

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

September 23, 1994

G01918

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

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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September 23, 1994

MEMORANDUM

TO: Budget and Control Board Office Directors
FROM: Donna Kaminer Williams, Board Secretary
SUBJECT: Summary of Board Actions at September 23, 1994, Meeting

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

1. Adopted a resolution providing for the issuance and sale of state facilities lease revenue bonds, Series 1994 (Harden Street Facility) of the Budget and Control Board, as amended.

001919

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

September 23, 1994

11:00 A. M.

The Budget and Control Board met by means of a telephone conference call at 11:00 a.m. on Friday, September 23, 1994, originating from 620 Wade Hampton Building in the Capitol Complex, with the following members participating:

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

Governor Campbell could not be reached by telephone. Mr. Patterson chaired the meeting.

Also present in the conference room were Executive Director Luther F. Carter; Board Secretary Donna Kaminer Williams; Division Director Richard W. Kelly; General Counsel Joseph D. Shine; Deputy State Treasurer Sandy A. Huey and Senior Assistant State Treasurer C. C. "Chuck" Sanders, Jr.; Assistant Comptroller General George M. Lusk; Finance Committee Chief of Staff Robert Merritt; and other Board staff.

Governor's Senior Executive Assistant W. Eddie Gunn and bond counsel Thomas Hutcheson participated in the meeting by telephone.

State Treasurer's Office: Amended Resolution, State Facilities Lease Revenue Bonds

At its meeting on August 24, 1994, the Budget and Control Board had adopted a bond resolution approving the issuance and sale of state facilities lease revenue bonds, series 1994, (Harden Street Facility) of the South Carolina State Budget and Control Board, and other matters relating thereto, in order to provide funds to acquire the property at 3150 Harden Street for the Department of Social Services.

Board members had been provided a black-lined version of the proposed amended resolution. The most significant amendments to the resolution were the provision for a surety bond as well as insurance for the bond issue. The Board was advised that those amendments will allow the bonds to be rated AAA by both Moody's and Standard & Poors.

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September 23, 1994 — Page 2

Mr. Patterson advised that the meeting had been necessitated because of technical changes to the DSS property purchase that had been approved at the previous Budget and Control Board meeting. He said that these minor technical changes are necessary since the Board's original Resolution does not provide for insurance on the issue or for a surety bond in lieu of a reserve fund. He also advised that the closing of this bond issue must take place on or before September 30.

Mr. Patterson reiterated that the surety bond is being used in place of a reserve fund and that the quality of the credit rating will be improved to AAA. He emphasized that, because of the use of insurance and the surety bond, the state will save over \$500,000 in this transaction.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board adopted a resolution providing for the issuance and sale of state facilities lease revenue bonds, Series 1994 (Harden Street Facility) of the Budget and Control Board, as amended.

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

Adjournment

The purpose of the meeting having been accomplished, the meeting was adjourned at 11:05 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 4:00 p.m. on Wednesday, September 21, 1994.]

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S T A T E B U D G E T A N D C O N T R O L B O A R D
Teleconference Meeting of Friday, September 23, 1994 -- 11:00 A. M.
620 Wade Hampton Office Building, Capitol Complex

R E G U L A R S E S S I O N A G E N D A I N D E X

<u>Item</u>	<u>Agency</u>	<u>Subject</u>
1	General Services	Amended Resolution Approving the Issuance and Sale of State Facilities Lease Revenue Bonds, Series 1994

001922

STATE BUDGET AND CONTROL BOARD
TELECONFERENCE MEETING OF October 6, 1994

REGULAR SESSION
ITEM NUMBER 1

AGENCY: State Treasurer's Office

SUBJECT: Amended Resolution, State Facilities Lease Revenue Bonds

At its meeting on August 24, 1994, the Budget and Control Board adopted a bond resolution approving the issuance and sale of state facilities lease revenue bonds, series 1994, (Harden Street Facility) of the South Carolina State Budget and Control Board, and other matters relating thereto, in order to provide funds to acquire the property at 3150 Harden Street for the Department of Social Services.

Attached is a black-lined version of the amended resolution. The most significant amendments are the provision for a surety bond as well as insurance for the bond issue. These amendments will allow the bonds to be rated AAA by both Moody's and Standard & Poors.

BOARD ACTION REQUESTED:

Adopt a resolution providing for the issuance and sale of state facilities lease revenue bonds, Series 1994 (Harden Street Facility) of the Budget and Control Board, as amended.

ATTACHMENTS:

Referenced resolution

001923

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

State Facilities Lease Revenue Bonds

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

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

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

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

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

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

The Honorable William D. Boan, Chairman of the House Ways and Means Committee.

That due notice of a telephone conference call meeting of the Board, called to be held in Columbia, South Carolina, at 11:00 a.m. on Friday, September 23, 1994, was given to all members in writing at least twenty-four hours prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 4:00 p.m. on Wednesday, September 31, 1994.

That all members of the Board participated in the meeting with the exception of Governor Campbell.

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

FOR MOTION

4

AGAINST MOTION

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

September 23, 1994

Donna Kaminer Williams

001924

A RESOLUTION

**PROVIDING FOR THE ISSUANCE AND SALE OF STATE FACILITIES LEASE
REVENUE BONDS, SERIES 1994 (HARDEN STREET FACILITY) OF THE
SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, AND OTHER
MATTERS RELATING THERETO.**

Adopted by the South Carolina State
Budget and Control Board
on August 24, 1994
as amended
on September 23, 1994

BOND RESOLUTION

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EXHIBIT "C" Financial Guaranty Agreement

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

ARTICLE I

FINDINGS OF FACT

Section 1.01. Findings. As an incident to the adoption of this resolution and the issuance and sale of the bonds provided for herein, the South Carolina State Budget and Control Board (the "State Board"), a public body politic and an agency of the State of South Carolina finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct.

(a) The general powers of the State Board are set forth in Title 1, Chapter 11, Code of Laws of South Carolina, 1976, as amended (the "Act").

(b) The State Board is empowered by Section 139 of Part I of Act bearing Ratification Number R-609, enacted at the 1994 Session of the South Carolina General Assembly (the "Enabling Act"), to issue lease revenue bonds of the State Board in order to provide funds to acquire an office facility and related property rights (the "Facility") which is currently leased to, and occupied by, the South Carolina Department of Social Services.

(c) In order to utilize the provisions of the Enabling Act, the State Board has determined to adopt this Bond Resolution to provide for the issuance and security of the lease revenue bonds authorized by the Enabling Act.

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ARTICLE II

DEFINITIONS, CONSTRUCTION AND INTERPRETATION

Section 2.01. Defined Terms. The following are defined terms under this Bond Resolution and shall for all purposes hereof have the meanings herein specified unless the context clearly otherwise requires:

"Accountants" shall mean an independent firm of certified public accountants of suitable standing, or the Office of the Auditor of the State of South Carolina, which audits the books and accounts of the State Board relating to the Facility.

"Annual Principal and Interest Requirement" shall mean the sum of the payments required to be made by the State Board in any Fiscal Year with respect to the principal and any mandatory sinking fund payments of and interest on the Bonds.

"Authorized Investments" shall mean

~~those investments authorized under Section 11-9-660, Code of Laws of South Carolina, 1976, as now or hereafter amended.~~ (A) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
2. Federal Housing Administration Debentures (FHA)
3. General Services Administration
Participation Certificates
4. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)
5. U.S. Maritime Administration
Guaranteed Title XI financing
6. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds

(C) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System

Senior debt obligations (Consolidated debt obligations)

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates (Mortgage-backed securities)
Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
6. Farm Credit System
Consolidated systemwide bonds and notes

(D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm.

(E) Certificates of deposit ("CD's") secured at all times by collateral described in (A) and/or (B) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1+ or better by S&P.

The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(F) CD's, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(G) Investment Agreements, including guaranteed investment contract ("GIC's"), acceptable to MBIA.

(H) Commercial paper rated "Prime - 1" by Moody's and "A-1+" or better by S&P.

(I) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(J) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1+" by S&P.

(K) Repurchase agreements ("Repos") provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

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Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by S&P and Moody's, or
 - b. Banks rated "A" or above by S&P and Moody's.
2. The written Repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (i) Direct U.S. governments
 - (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the Repo may be up to 30 days
 - c. The collateral must be delivered to the State Board, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. The Trustee has a perfected first priority security interest in the collateral.
 - e. The collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a Repo or reverse Repo.
 - f. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.
 - g. Valuation of Collateral
 - (i) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (a) The value of collateral must be equal to one hundred four percent (104%) of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below one hundred four percent (104%) of the value of the cash transferred by the State Board, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLNC, then the value of collateral must equal one hundred five percent (105%).

