director, Audit and Certification

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Office of Business Affairs

Francis Marion College

FLORENCE, SOUTH CAROLINA 29501
(803) 669-4121

November 4, 1982

Ms. Barbara McMillan, Director
Contracts & Audit Management
Materials Management Office
800 Dutch Square Blvd., Suite 150
Columbia, South Carolina 29210

Re: Draft Procurement Audit Report

Dear Barbara:

We appreciate the opportunity to review and offer comments regarding the preliminary draft report. We do wish to separately address the points covered in this report. Our responses are listed below:

I. General Transaction Control

A. Evidence of an Audit of Voucher Packages

Audit procedures are in effect to properly verify invoice accuracy and to insure that purchases are properly authorized. Staff actions are currently carefully monitored to prevent this kind of oversight.

B. Adequate Documentation of Purchase Order Changes

Price changes to purchase orders are authorized by the Purchasing Agent before payment is made, and all interested parties are informed of any changes regarding an order. This procedure has been accomplished by informal memos and this system has appeared to be adequate for the College; however, we are considering the development of a formal Change Order form which would satisfy the items stressed in the draft report.

C. Timely Payment of Invoices

The Purchasing Office will seek to establish cash discount terms prior to issuing an order and all cash discounts will be taken. We have reviewed the accounts payable run for the end of August 1982, a typical month as far as purchasing activity is concerned, and noted that the majority of discounts were taken. Discounts in the amount of \$50.00/plus were missed. In our opinion, this is an insignificant amount;

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however, we will attempt to take advantage of all price reductions offered by vendors.

It is our policy to issue payment within 30 days for goods and services that have been received to the satisfaction of Francis Marion College.

II. Compliance - General

A. Bookstore Procurements

We wish to formally apply for an exemption for procurements made by the College Store in order that we may continue to operate the Store under our present policy. In providing the central stores function for office supplies, the Store performs a cost efficient service. Under our present structure, office supplies are easily distributed, additional labor is not required to handle a special stockroom, and current funds are not tied up in inventory.

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 decrease this year and during fiscal year 1983-84 because of budgetary constraints. The 10% markup amounted to some \$1900 last year. When tax, freight charges, and labor are considered, this markup, from our vantage point, appears to be reasonable.

Until such time in the distant future when volume of sales would justify the establishment of a separate central stores operation and an additional part-time position, it is most economical for the College Store to continue to provide this service to the College.

B. Food Service Procurements

Purchasing authority is delegated to the Director of the Food Service operation, an auxiliary function, for the procurement of perishables, food-related items, and items for commercial sale. The Food Service Director is also authorized to procure supplies utilized by the Food Service operation in accordance with the ordinances of the Consolidated Procurement Code. All paperwork and documentation relating to such procurements will be reviewed by the Director of Purchasing.

C. Student Organization Procurements

Future contracts and documents concerning procurements made on behalf of student organizations will carry an indication that these procurements are exempt from the Consolidated Procurement Code.

D. Confirmation of Prices on Requisitions under \$500

The Purchasing Office will continue to randomly verify prices on small purchases and will attempt to confirm prices within the time and staff limitations under which it operates.

E. Fiscal Accountability Act Reporting

Francis Marion College was unaware that it had failed to comply with the reporting requirements of the Fiscal Accountability Act. Indeed, we have never received any communication from the Division of General Services to indicate noncompliance.

Based on our own experience with this report format, we strongly question the usefulness of the FAA report. A considerable amount of staff time is required to prepare this monthly report and we have yet to derive any benefits from it.

Now that the Code requires quarterly reporting of various procurements (emergency, sole source, trade-ins, minority business) to other departments of State government, our efforts are needlessly duplicated. We urge reevaluation and clarification of statewide procedures concerning the reporting requirements of the FAA.

