

MINUTES OF  
BUDGET AND CONTROL BOARD  
MEETING

September 26, 1995

001361

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



DAVID M. BEASLEY, CHAIRMAN  
GOVERNOR

RICHARD A. ECKSTROM  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

JOHN DRUMMOND  
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.  
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER  
EXECUTIVE DIRECTOR

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

September 26, 1995

MEMORANDUM

TO: Budget and Control Board Office Directors  
FROM: Donna Kaminer Williams *DK*  
SUBJECT: Summary of Board Actions at September 26, 1995, Meeting

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

1. Adopted the agenda as proposed;
2. Adopted a resolution making provision for the issuance and sale of not exceeding \$25,000,000 State Capital Improvement Bonds, Series 1995MB.

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**001362**

**MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING**

**September 26, 1995**

**10:00 A. M.**

The Budget and Control Board held a special meeting at 10:00 a.m. on Tuesday, September 26, 1995, in the Executive Director's conference room in the Wade Hampton Office Building, with the following members in attendance:

Mr. Richard A. Eckstrom, State Treasurer;  
Mr. Earle E. Morris, Jr., Comptroller General;  
Senator John Drummond, Chairman, Senate Finance Committee.

Representative Henry E. Brown, Jr., Chairman of the Ways and Means Committee, participated by telephone.

Governor Beasley, who was preparing for an international economic development mission, did not participate in the Board meeting.

The meeting was chaired by Mr. Eckstrom.

Also attending were Executive Director Luther F. Carter; General Counsel Joseph D. Shine; Governor's Senior Executive Assistant Nancy Wrenn; Deputy State Treasurer James Holly; Assistant Comptroller General George M. Lusk; Finance Committee Chief of Staff Robert Merritt; Ways and Means Committee Director of Research Frank Fusco; Board Secretary Donna Kaminer Williams; and other Board staff.

***Adoption of Agenda***

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

***State Treasurer: Issuance of State Capital Improvement Bonds, Series 1995MB***

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$25,000,000 State Capital Improvement Bonds, Series 1995MB.

The Board was advised that the resolution authorizes the State Treasurer to:

- a. Proceed with the sale of the bonds in denominations of \$1,000 or less in an aggregate principal amount not to exceed \$25,000,000;

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**September 26, 1995 -- Page 2**

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- b. Develop and implement a program for the sale of the bonds, including advertising, to ensure an opportunity for SC citizens to purchase the bonds;
- c. Permit the bonds to be sold either as current interest bearing bonds or as capital appreciation bonds, at the option of the initial purchaser, with the bonds to mature on either November 1, 2002, or November 1, 2010, at the option of the initial purchaser;
- d. Determine rate(s) of interest that the current interest bearing bonds shall bear and determine the yield on the capital appreciation bonds, to be stated as equivalent to an interest rate, per annum, compounded semiannually on each bond payment date;
- e. Prepare and distribute an Information Statement relating to the bonds containing such terms, provisions, and information customarily contained in preliminary official statements relating to capital improvement bonds;
- f. Execute and deliver on behalf of the State an Official Statement relating to the bonds; and
- g. Execute and deliver such other documents and take such further actions as deemed necessary to arrange for the offering, sale, and delivery of the bonds.

In a brief discussion, Mr. Eckstrom advised that the issuance of these bonds is a financing mechanism for projects previously approved by the Joint Bond Review Committee. In response to queries from various Board members, he advised that all the bonds are expected to be sold this year, that the media cost has been about 5% less this year than last year and will be paid from the proceeds of the bond sale; that his office has teamed with Santee Cooper, who has experience in issuing mini-bonds, to control administrative costs; and that the bond sale will begin on October 12 and run for a 10-day period. The bonds are to be sold to South Carolina residents only and are both federally and state tax-exempt. Limits on bond purchases are \$5,000 to individuals and \$10,000 to families with a minimum investment of \$200 by an individual. Mr. Eckstrom observed that many South Carolina citizens are purchasing the bonds to finance college education and to invest for retirement.

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Upon a motion by Senator Drummond, seconded by Mr. Morris, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$25,000,000 State Capital Improvement Bonds, Series 1995MB.

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

**Adjournment**

The meeting was adjourned at 10:15 a.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 1:30 p.m. on Thursday, September 21, 1995.]

**001365**

# EXHIBIT

SEP 26 1995

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STATE BUDGET AND CONTROL BOARD  
MEETING OF September 26, 1995

STATE BUDGET & CONTROL BOARD  
RESOLUTION SESSION  
ITEM NUMBER 1

AGENCY: State Treasurer

SUBJECT: Issuance of State Capital Improvement Bonds, Series 1995MB

The Board is asked to adopt a resolution making provision for the issuance and sale of not exceeding \$25,000,000 State Capital Improvement Bonds, Series 1995MB.

The Adoption of the resolution authorizes the State Treasurer to:

- a. Proceed with the sale of the bonds in denominations of \$1,000 or less in an aggregate principal amount not to exceed \$25,000,000;
- b. Develop and implement a program for the sale of the bonds, including advertising, to ensure an opportunity for SC citizens to purchase the bonds;
- c. Permit the bonds to be sold either as current interest bearing bonds or as capital appreciation bonds, at the option of the initial purchaser, with the bonds to mature on either November 1, 2002, or November 1, 2010, at the option of the initial purchaser;
- d. Determine rate(s) of interest that the current interest bearing bonds shall bear and determine the yield on the capital appreciation bonds, to be stated as equivalent to an interest rate, per annum, compounded semiannually on each bond payment date;
- e. Prepare and distribute an Information Statement relating to the bonds containing such terms, provisions, and information customarily contained in preliminary official statements relating to capital improvement bonds;
- f. Execute and deliver on behalf of the State an Official Statement relating to the bonds; and
- g. Execute and deliver such other documents and take such further actions as deemed necessary to arrange for the offering, sale, and delivery of the bonds.

BOARD ACTION REQUESTED:

Adopt a resolution making provision for the issuance and sale of not exceeding \$25,000,000 State Capital Improvement Bonds, Series 1995MB.

ATTACHMENTS:

Resolution

001366

**A RESOLUTION**

**MAKING PROVISION FOR THE ISSUANCE AND SALE OF  
NOT EXCEEDING TWENTY FIVE MILLION DOLLARS  
(\$25,000,000)  
STATE CAPITAL IMPROVEMENT BONDS, SERIES 1995MB**

**001367**

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# EXHIBIT

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BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA:

ARTICLE I - FINDINGS OF FACT

As an incident to the adoption of this Resolution and the issuance and sale of the Bonds (as hereinafter defined) herein authorized, the State Budget and Control Board of South Carolina (the "State Board") finds:

Section 1.01 General Findings of Authorization

The State Board is authorized by Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as now amended (Act 1377), to make provision for the issuance of State Capital Improvement Bonds in order to raise funds for the expenditures authorized by Act 1377.

Act 1377 was duly enacted by the General Assembly in the year 1968 and became effective upon its approval by the Governor on June 24, 1968. It has been amended by statutes enacted by the General Assembly during subsequent sessions of the General Assembly thereafter. The General Assembly of the State of South Carolina at the 1993 Regular Session enacted Act No. 53 (Act 53) which authorized for the issuance of State Capital Improvement Bonds in denominations of less than One Thousand Dollars (\$1,000).

Section 1.02 Provisions Relating to Debt Limitations

(a) The aggregate of State Capital Improvement Bonds which may be issued pursuant to Act 1377 is fixed at \$1,895,539,125.10, exclusive of such bonds issued on behalf of the Mental Health Commission as provided in Act 1276 of 1970 and Act 1272 of 1970, bonds issued on behalf of the Department of Disabilities and Special Needs as provided in Act 1087 of 1970 and bonds issued on behalf of the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. However, of the bonds authorized, projects aggregating \$6,016,648.87 were paid from the General Fund and \$12,741,076.00 were paid from the Capital Reserve Fund, thus, in effect, reducing the authorization set forth in the preceding sentence by the amount of \$18,757,724.87 to \$1,876,781,400.23.

(b) In addition to the provision set forth in Act 1377, which limits the principal amount which may be issued, State Capital Improvement Bonds must be issued in compliance with the applicable constitutional and statutory provisions relating to maximum annual debt service. Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the Constitution of South Carolina, as amended, provides that the maximum annual debt service on all general obligation debt of the State (excluding State Highway Bonds, State Institution Bonds, tax anticipation notes and bond anticipation notes) shall not exceed five percent (5%) of the general revenues of the State for the fiscal year next preceding the fiscal year in which the debt is incurred (excluding revenues which are authorized to be pledged for State Highway Bonds and State Institution Bonds). Act 1377 also contains the limit of five percent (5%).

Section 1.03 Determination of Compliance With Debt Limitations

(a) Heretofore, \$1,829,715,500.00 of State Capital Improvement Bonds have been issued for the construction of capital improvements authorized by Act 1377; but from the proceeds of those bonds, \$45,694,804.53 were expended for the Mental Health Commission and the Department of Disabilities and Special Needs as provided in the Act of 1970 above recited and for the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. Thus, the remaining authorization

under Act 1377 to issue State Capital Improvement Bonds, exclusive of such bonds issued for the Mental Health Commission, for the Department of Disabilities and Special Needs and for the Department of Labor, Licensing and Regulation is now \$92,760,704.76 and thus, the sum of \$25,000,000 may be issued within the dollar limitation of Act 1377.

(b) Insofar as the constitutional and statutory limitation on the issuance of State Capital Improvement Bonds is concerned during the fiscal year to end June 30, 1996, the five percent (5%) limitation referred to above is applied to General Fund Revenues for the fiscal year ended June 30, 1995 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds). As a condition precedent to the issuance of the State Capital Improvement Bonds, Series 1995MB authorized by this Resolution, the State Auditor will certify pursuant to Section 11-27-70, Code of Laws of South Carolina, as amended, that the amount of General Fund Revenues of the State for the fiscal year ended June 30, 1995 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds), amounted to not less than \$3,513,036,000. Five percent (5%) of the foregoing figure, which is the statutory limitation for maximum annual debt service relating to this class of State general obligation debt, is thus not less than \$175,651,800. Attached as Exhibit A to this Resolution is a schedule showing debt service requirements on all State Capital Improvement Bonds outstanding as of November 1, 1995, not including the Bonds authorized by this Resolution. Each of the Bonds will be either Current Interest Bearing Bonds or Capital Appreciation Bonds at the option of the initial purchaser thereof and will mature on November 1 of either 2002 or 2010 at the option of the initial purchaser thereof. The interest rate or yield on Bonds due in 2010 will exceed the interest rate or yield on Bonds due in 2001. Consequently, the maximum annual debt service relating to this class of general obligation State debt will be achieved: (i) with respect to fiscal years ending June 30, 1996 through 2002, and 2004 through 2010, by the designation of all Bonds as Current Interest Bearing Bonds due November 1, 2010; (ii) with respect to the fiscal year ending June 30, 2003, by the designation of all Bonds as Capital Appreciation Bonds due November 1, 2002; and (iii) with respect to the fiscal year ending June 30, 2011, by the designation of all Bonds as Capital Appreciation Bonds due November 1, 2010. Attached as Exhibits B-1 through B-3 to this Resolution are *pro forma* schedules showing total debt service requirements on \$25,000,000 principal amount of Bonds authorized to be issued by this Resolution at assumed interest rates or yields of 4.75% for Bonds maturing on November 1, 2002 and 5.50% for Bonds maturing on November 1, 2010, for each of the three maximum possible annual debt service scenarios for the years during which the Bonds may be outstanding, as set forth in the foregoing sentence. The actual interest rates to be borne by the Current Interest Bearing Bonds and yields to be produced by the Capital Appreciation Bonds shall be determined by the State Treasurer pursuant to Act 53. Attached as Exhibits C-1 through C-3 to this Resolution are *pro forma* schedules showing total debt service on general obligation debt subject to the limitation imposed by Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the State Constitution to be outstanding following the issuance of Bonds in the principal amount of \$25,000,000, for each of the three possible scenarios shown in Exhibits B-1 through B-3. Exhibit C indicates that the maximum annual debt service on all bonds subject to the constitutional and statutory five percent (5%) limitation following the issuance of the proposed Bonds at the assumed interest rates stated above, is \$140,459,550.50 in the fiscal year ending June 30, 1997, which is four (4.00%) of the minimum level of the State's General Fund Revenues for the preceding fiscal year as to be certified prior to the issuance of the proposed Bonds by the State Auditor. Therefore the State Board has determined that the proposed Bonds may be issued within the constitutional and statutory five percent (5%) limitation, provided that the interest rates and yields do not significantly exceed 5.50% per annum.

Section 1.04     Determination of Amount of Bonds Herein Authorized

The State Board finds that it is necessary to raise not exceeding \$25,000,000 at this time in order to provide funds which will be used to pay costs of projects authorized by Act 1377. The actual amount

of Bonds issued and sold shall be that amount not exceeding \$25,000,000 which shall be subscribed for in the manner established by the State Treasurer.

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01    Definitions

As used in this Resolution, unless the context otherwise requires, the following terms shall have the following respective meanings:

"Accreted Value" of any Capital Appreciation Bond shall mean as of any date the original purchase price thereof (in the original offering by the State of South Carolina) plus the amount of value that has accreted thereon from November 1, 1995, at the yield for such Bond established by the State Treasurer pursuant to Section 3.01(d) hereof and printed on the face of such Bond, and compounded semiannually on each May 1 and November 1 thereafter, on the basis of a 360 day year consisting of twelve (12) thirty (30) day months. The computation of the Accreted Value by the State Treasurer as of any date shall be conclusive as to such determination for all purposes of this Resolution and the Bonds.