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3. Legal opinion which must be delivered to the State Board:

- a. Repo meets guidelines under State law for legal investment of State funds.

(L) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

"Bond Counsel" shall mean any firm of attorneys which is nationally recognized as bond counsel in the field of public finance.

"Bond Payment Date" shall mean each ~~March~~ June 1 and ~~September~~ December 1, on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds.

"Bond Resolution" shall mean this resolution as from time to time supplemented or amended.

"Bondholder" or "Holder", or any similar term, when used with reference to the Bonds, shall mean any Person who shall be the registered owner of any Outstanding Bond.

"Bonds" shall mean the State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility), issued in accordance with the provisions of the Enabling Act and this Bond Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and the Treasury Regulations issued thereunder or applicable thereto, as from time to time in force.

"Corporate Trust Office", when used with respect to the Paying Agent and/or the Registrar, shall mean the office at which the principal corporate trust business of such party shall be administered.

"Counsel" shall mean an attorney duly admitted to practice law before the highest court in South Carolina, who is not a full-time employee of the State, but may include an opinion issued by the Office of the Attorney General of South Carolina.

"Debt Service Fund" shall mean the fund established pursuant to Section 7.03 hereof.

"Debt Service Reserve Fund" shall mean the fund established pursuant to Section 7.04 hereof.

"Debt Service Reserve Fund Shortfall" shall mean the Reserve Requirement less amounts on deposit in the Debt Service Reserve Fund.

"Debt Service Reserve Surety Bond" shall mean the Debt Service Reserve Surety Bond issued by MBLA to provide for satisfaction of the Reserve Requirement.

"Enabling Act" shall mean Section 139 of Part I of Act bearing Ratification Number R-609, enacted at the 1994 Session of the South Carolina General Assembly, as now or hereafter amended.

"Facility" shall mean the office building at 3150 Harden Street Extension in the City of Columbia, South Carolina, containing approximately 68,253 square feet, including the approximately 1.54 acre parcel of land on which such building is located and also including an adjacent parcel of approximately .96 acres.

"Financial Guaranty Agreement" shall mean the Financial Guaranty Agreement between the State Board and MBIA providing for, among other things, repayment by the State Board to MBIA of amounts advanced by MBIA under the Debt Service Reserve Surety Bond.

"Fiscal Year" shall mean the period of twelve (12) calendar months, beginning on July 1st of each year and ending with June 30th of the succeeding year, unless and until the same shall have been changed by the State.

"Government Obligations" shall mean and include direct general obligations of the United States of America or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

"Insurer Default" shall mean any of the following: (a) there shall occur a default in the payment by MBIA of principal or purchase price of or any interest on any Bond when required to be made by the Municipal Bond Insurance Policy, (b) the Municipal Bond Insurance Policy shall have been declared null and void or unenforceable in a final determination by a court of law, (c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of MBIA in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of MBIA or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of thirty (30) consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) MBIA shall voluntarily suspend transaction or its business, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of MBIA or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

"MBIA" shall mean Municipal Bond Investors Assurance Corporation, and its successors.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the State Board by notice to the Trustee.

"Mortgage" shall mean the Mortgage and Security Agreement, if any, with respect to the Facility, from the State Board to the Trustee, including any amendments thereto.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by MBIA simultaneously with the delivery of the Bonds, insuring the payment of the principal of and interest on all or any of the Bonds in accordance with the terms thereof.

"Outstanding", when used with reference to the Bonds, shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (a) Bonds cancelled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other bonds shall have been executed and delivered;
- (c) Bonds deemed to have been paid as provided in Article XIII hereof; and

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(d) for purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds, Bonds held by, or for the account of, the State Board, or by any person controlling, controlled by or under common control with the State Board.

"Participants" shall mean those broker-dealers, banks and other financial institutions for which the Securities Depository holds Bonds as securities depository.

"Paying Agent" shall mean the bank or trust company appointed by the State Board from time to time as Paying Agent in accordance with Section 12.15 hereof.

"Record Date" shall mean the 15th day of the month preceding each Bond Payment Date.

"Registrar" shall mean any bank or trust company appointed by the State Board from time to time as Registrar in accordance with Section 12.14 hereof to serve as Registrar for the Bonds.

"Reserve Requirement" shall mean (a) moneys and/or Authorized Investments or (b) ~~a surety bond of an insurance policy or surety bond of a municipal bond insurance company~~ rated in the highest rating category by Moody's Investors Service, Inc. and Standard and Poor's Corporation and S&P and, if rated by A.M. Best & Company, rated in the highest category of A.M. Best & Company, or (c) a combination of (a) and (b), in an amount equal to the lesser of (i) one hundred percent (100%) of the greatest remaining Annual Principal and Interest Requirement with respect to the Bonds Outstanding, determined at the time such calculation is made, or (ii) ten percent (10%) of the proceeds of the Bonds (computed in accordance with Section 148(d)(2) of the Code).

"Revenues" shall mean:

- (a) all rentals, receipts and revenues derived from the operation of the Facility,
- (b) all proceeds from the sale or other disposition of the Facility, and
- (c) all interest and other income received directly or indirectly from the investment of any moneys or accounts pledged to the payment of the Bonds.

"Revenue Fund" shall mean the fund, account or accounts to be established pursuant to Section 7.02 hereof.

"Representation Letter" shall mean the letter of representations to The Depository Trust Company, New York, New York, from the State Board and the Trustee, relating to the Bonds, as amended and supplemented from time to time.

"S&P" shall mean Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the State Board by notice to the Trustee.

"Securities Depository" shall mean The Depository Trust Company, New York, New York, or other recognized securities depository selected by the State Board, which securities depository maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and

immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"State" shall mean the State of South Carolina.

"State Board" shall mean the State Budget and Control Board of South Carolina, or any successor body.

"State Treasurer" shall mean the State Treasurer of the State.

"Trustee" shall mean the State Treasurer or the trust company or financial institution which is authorized by the State Board to be the custodian of the funds established under this Bond Resolution.

Section 2.02. Interpretations. In this Bond Resolution, unless the context otherwise requires:

(A) Articles, sections and paragraphs referred to by number shall mean the corresponding articles, sections and paragraphs of this Bond Resolution.

(B) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(C) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Bond Resolution refer to this Bond Resolution or sections or paragraphs of this Bond Resolution and the term "hereafter" means any date after the date of adoption of this Bond Resolution.

(D) References to the payment of principal of Bonds shall be deemed to include payment of principal both at maturity, upon optional redemption and upon mandatory redemption pursuant to any sinking fund payment obligations.

ARTICLE III

AUTHORIZATION AND TERMS OF BONDS

Section 3.01. Principal Amount of Bonds; Designation of Bonds. Pursuant to the provisions of this Bond Resolution and the Enabling Act, there is hereby authorized an issue of lease revenue bonds in the aggregate principal amount of ~~not exceeding \$7,700,000~~ \$6,880,000. The principal amount of Bonds to be sold and issued pursuant to this Bond Resolution shall be determined by the State Treasurer and shall be established by the Notice of Sale herein authorized. The Bonds shall be designated "State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility)".

Section 3.02. Purposes. The Bonds are authorized for the principal purposes of defraying the cost of acquisition of the Facility, providing for a debt service reserve for the Bonds and paying certain costs and expenses relating to the issuance of the Bonds including premium on a policy of bond insurance if the State Treasurer shall so determine.

Section 3.03. Maturity Schedule; Date; Interest Payment Dates. The Bonds shall mature on ~~September~~ December 1 in the principal amounts and in the years as follows:

<u>Year</u>	<u>Principal Amount</u>
1995	\$230,000
1996	235,000
1997	250,000
1998	255,000
1999	270,000
2000	290,000
2001	295,000
2002	315,000
2003	335,000
2004	350,000
2005	370,000
2006	390,000
2007	415,000
2008	440,000
2009	465,000
2010	495,000
2011	520,000
2012	560,000
2013	590,000
2014	630,000
<u>The Amount</u>	

The principal maturities herein provided shall be adjusted by the State Treasurer in conjunction with the establishment of the principal amount of the Bonds pursuant to Section 3.01; such principal maturities shall be established by the Notice of Sale herein authorized.

The Bonds shall bear interest at rates determined in the manner prescribed by Section 3.04 and Article VI hereof, on the basis of a 360-day year of twelve 30-day months. The Bonds shall be dated as of the first day of the month in which the same are delivered (the "Date of Issue"). Interest on the Bonds shall be payable on ~~March~~ June 1, 1995, and semiannually thereafter on ~~September~~ December 1 and ~~March~~ June 1 of each year until payment of the principal thereof.

Section 3.04. Conditions Relating to Naming of Interest Rates.