III. Compliance - Goods and Services

- A. Lack of Competition and/or Sole Source or Emergency Determinations; Statistical interpolations by the auditors do not truly represent the degree of compliance in the area of goods and services. Daily efforts are made to procure goods and services in compliance with the Consolidated Procurement Code and to submit required determinations. With implementation and compliance of the Code occurring simultaneously with passage of the act, it was impossible to comply 100% without clear guidelines and directives. These guidelines were forthcoming with the Emergency Rules and Regulations approved by the Budget and Control Board. These regulations were not received until November 1981. After this, internal purchasing policies were revised and compliance was attempted in January 1982. Since the audit covered the period August 1981 - May 1982, some procurements made prior to January 1982 were not in total compliance with the Code.

B. Proper Ratification of an Unauthorized Purchase

Francis Marion College will make every attempt to prevent unauthorized purchases. Should such a purchase occur, proper ratification will be made in accordance with the points outlined in the Emergency Regulations.

C. Source Selection Lists

Source selection lists are currently maintained by the Purchasing Office and are constantly expanded by appropriate measures including the procedures recommended in the audit report.

D. Internal Control over Maintenance Repairs

The College's internal procedures manual will address Physical Plant's authority to procure maintenance repairs in accordance with the Consolidated Procurement Code. Requests for maintenance repairs in excess of \$1500 will be forwarded to the Purchasing Office for processing.

IV. Compliance - Construction

Francis Marion College will continue to handle construction procurement according to the guidelines established by the Office of the State Engineer in conjunction with Procurement Code requirements. Specific cases were reviewed which I believe indicates that a concerted effort was made and will continue to be made to assure compliance with State rules and regulations.

V. Supply Management - Maintenance Stores

Given the present economic climate and the small size of our maintenance stores operation, it is our opinion that our current method of handling maintenance stores is the most efficient. We concur that there is a weak separation of duties between the purchasing and stores function; however, until budgetary conditions allow us to reinstate positions and restore our funding level, we feel that our present setup is most practical.

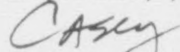
VI. Standardization and Specifications - Print Shop

The Purchasing Director consults regularly with the Print Shop Manager in order to procure printing supplies in the manner which is most cost effective.

VII. Additional Policies and Procedures Necessary for Certification

The suggested procedures are currently under consideration and corrective action will be taken in order to fully comply with the South Carolina Consolidated Procurement Code.

Respectfully yours,



N. C. Frederick
Vice President for
Business & Finance

015126

cc: Dr. Walter D. Smith, President
Mrs. L. Cooper, Purchasing Agent
Mrs. S. Brown, Internal Auditor/Budget Analyst



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

December 22, 1982

BARBARA A. McMILLAN
DIRECTOR CONTRACTS AND
AUDIT MANAGEMENT
(803) 758-6060

Mr. Tony R. Ellis
Acting Deputy Director
Division of General Services
800 Dutch Square Boulevard, Suite 150
Columbia, South Carolina 29210

Dear Tony:

We have reviewed the progress of Francis Marion College toward implementing the recommendations in our audit report covering the period of August 1, 1981 - May 28, 1982. During our review, we followed up on each recommendation made in the audit report through inquiry, observation and/or limited testing.

Because the College felt that it would be uneconomical and not in the best interest of the College and the State to comply with the Consolidated Procurement Code in the purchase of supplies used by the College as we had recommended in our report point entitled "Bookstore Procurements", we determined that we were not in a position 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 Code.

Subsequent to our determination, Francis Marion approached the Budget and Control Board for an exemption from the Consolidated Procurement Code for these purchases of supplies. At its December 17, 1982, meeting, the Board approved the request for exemption with the following stipulations:

1. The sales of such supplies [by the Bookstore] 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. At the end of this two year period, the College should resubmit its request for an

015127

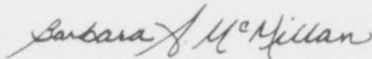
Mr. Tony R. Ellis
December 22, 1982
Page 2

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.