"Act 1377" means Act 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as amended.

"Act 53" means Act of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1993, as amended.

"Authorized Investments" means those investments authorized for investment of State funds under Section 11-9-660 of the Code of Laws of South Carolina 1976, as now or hereafter amended from time to time, and any provisions of State law supplemental thereto or in substitution therefor.

"Authorized Officer" means the State Treasurer, a Deputy State Treasurer and any other officer or employee of the State designated from time to time as an Authorized Officer by resolution of the State Board to perform such act or sign such document.

"Bond" or "Bonds" means any of the State Capital Improvement Bonds, Series 1995MB, authorized by this Resolution.

"Bondholder" or Registered Holder" or "Holders of Bonds" or similar term means, when used with respect to a Bond or Bonds, any person whose name shall be registered in the registration books maintained by the Registrar as the owner of any Bond Outstanding.

"Bond Payment Date" means, with respect to the Current Interest Bearing Bonds, each May 1 and November 1 on which interest on any of the Bonds shall be payable or on which both a Principal Installment and interest shall be payable, and means, with respect to the Capital Appreciation Bonds, the respective Maturity Dates at which time the final maturing Accreted Value shall be payable.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate substantially in the form of Exhibit F hereto, hereby authorized to be executed by the State Treasurer on behalf of the State Board and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office," when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

"Fiduciary" means the Paying Agent or the Registrar and their successors and assigns as permitted under Article VII hereof.

"Government Obligations" means and includes noncallable direct general obligations of the United States of America or agencies thereof or noncallable obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

"Maturity Date" means November 1, 2002 and November 1, 2010.

"Outstanding," when used in this Resolution with respect to Bonds means, as of any date, all Bonds theretofore authenticated and delivered pursuant to this Resolution except:

- (i) any Bond cancelled or delivered to the Registrar for cancellation on or before such date;
- (ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Section 6.01 hereof; and
- (iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.13 of this Resolution.

"Paying Agent" means First Union National Bank of South Carolina and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as a Paying Agent may also act as Registrar.

"Person" means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

"Principal Installment" means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

"Private Business Use" shall mean "private business use" as that term is defined in Section 141 of the Code, any successor provision and any implementing Regulations.

"Record Date" means the 15th day of the month next preceding each Bond Payment Date.

"Registrar" means First Union National Bank of South Carolina and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as Registrar may also act as Paying Agent.

"Regulations" shall mean proposed, temporary and permanent regulations promulgated under the Code or any predecessor or successor thereto applicable to the Bonds.

"Resolution" means this Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"State" means the State of South Carolina.

"State Board" means the State Budget and Control Board of South Carolina.

"State Request" means a written request of the State signed by an Authorized Officer.

Section 2.02    Construction

In this Resolution, unless the context otherwise requires:

(a)    Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(b)    The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar term refer to this Resolution, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Resolution.

(c)    Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d)    Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

ARTICLE III - ISSUANCE OF BONDS

Section 3.01     Authorizing the Issuance of Bonds

The State Board, by the adoption of this Resolution hereby authorizes the State Treasurer to:

- (a) proceed with the sale of State Capital Improvement Bonds in denominations of \$1,000 or less in an aggregate principal amount not to exceed Twenty Five Million Dollars (\$25,000,000);
- (b) develop and implement a program for the sale of the Bonds, including the advertising thereof, that will ensure an opportunity for citizens of the State to purchase the Bonds;
- (c) permit the Bonds to be sold either as Current Interest Bearing Bonds or as Capital Appreciation Bonds, at the option of the initial purchaser thereof, such Bonds to mature on either November 1, 2002 or November 1, 2010, at the option of the initial purchaser thereof;
- (d) determine the rate or rates of interest that the Bonds shall bear, if such Bonds are Current Interest Bearing Bonds, and to determine the yield on such Bonds if such Bonds are Capital Appreciation Bonds, such yield to be stated as equivalent to an interest rate, per annum, compounded semiannually on each Bond Payment Date;
- (e) prepare, or cause to be prepared, a Information Statement relating to the Bonds containing such terms, provisions and information customarily contained in preliminary official statements relating to Capital Improvement Bonds, and to distribute the same;
- (f) execute and deliver, on behalf of the State, an Official Statement relating to the Bonds; and
- (g) execute and deliver such other documents and take such further actions as he shall deem necessary to arrange for the offering, sale and delivery of the Bonds.

Section 3.02     Ratification and Confirmation of Actions Taken by the State Treasurer

All actions taken and determinations previously made by the State Treasurer in connection with the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3.03     Direction to Governor and State Treasurer

The Governor of South Carolina and the State Treasurer of South Carolina are hereby directed to effect the issuance of not exceeding \$25,000,000 principal amount of State Capital Improvement Bonds in accordance with the provisions of this Resolution.

Section 3.04     Ordering the Issuance of Bonds

Pursuant to the provisions of Act 1377, and for the purpose of obtaining funds to finance the cost of projects authorized by Act 1377, and, in particular those projects represented in the balance due agencies and political subdivisions of the State listed in Exhibit E, there shall be issued not to exceed Twenty-Five Million Dollars (\$25,000,000) aggregate principal amount of general obligation bonds of the State designated "State Capital Improvement Bonds, Series 1995MB."

Section 3.05     Provision for Payment of Interest on the Bonds

The Bonds shall be authenticated on such dates as they shall, in each case, be delivered. The Current Interest Bearing Bonds shall bear interest at the rates, and the Capital Appreciation Bonds shall accrete value at a rate that will produce the annual yields (compounded semiannually on each Bond Payment Date) determined by the State Treasurer on the basis of a 360-day year of twelve (12) thirty (30) day months. Each Current Interest Bearing Bond shall bear interest from November 1, 1995, if no interest has yet been paid; otherwise from the last Bond Payment Date to which interest has been paid and which Bond Payment Date is on or prior to the authentication date thereof. Interest on the Current Interest Bearing Bonds shall be payable May 1, 1996, and semiannually each November 1 and May 1 of each year thereafter until payment of principal thereof. The interest to be paid on any May 1 or November 1 shall be paid to the Person in whose name such Current Interest Bearing Bond is registered at the close of business on the Record Date next preceding such Bond Payment Date.

Each Capital Appreciation Bond shall accrete value from November 1, 1995, at the yields determined by the State Treasurer, until maturity; and the final maturing Accreted Value thereof is payable only at the Maturity Date to the Person in whose name the Capital Appreciation Bond is registered at the close of business on the Record Date next preceding such Maturity Dates.

Section 3.06     Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal and Accreted Value

(a) The Bonds shall be payable as to Principal Installments, final maturing Accreted Value and interest 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.

(b) The Bonds shall be issued in the form of fully registered printed Bonds in denominations of \$500, in the case of Current Interest Bearing Bonds, and \$200, in the case of Capital Appreciation Bonds, or any integral multiple thereof not exceeding \$5,000 per Bond (or \$10,000 per Bond for a Bond purchased jointly by a married couple). Each Bond shall be numbered in such fashion as to maintain a proper record thereof.

(c) The Principal Installment or final maturing Accreted Value of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Current Interest Bearing Bond shall be made on each Bond Payment Date by the Paying Agent to the Person appearing on each Record Date on the registration books maintained by the Registrar, as the Registered Holder thereof, by check or draft mailed to such Registered Holder at his address as it appears on such registration books. Payment of each Principal Installment or final maturing Accreted Value of all Bonds shall be made only upon the presentation and surrender for cancellation of such Bonds to the Paying Agent as the same shall become due and payable.

Section 3.07     Agreement to Maintain Registrar and Paying Agent

As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent, each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges; (ii) notices and demands to or upon the State in respect of the Bonds may be served; and (iii) the Bonds may be presented for payment, exchange and transfer.

Section 3.08     Execution and Authentication

(a) The Bonds shall be executed by the Governor of South Carolina and by the State Treasurer of South Carolina, the Great Seal of the State shall be reproduced thereon, and the same shall be attested by the Secretary of State of South Carolina; provided, that such officers required to execute or attest the execution of the Bonds may employ a facsimile of their signatures in lieu of the manual signing or attesting of the Bonds. Bonds bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the State notwithstanding that the person may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the forms of Bonds attached as Exhibit D to this Resolution, duly executed by the manual signature of an authorized officer of the Registrar and such certificate of authentication upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Registered Holder thereof is entitled to the benefit of the terms and provisions of this Resolution.

Section 3.09     Exchange of Bonds

Bonds, upon surrender thereof at the Corporate Trust Office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Holder or his duly authorized attorney, may, at the option of the Registered Holder thereof, be exchanged for an equal aggregate principal or original principal amount of Bonds in any authorized denomination of the same series, interest rate and maturity. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 3.10     Transferability and Registry

All Bonds shall at all times, when the same are Outstanding, be payable, both as to each Principal Installment, final maturing Accreted Value and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds remain Outstanding, the State shall maintain and keep, at the Corporate Trust Office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the State shall register or cause to be registered therein, and permit to be transferred thereon, any Bond under such reasonable regulations as it or the Registrar may prescribe. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 3.11     Transfer of Bonds

Each Bond shall be transferable only upon the registration books of the State, which shall be kept for such purposes at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar. Upon the presentation and surrender of any Bond by the Registered Holder of such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney, a transfer of such Bond may be effected. Upon surrender for transfer of any such Bond, the State shall execute and the Registrar shall authenticate and deliver, in the name of the Person who is the transferee, one or more new Bonds of the same series, aggregate principal or original principal amount, maturity and rate of interest as the surrendered Bond. No Capital Appreciation Bond may be exchanged

for a Current Interest Bearing Bond and *vice versa*. All action taken by the Registrar pursuant to this Section shall be deemed to be the action of the State.

Section 3.12     Regulations with Respect to Exchanges and Transfers

All Bonds surrendered in any exchange or transfer shall forthwith be cancelled by the Registrar. For each such exchange or transfer of Bonds, the State or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Registered Holder requesting such exchange or transfer. The State shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) days next preceding any Bond Payment Date of the Bonds.

Section 3.13     Mutilated, Destroyed, Lost and Stolen Bonds

(a) If any mutilated Bond is surrendered to the Registrar and the Registrar and the State Treasurer receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and if there is delivered to the Registrar or the State Treasurer such security or indemnity as may be required to save the Fiduciaries and the State harmless, then, in the absence of such notice that such Bond has been acquired by a *bona fide* purchaser, the State shall execute, and upon State Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of the same series and of like tenor and principal amount, bearing a number unlike that of a Bond contemporaneously or previously Outstanding. No Capital Appreciation Bond may be exchanged for a Current Interest Bearing Bond and *vice versa*. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or shall become due and payable within one year, the State in its discretion may, instead of issuing a new Bond, pay such Bond at its maturity.

(b) Upon the issuance of any new Bond under this Section, the State may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any other expenses, including counsel fees or other fees, of the State or the Fiduciaries connected therewith.

(c) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the State, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 3.14     Registered Holder as Owner of Bond

The State, the Registrar and any Paying Agent may treat the Registered Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment or final maturing Accreted Value of and interest on such Bond and for all other purposes, and payment of Principal Installment, final maturing Accreted Value and interest shall be made only to, or upon the order of, such Registered Holder. All payments to such Registered Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 3.15    Cancellation of Bonds

The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the State Treasurer. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof.

Section 3.16    Payments Due on Saturdays, Sundays and Holidays

In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installment or final maturing Accreted Value of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such Bond Payment Date.

Section 3.17    Pledge of Full Faith, Credit and Taxing Power

For the prompt payment of the principal of and interest on and Accreted Value of the Bonds, as they respectively mature, the full faith, credit and taxing power of the State are hereby irrevocably pledged, and as required by Act 426 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978, the State Treasurer is hereby directed to set aside from the tax revenues received in each fiscal year in which the interest on or a Principal Installment or a final maturing Accreted Value will become due so much of such tax revenues as may be necessary in order to pay the Principal Installments, final maturing Accreted Values and interest on all Bonds due and falling due in such fiscal year, and the State Treasurer shall thereafter apply such moneys to the punctual payment thereof as the same respectively fall due.

Section 3.18    Form of Bonds

The forms of the Bonds, and the registration provisions to be endorsed thereon, shall be substantially as set forth in Exhibit D attached hereto and made a part of this Resolution.

Section 3.19    Tax Exemption in South Carolina

All Principal Installments and interest on and Accreted Value of the Bonds shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

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STATE BUDGET & CONTROL BOARD

## ARTICLE IV - REDEMPTION

### Section 4.01    Bonds Not Subject to Redemption

The Bonds are not subject to redemption prior to maturity.

ARTICLE V - DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 5.01    Disposition of Bond Proceeds Including Temporary Investments

(a) The proceeds derived from the sale of the Bonds shall be deposited with the State Treasurer who, after paying all costs and expenses incident to the issuance of the Bonds, shall apply the proceeds to the payment of costs of projects authorized by Act 1377.

(b) Pending the use of Bond proceeds as provided in paragraph (a) of this Section, the same shall be invested and reinvested by the State Treasurer in Authorized Investments. The investment earnings therefrom may be used either for any lawful purpose of the State or, if so required by the Code, to make the necessary rebate to the United States Government.