(A) The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds referred to in Section 6.01 hereof reflect the lowest net interest cost to the State Board, calculated in the manner hereinafter prescribed; provided, however, that:

- (1) All Bonds of the same maturity shall bear the same rate of interest;
- (2) Each interest rate named shall be a multiple of 1/20th of one (1%) percent with no greater than two (2%) percent between the highest and lowest interest rates named by a bidder.
- (3) If the State Treasurer shall so determine, the interest rate for any maturity shall not be lower than the interest rate specified for any prior maturity.

(B) For the purpose of determining the award of the sale of the Bonds as referred to in Article VI hereof, net interest cost shall be determined by computing the total dollar interest cost from the date of the Bonds to the respective maturity dates and deducting the amount of the premium offered, if any, over and above the principal amount. In the event of more than one proposal specifying the lowest such rate, the Bonds shall be awarded to the bidder whose proposal is selected by lot or by such other method as those submitting such tie bids and the State Treasurer shall agree upon. For purposes of determining the best bid, the lowest net interest cost shall be calculated based on the amount of the Bonds being offered.

Section 3.05. Payment of Interest.

(A) Each of the Bonds shall be authenticated, as provided in Section 3.10 hereof, on such date as it shall be delivered and shall bear interest from the later of the Date of Issue, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event, each such Bond shall bear interest from the earlier of such authentication date, or the date to which interest has been paid.

(B) The interest on all Bonds shall be paid by check or draft mailed from the office of the Paying Agent to the person in whose name the Bond is registered at the close of business on the applicable Record Date.

Section 3.06. Denomination; Numbering. The Bonds shall be issued in the denomination of \$5,000 or any multiple thereof, not exceeding the principal amount of the Bonds maturing in such year. Each Bond shall be numbered by the Registrar in such a fashion as to reflect the fact that it is one of the Bonds, and to identify the Holder thereof on the books kept by the Registrar.

Section 3.07. Appointment of Paying Agent and Registrar. As long as any Bond remains Outstanding under this Bond Resolution, the State Board shall maintain a Paying Agent and a Registrar therefor. The State Treasurer is hereby authorized to appoint, following receipt of proposals, a financial institution to act as Paying Agent and Registrar under this Bond Resolution. The financial institution so appointed shall signify its acceptance of the duties as Paying Agent and Registrar. The Bonds shall be presented for payment, and notices and demands to or upon the Trustee and the State Board in respect of the Bonds may be served, at the Corporate Trust Office of the Paying Agent. The Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of this Bond Resolution at the Corporate Trust Office of the Registrar.

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Section 3.08. Form of Bonds. The Bonds, together with the Certificate of Authentication, Statement of Insurance, Assignment and certificate of Bond Counsel opinion to appear thereon, are to be in substantially the form attached hereto as Exhibit "A" with necessary and appropriate variations, omissions and insertions as permitted or required by this Bond Resolution.

Section 3.09. Execution of Bonds.

(A) The Bonds shall be executed in the name of and on behalf of the State Board by the Chairman or Vice Chairman of the State Board, the corporate seal of the State shall be impressed or reproduced thereon and the same shall be attested by the Secretary of the State Board. Such officers may employ facsimiles of their signatures and of the seal. The Bonds shall be signed by a person holding office at the time the Bonds are printed and are ready for delivery.

(B) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 3.10. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Registrar shall be entitled to any right or benefit under this Bond Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Resolution. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized officer of the Registrar.

Section 3.11. Medium of Payment. The Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

Section 3.12. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the State Board may execute and the Registrar may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the State Board and to the Registrar evidence of such loss, theft or destruction satisfactory to the State Board and the Registrar together with indemnity satisfactory to them. In the event any such Bond shall have matured instead of issuing a duplicate Bond, the State Board may pay the same. The State Board and the Registrar may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

Section 3.13. Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the State Board shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Registrar at the corporate trust office of such Registrar. The transfer of each Bond may be registered only upon the registration books of the State Board kept by the Registrar for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney. Upon the registration or transfer of any Bond, the Registrar will authenticate and deliver, subject to the provisions of Section 3.15 hereof in the name of the transferee, a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(B) The State Board, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the State Board as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all

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other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the State Board, the Trustee, the Paying Agent and Registrar shall be affected by any notice to the contrary.

Section 3.14. Interchangeability of Bonds. Bonds, upon surrender thereof at the office of the Registrar with written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 3.15 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of any other authorized denominations.

Section 3.15. Regulations With Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the State Board shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the State Board nor the Registrar shall be required to issue, exchange or transfer (i) any Bond during the fifteen (15) days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business fifteen (15) days immediately preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the mailing of notice of such redemption or (iii) any Bonds called for redemption in whole or in part.

Section 3.16. Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds. Upon the surrender of mutilated Bonds pursuant to Section 3.12 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 3.17. Payments Due on Saturdays, Sundays and Holidays. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds 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 principal of, premium (if any) or interest on the Bonds need not be made on such date but may be made on the next succeeding business day which is not a Saturday, Sunday or legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 3.18. Book-Entry System. Notwithstanding anything to the contrary herein, so long as the Bonds are being held under the book-entry system pursuant to this Section 3.18, transfers of beneficial ownership of the Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Bonds shall be initially issued under a book-entry system and shall be held thereunder except as provided in this Section 3.18. The Bonds shall be initially issued in the form of separate, single, authenticated, fully-registered Bonds in the amount of each separately stated maturity of the Bonds and shall be registered on the registration books of the State Board in the name of the name of the Securities Depository Nominee. So long as the book-entry system is in effect, the Securities Depository Nominee will be recognized as the Holder of the Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Bonds, (ii) selecting the Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under this Bond Resolution, (iv) registering the transfer of Bonds, and (v) requesting any consent or other action to be taken by the Holders, and for all other purposes whatsoever, and neither the Trustee nor the State Board shall be affected by any notice to the

contrary. Neither the Trustee, the Paying Agent nor the State Board shall have any responsibility or obligation to any Participant, any beneficial owner of Bonds or any other person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other person which is not shown on the registration books of the State Board as being a Holder of Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment to the Securities Depository, any Participant or any beneficial owner of Bonds of any amount in respect of the principal of, premium, if any, or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders under this Bond Resolution, (iv) the selection by the Securities Depository or any Participant or any other person to receive payment in the event of a partial redemption of the Bonds or (v) any other action taken by the Securities Depository as Holder of the Bonds. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

In the event that the State Board determines that it is in the best interest of the State Board not to continue the book-entry system of transfer or that the interest of the beneficial owners of the Bonds may be adversely affected if the book-entry system of transfers is continued, then, the State Board shall notify the Securities Depository and the Trustee of such determination and the Securities Depository shall immediately notify the Participants of the availability, through the Securities Depository, of physical Bonds. In such event, the State Board shall execute and the Trustee shall authenticate, register and deliver physical Bonds as requested by the Securities Depository or any Participant or beneficial owner of Bonds in appropriate authorized denominations in exchange for the Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Bonds at any time by giving notice to the State Board and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the State Board may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the State Board shall either (i) engage the services of another Securities Depository or (ii) deliver physical Bonds in the manner described above.

Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as Securities Depository Nominee, all payments with respect to the principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to The Depository Trust Company, New York, New York, as provided in the Representation Letter.

In connection with any notice or other communication to be provided to the Holders by the State Board or the Trustee with respect to any consent or other action to be taken by the Holders, the State Board or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Optional Redemption.

(A) The Bonds are not subject to redemption prior to ~~September~~ December 1, 2004, except in the event that the Facility, or substantially all of the Facility shall have been damaged, destroyed or otherwise rendered unavailable for its intended use by the State Board. In such event the State Board shall so advise the Trustee within ninety (90) days of the event resulting in such damage, destruction or unavailability of its election to redeem the Bonds and the Bonds shall be redeemed on the earliest date following notice of redemption as hereinafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

(B) The Bonds maturing on ~~September~~ December 1, 2005, and thereafter, shall be subject to redemption prior to maturity, at the option of the State Board, on and after ~~September~~ December 1, 2004, in whole at any time or in part, on any ~~March~~ June 1 or ~~September~~ December 1, upon notice as hereinafter provided, at the respective redemption prices set forth below, expressed as a percentage of the principal amount of such Bonds to be so redeemed, plus interest accrued to the redemption date:

<u>Period During Which Redeemed</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u> September <u>Price</u>
December 1, 2004 through August 31, 2005 102% <u>September</u> November 30, 2005	102%
December 1, 2005 through August 31, November 30, 2006	101
September <u>December</u> 1, 2006 and thereafter	100

(C) In the event that the State Board shall from time to time, in accordance with the provisions of Section 4.01 (A) or (B) hereof, elect to redeem the Bonds, it shall give notice to the Registrar and Paying Agent of each optional redemption. Such notice shall specify the date fixed for redemption and, if less than all Bonds are to be redeemed, the amount and maturities of the Bonds which are to be redeemed. Anything to the contrary herein notwithstanding, no Bonds shall be redeemed unless and until all amounts owed to MBIA under the Financial Guaranty Agreement or otherwise hereunder shall have been paid in full.