Other than the supply purchases issue discussed above, the Audit and Certification Section observed that the College has made substantial progress toward correcting the problem areas found and improving the internal controls over the procurement system. We feel that, with the changes made and with the exemption granted by the Board, the system's internal controls should be adequate to ensure that procurements are handled in compliance with the Consolidated Procurement Code and ensuing regulations.

We, therefore, recommend that the certification limits for Francis Marion College, as outlined in the audit report, be granted for a period of two (2) years, or until the Materials Management Office Audit and Certification Section returns to the institution.

Sincerely,



Barbara A. McMillan, Director
Contracts and Audit Management

BAM:rms

EXHIBIT

JAN 11 1983 NO. 17

STATE BUDGET & CONTROL BOARD

015128

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 18

REGULAR SESSION AGENDA

MEETING OF January 11, 1983

ITEM NUMBER

10

STATE BUDGET & CONTROL BOARD

Agency: General Services

Subject: Ordinary Sinking Fund Loan

The Division of General Services proposes to finance a one-story, 600 square foot office space addition to the Geological Survey Building which will be used to house staff now located at the Sumter Street Building by a \$30,000 loan from the Ordinary Sinking Fund.

The policy adopted by the Board relating to Ordinary Sinking Fund loans states that the Division will review all requests for loans and make recommendations to the Board on them and that the Board will have final authority and authorize all such loans. It further states that the State Treasurer will set the interest rate on all loans approved by the Board and will approve the amortization schedules and payments in such loan agreements.

Board Action Requested:

Approve \$30,000 loan from Ordinary Sinking Fund to finance the referenced project.

Staff Comment:

Attachments:

E-1 form and related materials

015129

EXHIBIT

DEC 23 1982

JAN 11 1983

NO. 18

STATE BUDGET & CONTROL BOARD

Form E-1
(Revised 7-1-81)
Submit in Duplicate

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE December 17, 1982

Institution or Agency Division of General Services

Name of Project Addition to S.C. Geological Survey Building

Total Estimated Cost - - - - - \$ 30,000.00

To: State Budget and Control Board

Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

Addition to S.C. Geological Survey Building

B. Intended User: The added office space will be used to house the S.C. Geodetic

Survey which was transferred into the S.C. Geological Survey.

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.

(b) Outline specifications.

(c) Small scale locality map.

(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet:

1 story 600^{sq} ft

3. Principal Facilities (No. of stories, rooms, offices, etc.)

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

015130

EXHIBIT

JAN 11 1983

NO. 18

Form E-1
(Page 2)

III. ESTIMATED COST

STATE BUDGET & CONTROL BOARD

Site	\$
Grading	
Construction	
Fees	22,000.00
Renovation	1,700.00
Basic Equipment and Supplies	
Landscaping	
Builder's Risk Insurance	500.00
Other (Specify) C & P	2,500.00
Contingencies	3,300.00
TOTAL ESTIMATED COST	\$30,000.00

It is further estimated that this project will add \$ 3,486.00 per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds already in Hand	\$ 30,000.00
Source: Ordinary sinking fund	
B. Proposed Bond Issue	
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).	
C. Other (describe)	
TOTAL	\$ 30,000.00

Has your governing board taken formal action authorizing the submission of this application?

(Signed)

John B. LaFitz

City

Title

BOARD'S ACTION

APPROVED:

State Auditor

DATE:

015131

Addendum to Form A-1, Item 8B

ADDITIONAL ANNUAL OPERATING COSTS RELATED TO PROPOSED PERMANENT IMPROVEMENT PROJECT

(Please copy this Addendum form as needed. Submit completed, typed originals as attachments to original A-1 form.)

AGENCY/INSTITUTION Division of General Services

NAME OF PROPOSED PROJECT Addition to S. C. Geological Survey Building Priority of

PROGRAM Form of

(Prepare one version of this form which shows the total impact of the proposed project on annual operating costs of the agency or institution without regard to programs. In addition, complete one of these forms to show the operating cost impact of the project on each program affected. Attach these forms to Form A-1.)