(c) Neither the purchasers of the Bonds nor any Registered Holder of the Bonds shall be liable for the proper application of the proceeds of the Bonds.

ARTICLE VI - DEFEASANCE OF BONDS

Section 6.01 Discharge of Resolution

(a) If all of the Bonds issued pursuant to this Resolution and all interest thereon shall have been paid and discharged, then the obligations of the State under this Resolution and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(i) The Paying Agent, or other escrow agent designated by the State Treasurer, shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installments, final maturing Accreted Value and interest thereon; or

(ii) If default in the payment of any principal of the Bonds, final maturing Accreted Value or any interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the State shall elect to provide for the payment of the Bonds prior to their stated maturities and shall have deposited in an irrevocable trust moneys which shall be sufficient, or Government Obligations, which are not subject to redemption by the issuer thereof prior to the Maturity Date of the Bonds the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited at the same time, shall be sufficient to pay when due the Principal Installments, final maturing Accreted Value and interest, due and to become due on the Bonds on their Maturity Dates or Bond Payment Dates.

(b) Neither the Government Obligations nor moneys deposited pursuant to this Section 6.01 nor the payments of principal thereof or interest thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installments of, or final maturing Accreted Value and interest on, the Bonds; provided, that any cash received from such payments of principal of or interest on Government Obligations deposited, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installments or final maturing Accreted Value and interest, to become due on the Bonds on and prior to the maturity date thereof, and interest earned from such reinvestment not required for the payment of the Principal Installments, or final maturing Accreted Value and interest, may be paid over to the State, as received by the financial institution with which such trust is established, free and clear of any trust, lien or pledge.

Section 6.02 Notice of Discharge of Resolution

The State Treasurer shall give the Paying Agent irrevocable instructions to mail a notice to the owners of such Bonds that (i) the deposit required by Section 6.01(a)(iii) has been made with the Paying Agent; and (ii) said Bonds are deemed to have been paid in accordance with this Article VI and stating such maturity dates upon which moneys are to be available for the payment of the principal of, and interest on, and Accreted Value of said Bonds.

ARTICLE VII - CONCERNING THE FIDUCIARIES

Section 7.01     Fiduciary; Appointment and Acceptance of Duties

The Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Resolution and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article VIII. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Resolution by a written acceptance.

Section 7.02     Responsibilities of Fiduciaries

The recitals of fact contained herein and in the Bonds shall be taken as the statements of the State and no Fiduciary shall be deemed to assume any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

Section 7.03     Evidence on Which Fiduciaries May Act

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, Bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the State, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(c) Except as otherwise expressly provided in this Resolution any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the State to any Fiduciary shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

Section 7.04     Compensation

The State shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys,

agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; provided, however, that any specific agreement between the State and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary.

Section 7.05     Certain Permitted Acts

Any Fiduciary may become the owner or underwriter of any Bonds, notes or other obligations of the State or conduct any banking activities with respect to the State, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution.

Section 7.06     Resignation of Fiduciary

Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days written notice to the State and not less than thirty (30) days written notice to the Registered Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the State pursuant to Section 7.08 hereof in which event such resignation shall take effect immediately upon the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

Section 7.07     Removal of Fiduciary

Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the State and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State.

Section 7.08     Appointment of Successor Fiduciaries

(a) In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the State Treasurer. Every such Fiduciary appointed pursuant to the provisions of this Section 7.08 shall be a trust company or bank organized under the laws of the United States of America or any state thereof or a national banking association and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$25,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

(b) If in a proper case no appointment of a successor Fiduciary shall be made by the State pursuant to the foregoing provisions of this Section 7.08 within forty-five (45) days after any Fiduciary shall have given to the State written notice as provided in Section 7.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 7.09    Transfer of Rights and Property to Successor

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Any successor Fiduciary appointed under this Resolution shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, at State Request, or at the written request of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Fiduciary shall promptly notify the other Fiduciaries, if any, of its appointment as Fiduciary.

Section 7.10    Merger or Consolidation

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

Section 7.11    Adoption of Authentication

In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

ARTICLE VIII - COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 8.01     General Covenant

The State will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file the information report with the Internal Revenue Service; and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code, if any such requirement shall apply in addition to the obligation referred to in Section 8.03 hereof. In this connection, the State covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel as will enable it to comply with this Section.

Section 8.02     Tax Representations and Covenants

The State hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Registered Holder thereof for federal income tax purposes pursuant to the provisions of the Code and Regulations in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the State represents and covenants that:

(a) All property provided by the net proceeds of the Bonds will be owned by the State or a political subdivision thereof in accordance with the rules governing the ownership of property for federal income tax purposes.

(b) The State shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds to be used in any manner that would result in (i) five percent (5%) or more of such proceeds being considered as having been used in a Private Business Use; or (ii) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c) The State is not a party to or will not enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds or by notes paid by the Bonds that do not conform to the guidelines, set forth in Revenue Procedure 93-19.

(d) The State will not sell or lease any property provided by the Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(e) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The State shall not enter into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds.

(f) To the extent proceeds of the Bonds will ultimately be utilized by political subdivisions of the State, the State will cause such political subdivisions to covenant as to the items contained in this Section.

Section 8.03     Arbitrage Bonds

The State hereby covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the

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Bonds would have caused the Bonds to be "arbitrage bonds," as defined in the ~~Code~~ **STATE BUDGET & CONTROL BOARD** State hereby shall:

- (a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any Regulations so long as the Bonds are Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States;
- (c) make such reports of such information at the time and places required by the Code; and
- (d) take such other action as may be required to assure that the tax exempt status of the Bonds will not be impaired.

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ARTICLE IX - MISCELLANEOUS

Section 9.01    Failure to Present Bonds

Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their stated maturity dates, that the Registered Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the State pay such money to the State as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, the Paying Agent shall forward to the State all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date; provided, further however, that before being required to make any such payment to the State, the Paying Agent, at the expense of the State, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate those who are entitled to take such funds.

Section 9.02    Severability of Invalid Provisions

If any one or more of the covenants or agreements provided in this Resolution should be contrary to law, then such covenants or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 9.03    Resolution to Constitute Contract

In consideration of the purchase and acceptance of the Bonds by those who shall purchase and own the same from time to time, the provisions of this Resolution, with the exception of that provision of Section 1.02 regarding the aggregate amount of State Capital Improvement Bonds which may be issued, shall be deemed to be and shall constitute a contract between the State and the Registered Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Registered Holders which the State hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection, and security of the Registered Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 9.04    Amendments and Modifications to this Resolution

(a)    Provided always that the security of the Bonds shall not be lessened, or in any manner impaired, the State Board may for any one or more of the following purposes at any time, or from time to time, adopt a resolution amending or supplementing this Resolution, which resolution shall be fully effective in accordance with its terms:

- (1)    To add to the covenants and agreements of the State Board in this Resolution;
- (2)    To surrender any right, power or privilege reserved to or conferred upon the State by this Resolution; or
- (3)    To cure, correct and remove any ambiguity or inconsistent provisions contained in this Resolution.

(b) It is further provided that such supplemental resolution shall not become effective until a copy thereof, duly certified, shall have been filed with the Registrar and the Paying Agent.

(c) The rights and duties of the State and the Bondholders and the terms and provisions of this Resolution may be modified or altered in any respect by an amendatory or supplementary resolution adopted by the State Board with the consent of the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of all Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Holders and duly acknowledged or proven in the manner of a deed capable of being recorded, but no such modification or alteration shall:

- (1) Extend the maturity of any payment of principal or interest due upon any Bond;
- (2) Effect a reduction in the amount which the State is required to pay by way of principal of or interest on any Bond;
- (3) Effect a change as to the type of currency in which the State is obligated to effect payment of the principal of and interest on any Bond;
- (4) Permit the creation of a pledge of or lien upon the general fund revenues of the State prior to the Bonds;
- (5) Permit preference or priority of any Bonds to others;
- (6) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Resolution;

without the consent of the Holders of all Bonds affected by such change or modification.

(d) The State Board may rely upon the registration books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made in the manner hereinabove provided for shall not become effective until there has been filed with the Registrar and the Paying Agent a copy of such amendatory or supplementary resolution hereinabove provided for, duly certified, as well as proof of consent to such modification by the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds then Outstanding.

Section 9.05     Determination of Outstanding Principal of Capital Appreciation Bonds

For the purpose of computing the principal amount of a Capital Appreciation Bond in giving any notice, consent, request or demand, the principal amount of a Capital Appreciation Bond shall be deemed to be its original principal amount (*i.e.*, the original purchase price thereof).

Section 9.06     Schedules Relating to State Capital Improvement Bonds

There is attached hereto as Exhibit A to this Resolution a schedule showing total debt service requirements, as of November 2, 1995, on State Capital Improvement Bonds heretofore issued. There is attached hereto as Exhibit B to this Resolution a schedule showing total debt service requirements on \$25,000,000 of the Bonds. There is attached hereto as Exhibit C to this Resolution a schedule showing total debt service on all State Capital Improvement Bonds outstanding as of November 2, 1995, including the Bonds.

Section 9.07     Execution of Closing Documents and Certificates

The Governor, the State Treasurer, the Secretary of State and any other officers or employees of the State are fully authorized and empowered to take such further action and to execute and deliver such closing documents and certificates as may be necessary and proper in order to complete the issuance of the Bonds herein authorized and the action of such officers or any one or more of them in executing and delivering any of such documents, in such form as he or they shall approve, is hereby fully authorized.

Section 9.08     Filing Copies of Resolution

Copies of this Resolution shall be filed in the office of the State Board, the office of the Secretary of State (as a part of the Transcript of Proceedings), and with the offices of the Paying Agent and the Registrar.

Section 9.09     Benefits of Resolution Limited to the State and Holders of the Bonds

With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or should be construed to confer upon or give to any Person other than the State and the Holders of the Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the State and the Holders from time to time of the Bonds as herein and therein provided.

Section 9.10     No Personal Liability

No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the State contained in this Resolution or the Bonds, against any member of the State Board, any officer or employee, as such, in his or her individual capacity, past, present or future, of the State, either directly or through the State, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer or employee as such, past, present or future, of the State, either directly or by reason of any of the obligations, covenants, promises or agreements entered into between the State and Bondholders or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Bonds, expressly waived and released. The immunity of members, officers and employees of the State under the provisions contained in this Section shall survive the termination of this Resolution.

Section 9.11     Continuing Disclosure

(a) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Board covenants to file with a central repository for availability in the secondary bond market when requested:

- (1) An annual independent audit, within thirty days of the State's receipt of the audit; and
- (2) Event specific information within thirty days of an event adversely affecting more than five percent of revenue or the State's tax base.

The only remedy for failure by the Board to comply with the covenant in this ~~Section~~ **STATE BUDGET & CONTROL BOARD** action for specific performance of this covenant. The Board specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder.

(b) In addition, the State Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the State Board to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the State Board to comply with its obligations under this paragraph.

Section 9.12    Law and Place of Enforcement of the Resolution

This Resolution shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 9.13    Effect of Article and Section Headings and Table of Contents

The heading or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 9.14    Repeal of Inconsistent Resolutions

All Resolutions of the State Board, and any part of any resolution, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 9.15    Effectiveness of this Resolution

This Resolution shall become effective upon its adoption.

## EXHIBIT A

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
PREPARED AS OF NOVEMBER 2, 1995

Fiscal Year Ending <u>June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	75,745,000.00	18,848,607.00	94,593,607.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
<b>TOTAL</b>	<u>\$961,250,500.00</u>	<u>\$303,501,394.53</u>	<u>\$1,264,751,894.53</u>

\* Does not include \$25,000,000 of State Capital Improvement Bonds, Series 1995MB.