Section 4.02. Notice of Redemption. If any of the Bonds, or portions thereof, are called for redemption, the Registrar shall give notice to the Holders of any Bonds to be redeemed in the name of the State Board, of the redemption of such Bonds, or portions thereof, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption to the Holder of each Bond to be redeemed, at the address shown on the registration books; provided, however, that failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. Provided funds for their redemption are on deposit with the Trustee, Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

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Section 4.03. Selection of Bonds To Be Redeemed. (A) In the event of redemption of less than all of the Bonds or all of the Bonds of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected in such order of maturity as shall be determined by the State Board and by lot within a maturity by the Registrar; provided, however that the portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination. If there shall be drawn for redemption less than all of a Bond, the State Board shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same maturity in any authorized denomination.

(B) Notwithstanding the provisions of subsection (A) above, if the Bonds are being held under a book-entry system pursuant to Section 3.18 hereof, the Securities Depository shall select or arrange for the selection for redemption of beneficial ownership interests of Participants in Bonds of a particular maturity in such manner as it shall deem fair and equitable and pursuant to its rules and procedures. Subject to the provisions of the Representation Letter concerning partial redemption, upon surrender of any Bond redeemed in part only, the State Board shall execute and the Trustee shall authenticate and deliver to the Holder thereof, without expense to such Holder, a new Bond or Bonds of the same maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.04. Cancellation of Bonds Which Have Been Redeemed. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.05. Purchase of Bonds. The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the State Board at such time, in such manner and at such price as may be specified by the State Board. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Resolution.

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ARTICLE V

SECURITY FOR BONDS; RATES AND CHARGES; TAX EXEMPTION

Section 5.01. Security for Payment of Bonds and Amounts Due to MBIA; Pledge of Revenues and Funds. There is hereby created a security interest in the Revenues and in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund in favor of the Holders of the Bonds and, on a subordinate basis, MBIA, and such Revenues and Funds are pledged for the payment of the principal, premium, if any, and interest on each and every Bond as and when the same shall become due, and for the payment of amounts due to MBIA under the Financial Guaranty Agreement or otherwise hereunder. If, in the judgement of the State Treasurer, the securing of the Bonds with a Mortgage is in the interest of the State, the Bonds and amounts due to MBIA, shall also be secured by a Mortgage on the Facility.

Section 5.02. Rate Covenant.

(A) The State Board has heretofore established rates and charges for utilization and occupancy of the Facility. It is hereby determined that the rates and charges for utilization and occupancy of the Facility shall, until otherwise revised in accordance with this Bond Resolution, be as now established. Said rates and charges and revenues from the Facility are determined to be sufficient to meet the requirements of this Bond Resolution but shall be revised whenever necessary in order that the same shall at all times be maintained on a basis sufficient to meet the requirements of this Bond Resolution. In this connection, the State Board specifically covenants and agrees to maintain and collect rates and charges for use and occupancy of the Facility which shall at all times be sufficient:

(1) To provide for the punctual payment of the principal of and interest on all Bonds that may from time to time hereafter be Outstanding;

(2) To maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds;

(3) To maintain the Debt Service Reserve Fund in the manner herein prescribed;

(4) To provide for the payment of the expenses of administration, operation and maintenance of the Facility as may be necessary to preserve the same in good repair and condition; and

(5) To discharge all obligations imposed by the Enabling Act and, by this Bond Resolution and by the Financial Guaranty Agreement.

(B) The State Board covenants and agrees that it will at all times prescribe and maintain and thereafter collect rates and charges for the use and occupancy of the Facility which, in the aggregate, are reasonably expected to yield annual Revenues in the current Fiscal Year equal to at least one hundred ten percent (110%) of the Annual Principal and Interest Requirement for the Bonds Outstanding in such Fiscal Year and one hundred percent (100%) of any required deposit to the Debt Service Reserve Fund; and, promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for such use and occupancy and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement.

Section 5.03. All Bonds Equally and Ratably Secured. All Bonds from time to time outstanding hereunder shall be equally and ratably secured as to principal, premium (if any) and interest by the pledge of Revenues created hereunder and the lien of the Mortgage, if any, without preference, priority or distinction of any Bond or payment in respect thereof over any other Bond or payment in respect thereof.

Section 5.04. Tax-Exempt Status of Bonds. The Bonds and the interest thereon 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 or transfer taxes. The provisions of this Section shall be deemed a part of the contract inuring to the benefit of all Holders or beneficiaries of said Bonds.

Section 5.05. Limitation on Liability. The faith and credit of the State of South Carolina is not pledged for the payment of the principal and interest of the Bonds, and there shall be printed on the face of each Bond a statement plainly worded to that effect. Neither the members of the State Board nor any other person signing the Bonds shall be personally liable for them.

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ARTICLE VI

SALE OF BONDS; DISPOSITION OF PROCEEDS

Section 6.01. Sale of Bonds; Determination of Time to Receive Bids; Form of Notice of Sale.

The Bonds shall be sold at public sale at par, or at such discount or premium as may be determined by the State Treasurer. Bids for such sale shall be received until 11:00 o'clock a.m. (local time) on a date to be selected by the State Treasurer. The Bonds shall be advertised for sale in ~~THE BOND BUYER, a financial journal published in the City of New York, New York. The notice shall appear in the foregoing publication at least once and not less than ten (10) days before the date set for said sale~~ such manner as shall be determined by the State Treasurer. A Notice of Sale shall also accompany the Preliminary Official Statement relating to the Bonds. The form of said Notice of Sale shall be in substantially the form attached hereto as Exhibit "B", with such changes, including changes in principal amount and principal maturities, as the State Treasurer may hereafter deem necessary.

Section 6.02. Award of the Bonds.

The State Treasurer is hereby authorized and empowered to award the sale of the Bonds to the bidder naming the lowest net interest cost to the State Board, without further action on the part of the State Board.

Section 6.03. Official Statement.

In connection with the offering of the Bonds, the State Treasurer is hereby authorized to prepare and distribute an official statement relating to the Bonds.

Section 6.04. Condition to Delivery of Bonds.

As a condition to the delivery of the Bonds, there shall have been delivered to the State Board marketable title to that portion of the Facility to be owned by the State Board and a valid leasehold interest in the adjacent property included in the Facility, which leasehold interest expires or may be terminated by the lessor no earlier than the date of final maturity of any Bonds Outstanding hereunder.

Section 6.05. Disposition of Proceeds.

The proceeds derived from the sale of the Bonds shall be applied and disposed of as follows:

(A) Any accrued interest shall be deposited in the Debt Service Fund and applied to the payment of the first installment of interest to become due on the Bonds;

(B) Any premium shall be deposited in the Debt Service Fund and applied to the payment of the first installment of principal to become due on the Bonds;

~~(C) So much as shall be required to fully fund the Debt Service Reserve Fund shall be deposited therein; and~~

~~(D)~~ (C) The remaining proceeds of the sale of the Bonds shall be applied to the payment of the purchase price of the Facility and to pay the cost of issuance of the Bonds including the premium for the Municipal Bond Insurance Policy and the Debt Service Reserve Surety Bond.

In the event any proceeds of the sale of the Bonds remain following the foregoing deposits and expenditures, such amounts shall be deposited in the Debt Service Fund and applied to payment of amounts due on the Bonds.

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ARTICLE VII

ESTABLISHMENT OF FUNDS

Section 7.01. Requirement for Special Funds. For so long a time as any sum remains due and payable by way of principal or interest on the Bonds, the following funds or accounts relating to the Revenues shall be established and maintained, and deposits shall be made therein in the manner herein required. The Trustee may, in its discretion or at the request of the State Board, establish different accounts within any of the funds for the purpose of identifying Revenues deposited to a fund by source or ultimate use.

Section 7.02. The Revenue Fund.

(A) There shall be established and maintained with the Trustee a fund designated as the Revenue Fund. Money in the Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof.

(B) Money in the Revenue Fund shall be invested and reinvested in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in the Revenue Fund shall accrue to the benefit of the Revenue Fund.

Section 7.03. The Debt Service Fund.