ADDITIONAL ANNUAL OPERATING COSTS RELATED TO PROPOSED PROJECT

FISCAL YEAR (Start with FY project is to be completed.)	TOTAL ADDITIONAL OPERATING COSTS Projected Financing Sources				PERSONAL SERVICE COSTS ONLY Projected Financing Sources				
	Gen. Funds	Federal	Other*	Total	Gen. Funds	Federal	Other*	Total	
								Amount	Positions
(1) 82-83	3,486.00			3,486.00	\$ ()	\$ ()	\$ ()	\$ - 0 -	- 0
(2) 83-84	3,486.00			3,486.00	\$ ()	\$ ()	\$ ()	\$ - 0 -	- 0
(3) 84-85	3,486.00			3,486.00	\$ ()	\$ ()	\$ ()	\$ - 0 -	- 0
(4) 85-86	3,486.00			3,486.00	\$ ()	\$ ()	\$ ()	\$ - 0 -	- 0
(5) 86-87	3,486.00			3,486.00	\$ ()	\$ ()	\$ ()	\$ - 0 -	- 0
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

*Specify "Other" sources.

JAN 11 1983

NO. 18

EXHIBIT

015133

EXHIBIT

APR 27 1982

NO. 18

STATE BUDGET & CONTROL BOARD

This policy will set the authority and responsibilities of the State Budget and Control Board and the Division of General Services concerning the loans made from the Ordinary Sinking Fund.

The Division of General Services will review all requests for loans from the Ordinary Sinking Fund. General Services will make recommendations to the Budget and Control Board. The Budget and Control Board will have final authority and authorize all loans. For all loans authorized the interest rate will be set by the State Treasurer. Amortization schedules and payments will be approved by the State Treasurer.

Adopted 4-27-82

015133

EXHIBIT

STATE BUDGET AND CONTROL BOARD

JAN 11 1983

NO. 19

REGULAR SESSION AGENDA

MEETING OF January 11, 1983

ITEM NUMBER

11

STATE BUDGET & CONTROL BOARD

Agency: Executive Director's Office

Subject: Permanent Improvement Projects

The following projects have been reviewed favorably by the Joint Bond Review Committee and are presented for Budget and Control Board consideration.

(a) Winthrop College: McLaurin and Margaret Nance retrofit project, estimated cost \$3,000,000. The Committee authorized Winthrop College to finance this entire project from excess institution bond debt service funds but expressed a preference that the College request the draw of these funds in appropriate, as-needed increments. Thus, the Committee has approved the project and, at this time, has given approval to the draw of \$500,000 of the referenced funds with the understanding that the College will make further requests for additional draws from time to time.

(b) Adjutant General's Office: Hampton Armory and DLOG project, STARS #7012, request to reduce estimated cost of project by \$260,562.97, all of which the Adjutant General's Office advises is federal funds.

(c) Technical and Comprehensive Education: Piedmont Technical College - Phase V, Health/Technical Facilities (STARS #7084), request to increase estimated cost of project by \$327,525 of local funds.

(d) Clemson University: East End Zone Addition to Memorial Stadium project (STARS #7951), request is to change source of funding from \$550,000 of Athletic Department operating revenue to \$175,000 from excess stadium debt service funds, \$150,000 from bookstore operations, and \$225,000 from Athletic Department operating revenue. Part of the project involves the construction of a facility for selling "orange aids" (Clemson souvenirs).

Board Action Requested:

Approve.

Staff Comment:

Attachments:

Referenced forms and Bond Committee actions

015134

RECEIVED

21-83 (8)

FROM NO. 7062- H47- 013

NOV 17 1982

THES. NO.