001393

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED

ASSUMING ALL CURRENT INTEREST BEARING BONDS DUE NOVEMBER 1, 2010  
AT AN ASSUMED INTEREST RATE OF 5.50%

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Principal and Interest
1996	\$ 0.00	\$ 687,500.00	\$ 687,500.00
1997	0.00	1,375,000.00	1,375,000.00
1998	0.00	1,375,000.00	1,375,000.00
1999	0.00	1,375,000.00	1,375,000.00
2000	0.00	1,375,000.00	1,375,000.00
2001	0.00	1,375,000.00	1,375,000.00
2002	0.00	1,375,000.00	1,375,000.00
2003	0.00	1,375,000.00	1,375,000.00
2004	0.00	1,375,000.00	1,375,000.00
2005	0.00	1,375,000.00	1,375,000.00
2006	0.00	1,375,000.00	1,375,000.00
2007	0.00	1,375,000.00	1,375,000.00
2008	0.00	1,375,000.00	1,375,000.00
2009	0.00	1,375,000.00	1,375,000.00
2010	0.00	1,375,000.00	1,375,000.00
2011	<u>25,000,000.00</u>	<u>687,500.00</u>	<u>25,687,500.00</u>
TOTAL	<u>\$25,000,000.00</u>	<u>\$20,625,000.00</u>	<u>\$45,625,000.00</u>

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED  
ASSUMING ALL CAPITAL APPRECIATION BONDS DUE NOVEMBER 1, 2002  
AT AN ASSUMED YIELD OF 4.75%

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Principal and Interest
2003	\$25,000,000.00	\$9,726,081.00	\$34,726,081.00
TOTAL	<u>\$25,000,000.00</u>	<u>\$9,726,081.00</u>	<u>\$34,726,081.00</u>

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED  
ASSUMING ALL CAPITAL APPRECIATION BONDS DUE NOVEMBER 1, 2010  
AT AN ASSUMED YIELD OF 5.50%

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total Principal</u> <u>and Interest</u>
2011	\$25,000,000.00	\$31,415,579.00	\$56,415,579.00
TOTAL	<u>\$25,000,000.00</u>	<u>\$31,415,579.00</u>	<u>\$56,415,579.00</u>

001396

# EXHIBIT

SEP 26 1995

1

EXHIBIT C-1  
STATE BUDGET & CONTROL BOARD

SCHEDULES SHOWING DEBT SERVICE  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-1  
PREPARED AS OF NOVEMBER 2, 1995

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total Principal</u> <u>and Interest</u>
1996	\$57,690,000.00	\$26,780,423.00	\$84,470,423.00
1997	92,155,000.00	48,304,550.50	140,459,550.50
1998	95,550,000.00	42,653,695.50	138,203,695.50
1999	77,990,000.00	37,046,255.50	115,036,255.50
2000	78,320,000.00	32,546,805.50	110,866,805.50
2001	92,032,500.00	30,149,368.53	122,181,868.53
2002	71,945,000.00	23,668,447.00	95,613,447.00
2003	75,745,000.00	20,223,607.00	95,968,607.00
2004	64,350,000.00	16,446,947.00	80,796,947.00
2005	60,170,000.00	13,218,997.00	73,388,997.00
2006	55,515,000.00	10,190,797.00	65,705,797.00
2007	44,600,000.00	7,454,982.00	52,054,982.00
2008	40,040,000.00	5,307,657.00	45,347,657.00
2009	42,448,000.00	7,833,237.00	50,281,237.00
2010	12,700,000.00	1,613,125.00	14,313,125.00
2011	25,000,000.00	687,500.00	25,687,500.00
<b>TOTAL</b>	<u>\$986,250,500.00</u>	<u>\$324,126,394.53</u>	<u>\$1,310,376,894.53</u>

C-1-1

001397

NOV 26 1995

EXHIBIT C-2

SCHEDULES SHOWING DEBT SERVICE  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-2  
PREPARED AS OF NOVEMBER 2, 1995

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	100,745,000.00	28,574,688.00	129,319,688.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
TOTAL	<u>\$986,250,500.00</u>	<u>\$313,227,475.53</u>	<u>\$1,299,477,975.53</u>

001398

SCHEDULES SHOWING DEBT SERVICE  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-3  
PREPARED AS OF NOVEMBER 2, 1995

Fiscal Year Ending <u>June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	75,745,000.00	18,848,607.00	94,593,607.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
2011	25,000,000.00	31,415,579.00	56,415,579.00
 TOTAL	 <u>\$986,250,500.00</u>	 <u>\$334,916,973.53</u>	 <u>\$1,321,167,473.53</u>

001399

(FORM OF BOND)  
(FACE OF BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CURRENT INTEREST BEARING BOND)

No. R- \_\_\_\_\_

<u>RATE OF INTEREST</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	November 1, 20__	November 1, 1995	

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, upon presentation and surrender of this Bond at the Corporate Trust Office of First Union National Bank of South Carolina, in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar"), and to pay interest on such Principal Amount set forth above at the Rate of Interest set forth above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the State with respect to the payment of such Principal Amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the manual or facsimile signatures of the Governor of South Carolina and the State Treasurer of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the manual or facsimile signature of the Secretary of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

SEAL

David M. Beasley  
Governor

Richard Eckstrom  
State Treasurer

Attest:

Jim Miles  
Secretary of State

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

FIRST UNION NATIONAL BANK OF SOUTH CAROLINA  
REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Authentication Date:

D-1-2

001401

STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CURRENT INTEREST BEARING BOND)

(Back of Bond)

This Bond bears interest from November 1, 1995, if no interest has yet been paid; otherwise from the last Bond Payment Date to which interest has been paid and which Bond Payment Date is on or prior to the authentication date thereof. Interest on this Bond is payable on May 1 and November 1 of each year beginning May 1, 1996, at which time interest for six (6) months will be due. The interest so payable on any May 1 or November 1 shall be payable to the person in whose name this Bond is registered at the close of business on the 15th day of the April or on the 15th day of the October next preceding such May 1 or November 1.

Interest hereon will be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on the registration books. The principal of and interest on this Bond are 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand \_\_\_\_\_ Hundred Dollars (\$ \_\_\_\_\_) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1995MB Bonds consist of (a) Current Interest Bearing Bonds of which this Bond is one, in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Capital Appreciation Bonds in the aggregate original principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar and in the office of the Secretary of State of South Carolina.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

D-1-3

**001402**

# EXHIBIT

SEP 26 1995

1

This Bond is issuable only as a fully registered Bond without coupons in ~~State Bonds of~~ **STATE BUDGET & CONTROL BOARD** and any integral multiple of \$500, not exceeding \$5,000 (or \$10,000 in the case of a Bond issued jointly to a married couple). This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like series designation, maturity and interest rate, and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT  
MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(cust) (minor)

TEN ENT - as tenants by the entirety

JT TEN - as joint tenants with right of survivorship and not as tenants in common

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto  
\_\_\_\_\_  
(please print or type name and address of Transferee and Social Security or other identifying number  
of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

(Signature Guaranty)

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by  
an institution which is a participant in the  
Securities Transfer Agents Medallion Program  
("STAMP") or similar program enlargement.

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

(FORM OF BOND)  
(FACE OF BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CAPITAL APPRECIATION BOND)

No. R- \_\_\_\_\_

<u>STATED YIELD TO</u> <u>MATURITY DATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	November 1, 20__	November 1, 1995	

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay on the Maturity Date set forth above, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the aggregate amount of the Accreted Value as defined below (which consists of the Original Principal Amount set forth above and accretions in value to said Original Principal Amount from the Dated Date set forth above to the Maturity Date set forth above at the Stated Yield to Maturity Date set forth above, compounded on May 1, 1996 and semiannually on May 1 and November 1 of each year until the Maturity Date set forth above). The final maturing Accreted Value, as defined herein, of this Bond, when Due, shall be payable upon presentation and surrender of this Bond at the Corporate Trust Office of First Union National Bank of South Carolina, in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar").

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the manual or facsimile signatures of the Governor of South Carolina and the State Treasurer of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the manual or facsimile signature of the Secretary of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

SEAL

David M. Beasley  
Governor

Richard Eckstrom  
State Treasurer

Attest:

Jim Miles  
Secretary of State

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

FIRST UNION NATIONAL BANK OF SOUTH CAROLINA  
REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Authentication Date:

D-2-2

001406

STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CAPITAL APPRECIATION BOND)

(Back of Bond)

This Bond accretes value from November 1, 1995, at a yield equivalent to an interest rate of \_\_\_\_\_% per annum, compounded semiannually on each May 1 and November 1, commencing May 1, 1996, until maturity and is payable at the Maturity Date, 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand \_\_\_\_\_ Hundred Dollars (\$ \_\_\_\_\_) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1995MB Bonds consist of (a) Capital Appreciation Bonds, of which this Bond is one, in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Current Interest Bearing Bonds in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar, and in the office of the Secretary of State of South Carolina.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

This Bond is issuable only as a fully registered Bond without coupons in denominations of \$200 and any integral multiple of \$200, not exceeding \$5,000 (or \$10,000 in the case of a Bond issued jointly to a married couple). This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like series designation, maturity

and interest rate, and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

For the purpose of computing the principal amount of this Bond in giving any notice, consent, request or demand, the principal amount of this Bond on any date shall be deemed to be its Accreted Value as of such date of calculation. The "Accreted Value" of any Capital Appreciation Bond is the original purchase price thereof (in the initial offering thereof by the State of South Carolina) plus the amount of value that has accreted thereon from November 1, 1995, at the yield for such Bond established by the State Treasurer and printed on the face of such Bond, and compounded semiannually on each May 1 and November 1 thereafter, on the basis of a 360 day year consisting of twelve (12) thirty (30) day months. The computation of the Accreted Value by the State Treasurer as of any date shall be conclusive as to such determination for all purposes of the Resolution and the Bonds. The final maturing Accreted Value of a Capital Appreciation Bond maturing November 1, 2002, is \$\_\_\_\_\_. The final maturing Accreted Value of a Capital Appreciation Bond maturing November 1, 2010, is \$\_\_\_\_\_.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT  
MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(cust) (minor)

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

(FORM OF ASSIGNMENT)

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

\_\_\_\_\_ (please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with

full power of substitution in the premises.

Dated: \_\_\_\_\_

(Signature Guaranty)

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program enlargement.

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

EXHIBIT E

BALANCES DUE AGENCIES OF THE STATE FOR  
PROJECTS AUTHORIZED BY ACT 1377

GOVERNORS OFF-SLED	\$ 827,211.78
STATE TREASURERS OFFICE	4,903,573.18
ADJUTANT GENERAL	2,737,473.08
B&C BD-BUDGET DIVISION	0.00
B&C BD-DIV OF OPERATIONS	1,795,364.28
B&C BD-DIV OF BUDGET & ANALYSE	377,545.20
B&C BD-GENERAL SERVICES	0.00
CITADEL	6,933,000.00
CLEMSON UNIVERSITY	2,031,625.22
UNIVERSITY OF CHARLESTON	5,111,354.95
COASTAL CAROLINA UNIVERSITY	305,761.06
LANDER COLLEGE	3,089,713.38
SOUTH CAROLINA STATE UNIVERSITY	5,827,235.75
USC-COLUMBIA CAMPUS	4,647,229.05
USC-AIKEN CAMPUS	703,153.80
USC-SPARTANBURG CAMPUS	185,722.04
USC-BEAUFORT CAMPUS	867,891.53
USC-LANCASTER CAMPUS	2,863,066.36
USC-SALKEHATCHIE CAMPUS	0.00
USC-SUMTER CAMPUS	180,215.29
WINTHROP UNIVERSITY	11,520,073.30
MEDICAL UNIV OF SC	18,946.30
TECH & COMP EDUC BD	3,081,653.60
EDUCATION DEPARTMENT	56,854,608.88
EDUCATIONAL TELEVISION COM	705,941.20
WIL LOU GRAY OPPORTUN SCH	8,006.57
DEAF & BLIND SCHOOL	1,688,281.09
ARCHIVES & HISTORY DEPT	861,712.05
STATE LIBRARY	20,868.50
HEALTH & ENVIRON CNTL DEPT	31,318.27
MENTAL HEALTH DEPT	14,242,159.51
DEPT OF DISABILITIES & SPECIAL	3,249,503.78
JOHN DE LA HOWE SCHOOL	1,542,814.03
CORRECTIONS DEPARTMENT	39,715,488.40
PROBATION PAROLE & PARDON SERV	2,400,000.00
YOUTH SERVICES DEPARTMENT	10,236,224.83
AGRICULTURE DEPARTMENT	0.00
CLEMSON UNIV PUB SERV ACT	1,268,665.70
DEPT OF NATURAL RESOURCES	1,593,547.17
COASTAL COUNCIL	0.00
PARKS RECREATION & TOURISM	1,816,948.43
DEPARTMENT OF COMMERCE	3,727,800.97
SAVANNAH VALLEY AUTHORITY	0.00
OLD EXCHANGE BUILDING COMM	0.00
EMPLOYMENT SECURITY COMM	311,752.00
PORTS AUTHORITY	10,793,332.31

# EXHIBIT

SEP 26 1995

1

STATE BUDGET CONTROL BOARD

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of South Carolina (the "Issuer") in connection with the issuance of \$25,000,000 State Capital Improvement Bonds, Series 1995MB (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated September 26, 1995 (the "Resolution"). The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" or "Holders of the Bonds" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of South Carolina.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule, and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of the Issuer's fiscal year (currently, June 30) commencing with the report for the 1996 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.
- (c) The Dissemination Agent shall:
  - (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
  - (ii) (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the Issuer's complete audited financial statements for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement. The Annual Report shall also contain the audited financial statements shall be filed in the same manner as the Annual Report when they become available, and the following:

- (a) Revenue by sources in the preceding fiscal year for all governmental fund types;
- (b) Computation of the legal debt margin for State Capital Improvement Bonds;
- (c) Total outstanding State Capital Improvement Bonds and maximum annual debt service; and
- (d) Net general obligation bonds and notes per capita.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds, if material:
1. Delinquency in payment when due of any principal of or interest on the Bonds.
  2. Occurrence of any event of default under the Resolution (other than as described in clause (1) above).
  3. Amendment to the Resolution or this Disclosure Certificate modifying the rights of the Holders of the Bonds.
  4. Giving of a notice of optional or unscheduled redemption of any Bonds.
  5. Defeasance of the Bonds or any portion thereof.
  6. Any change in any rating on the Bonds.
  7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
  8. Any unscheduled draw, reflecting financial difficulties, on any reserve fund hereafter established by the State to secure further the timely repayment of the Bonds (no such reserve fund having now been established or being now contemplated).
  9. Any unscheduled draw reflecting financial difficulties on any credit enhancement device hereafter obtained by the State to secure further the timely repayment of the Bonds (no such credit enhancement having now been obtained or being now contemplated).
  10. Any change in the provider of any credit enhancement device described in item 9 above, or any failure by the provider to perform under such a credit enhancement device.
  11. The release, substitution or sale of any property hereafter leased, mortgaged or pledged by the State securing repayment of the Bonds (no such property having now been leased, mortgaged or pledged, or now being contemplated to be leased, mortgaged or pledged.)
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) This Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally-recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of said nationally-recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