(A) There shall be established and maintained with the Trustee a fund designated as the Debt Service Fund. The Debt Service Fund is intended to provide for the payment of the principal of, premium, if any, and interest on all Bonds as the same respectively fall due. Payments into the Debt Service Fund shall be made in the manner prescribed by this Bond Resolution, including the applicable provisions of Article VIII hereof, and, except as herein provided, all money in the Debt Service Fund shall be used solely to pay the principal of, premium, if any, and interest on the Bonds, and for no other purpose.

(B) The Debt Service Fund shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Paying Agent, for Payment to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the Bonds.

(C) Money in the Debt Service Fund shall be invested and reinvested in Authorized Investments, maturing not later than the date on which such money is required to pay the interest and or the principal and interest next maturing. Any earnings on investment of money in the Debt Service Fund shall accrue to the benefit of such Fund.

Section 7.04. The Debt Service Reserve Fund.

(A) There shall be established and maintained by the Trustee a fund designated as the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be maintained so long as Bonds shall be Outstanding for the equal and ratable benefit of all Outstanding Bonds. The Debt Service Reserve Fund is intended to ensure the timely payment of the principal of and interest on the Bonds, and to provide for the redemption of Bonds prior to their stated maturities. There shall be deposited in the Debt Service Reserve Fund the amounts specified in Section 8.03 hereof, together with any other moneys paid to the Trustee with instructions therefor. Money in the Debt Service Reserve Fund, or proceeds of any insurance policy or surety bond used to satisfy the Reserve Requirement, shall be used for the following purposes, and for no other, viz.:

(1) to prevent a default in the payment of the principal of or interest on the Bonds, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes;

(2) to pay the principal of, interest on, and premium, if any, of the Bonds in the event that all Outstanding Bonds be redeemed as a whole; or

(3) to effect partial redemption of the Bonds or to be transferred to the State Board; provided that subsequent to said partial redemption or transfer, the market value of the cash and securities in the Debt Service Reserve Fund shall be not less than the Reserve Requirement.

(B) The Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Reserve Fund shall be made only by the Trustee who shall, without further direction or authorization, transmit to the Paying Agent, for payment to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the Bonds in the event amounts on deposit in the Debt Service Fund and available therefor are not sufficient for such purposes.

(C) The Debt Service Reserve Fund shall be invested and reinvested in Authorized Investments having maturities not exceeding five (5) years. Any earnings on investment of money in the Debt Service Reserve Fund shall accrue to the benefit of the Debt Service Reserve Fund. The Trustee shall calculate the value of the Debt Service Reserve Fund (at current market value) within thirty (30) days following each Bond Payment Date. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the maximum amount allowed to be maintained in a debt service reserve fund by Section 148 of the Code, such excess shall either be used to effect partial redemption of Bonds, or shall be removed from the Debt Service Reserve Fund and transferred to the Debt Service Fund. Whenever, and as of any date of calculation, the value of securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement such excess may either be used to effect partial redemption of Bonds or may be removed from the Debt Service Reserve Fund and transferred to the Debt Service Fund.

Section 7.05. Pooled Investments. Investments authorized by this Article VII may be made by the Trustee in pooled investments or common trust funds provided that the securities and/or other obligations comprising such pooled or common investments qualify as Authorized Investments or Government Obligations, as the case may be.

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ARTICLE VIII

DISPOSITION OF REVENUES

Section 8.01. Disposition of Revenues; Deposits to Revenue Fund; Dispositions Therefrom.

(A) Prior to the occurrence of an Event of Default specified in Section 11.01(A) or (B) of this Bond Resolution, the State Board shall hold and control all Revenues (other than those comprising earnings in Funds established hereunder) and shall apply therefrom such amounts as shall be required to satisfy its obligations under this Bond Resolution.

(B) The State Board covenants that if an Event of Default specified in Section 11.01(A) or (B) of this Bond Resolution shall have occurred and be continuing, then at the request of the Trustee, all Revenues shall be deposited to the credit of the Revenue Fund until such Event of Default has been cured or waived by the Trustee and shall be applied as provided in Section 11.04 hereof.

(C) Any moneys remaining in the Revenue Fund when the State Board is no longer required to make daily deposits of Revenues as hereinabove provided shall be paid to the State Board.

Section 8.02. Deposits to the Debt Service Fund. The State Board covenants to provide for the payment of the principal of and interest on all Bonds then Outstanding, all without priority of any Bonds over others. To that end:

(A) At least fifteen (15) days before each Bond Payment Date, there shall be deposited into the Debt Service Fund an amount sufficient, together with amounts already on deposit in the Debt Service Fund, to discharge all interest to become due on the Bonds on the next ensuing Bond Payment Date; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Bonds, pursuant to any other provision of this Bond Resolution, or by reason of investment earnings, then, in such event, the deposits required by this paragraph (A) may be omitted, or reduced accordingly.

(B) At least fifteen (15) days prior to each Bond Payment Date, there shall be deposited into the Debt Service Fund a sum equal to one-half (1/2) of the aggregate amount of principal to become due on the next Bond Payment Date on which payment of principal is due; provided, however, that if provision has been made for the payment of all or part of either of the above-referenced installments of principal to become due on the Bonds, pursuant to any other provision of this Bond Resolution, or by reason of investment earnings, then, in such event, the deposits required by the preceding sentence of this paragraph may be omitted, or reduced accordingly.

Section 8.03. Deposits to the Debt Service Reserve Fund. Unless the Debt Service Reserve Fund then contains in cash and securities an amount at least equal to the Reserve Requirement, the State Board shall pay into the Debt Service Reserve Fund on or before the end of the Fiscal Year the Debt Service Reserve Fund Shortfall.

To the extent that there has been a draw upon the Debt Service Reserve Fund or the Debt Service Reserve Fund Surety Bond, the State Board shall deposit to the Debt Service Reserve Fund within one hundred eighty (180) days of the date of the draw money sufficient first, to reimburse MBIA for any draw on the Debt Service Reserve Fund Surety Bond, then, to the extent required, to bring the balance in the Debt Service Reserve Fund to the Reserve Requirement.

Section 8.04. Use of Revenues for Other Lawful Purposes. Provided that deposits to funds have been made in the amounts required and on or before the dates required by Sections 8.02 and 8.03, and any amounts owed to MBIA under the Financial Guaranty Agreement or otherwise hereunder have

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been paid, in full, Revenues remaining may be used by the State Board for improvement, enlargement or extension of the Facility, or to payment of Bonds then Outstanding or for any other lawful purposes.

Section 8.05. Disposition of Excess Moneys in Funds. Whenever there shall no longer be any Bond Outstanding under this Bond Resolution and all fees and expenses of the Trustee and Paying Agents and all other sums due and owing hereunder or owing to MBIA under the Financial Guaranty Agreement have been paid or due provision made for such payment, all moneys then remaining in any fund (exclusive of moneys, if any, held therein for the purposes of Article XIII) shall, if an Event of Default as defined herein shall not then exist or be continuing, be paid to the State Board, exclusive, however, of any moneys then credited to any fund required for payment to the parties entitled thereto.

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ARTICLE IX

ADDITIONAL COVENANTS;

Section 9.01. Additional Covenants to Secure Bonds. The State Board further covenants and agrees:

(A) That neither the Facility, nor any part thereof, nor any of the Revenues or other income derived from the Facility, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for;

(B) That so long as there are any Bonds outstanding and unpaid, it will perform all duties with reference to the Facility required by the Constitution and statutes of the State, including without limitation the Act, and the State Board hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the Facility or any part thereof, or any Revenues therefrom, except in the manner herein authorized, and it will not sell, lease or dispose of any portion of the Facility, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the State Board further obligates itself and covenants and agrees with the Bondholders to operate and maintain in good condition the Facility, and to collect and charge such rates for the use and occupancy of the Facility so that the income and Revenues of the Facility will be sufficient at all times to meet the requirements of this Bond Resolution;

(C) That it will not discriminate, nor permit discrimination, by its agents, lessees, or others operating the Facility in the use or occupancy thereof because of race, religion, creed or national origin;

(D) That it will ~~use its best efforts to~~ fully utilize the Facility for purposes of providing office space to State agencies and/or departments ~~which are leasing commercial office space prior to use by the State Board of any other source of permanent or temporary office space other than the Facility in the event the Facility shall be vacated by any tenant thereof;~~

(E) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the Facility and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given; and

(F) That it will not make any use, and it shall not direct the Trustee and each fiduciary to make any use of the proceeds of any Bonds which, if such use had been reasonably expected on the date of the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code.

Section 9.02. Insurance. (A) The State Board covenants and agrees that so long as any Bonds are Outstanding, it will maintain property and casualty insurance for the Facility in an amount (except as provided below) equal to replacement cost of the Facility. Such coverage shall apply exclusively to the Facility and must be available to repair or rebuild the Facility under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with damage to the Facility shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the State Board. The policy must explicitly waive any co-insurance penalty.