BUDGET AND CONTROL BOARD

Form E-1
(Revised 7-1-61)
Submit in Duplicate

CODED BY

OFFICE OF EXECUTIVE DIRECTOR

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE November 4, 1982

Institution or Agency

Winthrop College

Name of Project

McLaurin and Margaret Nance Retrofit

Total Estimated Cost -

EXHIBIT \$ 3,000,000.00

To: State Budget and Control Board

JAN 11 1983

NO. 19

Columbia, South Carolina

STATE BUDGET & CONTROL BOARD

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

Renovation/alterations to existing buildings

B. Intended Use:

Student housing

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.
- (b) Outline specifications.
- (c) Small scale locality map.
- (d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet:

3. Principal Facilities (No. of stories, rooms, offices, etc.):

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

015135

31

III. ESTIMATED COST

Site - - - - -	\$	
Grading - - - - -		
Construction - - - - -		
Fees - - - - -		175,500.00
Renovation - - - - -		2,690,000.00
Basic Equipment and Supplies - - - - -		
Landscaping - - - - -		
Builder's Risk Insurance - - - - -		
Other (Specify) _____		
Contingencies - - - - -		134,500.00
TOTAL ESTIMATED COST - - - - -	\$	3,000,000.00

It is further estimated that this project will add \$_____ per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds Already in Hand - - - - - \$ 3,000,000.00
 Source: Institution Bond Retirement Funds

B. Proposed Bond Issue - - - - -
 (If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).

C. Other (describe) _____

TOTAL - - - - - \$ 3,000,000.00

Has your governing board taken formal action authorizing the submission of this application?

(Signed) Glenn G. Thomas
 Title Interim President

BOARD'S ACTION

APPROVED: John M. Phelan
 State Auditor
 STATE ENGINEER

DATE: _____

015136

32

Capital Improvements
Joint Bond Review Committee

DEC 15 1982

S-21-83

Horace C. Smith
Senate
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Tom G. Mangum
House of Representatives
Vice Chairman

Lib Croft
Administrative Assistant

P. O. BOX 142 TELEPHONE (803) 758-5088 or -6900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29202

December 15, 1982

Senate Members:
Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

House Members:
Tom G. Mangum
Marion P. Carnell
Jennings G. McAbee
Bill Campbell
T. W. Edwards, Jr.

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
600 Wade Hampton Bldg.
Columbia, South Carolina 29201

EXHIBIT

JAN 11 1983 NO. 19

STATE BUDGET & CONTROL BOARD

In Re: S21-83: Winthrop College

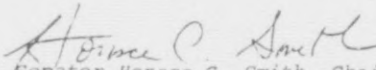
Dear Mr. McInnis:

Transmitted herewith is Summary #21-83, page 3, indicating Joint Bond Review Committee Approval, at the meeting held December 13, 1982, of #8-Winthrop College McLaurin and Margaret Nance Buildings Retrofit project.

In granting this approval, the Committee authorizes Winthrop College to utilize the entire amount of \$3,000,000 from Excess Institution Bond Debt Service Funds but would prefer that the College request the draw in appropriate increments on an as-needed basis; therefore, the Committee at this time formally approves a draw of \$500,000 with the understanding that the College will make further requests for additional draws.

With kind regards,

Sincerely,


Senator Horace C. Smith, Chairman
Joint Bond Review Committee

HCS:lc

Enc. S21-83; pg. 3

cc: Mr. John A. McPherson

015137

NUMBER
21-83

SOURCE OF FUNDS		SOURCE OF FUNDS	
Code	TYPE	Code	TYPE
101	Capital Improvement Bond Proceeds	151	Insurance Reserve Fund
111	Dept Capital Input Bond Proceeds	161	Operating - State
121	Institution (Tuition) Bond Proceeds	171	Federal
131	Revenue Bond Proceeds	181	Athletic & Other Special
141	Excess Debt Service/Reserve	191	

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 11/17/82.
Page 3 of 3.

[illegible]

015138

NOV 16 1982

Form E-11
(Rev. 7-72)

Submit in Duplicate

REVISION OF PROJECT COST ESTIMATE

Date 1 November 1982Institution or Agency SOUTH CAROLINA MILITARY DEPARTMENTName of Project HAMPTON ARMORY & DLOG **EXHIBIT** No. E24-024
7012To: State Budget and Control Board
Columbia, South Carolina

JAN 11 1983

NO. 19

STATE BUDGET & CONTROL BOARD

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions.