THE STATE OF SOUTH CAROLINA

By: \_\_\_\_\_  
State Treasurer

Date: \_\_\_\_\_

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

THE STATE OF SOUTH CAROLINA

\$25,000,000 STATE CAPITAL IMPROVEMENT BONDS, SERIES 1995MB

Date of Issuance: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 9.10 of the Resolution dated September 26, 1995. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

THE STATE OF SOUTH CAROLINA

By: \_\_\_\_\_  
State Treasurer

Date: \_\_\_\_\_

**001416**

**EXHIBIT B**

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **July 17, 1995**:

**Bloomberg Municipal Repository**

P.O. Box 840  
Princeton, NJ 08542-0840  
Internet address: MUNIS@bloomberg.doc  
(609) 279-3200  
FAX (609) 279-3235 (609) 279-5963  
Contact: Dave Campbell

**The Bond Buyer**

Secondary Market Disclosure  
395 Hudson Street, 3rd Floor  
New York, NY 10014  
Internet address: Disclosure@muller.com  
(212) 807-3814  
FAX (212) 989-9282  
Contact: Thomas Garske

**Disclosure, Inc.**

Document Augmentation/  
Municipal Securities  
5161 River Road  
Bethesda, MD 20816  
(301) 951-1450  
FAX (301) 718-2329  
Contact: Barry Sugarman (301) 215-6015

**JJ Kenny Information Services**

The Repository  
65 Broadway, 16th Floor  
New York, NY 10006  
(212) 770-4568  
FAX (212) 797-7994  
Contact: Joan Horai, Repository

**Moody's NRMSIR**

Public Finance Information Center  
99 Church Street  
New York, NY 10007-2796  
(800) 339-6306  
FAX (212) 553-1460  
Contact: Claudette Stephenson  
(212) 553-0345

**001417**



**A RESOLUTION**

**MAKING PROVISION FOR THE ISSUANCE AND SALE OF  
NOT EXCEEDING TWENTY FIVE MILLION DOLLARS  
(\$25,000,000)  
STATE CAPITAL IMPROVEMENT BONDS, SERIES 1995MB**

**001419**

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# EXHIBIT

SEP 26 1995

1

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA  
STATE BUDGET & CONTROL BOARD

## ARTICLE I - FINDINGS OF FACT

As an incident to the adoption of this Resolution and the issuance and sale of the Bonds (as hereinafter defined) herein authorized, the State Budget and Control Board of South Carolina (the "State Board") finds:

### Section 1.01 General Findings of Authorization

The State Board is authorized by Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as now amended (Act 1377), to make provision for the issuance of State Capital Improvement Bonds in order to raise funds for the expenditures authorized by Act 1377.

Act 1377 was duly enacted by the General Assembly in the year 1968 and became effective upon its approval by the Governor on June 24, 1968. It has been amended by statutes enacted by the General Assembly during subsequent sessions of the General Assembly thereafter. The General Assembly of the State of South Carolina at the 1993 Regular Session enacted Act No. 53 (Act 53) which authorized for the issuance of State Capital Improvement Bonds in denominations of less than One Thousand Dollars (\$1,000).

### Section 1.02 Provisions Relating to Debt Limitations

(a) The aggregate of State Capital Improvement Bonds which may be issued pursuant to Act 1377 is fixed at \$1,895,539,125.10, exclusive of such bonds issued on behalf of the Mental Health Commission as provided in Act 1276 of 1970 and Act 1272 of 1970, bonds issued on behalf of the Department of Disabilities and Special Needs as provided in Act 1087 of 1970 and bonds issued on behalf of the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. However, of the bonds authorized, projects aggregating \$6,016,648.87 were paid from the General Fund and \$12,741,076.00 were paid from the Capital Reserve Fund, thus, in effect, reducing the authorization set forth in the preceding sentence by the amount of \$18,757,724.87 to \$1,876,781,400.23.

(b) In addition to the provision set forth in Act 1377, which limits the principal amount which may be issued, State Capital Improvement Bonds must be issued in compliance with the applicable constitutional and statutory provisions relating to maximum annual debt service. Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the Constitution of South Carolina, as amended, provides that the maximum annual debt service on all general obligation debt of the State (excluding State Highway Bonds, State Institution Bonds, tax anticipation notes and bond anticipation notes) shall not exceed five percent (5%) of the general revenues of the State for the fiscal year next preceding the fiscal year in which the debt is incurred (excluding revenues which are authorized to be pledged for State Highway Bonds and State Institution Bonds). Act 1377 also contains the limit of five percent (5%).

### Section 1.03 Determination of Compliance With Debt Limitations

(a) Heretofore, \$1,829,715,500.00 of State Capital Improvement Bonds have been issued for the construction of capital improvements authorized by Act 1377; but from the proceeds of those bonds, \$45,694,804.53 were expended for the Mental Health Commission and the Department of Disabilities and Special Needs as provided in the Act of 1970 above recited and for the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. Thus, the remaining authorization

under Act 1377 to issue State Capital Improvement Bonds, exclusive of such bonds issued for the Mental Health Commission, for the Department of Disabilities and Special Needs and for the Department of Labor, Licensing and Regulation is now \$92,760,704.76 and thus, the sum of \$25,000,000 may be issued within the dollar limitation of Act 1377.

(b) Insofar as the constitutional and statutory limitation on the issuance of State Capital Improvement Bonds is concerned during the fiscal year to end June 30, 1996, the five percent (5%) limitation referred to above is applied to General Fund Revenues for the fiscal year ended June 30, 1995 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds). As a condition precedent to the issuance of the State Capital Improvement Bonds, Series 1995MB authorized by this Resolution, the State Auditor will certify pursuant to Section 11-27-70, Code of Laws of South Carolina, as amended, that the amount of General Fund Revenues of the State for the fiscal year ended June 30, 1995 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds), amounted to not less than \$3,513,036,000. Five percent (5%) of the foregoing figure, which is the statutory limitation for maximum annual debt service relating to this class of State general obligation debt, is thus not less than \$175,651,800. Attached as Exhibit A to this Resolution is a schedule showing debt service requirements on all State Capital Improvement Bonds outstanding as of November 1, 1995, not including the Bonds authorized by this Resolution. Each of the Bonds will be either Current Interest Bearing Bonds or Capital Appreciation Bonds at the option of the initial purchaser thereof and will mature on November 1 of either 2002 or 2010 at the option of the initial purchaser thereof. The interest rate or yield on Bonds due in 2010 will exceed the interest rate or yield on Bonds due in 2001. Consequently, the maximum annual debt service relating to this class of general obligation State debt will be achieved: (i) with respect to fiscal years ending June 30, 1996 through 2002, and 2004 through 2010, by the designation of all Bonds as Current Interest Bearing Bonds due November 1, 2010; (ii) with respect to the fiscal year ending June 30, 2003, by the designation of all Bonds as Capital Appreciation Bonds due November 1, 2002; and (iii) with respect to the fiscal year ending June 30, 2011, by the designation of all Bonds as Capital Appreciation Bonds due November 1, 2010. Attached as Exhibits B-1 through B-3 to this Resolution are *pro forma* schedules showing total debt service requirements on \$25,000,000 principal amount of Bonds authorized to be issued by this Resolution at assumed interest rates or yields of 4.75% for Bonds maturing on November 1, 2002 and 5.50% for Bonds maturing on November 1, 2010, for each of the three maximum possible annual debt service scenarios for the years during which the Bonds may be outstanding, as set forth in the foregoing sentence. The actual interest rates to be borne by the Current Interest Bearing Bonds and yields to be produced by the Capital Appreciation Bonds shall be determined by the State Treasurer pursuant to Act 53. Attached as Exhibits C-1 through C-3 to this Resolution are *pro forma* schedules showing total debt service on general obligation debt subject to the limitation imposed by Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the State Constitution to be outstanding following the issuance of Bonds in the principal amount of \$25,000,000, for each of the three possible scenarios shown in Exhibits B-1 through B-3. Exhibit C indicates that the maximum annual debt service on all bonds subject to the constitutional and statutory five percent (5%) limitation following the issuance of the proposed Bonds at the assumed interest rates stated above, is \$140,459,550.50 in the fiscal year ending June 30, 1997, which is four (4.00%) of the minimum level of the State's General Fund Revenues for the preceding fiscal year as to be certified prior to the issuance of the proposed Bonds by the State Auditor. Therefore the State Board has determined that the proposed Bonds may be issued within the constitutional and statutory five percent (5%) limitation, provided that the interest rates and yields do not significantly exceed 5.50% per annum.

Section 1.04   Determination of Amount of Bonds Herein Authorized

The State Board finds that it is necessary to raise not exceeding \$25,000,000 at this time in order to provide funds which will be used to pay costs of projects authorized by Act 1377. The actual amount of Bonds issued and sold shall be that amount not exceeding \$25,000,000 which shall be subscribed for in the manner established by the State Treasurer.

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01    Definitions

As used in this Resolution, unless the context otherwise requires, the following terms shall have the following respective meanings:

"Accreted Value" of any Capital Appreciation Bond shall mean as of any date the original purchase price thereof (in the original offering by the State of South Carolina) plus the amount of value that has accreted thereon from November 1, 1995, at the yield for such Bond established by the State Treasurer pursuant to Section 3.01(d) hereof and printed on the face of such Bond, and compounded semiannually on each May 1 and November 1 thereafter, on the basis of a 360 day year consisting of twelve (12) thirty (30) day months. The computation of the Accreted Value by the State Treasurer as of any date shall be conclusive as to such determination for all purposes of this Resolution and the Bonds.

"Act 1377" means Act 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as amended.

"Act 53" means Act of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1993, as amended.

"Authorized Investments" means those investments authorized for investment of State funds under Section 11-9-660 of the Code of Laws of South Carolina 1976, as now or hereafter amended from time to time, and any provisions of State law supplemental thereto or in substitution therefor.

"Authorized Officer" means the State Treasurer, a Deputy State Treasurer and any other officer or employee of the State designated from time to time as an Authorized Officer by resolution of the State Board to perform such act or sign such document.

"Bond" or "Bonds" means any of the State Capital Improvement Bonds, Series 1995MB, authorized by this Resolution.

"Bondholder" or Registered Holder" or "Holders of Bonds" or similar term means, when used with respect to a Bond or Bonds, any person whose name shall be registered in the registration books maintained by the Registrar as the owner of any Bond Outstanding.

"Bond Payment Date" means, with respect to the Current Interest Bearing Bonds, each May 1 and November 1 on which interest on any of the Bonds shall be payable or on which both a Principal Installment and interest shall be payable, and means, with respect to the Capital Appreciation Bonds, the respective Maturity Dates at which time the final maturing Accreted Value shall be payable.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate substantially in the form of Exhibit F hereto, hereby authorized to be executed by the State Treasurer on behalf of the State Board and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office," when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

"Fiduciary" means the Paying Agent or the Registrar and their successors and assigns as permitted under Article VII hereof.

"Government Obligations" means and includes noncallable direct general obligations of the United States of America or agencies thereof or noncallable obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

"Maturity Date" means November 1, 2002 and November 1, 2010.

"Outstanding," when used in this Resolution with respect to Bonds means, as of any date, all Bonds theretofore authenticated and delivered pursuant to this Resolution except:

(i) any Bond cancelled or delivered to the Registrar for cancellation on or before such date;

(ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Section 6.01 hereof; and

(iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.13 of this Resolution.

"Paying Agent" means First Union National Bank of South Carolina and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as a Paying Agent may also act as Registrar.

"Person" means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

"Principal Installment" means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

"Private Business Use" shall mean "private business use" as that term is defined in Section 141 of the Code, any successor provision and any implementing Regulations.

"Record Date" means the 15th day of the month next preceding each Bond Payment Date.

"Registrar" means First Union National Bank of South Carolina and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as Registrar may also act as Paying Agent.

"Regulations" shall mean proposed, temporary and permanent regulations promulgated under the Code or any predecessor or successor thereto applicable to the Bonds.

"Resolution" means this Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"State" means the State of South Carolina.

"State Board" means the State Budget and Control Board of South Carolina.

"State Request" means a written request of the State signed by an Authorized Officer.

Section 2.02   Construction

In this Resolution, unless the context otherwise requires:

(a)     Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(b)     The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar term refer to this Resolution, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Resolution.

(c)     Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d)     Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

ARTICLE III - ISSUANCE OF BONDS

Section 3.01 Authorizing the Issuance of Bonds

The State Board, by the adoption of this Resolution hereby authorizes the State Treasurer to:

(a) proceed with the sale of State Capital Improvement Bonds in denominations of \$1,000 or less in an aggregate principal amount not to exceed Twenty Five Million Dollars (\$25,000,000);

(b) develop and implement a program for the sale of the Bonds, including the advertising thereof, that will ensure an opportunity for citizens of the State to purchase the Bonds;

(c) permit the Bonds to be sold either as Current Interest Bearing Bonds or as Capital Appreciation Bonds, at the option of the initial purchaser thereof, such Bonds to mature on either November 1, 2002 or November 1, 2010, at the option of the initial purchaser thereof;

(d) determine the rate or rates of interest that the Bonds shall bear, if such Bonds are Current Interest Bearing Bonds, and to determine the yield on such Bonds if such Bonds are Capital Appreciation Bonds, such yield to be stated as equivalent to an interest rate, per annum, compounded semiannually on each Bond Payment Date;

(e) prepare, or cause to be prepared, a Information Statement relating to the Bonds containing such terms, provisions and information customarily contained in preliminary official statements relating to Capital Improvement Bonds, and to distribute the same;

(f) execute and deliver, on behalf of the State, an Official Statement relating to the Bonds; and

(g) execute and deliver such other documents and take such further actions as he shall deem necessary to arrange for the offering, sale and delivery of the Bonds.