~~(A) That it will keep the Facility continuously insured under fire and extended coverage policies, in an amount at least equal to the face amounts of all Bonds Outstanding; provided, however, that in case the principal amount of such Outstanding Bonds shall be greater than the insurable value of the Facility, then the State Board shall insure the Facility to the extent of their insurable value;~~

~~(B) That in case of loss, and unless the State Board is entitled and elects to redeem the Bonds pursuant to Section 4.01(A) hereof, the proceeds of the casualty insurance referred to in paragraph (A) above shall be applied to repair or to restore such Facility, or the contents thereof, to their former condition, or in such manner as will make the Facility usable. If funds received from said insurance policies or from any other source by reason of such loss shall be insufficient to accomplish the foregoing, or shall exceed the amount necessary therefor, then, and in such event, the State Board shall remit such proceeds, or so much thereof as shall remain from the expenditure to repair the Facility, at a lesser cost, to the Trustee, who shall use the same solely for the redemption of Bonds at the earliest practicable date; and~~(B) If the State Board elects to provide property and casualty insurance only in an amount equal to the par amount of the Bonds, and insurance proceeds shall be paid to the Trustee and used to redeem the Outstanding Bonds in full unless such proceeds plus any additional funds deposited with the Trustee by the State Board are sufficient to fully rebuild or repair the Facility.

(C) That Copies of all insurance policies shall be delivered annually to MBIA's Surveillance Department and shall be open to the inspection of any Bondholder at any reasonable time.

(D) The State Board may provide the insurance coverage required by subsection (A) of this Section 9.02 through the South Carolina Insurance Reserve Fund (the "Fund") provided that the State Board shall, no less often than annually, provide MBIA a certificate that Fund reserves are anticipated to be adequate to cover anticipated claims thereon.

Section 9.03. Bond Payments Under the Municipal Bond Insurance Policy. So long as the Municipal Bond Insurance Policy shall be in full force and effect, the State Board and the Trustee hereby agree to comply with the following provisions:

(A) In the event that, on the second business day, and again on the business day, prior to any Bond Payment Date, the Trustee has not received sufficient monies to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, business day, the Trustee shall immediately notify MBIA or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Trustee shall so notify MBIA or its designee.

(C) In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(D) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent (as defined in the Municipal Bond Insurance Policy), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment

from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which monies are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(E) Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the State Board with respect to such Bonds, and MBIA shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(F) Irrespective of whether any such assignment is executed and delivered, the State Board and the Trustee hereby agree for the benefit of MBIA that,

(i) They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Bonds, MBIA will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the State Board, with interest thereon as provided and solely from the sources stated in this Resolution and the Bonds; and

(ii) They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Municipal Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

Section 9.04. Copies of Notices to MBIA. Any notice required to be given to any party pursuant to this Resolution, shall, at the time such notice is given, also be provided to MBIA in writing and sent by registered or certified mail or by overnight delivery, addressed to 113 King Street, Armonk, New York 10504, Attention: Manager, Surveillance Department.

Section 9.05. MBIA Consent to Certain Refunding Arrangements. In the event the Bonds, or any portion thereof, should be refunded in any transaction utilizing a forward supply contract or similar arrangement for the purchase of collateral or securities for the payment of the refunded Bonds, the prior written consent of MBIA to such contract or arrangement shall be an additional requirement to the defeasance of such Bonds under Article XIII of this Resolution.

ARTICLE X

MODIFICATION OF RESOLUTION

Section 10.01. Modification Without Bondholder Approval.

(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 Bond 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 Bond Resolution, and to provide for other covenants and agreements thereafter to be observed relative to the operation, maintenance, construction or administration of the Facility;

(2) To surrender any right, power or privilege reserved to or conferred upon the State Board by this Bond Resolution; or

(3) To cure, correct and remove any ambiguity or inconsistent provisions contained in this Bond 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 Trustee and each Paying Agent.

Section 10.02. Modification with Bondholder Approval. The rights and duties of the State Board and the Bondholders and the terms and provisions of this Bond 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~~ and, so long as no Insurer Default shall have occurred and be continuing, MBIA. Such Bondholder consent shall 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~~. However, no such modification or alteration shall:

(A) Extend the maturity of any payment of principal or interest due upon any Bond;

(B) Effect a reduction in the amount which the State Board is required to pay by way of principal of, interest or redemption premium on any Bonds;

(C) Effect a change as to the type of currency in which the State Board is obligated to effect payment of the principal of, interest and redemption premiums of any Bond;

(D) Permit the creation of a pledge of or lien upon the Revenues of the Facility prior to or equal to the Bonds;

(E) Permit preference or priority of any Bonds to others;

(F) Alter or modify the provisions of Articles V, VII, or VIII hereof; or

(G) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Resolution;

without the consent of the Holders of all Bonds affected by such change or modification ~~and, so long as no Insurer Default shall have occurred and be continuing, MBIA.~~

Section 10.03. Procedure for Procuring Bondholder Approval. The State Board and the Trustee 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 Trustee and each 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 of each Series then Outstanding and, if no Insurer Default has occurred and is continuing, the consent of MBIA.

Section 10.04. Copies of Amendments to S&P. Copies of any amendments or supplements to this Bond Resolution shall be provided by the Trustee to S&P at 25 Broadway, New York, New York 10004 or such other address as may be designated by S&P to the Trustee in writing.

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ARTICLE XI

EVENTS OF DEFAULT; REMEDIES

Section 11.01. Events of Default. The occurrence and continuation of any of the following events is hereby declared an "Event of Default" hereunder:

(A) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(B) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(C) The State Board shall default in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in this Bond Resolution, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the State Board by the Trustee or any Bondholder provided that in the case of default specified in this Paragraph (C), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an event of default if corrective action is instituted by the State Board within said thirty (30) day period and diligently pursued until the default is corrected.

If by reason of *force majeure* the State Board is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the State Board contained in any of Articles V, VII and VIII hereof as to which this paragraph shall have no application), The State Board shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the State Board, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the State Board, and the State Board shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the State Board unfavorable to the State Board.

Section 11.02. Acceleration; Annulment of Acceleration .

(A) Upon the happening of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the State Board, declare all Bonds Outstanding immediately due and payable; and in such event such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Bond Resolution to the contrary notwithstanding, provided that, so long as no Insurer Default has occurred and is continuing, the Bonds shall not be so declared due and payable without the consent of MBIA and the Trustee shall declare the Bonds due and payable at the direction of MBIA. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

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(1) Moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;

(2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;

(3) All other amounts then payable by the State Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and

(4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Notwithstanding the foregoing provisions of this Section 11.02(B), so long as no Insurer Default has occurred and is continuing, no such declaration shall be annulled without the consent of MBIA.

Section 11.03. Additional Remedies and Enforcement of Remedies.

(A) Upon the happening of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(1) Requiring the State Board to carry out its duties and obligations under the terms of this Bond Resolution;

(2) Suit upon all or any part of the Bonds;

(3) Civil action to require the State Board to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(5) Foreclosure of the Mortgage, if any;

(6) Enforcement of any other right of the Bondholders conferred by law or by this Bond Resolution including the right to make proper application to a court of competent jurisdiction for the appointment of a receiver to administer and operate the Facility. Such receiver shall be given full power to fix charges for the Facility, sufficient to provide for the payment of principal of Bonds and the interest thereon, and for the payment of the expenses of operating and maintaining such Facility, and to apply the income and revenues of the Facility to the payment of principal of such Bonds and the interest thereon.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised by Counsel shall be necessary or expedient:

(1) To prevent any impairment of the security under this Bond Resolution by any acts which may be unlawful or in violation of this Bond Resolution; or

(2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Notwithstanding the foregoing provisions of subsections (A) and (B) of this Section 11.03, so long as no Insurer Default has occurred and is continuing, no remedial action shall be taken by the Trustee without the consent of MBIA, and the Trustee shall take such remedial action as shall be directed by MBIA.

Section 11.04. Application of Revenues and Other Moneys After Default.

(A) The State Board covenants that if an Event of Default shall happen and shall not have been remedied, the State Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee for deposit in the Revenue Fund:

(1) Forthwith, all moneys and securities then held by the State Board which is credited to any Fund under this Bond Resolution; and

(2) As promptly as practicable after receipt thereof, all Revenues.