Item	Last Estimate	Revised Estimate	Change
Site	\$ _____	\$ _____	\$ _____
Grading	_____	_____	_____
Construction	\$ <u>1,300,000.00</u>	\$ <u>1,100,750.00</u>	\$ <u>199,250.00 (-)</u>
Fees	\$ <u>78,000.00</u>	\$ <u>49,532.63</u>	\$ <u>28,467.37 (-)</u>
Renovation	_____	_____	_____
Basic Equipment and Supplies	\$ <u>30,000.00</u>	\$ <u>30,000.00</u>	\$ <u>-0-</u>
Landscaping	_____	_____	_____
Builder's Risk Insurance	\$ <u>6,000.00</u>	\$ <u>2,422.00</u>	\$ <u>3,578.00 (-)</u>
Other Soil tests, survey, etc	\$ <u>4,000.00</u>	\$ <u>847.00</u>	\$ <u>3,153.00 (-)</u>
Sale of Bonds	\$ <u>-0-</u>	\$ <u>8,052.00</u>	\$ <u>8,052.00 (+)</u>
Contingencies	\$ <u>85,600.00</u>	\$ <u>51,433.40</u>	\$ <u>34,166.60 (-)</u>
Total Estimated Cost	\$ <u>1,503,600.00</u>	\$ <u>1,243,037.03</u>	\$ <u>260,562.97 (-)</u>
Act 194 FY-79	\$ <u>17,600.00</u>		
Act 179 FY-81	\$ <u>385,000.00</u>		
STATE SHARE	\$ <u>402,600.00</u>		
FEDERAL SHARE	\$ <u>840,437.03</u>		
	\$ <u>1,243,037.03</u>		

(Signed) T. ESTON MARCHANT
Title The Adjutant General

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED: John M. Thron

STATE ENGINEER

DATE: 015139

SUMMARY OF PERMANENT IMPROVEMENT PROJECT ACTIONS PROPOSED BY STATE AGENCIES AND INSTITUTIONS

SOURCE OF FUNDS		TYPE	
Code	Type	Code	Type
(10) Capital Improvement Bond Proceeds	(15) Insurance Reserve Fund	(16) Operating - State	(21) Federal
(11) Dept Capital Improv Bond Proceeds	(17) Federal	(22) Athletic & Other Special	(23) Revenue Bond Proceeds
(12) Institution (Tuition) Bond Proceeds	(24) Excess Debt Service Reserve		

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 12/6/82.
Page 1 of 4.

NUMBER
24-83

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. ADJUTANT GENERAL'S OFFICE ✓	Establish project and source of funds	\$58,000: \$9,400 [0] Cap Imp Bonds \$48,600 [7] Federal	8078	Clinton Armory - A&E Planning Only: No construction funds have been authorized for this project. See page 1 of Priority Group 1.	CARRIED OVER 12/13/82	
Supporting document pages 1-2						
1B. ADJUTANT GENERAL'S OFFICE ✓	Establish project and source of funds	\$69,000: \$20,000 [0] Cap Imp Bnds \$49,000 [7] Federal	8079	Darlington Armory - A&E Planning Only: No construction funds have been authorized for this project. See page 1 of Priority Group 1.	CARRIED OVER 12/13/82	
Supporting document pages 3-4						
1C. ADJUTANT GENERAL'S OFFICE ✓	Reduce budget to 1,243,037.03	Deduct: \$34,166.60 for CIB \$226,396.37 [7] Federal <i>all federal 260,929.77</i>	7012	Hampton Armory & DLOG: To reflect construction costs as bid and to reflect corresponding estimated budget reductions.	APPROVED 12/13/82	←
Supporting document page 5						
2. DIVISION OF GENERAL SERVICES ✓	Increase budget to \$292,266	Add \$18,525 [7]	7017	Boylston House Restoration/Renovations: To add federal reimbursement to contingencies budget of project.	APPROVED 12/13/82	
Supporting document pages 6-7						