Section 3.02 Ratification and Confirmation of Actions Taken by the State Treasurer

All actions taken and determinations previously made by the State Treasurer in connection with the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3.03 Direction to Governor and State Treasurer

The Governor of South Carolina and the State Treasurer of South Carolina are hereby directed to effect the issuance of not exceeding \$25,000,000 principal amount of State Capital Improvement Bonds in accordance with the provisions of this Resolution.

Section 3.04 Ordering the Issuance of Bonds

Pursuant to the provisions of Act 1377, and for the purpose of obtaining funds to finance the cost of projects authorized by Act 1377, and, in particular those projects represented in the balance due agencies and political subdivisions of the State listed in Exhibit E, there shall be issued not to exceed Twenty-Five Million Dollars (\$25,000,000) aggregate principal amount of general obligation bonds of the State designated "State Capital Improvement Bonds, Series 1995MB."

Section 3.05 Provision for Payment of Interest on the Bonds

The Bonds shall be authenticated on such dates as they shall, in each case, be delivered. The Current Interest Bearing Bonds shall bear interest at the rates, and the Capital Appreciation Bonds shall accrete value at a rate that will produce the annual yields (compounded semiannually on each Bond Payment Date) determined by the State Treasurer on the basis of a 360-day year of twelve (12) thirty (30) day months. Each Current Interest Bearing Bond shall bear interest from November 1, 1995, if no interest has yet been paid; otherwise from the last Bond Payment Date to which interest has been paid and which Bond Payment Date is on or prior to the authentication date thereof. Interest on the Current Interest Bearing Bonds shall be payable May 1, 1996, and semiannually each November 1 and May 1 of each year thereafter until payment of principal thereof. The interest to be paid on any May 1 or November 1 shall be paid to the Person in whose name such Current Interest Bearing Bond is registered at the close of business on the Record Date next preceding such Bond Payment Date.

Each Capital Appreciation Bond shall accrete value from November 1, 1995, at the yields determined by the State Treasurer, until maturity; and the final maturing Accreted Value thereof is payable only at the Maturity Date to the Person in whose name the Capital Appreciation Bond is registered at the close of business on the Record Date next preceding such Maturity Dates.

Section 3.06 Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal and Accreted Value

(a) The Bonds shall be payable as to Principal Installments, final maturing Accreted Value and interest 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.

(b) The Bonds shall be issued in the form of fully registered printed Bonds in denominations of \$500, in the case of Current Interest Bearing Bonds, and \$200, in the case of Capital Appreciation Bonds, or any integral multiple thereof not exceeding \$5,000 per Bond (or \$10,000 per Bond for a Bond purchased jointly by a married couple). Each Bond shall be numbered in such fashion as to maintain a proper record thereof.

(c) The Principal Installment or final maturing Accreted Value of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Current Interest Bearing Bond shall be made on each Bond Payment Date by the Paying Agent to the Person appearing on each Record Date on the registration books maintained by the Registrar, as the Registered Holder thereof, by check or draft mailed to such Registered Holder at his address as it appears on such registration books. Payment of each Principal Installment or final maturing Accreted Value of all Bonds shall be made only upon the presentation and surrender for cancellation of such Bonds to the Paying Agent as the same shall become due and payable.

Section 3.07 Agreement to Maintain Registrar and Paying Agent

As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent, each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges; (ii) notices and demands to or upon the State in respect of the Bonds may be served; and (iii) the Bonds may be presented for payment, exchange and transfer.

Section 3.08 Execution and Authentication

(a) The Bonds shall be executed by the Governor of South Carolina and by the State Treasurer of South Carolina, the Great Seal of the State shall be reproduced thereon, and the same shall be attested by the Secretary of State of South Carolina; provided, that such officers required to execute or attest the execution of the Bonds may employ a facsimile of their signatures in lieu of the manual signing or attesting of the Bonds. Bonds bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the State notwithstanding that the person may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the forms of Bonds attached as Exhibit D to this Resolution, duly executed by the manual signature of an authorized officer of the Registrar and such certificate of authentication upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Registered Holder thereof is entitled to the benefit of the terms and provisions of this Resolution.

Section 3.09 Exchange of Bonds

Bonds, upon surrender thereof at the Corporate Trust Office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Holder or his duly authorized attorney, may, at the option of the Registered Holder thereof, be exchanged for an equal aggregate principal or original principal amount of Bonds in any authorized denomination of the same series, interest rate and maturity. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 3.10 Transferability and Registry

All Bonds shall at all times, when the same are Outstanding, be payable, both as to each Principal Installment, final maturing Accreted Value and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds remain Outstanding, the State shall maintain and keep, at the Corporate Trust Office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the State shall register or cause to be registered therein, and permit to be transferred thereon, any Bond under such reasonable regulations as it or the Registrar may prescribe. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 3.11 Transfer of Bonds

Each Bond shall be transferable only upon the registration books of the State, which shall be kept for such purposes at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar. Upon the presentation and surrender of any Bond by the Registered Holder of such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney, a transfer of such Bond may be effected. Upon surrender for transfer of any such Bond, the State shall execute and the Registrar shall authenticate and deliver, in the name of the

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Person who is the transferee, one or more new Bonds of the same series, aggregate principal or original principal amount, maturity and rate of interest as the surrendered Bond. No Capital Appreciation Bond may be exchanged for a Current Interest Bearing Bond and *vice versa*. All action taken by the Registrar pursuant to this Section shall be deemed to be the action of the State.

## Section 3.12 Regulations with Respect to Exchanges and Transfers

All Bonds surrendered in any exchange or transfer shall forthwith be cancelled by the Registrar. For each such exchange or transfer of Bonds, the State or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Registered Holder requesting such exchange or transfer. The State shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) days next preceding any Bond Payment Date of the Bonds.

## Section 3.13 Mutilated, Destroyed, Lost and Stolen Bonds

(a) If any mutilated Bond is surrendered to the Registrar and the Registrar and the State Treasurer receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and if there is delivered to the Registrar or the State Treasurer such security or indemnity as may be required to save the Fiduciaries and the State harmless, then, in the absence of such notice that such Bond has been acquired by a *bona fide* purchaser, the State shall execute, and upon State Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of the same series and of like tenor and principal amount, bearing a number unlike that of a Bond contemporaneously or previously Outstanding. No Capital Appreciation Bond may be exchanged for a Current Interest Bearing Bond and *vice versa*. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or shall become due and payable within one year, the State in its discretion may, instead of issuing a new Bond, pay such Bond at its maturity.

(b) Upon the issuance of any new Bond under this Section, the State may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any other expenses, including counsel fees or other fees, of the State or the Fiduciaries connected therewith.

(c) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the State, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

## Section 3.14 Registered Holder as Owner of Bond

The State, the Registrar and any Paying Agent may treat the Registered Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment or final maturing Accreted Value of and interest on such Bond and for all other purposes, and payment of Principal Installment, final maturing Accreted Value and interest shall be made only to, or upon the order of, such Registered Holder. All payments to such Registered Holder shall be valid and effectual to satisfy and discharge the liability

upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 3.15 Cancellation of Bonds

The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the State Treasurer. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof.

Section 3.16 Payments Due on Saturdays, Sundays and Holidays

In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installment or final maturing Accreted Value of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such Bond Payment Date.

Section 3.17 Pledge of Full Faith, Credit and Taxing Power

For the prompt payment of the principal of and interest on and Accreted Value of the Bonds, as they respectively mature, the full faith, credit and taxing power of the State are hereby irrevocably pledged, and as required by Act 426 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978, the State Treasurer is hereby directed to set aside from the tax revenues received in each fiscal year in which the interest on or a Principal Installment or a final maturing Accreted Value will become due so much of such tax revenues as may be necessary in order to pay the Principal Installments, final maturing Accreted Values and interest on all Bonds due and falling due in such fiscal year, and the State Treasurer shall thereafter apply such moneys to the punctual payment thereof as the same respectively fall due.

Section 3.18 Form of Bonds

The forms of the Bonds, and the registration provisions to be endorsed thereon, shall be substantially as set forth in Exhibit D attached hereto and made a part of this Resolution.

Section 3.19 Tax Exemption in South Carolina

All Principal Installments and interest on and Accreted Value of the Bonds shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

ARTICLE IV - REDEMPTION

Section 4.01 Bonds Not Subject to Redemption

The Bonds are not subject to redemption prior to maturity.

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ARTICLE V - DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 5.01 Disposition of Bond Proceeds Including Temporary Investments

(a) The proceeds derived from the sale of the Bonds shall be deposited with the State Treasurer who, after paying all costs and expenses incident to the issuance of the Bonds, shall apply the proceeds to the payment of costs of projects authorized by Act 1377.

(b) Pending the use of Bond proceeds as provided in paragraph (a) of this Section, the same shall be invested and reinvested by the State Treasurer in Authorized Investments. The investment earnings therefrom may be used either for any lawful purpose of the State or, if so required by the Code, to make the necessary rebate to the United States Government.

(c) Neither the purchasers of the Bonds nor any Registered Holder of the Bonds shall be liable for the proper application of the proceeds of the Bonds.

## ARTICLE VI - DEFEASANCE OF BONDS

STATE BUDGET & CONTROL BOARD

### Section 6.01 Discharge of Resolution

(a) If all of the Bonds issued pursuant to this Resolution and all interest thereon shall have been paid and discharged, then the obligations of the State under this Resolution and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(i) The Paying Agent, or other escrow agent designated by the State Treasurer, shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installments, final maturing Accreted Value and interest thereon; or

(ii) If default in the payment of any principal of the Bonds, final maturing Accreted Value or any interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the State shall elect to provide for the payment of the Bonds prior to their stated maturities and shall have deposited in an irrevocable trust moneys which shall be sufficient, or Government Obligations, which are not subject to redemption by the issuer thereof prior to the Maturity Date of the Bonds the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited at the same time, shall be sufficient to pay when due the Principal Installments, final maturing Accreted Value and interest, due and to become due on the Bonds on their Maturity Dates or Bond Payment Dates.

(b) Neither the Government Obligations nor moneys deposited pursuant to this Section 6.01 nor the payments of principal thereof or interest thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installments of, or final maturing Accreted Value and interest on, the Bonds; provided, that any cash received from such payments of principal of or interest on Government Obligations deposited, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installments or final maturing Accreted Value and interest, to become due on the Bonds on and prior to the maturity date thereof, and interest earned from such reinvestment not required for the payment of the Principal Installments, or final maturing Accreted Value and interest, may be paid over to the State, as received by the financial institution with which such trust is established, free and clear of any trust, lien or pledge.

### Section 6.02 Notice of Discharge of Resolution

The State Treasurer shall give the Paying Agent irrevocable instructions to mail a notice to the owners of such Bonds that (i) the deposit required by Section 6.01(a)(iii) has been made with the Paying Agent; and (ii) said Bonds are deemed to have been paid in accordance with this Article VI and stating such maturity dates upon which moneys are to be available for the payment of the principal of, and interest on, and Accreted Value of said Bonds.

## ARTICLE VII - CONCERNING THE FIDUCIARIES

### Section 7.01    Fiduciary; Appointment and Acceptance of Duties

The Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Resolution and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article VIII. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Resolution by a written acceptance.

### Section 7.02    Responsibilities of Fiduciaries

The recitals of fact contained herein and in the Bonds shall be taken as the statements of the State and no Fiduciary shall be deemed to assume any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

### Section 7.03    Evidence on Which Fiduciaries May Act

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, Bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the State, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(c) Except as otherwise expressly provided in this Resolution any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the State to any Fiduciary shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

### Section 7.04    Compensation

The State shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Resolution, and also

all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; provided, however, that any specific agreement between the State and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary.

Section 7.05    Certain Permitted Acts

Any Fiduciary may become the owner or underwriter of any Bonds, notes or other obligations of the State or conduct any banking activities with respect to the State, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution.

Section 7.06    Resignation of Fiduciary

Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days written notice to the State and not less than thirty (30) days written notice to the Registered Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the State pursuant to Section 7.08 hereof in which event such resignation shall take effect immediately upon the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

Section 7.07    Removal of Fiduciary

Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the State and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State.

Section 7.08    Appointment of Successor Fiduciaries

(a) In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the State Treasurer. Every such Fiduciary appointed pursuant to the provisions of this Section 7.08 shall be a trust company or bank organized under the laws of the United States of America or any state thereof or a national banking association and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$25,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

(b) If in a proper case no appointment of a successor Fiduciary shall be made by the State pursuant to the foregoing provisions of this Section 7.08 within forty-five (45) days after any Fiduciary shall have given to the State written notice as provided in Section 7.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 7.09    Transfer of Rights and Property to Successor

Any successor Fiduciary appointed under this Resolution shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, at State Request, or at the written request of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Fiduciary shall promptly notify the other Fiduciaries, if any, of its appointment as Fiduciary.