(B) During the continuance of an Event of Default, any amounts held by the Trustee shall be applied first to the payment of the reasonable and proper charges of the Trustee; thereafter, the Trustee shall apply all moneys, securities, Revenues, payments and receipts in its possession and the income therefrom in the Revenue Fund as follows and in such order as the Trustee shall determine:

(1) To the payment of the necessary costs of operating and maintaining the Facility; and

(2) To the payment of the interest and principal (and premium, if any) then due on the Bonds, as follows:

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

(i) *First:* To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(ii) *Second:* To the payment to the persons entitled thereto of the unpaid principal installments (and premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or

preference except as to any differences as to the respective rates of interest specified in the Bonds.

Section 11.05. Remedies Not Exclusive. No remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Resolution or existing at law or in equity or by statute on or after the date hereof.

Section 11.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 11.04 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 11.07. Majority of Bondholders Control Proceedings. If an Event of Default shall have occurred and be continuing, ~~notwithstanding anything in this Bond Resolution to the contrary~~ and, if no Insurer Default has occurred and is continuing, with the consent of MBIA, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Bond Resolution (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 11.07 shall impair the right of the Trustee in its discretion to take any other action under this Bond Resolution which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 11.08. Individual Bondholder Action Restricted .

(A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Resolution or for the execution of any trust hereunder or for any remedy under this Bond Resolution unless:

(1) An Event of Default has occurred:

- (a) under Paragraph (A) or (B) of Section 11.01 hereof;
- (b) as to which the Trustee has actual notice; or
- (c) as to which the Trustee has been notified in writing; and

(2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Resolution or to institute such action, suit or proceeding in its own name; and

(3) Such Bondholders shall have offered the Trustee reasonable indemnity; and

(4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

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(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Resolution or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Bond Resolution shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond

(1) to receive payment of the principal of or interest on such Bond on the due date thereof; or

(2) to institute suit for the enforcement of any such Payment on or after such due date.

Section 11.09. Termination of Proceedings. In case a proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the State Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 11.10. Waiver and Nonwaiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XI to the Trustee, MBIA and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution, provided, however, so long as no Insurer Default has occurred and is continuing, any such waiver shall be granted only at the direction, or with the consent, of MBIA.

(C) Notwithstanding anything contained in this Bond Resolution to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 11.02 hereof or subsection (B) of this Section 11.10 a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding, provided, however, so long as no Insurer Default has occurred and is continuing, any such waiver shall be granted only at the direction, or with the consent, of MBIA.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the State Board, the Trustee and the Bondholders shall be restored to their former positions and rights under this Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 11.10.

Section 11.11. Notice of Defaults.

(A) Within thirty (30) days after:

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(1) The receipt of notice of an Event of Default as provided in Section 11.08(A)(1) hereof; or

(2) The happening of an Event of Default under paragraph (A) or (B) of Section 11.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal (together with premium, if any) of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall immediately notify the State Board ~~and MBIA~~ of any Event of Default known to the Trustee.

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ARTICLE XII

TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

Section 12.01. Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee. The State Board hereby appoints the State Treasurer of the State of South Carolina as the Trustee. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder but the right of the Bondholders to appoint a trustee hereunder is limited to the circumstances contemplated by Section 12.10 hereof.

Section 12.02. Functions of Trustee. The Trustee shall have the following additional functions:

(A) To act as custodian of the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund; and

(B) To make reports to the State Board on a monthly or such other basis as may be requested by the State Board, but not less often than semiannually:

(1) Establishing balances on hand; and

(2) Establishing the sufficiency of the Debt Service Reserve Fund.

Section 12.03. Duty of Trustee with Respect to Deficits in Debt Service Fund. It shall be the duty of the Trustee to maintain adequate records, verified with MBIA, as to the amount available to be drawn under the Debt Service Reserve Surety Bond and the amounts paid and owing to MBIA under the Financial Guaranty Agreement. It shall be the further duty of the Trustee to give written notice to the State Board ten (10) days prior to each Bond Payment Date, if there is any deficiency in the Debt Service Fund which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must otherwise be had to the Debt Service Reserve Fund to meet such deficiency. In the event that funds on deposit in the Debt Service Fund and the Debt Service Reserve Fund, and available for such purposes, on the fourth (4th) day preceding any Bond Payment Date shall not be sufficient to provide for the payment of amounts due on such Bond Payment Date with respect to the Bonds, the Trustee shall, not less than three (3) days prior to such Bond Payment Date deliver to MBIA a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond.

Section 12.04. Acceptance by Trustee Required. Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 12.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Resolution, by executing and delivering to the State Board a written acceptance thereof.

Section 12.05. Liability as to Recitals in Bond Resolution and Bonds. The recitals of fact made in this Bond Resolution and in the Bonds shall be taken as statements of the State Board, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Resolution or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 12.06. Trustee May Rely on Notices, Etc. The Trustee shall at all times be protected in acting upon any notice, resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 12.07. Trustee Permitted to Resign. The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving to the State Board and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and qualification of such successor.

Section 12.08. Removal of Trustee.

(A) The Trustee may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time Outstanding.

(B) The Trustee may likewise be removed at any time by the State Board with the consent and approval of the Holders of not less than fifty percent (50%) of the principal amount of the Bonds at such time Outstanding.

Section 12.09. Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged a bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by a resolution of the Board of Visitors duly adopted. Such successor shall in all instances be a bank or trust company duly chartered pursuant to the laws of the United States of America or of a state thereof, shall have at the time of its appointment a combined capital stock surplus and undivided profits of not less than \$100,000,000 and shall be authorized by law to perform all duties imposed upon it by this Bond Resolution and the Series Resolutions.

(B) Immediately following such appointment the State Board shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 12.10. When Bondholder May Seek Successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to Section 12.09 hereof, any Bondholder may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 12.11. Acceptance by Successor Trustee. Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the State Board a written acceptance of 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 its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the State Board, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 12.12. Effect of Trustee Merging With Another Bank. Any bank into which any Trustee may be merged, or with which it may be consolidated, or any bank resulting from any merger or consolidation to which it shall be a party, or any bank to which the Trustee may sell or transfer all or substantially all of its business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the State Board shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the State Board may at any time within thirty (30) days after such action name a new Trustee (with the qualifications prescribed by Section 12.09 hereof) in lieu of the Trustee then acting.

Section 12.13. Disposition of Paid Bonds. It shall be the duty of the Registrar to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates to the State Board indicating the disposition of such Bonds. Upon effecting such cancellation, the Registrar shall furnish appropriate certificates to the State Board setting forth the disposition made of the Bonds so cancelled.

Section 12.14. Appointment of Registrar.

(A) The State Board shall from time to time appoint a Registrar or Registrars as Registrar of the Bonds of one or more Series. The Registrar shall be required to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the State Board, the Trustee and the Paying Agent at all reasonable times. In addition, the Registrar shall have the duty of authenticating the Bonds and such other duties as may be required of it under this Bond Resolution.

(B) Any Registrar shall be a bank or trust company duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$25,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution and the relevant Series Resolutions. The Registrar may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days notice to the Trustee and the Paying Agent. The Registrar may be removed at any time, at the direction of the State Board, by an instrument filed with the Registrar, the Trustee and the Paying Agent.

(C) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(D) In the event that the State Board shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the State Board shall not have appointed its successor as Registrar, the Trustee shall *ipso facto* be deemed to be the Registrar for all purposes of this Bond Resolution until the appointment by the State Board of the Registrar or successor Registrar, as the case may be.

Section 12.15. Appointment of Paying Agent.

(A) The State Board shall from time to time appoint a Paying Agent or Paying Agents as Paying Agent for the Bonds. The Paying Agent shall be required:

(1) to hold all sums held by it for the payment of the principal of, premium, if any, and interest on the Bonds in trust for the benefit of the Holders until such sums shall be paid to such Holders or otherwise disposed of as herein provided; and

(2) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the State Board and the Trustee at all reasonable times.

(B) Any Paying Agent shall be a bank or trust company duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days notice to

the State Board and the Trustee. The Paying Agent may be removed at any time at the direction of the State Board, by an instrument filed with the Paying Agent and the Trustee.

(C) In the event of the resignation or removal of any Paying Agent, said Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

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ARTICLE XIII

DEFEASANCE

Section 13.01. Defeasance Generally. If all of the Bonds issued pursuant to this Bond Resolution, shall have been paid and discharged, and all amounts owed to MBIA pursuant to the Financial Guaranty Agreement or otherwise hereunder have been paid, then the obligations of the State Board under this Bond Resolution, the pledge of Revenues made hereby, and all other rights granted hereby shall cease and determine and the Mortgage, if any shall be deemed satisfied. Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(A) The Trustee, Paying Agent or other custodian authorized by the State Board shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof;

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred on the stated maturities of such Bonds, and thereafter tender of such payment shall have been made, and the Trustee, Paying Agent or other custodian authorized by the State Board shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment; or

(C) If the State Board shall have deposited with the Trustee, Paying Agent or other custodian authorized by the State Board, in an irrevocable trust money or Government Obligations, the principal of and interest on which when due (without reinvestment thereof) will provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and premium, if any, due and to become due on and prior to the maturity or, if the State Board has irrevocably elected to redeem Bonds, on and prior to the redemption date of such Bonds.