015140

24-83(5B)

NOV 23 1982

REVISION OF COST ESTIMATE (Form E-11)

Date November 19, 1982Institution or Agency State Board For Technical & Comprehensive EducationName of Project Piedmont Technical College - Phase V Health/ NO. H59-014
Technical Facilities 7084To: State Budget and Control Board
Columbia, South Carolina

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions.*

ITEM	LAST ESTIMATE	REVISED ESTIMATE	CHANGE
A. SITE			\$0.00
B. GRADING	\$23249.78	\$23249.78	\$0.00
C. CONSTRUCTION (See Attached	\$1424162.00	\$1724162.00	\$300000.00
D. FEES (See Attached)	\$91000.00	\$102900.00	\$11900.00
E. RENOVATION			\$0.00
F. BASIC EQUIPMENT & SUPPLIES			\$0.00
G. LANDSCAPING			\$0.00
H. BUILDER'S RISK INSURANCE	\$1650.00	\$2275.00	\$625.00
I. OTHER COST OF BONDS	\$2800.00	\$2800.00	\$0.00
J. PROFESSIONAL SERVICE	\$6631.81	\$6631.81	\$0.00
K. CONTINGENCIES	\$8891.41	\$23891.41	\$15000.00
TOTAL ESTIMATED COST	\$1558385.00	\$1885910.00	\$327525.00

Additional funds derived from
local capital funds.SIGNED Ronald D. Peters
TITLE FISCAL AFFAIRS COORDINATOR

*If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

Approved

STATE ENGINEER

Date

015141

13

Assembled by staff of Budget and Control Board.
Forwarded to Bond Review Committee 12/6/82

Page 2 of 4

NUMBER

24-83

NOV 18 1982

Form E-11
(Rev. 7-72)

Submit in Duplicate

REVISION OF PROJECT COST ESTIMATE

Date November 10, 1982

Institution or Agency
Clemson University

Name of Project East End Zone Addition to Memorial Stadium No. H-12-073 (7951)

To: State Budget and Control Board
Columbia, South Carolina

SOURCE OF FUNDS: See Below

Your approval of the following revised cost estimate on the above project is requested.

A statement is attached indicating the necessity of these revisions. *

Item	Last Estimate	Revised Estimate	Change
Site	\$	\$	\$
Grading			
Construction	457,583.00	457,583.00	-0-
Fees	50,000.00	50,000.00	-0-
Renovation			
Basic Equipment			
Landscaping			
Builder's Risk Insurance	1,000.00	1,000.00	-0-
Other Work by Univ. Forces	15,000.00	15,000.00	-0-
Contingencies	26,417.00	26,417.00	-0-
Total Estimated Cost	\$ 550,000.00	\$ 550,000.00	\$ -0- 1/

1/ Change in Source of Funding:

Was-Athletic Dept. Operating Revenue

Now-Excess Debt Service(Stadium) 175,000.00

Bookstore Operations 150,000.00

Athletic Dept. Oper. Rev. 225,000.00

Total 550,000.00

(Signed)

Metvin E. Barnette

Title

Vice President for Business & Finance

* If the total estimated cost of the project has been increased, the source of the additional funds required should be indicated also.

APPROVED

John M. P. [Signature]
STATE ENGINEER

DATE:

015143

NUMBER
24-83

SOURCE OF FUNDS			
Code	Fund	Code	Fund
(01)	Capital Improvement Bond Proceeds	(35)	Insurance Reserve Fund
(11)	Debt Capital Improv Bond Proceeds	(40)	Operating - State
(21)	Institution (Tuition) Bond Proceeds	(50)	Federal
(31)	Revenue Bond Proceeds	(60)	Athletic & Other Special
(41)	Excess Debt Service/Reserve	(70)	

[illegible]

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EXHIBIT
JAN 11 1983
NO. 19
STATE BUDGET & CONTROL BOARD