Section 7.10    Merger or Consolidation

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

Section 7.11    Adoption of Authentication

In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

ARTICLE VIII - COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 8.01    General Covenant

The State will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file the information report with the Internal Revenue Service; and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code, if any such requirement shall apply in addition to the obligation referred to in Section 8.03 hereof. In this connection, the State covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel as will enable it to comply with this Section.

Section 8.02    Tax Representations and Covenants

The State hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Registered Holder thereof for federal income tax purposes pursuant to the provisions of the Code and Regulations in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the State represents and covenants that:

(a)    All property provided by the net proceeds of the Bonds will be owned by the State or a political subdivision thereof in accordance with the rules governing the ownership of property for federal income tax purposes.

(b)    The State shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds to be used in any manner that would result in (i) five percent (5%) or more of such proceeds being considered as having been used in a Private Business Use; or (ii) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c)    The State is not a party to or will not enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds or by notes paid by the Bonds that do not conform to the guidelines, set forth in Revenue Procedure 93-19.

(d)    The State will not sell or lease any property provided by the Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(e)    The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The State shall not enter into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds.

(f)    To the extent proceeds of the Bonds will ultimately be utilized by political subdivisions of the State, the State will cause such political subdivisions to covenant as to the items contained in this Section.

Section 8.03    Arbitrage Bonds

The State hereby covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of

issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in the Code, and to that end the State hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any Regulations so long as the Bonds are Outstanding;

(b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States;

(c) make such reports of such information at the time and places required by the Code; and

(d) take such other action as may be required to assure that the tax exempt status of the Bonds will not be impaired.

ARTICLE IX - MISCELLANEOUS

Section 9.01    Failure to Present Bonds

Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their stated maturity dates, that the Registered Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the State pay such money to the State as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, the Paying Agent shall forward to the State all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date; provided, further however, that before being required to make any such payment to the State, the Paying Agent, at the expense of the State, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate those who are entitled to take such funds.

Section 9.02    Severability of Invalid Provisions

If any one or more of the covenants or agreements provided in this Resolution should be contrary to law, then such covenants or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 9.03    Resolution to Constitute Contract

In consideration of the purchase and acceptance of the Bonds by those who shall purchase and own the same from time to time, the provisions of this Resolution, with the exception of that provision of Section 1.02 regarding the aggregate amount of State Capital Improvement Bonds which may be issued, shall be deemed to be and shall constitute a contract between the State and the Registered Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Registered Holders which the State hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection, and security of the Registered Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 9.04    Amendments and Modifications to this Resolution

(a)    Provided always that the security of the Bonds shall not be lessened, or in any manner impaired, the State Board may for any one or more of the following purposes at any time, or from time to time, adopt a resolution amending or supplementing this Resolution, which resolution shall be fully effective in accordance with its terms:

- (1)    To add to the covenants and agreements of the State Board in this Resolution;
- (2)    To surrender any right, power or privilege reserved to or conferred upon the State by this Resolution; or
- (3)    To cure, correct and remove any ambiguity or inconsistent provisions contained in this Resolution.

(b) It is further provided that such supplemental resolution shall not become effective until a copy thereof, duly certified, shall have been filed with the Registrar and the Paying Agent.

(c) The rights and duties of the State and the Bondholders and the terms and provisions of this Resolution may be modified or altered in any respect by an amendatory or supplementary resolution adopted by the State Board with the consent of the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of all Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Holders and duly acknowledged or proven in the manner of a deed capable of being recorded, but no such modification or alteration shall:

- (1) Extend the maturity of any payment of principal or interest due upon any Bond;
- (2) Effect a reduction in the amount which the State is required to pay by way of principal of or interest on any Bond;
- (3) Effect a change as to the type of currency in which the State is obligated to effect payment of the principal of and interest on any Bond;
- (4) Permit the creation of a pledge of or lien upon the general fund revenues of the State prior to the Bonds;
- (5) Permit preference or priority of any Bonds to others;
- (6) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Resolution;

without the consent of the Holders of all Bonds affected by such change or modification.

(d) The State Board may rely upon the registration books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made in the manner hereinabove provided for shall not become effective until there has been filed with the Registrar and the Paying Agent a copy of such amendatory or supplementary resolution hereinabove provided for, duly certified, as well as proof of consent to such modification by the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds then Outstanding.

Section 9.05 Determination of Outstanding Principal of Capital Appreciation Bonds

For the purpose of computing the principal amount of a Capital Appreciation Bond in giving any notice, consent, request or demand, the principal amount of a Capital Appreciation Bond shall be deemed to be its original principal amount (*i.e.*, the original purchase price thereof).

Section 9.06 Schedules Relating to State Capital Improvement Bonds

There is attached hereto as Exhibit A to this Resolution a schedule showing total debt service requirements, as of November 2, 1995, on State Capital Improvement Bonds heretofore issued. There is attached hereto as Exhibit B to this Resolution a schedule showing total debt service requirements on \$25,000,000 of the Bonds. There is attached hereto as Exhibit C to this Resolution a schedule showing total debt service on all State Capital Improvement Bonds outstanding as of November 2, 1995, including the Bonds.

# EXHIBIT

SEP 26 1995

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## Section 9.07 Execution of Closing Documents and Certificates

STATE BUDGET & CONTROL BOARD

The Governor, the State Treasurer, the Secretary of State and any other officers or employees of the State are fully authorized and empowered to take such further action and to execute and deliver such closing documents and certificates as may be necessary and proper in order to complete the issuance of the Bonds herein authorized and the action of such officers or any one or more of them in executing and delivering any of such documents, in such form as he or they shall approve, is hereby fully authorized.

## Section 9.08 Filing Copies of Resolution

Copies of this Resolution shall be filed in the office of the State Board, the office of the Secretary of State (as a part of the Transcript of Proceedings), and with the offices of the Paying Agent and the Registrar.

## Section 9.09 Benefits of Resolution Limited to the State and Holders of the Bonds

With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or should be construed to confer upon or give to any Person other than the State and the Holders of the Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the State and the Holders from time to time of the Bonds as herein and therein provided.

## Section 9.10 No Personal Liability

No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the State contained in this Resolution or the Bonds, against any member of the State Board, any officer or employee, as such, in his or her individual capacity, past, present or future, of the State, either directly or through the State, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer or employee as such, past, present or future, of the State, either directly or by reason of any of the obligations, covenants, promises or agreements entered into between the State and Bondholders or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Bonds, expressly waived and released. The immunity of members, officers and employees of the State under the provisions contained in this Section shall survive the termination of this Resolution.

## Section 9.11 Continuing Disclosure

(a) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Board covenants to file with a central repository for availability in the secondary bond market when requested:

- (1) An annual independent audit, within thirty days of the State's receipt of the audit; and

(2) Event specific information within thirty days of an event adversely affecting more than five percent of revenue or the State's tax base.

The only remedy for failure by the Board to comply with the covenant in this Section 9.10(a) shall be an action for specific performance of this covenant. The Board specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder.

(b) In addition, the State Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the State Board to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the State Board to comply with its obligations under this paragraph.

Section 9.12 Law and Place of Enforcement of the Resolution

This Resolution shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 9.13 Effect of Article and Section Headings and Table of Contents

The heading or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 9.14 Repeal of Inconsistent Resolutions

All Resolutions of the State Board, and any part of any resolution, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 9.15 Effectiveness of this Resolution

This Resolution shall become effective upon its adoption.

0710 - 07107

EXHIBIT A

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
PREPARED AS OF NOVEMBER 2, 1995

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	75,745,000.00	18,848,607.00	94,593,607.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
<b>TOTAL</b>	<u>\$961,250,500.00</u>	<u>\$303,501,394.53</u>	<u>\$1,264,751,894.53</u>

\* Does not include \$25,000,000 of State Capital Improvement Bonds, Series 1995MB.

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED

ASSUMING ALL CURRENT INTEREST BEARING BONDS DUE NOVEMBER 1, 2010  
AT AN ASSUMED INTEREST RATE OF 5.50%

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Principal and Interest
1996	\$ 0.00	\$ 687,500.00	\$ 687,500.00
1997	0.00	1,375,000.00	1,375,000.00
1998	0.00	1,375,000.00	1,375,000.00
1999	0.00	1,375,000.00	1,375,000.00
2000	0.00	1,375,000.00	1,375,000.00
2001	0.00	1,375,000.00	1,375,000.00
2002	0.00	1,375,000.00	1,375,000.00
2003	0.00	1,375,000.00	1,375,000.00
2004	0.00	1,375,000.00	1,375,000.00
2005	0.00	1,375,000.00	1,375,000.00
2006	0.00	1,375,000.00	1,375,000.00
2007	0.00	1,375,000.00	1,375,000.00
2008	0.00	1,375,000.00	1,375,000.00
2009	0.00	1,375,000.00	1,375,000.00
2010	0.00	1,375,000.00	1,375,000.00
2011	<u>25,000,000.00</u>	<u>687,500.00</u>	<u>25,687,500.00</u>
<b>TOTAL</b>	<u>\$25,000,000.00</u>	<u>\$20,625,000.00</u>	<u>\$45,625,000.00</u>

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SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED  
ASSUMING ALL CAPITAL APPRECIATION BONDS DUE NOVEMBER 1, 2002  
AT AN ASSUMED YIELD OF 4.75%

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total Principal</u> <u>and Interest</u>
2003	\$25,000,000.00	\$9,726,081.00	\$34,726,081.00
TOTAL	<u>\$25,000,000.00</u>	<u>\$9,726,081.00</u>	<u>\$34,726,081.00</u>

SCHEDULE SHOWING PRINCIPAL AND INTEREST  
REQUIREMENTS FOR THE SERIES 1995MB  
STATE CAPITAL IMPROVEMENT BONDS  
HERE AUTHORIZED  
ASSUMING ALL CAPITAL APPRECIATION BONDS DUE NOVEMBER 1, 2010  
AT AN ASSUMED YIELD OF 5.50%

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total Principal</u> <u>and Interest</u>
2011	\$25,000,000.00	\$31,415,579.00	\$56,415,579.00
TOTAL	<u>\$25,000,000.00</u>	<u>\$31,415,579.00</u>	<u>\$56,415,579.00</u>

SCHEDULES SHOWING DEBT SERVICE  
 REQUIREMENTS FOR ALL SERIES OF  
 OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
 AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-1  
 PREPARED AS OF NOVEMBER 2, 1995

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Principal and Interest
1996	\$57,690,000.00	\$26,780,423.00	\$84,470,423.00
1997	92,155,000.00	48,304,550.50	140,459,550.50
1998	95,550,000.00	42,653,695.50	138,203,695.50
1999	77,990,000.00	37,046,255.50	115,036,255.50
2000	78,320,000.00	32,546,805.50	110,866,805.50
2001	92,032,500.00	30,149,368.53	122,181,868.53
2002	71,945,000.00	23,668,447.00	95,613,447.00
2003	75,745,000.00	20,223,607.00	95,968,607.00
2004	64,350,000.00	16,446,947.00	80,796,947.00
2005	60,170,000.00	13,218,997.00	73,388,997.00
2006	55,515,000.00	10,190,797.00	65,705,797.00
2007	44,600,000.00	7,454,982.00	52,054,982.00
2008	40,040,000.00	5,307,657.00	45,347,657.00
2009	42,448,000.00	7,833,237.00	50,281,237.00
2010	12,700,000.00	1,613,125.00	14,313,125.00
2011	25,000,000.00	687,500.00	25,687,500.00
<b>TOTAL</b>	<u>\$986,250,500.00</u>	<u>\$324,126,394.53</u>	<u>\$1,310,376,894.53</u>

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SCHEDULES SHOWING DEBT SERVICE  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-2  
PREPARED AS OF NOVEMBER 2, 1995

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	100,745,000.00	28,574,688.00	129,319,688.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
TOTAL	<u>\$986,250,500.00</u>	<u>\$313,227,475.53</u>	<u>\$1,299,477,975.53</u>

# EXHIBIT

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STATE BUDGET & CONTROL BOARD

SCHEDULES SHOWING DEBT SERVICE  
REQUIREMENTS FOR ALL SERIES OF  
OUTSTANDING STATE CAPITAL IMPROVEMENT BONDS  
AND THE PROPOSED BONDS AS ASSUMED ON EXHIBIT B-3  
PREPARED AS OF NOVEMBER 2, 1995

Fiscal Year Ending June 30	Total Principal	Total Interest	Total Principal and Interest
1996	\$57,690,000.00	\$26,092,923.00	\$ 83,782,923.00
1997	92,155,000.00	46,929,550.50	139,084,550.50
1998	95,550,000.00	41,278,695.50	136,828,695.50
1999	77,990,000.00	35,671,255.50	113,661,255.50
2000	78,320,000.00	31,171,805.50	109,491,805.50
2001	92,032,500.00	28,774,368.53	120,806,868.53
2002	71,945,000.00	22,293,447.00	94,238,447.00
2003	75,745,000.00	18,848,607.00	94,593,607.00
2004	64,350,000.00	15,071,947.00	79,421,947.00
2005	60,170,000.00	11,843,997.00	72,013,997.00
2006	55,515,000.00	8,815,797.00	64,330,797.00
2007	44,600,000.00	6,079,982.00	50,679,982.00
2008	40,040,000.00	3,932,657.00	43,972,657.00
2009	42,448,000.00	6,458,237.00	48,906,237.00
2010	12,700,000.00	238,125.00	12,938,125.00
2011	25,000,000.00	31,415,579.00	56,415,579.00
TOTAL	<u>\$986,250,500.00</u>	<u>\$334,916,973.53</u>	<u>\$1,321,167,473.53</u>

001451

(FORM OF BOND)  
(FACE OF BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CURRENT INTEREST BEARING BOND)

No. R- \_\_\_\_\_

<u>RATE OF INTEREST</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	November 1, 20__	November 1, 1995	

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, upon presentation and surrender of this Bond at the Corporate Trust Office of First Union National Bank of South Carolina, in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar"), and to pay interest on such Principal Amount set forth above at the Rate of Interest set forth above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the State with respect to the payment of such Principal Amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the manual or facsimile signatures of the Governor of South Carolina and the State Treasurer of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the manual or facsimile signature of the Secretary of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

SEAL

David M. Beasley  
Governor

Richard Eckstrom  
State Treasurer

Attest:

Jim Miles  
Secretary of State

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

FIRST UNION NATIONAL BANK OF SOUTH CAROLINA  
REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Authentication Date:

D-1-2

**001453**

STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CURRENT INTEREST BEARING BOND)

(Back of Bond)

This Bond bears interest from November 1, 1995, if no interest has yet been paid; otherwise from the last Bond Payment Date to which interest has been paid and which Bond Payment Date is on or prior to the authentication date thereof. Interest on this Bond is payable on May 1 and November 1 of each year beginning May 1, 1996, at which time interest for six (6) months will be due. The interest so payable on any May 1 or November 1 shall be payable to the person in whose name this Bond is registered at the close of business on the 15th day of the April or on the 15th day of the October next preceding such May 1 or November 1.

Interest hereon will be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on the registration books. The principal of and interest on this Bond are 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand \_\_\_\_\_ Hundred Dollars (\$ \_\_\_\_\_) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1995MB Bonds consist of (a) Current Interest Bearing Bonds of which this Bond is one, in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Capital Appreciation Bonds in the aggregate original principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar and in the office of the Secretary of State of South Carolina.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

This Bond is issuable only as a fully registered Bond without coupons in denominations of \$500 and any integral multiple of \$500, not exceeding \$5,000 (or \$10,000 in the case of a Bond issued jointly to a married couple).. This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like series designation, maturity and interest rate, and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT  
MIN ACT - \_\_\_\_\_Custodian\_\_\_\_\_  
(cust) (minor)

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

# EXHIBIT

SEP 26 1995

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STATE BUDGET & CONTROL BOARD

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_  
(please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

(Signature Guaranty)

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program enlargement.

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

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001456

(FORM OF BOND)  
(FACE OF BOND)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CAPITAL APPRECIATION BOND)

No. R- \_\_\_\_\_

<u>STATED YIELD TO MATURITY DATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	November 1, 20__	November 1, 1995	

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay on the Maturity Date set forth above, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the aggregate amount of the Accreted Value as defined below (which consists of the Original Principal Amount set forth above and accretions in value to said Original Principal Amount from the Dated Date set forth above to the Maturity Date set forth above at the Stated Yield to Maturity Date set forth above, compounded on May 1, 1996 and semiannually on May 1 and November 1 of each year until the Maturity Date set forth above). The final maturing Accreted Value, as defined herein, of this Bond, when Due, shall be payable upon presentation and surrender of this Bond at the Corporate Trust Office of First Union National Bank of South Carolina, in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar").

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the manual or facsimile signatures of the Governor of South Carolina and the State Treasurer of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the manual or facsimile signature of the Secretary of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

SEAL

David M. Beasley  
Governor

Richard Eckstrom  
State Treasurer

Attest:

Jim Miles  
Secretary of State

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

FIRST UNION NATIONAL BANK OF SOUTH CAROLINA  
REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Authentication Date:

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001458

STATE OF SOUTH CAROLINA  
STATE CAPITAL IMPROVEMENT BOND, SERIES 1995MB  
(CAPITAL APPRECIATION BOND)

(Back of Bond)

This Bond accretes value from November 1, 1995, at a yield equivalent to an interest rate of \_\_\_\_\_% per annum, compounded semiannually on each May 1 and November 1, commencing May 1, 1996, until maturity and is payable at the Maturity Date, 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand \_\_\_\_\_ Hundred Dollars (\$ \_\_\_\_\_) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1995MB Bonds consist of (a) Capital Appreciation Bonds, of which this Bond is one, in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Current Interest Bearing Bonds in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar, and in the office of the Secretary of State of South Carolina.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

This Bond is issuable only as a fully registered Bond without coupons in denominations of \$200 and any integral multiple of \$200, not exceeding \$5,000 (or \$10,000 in the case of a Bond issued jointly to a married couple). This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like series designation, maturity

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**001459**

001459 = 001459

# EXHIBIT

SEP 26 1995

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and interest rate, and in a like aggregate principal amount will be issued to the STATE BUDGET & CONTROL BOARD therefor as provided in the Resolution. The State, the Paying Agent and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

For the purpose of computing the principal amount of this Bond in giving any notice, consent, request or demand, the principal amount of this Bond on any date shall be deemed to be its Accreted Value as of such date of calculation. The "Accreted Value" of any Capital Appreciation Bond is the original purchase price thereof (in the initial offering thereof by the State of South Carolina) plus the amount of value that has accreted thereon from November 1, 1995, at the yield for such Bond established by the State Treasurer and printed on the face of such Bond, and compounded semiannually on each May 1 and November 1 thereafter, on the basis of a 360 day year consisting of twelve (12) thirty (30) day months. The computation of the Accreted Value by the State Treasurer as of any date shall be conclusive as to such determination for all purposes of the Resolution and the Bonds. The final maturing Accreted Value of a Capital Appreciation Bond maturing November 1, 2002, is \$\_\_\_\_\_. The final maturing Accreted Value of a Capital Appreciation Bond maturing November 1, 2010, is \$\_\_\_\_\_.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT  
MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(cust) (minor)

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto  
\_\_\_\_\_ (please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

(Signature Guaranty)

\_\_\_\_\_  
Authorized Officer

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program enlargement.

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

EXHIBIT E

BALANCES DUE AGENCIES OF THE STATE FOR  
PROJECTS AUTHORIZED BY ACT 1377

GOVERNORS OFF-SLED	\$ 827,211.78
STATE TREASURERS OFFICE	4,903,573.18
ADJUTANT GENERAL	2,737,473.08
B&C BD-BUDGET DIVISION	0.00
B&C BD-DIV OF OPERATIONS	1,795,364.28
B&C BD-DIV OF BUDGET & ANALYSE	377,545.20
B&C BD-GENERAL SERVICES	0.00
CITADEL	6,933,000.00
CLEMSON UNIVERSITY	2,031,625.22
UNIVERSITY OF CHARLESTON	5,111,354.95
COASTAL CAROLINA UNIVERSITY	305,761.06
LANDER COLLEGE	3,089,713.38
SOUTH CAROLINA STATE UNIVERSITY	5,827,235.75
USC-COLUMBIA CAMPUS	4,647,229.05
USC-AIKEN CAMPUS	703,153.80
USC-SPARTANBURG CAMPUS	185,722.04
USC-BEAUFORT CAMPUS	867,891.53
USC-LANCASTER CAMPUS	2,863,066.36
USC-SALKEHATCHIE CAMPUS	0.00
USC-SUMTER CAMPUS	180,215.29
WINTHROP UNIVERSITY	11,520,073.30
MEDICAL UNIV OF SC	18,946.30
TECH & COMP EDUC BD	3,081,653.60
EDUCATION DEPARTMENT	56,854,608.88
EDUCATIONAL TELEVISION COM	705,941.20
WIL LOU GRAY OPPORTUN SCH	8,006.57
DEAF & BLIND SCHOOL	1,688,281.09
ARCHIVES & HISTORY DEPT	861,712.05
STATE LIBRARY	20,868.50
HEALTH & ENVIRON CNTL DEPT	31,318.27
MENTAL HEALTH DEPT	14,242,159.51
DEPT OF DISABILITIES & SPECIAL	3,249,503.78
JOHN DE LA HOWE SCHOOL	1,542,814.03
CORRECTIONS DEPARTMENT	39,715,488.40
PROBATION PAROLE & PARDON SERV	2,400,000.00
YOUTH SERVICES DEPARTMENT	10,236,224.83
AGRICULTURE DEPARTMENT	0.00
CLEMSON UNIV PUB SERV ACT	1,268,665.70
DEPT OF NATURAL RESOURCES	1,593,547.17
COASTAL COUNCIL	0.00
PARKS RECREATION & TOURISM	1,816,948.43
DEPARTMENT OF COMMERCE	3,727,800.97
SAVANNAH VALLEY AUTHORITY	0.00
OLD EXCHANGE BUILDING COMM	0.00
EMPLOYMENT SECURITY COMM	311,752.00
PORTS AUTHORITY	10,793,332.31

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of South Carolina (the "Issuer") in connection with the issuance of \$25,000,000 State Capital Improvement Bonds, Series 1995MB (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated September 26, 1995 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" or "Holders of the Bonds" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of South Carolina.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule, and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

# EXHIBIT

SEP 26 1995

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## SECTION 3. Provision of Annual Reports.

STATE BUDGET & CONTROL BOARD

- (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of the Issuer's fiscal year (currently, June 30) commencing with the report for the 1996 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(c).
- (b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.
- (c) The Dissemination Agent shall:
  - (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
  - (ii) (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the Issuer's complete audited financial statements for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement. The Annual Report shall also contain the audited financial statements shall be filed in the same manner as the Annual Report when they become available, and the following:

- (a) Revenue by sources in the preceding fiscal year for all governmental fund types;
- (b) Computation of the legal debt margin for State Capital Improvement Bonds;
- (c) Total outstanding State Capital Improvement Bonds and maximum annual debt service; and
- (d) Net general obligation bonds and notes per capita.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues of the Issuer or related public entities which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds, if material:
1. Delinquency in payment when due of any principal of or interest on the Bonds.
  2. Occurrence of any event of default under the Resolution (other than as described in clause (1) above).
  3. Amendment to the Resolution or this Disclosure Certificate modifying the rights of the Holders of the Bonds.
  4. Giving of a notice of optional or unscheduled redemption of any Bonds.
  5. Defeasance of the Bonds or any portion thereof.
  6. Any change in any rating on the Bonds.
  7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
  8. Any unscheduled draw, reflecting financial difficulties, on any reserve fund hereafter established by the State to secure further the timely repayment of the Bonds (no such reserve fund having now been established or being now contemplated).
  9. Any unscheduled draw reflecting financial difficulties on any credit enhancement device hereafter obtained by the State to secure further the timely repayment of the Bonds (no such credit enhancement having now been obtained or being now contemplated).
  10. Any change in the provider of any credit enhancement device described in item 9 above, or any failure by the provider to perform under such a credit enhancement device.
  11. The release, substitution or sale of any property hereafter leased, mortgaged or pledged by the State securing repayment of the Bonds (no such property having now been leased, mortgaged or pledged, or now being contemplated to be leased, mortgaged or pledged.)
- (b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

- (c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) This Disclosure Certificate, as amended or taking into account such waiver, would, in the opinion of nationally-recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of said nationally-recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

# EXHIBIT

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STATE BUDGET & CONTROL BOARD

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be construed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

THE STATE OF SOUTH CAROLINA

By: \_\_\_\_\_  
State Treasurer

Date: \_\_\_\_\_

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

THE STATE OF SOUTH CAROLINA

\$25,000,000 STATE CAPITAL IMPROVEMENT BONDS, SERIES 1995MB

Date of Issuance: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 9.10 of the Resolution dated September 26, 1995. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

THE STATE OF SOUTH CAROLINA

By: \_\_\_\_\_  
State Treasurer

Date: \_\_\_\_\_

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## EXHIBIT B

STATE BUDGET & CONTROL BOARD

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of **July 17, 1995**:

### **Bloomberg Municipal Repository**

P.O. Box 840  
Princeton, NJ 08542-0840  
Internet address: MUNIS@bloomberg.doc  
(609) 279-3200  
FAX (609) 279-3235 (609) 279-5963  
Contact: Dave Campbell

### **The Bond Buyer**

Secondary Market Disclosure  
395 Hudson Street, 3rd Floor  
New York, NY 10014  
Internet address: Disclosure@muller.com  
(212) 807-3814  
FAX (212) 989-9282  
Contact: Thomas Garske

### **Disclosure, Inc.**

Document Augmentation/  
Municipal Securities  
5161 River Road  
Bethesda, MD 20816  
(301) 951-1450  
FAX (301) 718-2329  
Contact: Barry Sugarman (301) 215-6015

### **JJ Kenny Information Services**

The Repository  
65 Broadway, 16th Floor  
New York, NY 10006  
(212) 770-4568  
FAX (212) 797-7994  
Contact: Joan Horai, Repository

### **Moody's NRMSIR**

Public Finance Information Center  
99 Church Street  
New York, NY 10007-2796  
(800) 339-6306  
FAX (212) 553-1460  
Contact: Claudette Stephenson  
(212) 553-0345

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