Section 13.02. Money to be Held in Trust - When Returnable to the State Board. Any money which at any time shall be deposited with the Trustee, Paying Agent or other custodian authorized by the State Board, by or on behalf of the State Board, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee, Paying Agent or other custodian appointed by the State Board in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, and no amount is due and unpaid to MBIA under the Financial Guaranty Agreement, then, in such event, it shall be the duty of the Trustee, Paying Agent or other custodian appointed by the State Board to forthwith return said funds to the State Board.

Section 13.03. Deposits With Trustee Subject to Conditions of Article XIII Hereof. The State Board covenants and agrees that any money which it shall deposit with the Trustee, Paying Agent or other custodian authorized by the State Board shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee, Paying Agent or other custodian authorized by the State Board to cause the publication of such notice of redemption in its name and on its behalf.

001967

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Purpose of Covenants in Bond Resolution. Every covenant, undertaking and agreement made Authorization of Financial Guaranty Agreement. The Financial Guaranty Agreement, in substantially the form attached hereto as Exhibit C, with such changes as the executing officer shall approve (his execution to be conclusive evidence of such approval) is hereby approved, and the execution and delivery of the Financial Guaranty Agreement on behalf of the State Board, ~~as set forth in this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the State Board and the Bondholders and shall be enforceable accordingly~~ is hereby authorized. The Financial Guaranty Agreement shall be executed on behalf of the State Board by the Chairman or Vice Chairman of the State Board.

Section 14.02. Effect of Invalidity of Provisions of This Bond Resolution. If any section, paragraph, clause or provision of Purpose of Covenants in Bond Resolution. Every covenant, undertaking and agreement made on behalf of the State Board, as set forth in this Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the State Board and the Bondholders and shall be enforceable accordingly.

Section 14.03. Continuing Disclosure. The State Board covenants that it will file with a nationally recognized municipal securities information repository its annual independent audit within thirty (30) days of receipt of the audit and event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenue base Effect of Invalidity of Provisions of This Bond Resolution. If any section, paragraph, clause or provision of this Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution.

Section 14.04. Continuing Disclosure. The State Board covenants that it will file with a nationally recognized municipal securities information repository its annual independent audit within thirty (30) days of receipt of the audit and event-specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenue base.

Section 14.05. Repealing Clause. All resolutions, or parts thereof, inconsistent herewith be and the same are hereby repealed to the extent of such inconsistencies.

001968

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE FACILITIES LEASE REVENUE BOND
SERIES 1994 (HARDEN STREET FACILITY)
OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD

No. R- _____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____% _____%	December 1, _____	September 1, 1994	_____ 199____

Registered Holder:

Principal Amount:

Dollars

KNOW ALL MEN BY THESE PRESENTS, that the South Carolina State Budget and Control Board (the "State Board"), a public body politic and an agency of the State of South Carolina, is justly indebted and, for value received, promises to pay, but solely from the revenues described and pledged to the payment of this Bond, to the registered holder named above or registered assigns, the principal amount shown above on the maturity date shown above (unless this Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of the redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of _____ in the City of _____, State of _____ (the "Paying Agent"), and to pay interest on such principal amount from the date hereof at the interest rate per annum shown above until the State Board's obligation with respect to the payment of such principal amount shall be discharged. Interest on this Bond is payable semiannually on ~~March~~ June 1 and ~~September~~ December 1 of each year commencing ~~March~~ June 1, 1995, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the State Board maintained by the registrar, presently _____, in _____, (the "Registrar") at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date. The principal and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts; provided however, that interest on this fully registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Bond Resolution (hereinafter defined), nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

~~The terms and provisions of this Bond are continued on the reverse side hereof and such continued terms and provisions shall for all purposes have the same effect as though fully set forth at this place.~~

This Bond is one of an authorized series of Bonds of the aggregate principal amount of _____ Dollars (\$_____) Six Million Eight Hundred Eight

Thousand Dollars (\$6,880,000) of like date of original issue, tenor and effect, except as to number, denomination, date of maturity, redemption provisions and rate of interest, issued by the State Board for the purpose of obtaining funds to acquire an office facility and certain related interests in real property (the "Facility"), to fund provide a Debt Service Reserve Fund for the Bonds and to pay costs of issuance of the Bonds. This Bond and the issue of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, including particularly _____

_____ Section 139 of Part I of Act No. 497, enacted at the 1994 Session of the South Carolina General Assembly (the "Enabling Act"). This Bond and the issue of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to a Bond Resolution duly adopted by the State Board on _____, August 24, 1994, as amended (the "Bond Resolution").

The Bonds shall not be subject to redemption prior to ~~September~~ December 1, 2004, except in the event that the Bonds shall be subject to redemption on the earliest date following notice of redemption as hereinafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

The Bonds maturing on and after ~~September~~ December 1, 2005, shall be subject to redemption at the option of the State Board on and after ~~September~~ December 1, 2004, as a whole on any date, or in part, on any interest payment date, at the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium, expressed as a percentage of the principal amount redeemed:

<u>Period During Which Redeemed</u>	<u>Redemption Premium</u> <u>September</u> <u>Premium</u>
December 1, 2004 through August 31, 2005 102% September November 30, 2005	102%
December 1, 2005 through August 31, November 30, 2006	101
September December 1, 2006 and thereafter	100

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected in such order of maturity as shall be determined by the State Board and by lot within a maturity. In the event this Bond is redeemable, as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing this Bond and specifying the redemption date and the premium payable upon such redemption, shall be given by registered or certified mail, postage prepaid, to the registered owner thereof as shown on the registry books of the State Board kept by the Registrar not less than thirty (30) days prior to the redemption date. ~~Such notice may also be published once, not less than thirty (30) days prior to the redemption date, in a financial journal published in the City of New York, State of New York.~~ If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof shall have been given as aforesaid and moneys for the payment of the redemption price of this Bond, together with the redemption premium, if any, and the interest accrued on this Bond to the redemption date shall be held for the purpose of such payment by the Paying Agent then this Bond shall become due and payable on the redemption date, and interest hereon shall cease to accrue from and after the redemption date hereof.

The Bond Resolution contains provisions defining terms; setting forth the revenues pledged for the payment of the principal of and interest on this Bond; setting forth the nature and extent and manner of enforcement of the security of the Bonds and of such pledge, and the rights and remedies of the holder hereof with respect thereto; setting forth the terms and conditions upon which the Bond Resolution may be altered, modified or amended, and the extent of such alteration, modification and amendment; setting forth the terms and conditions upon which this Bond is issued; setting forth the rights, duties and obligations of the State Board thereunder; and setting forth the terms and conditions upon which the pledge

is made in the Bond Resolution for the security of this Bond and upon which the covenants, agreements and other obligations of the State Board made therein may be discharged at or prior to the maturity or redemption of this Bond upon the making of provision for the payment thereof in the manner set forth in the Bond Resolution, to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Bond Resolution shall be a contract with the holder of this Bond.

This Bond and the issue of Bonds of which it is one and the interest thereon are special obligations of the State Board payable solely from, and are secured by a pledge of, the entire Revenues derived by the State Board from the Facility (as defined in the Bond Resolution). The faith and credit of the State of South Carolina are not pledged for the payment of the principal of and interest on this Bond. No personal liability shall attach to any member of the State Board or to any person executing this Bond by reason of the execution or issuance hereof.

The State Board has covenanted in the Bond Resolution to continuously operate and maintain the Facility and fix and maintain such rates for the use and occupation of the Facility as shall at all times be sufficient (a) to provide for the punctual payment of the principal of and interest on the Bonds and (b) to maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds, (c) to maintain the Debt Service Reserve Fund in the manner therein prescribed, (d) to provide for the payment of the expenses of the administration, operation and maintenance of the Facility as may be necessary to preserve the same in good repair and condition, and (e) to discharge all obligations imposed by the Enabling Act and the Bond Resolution. ~~[As additional security for the payment of the Bonds, the State Board has granted a first mortgage lien on, and security interest in, the Facility pursuant to a Mortgage and Security Agreement.]~~

The holder of this Bond shall have no right to enforce any right under the Bond Resolution except in the manner provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all of the Bonds then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Bond Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Resolution.

This Bond is transferable as provided in the Bond Resolution, only upon the books of the State Board kept for that purpose at the principal office of the Registrar, by the registered holder in person or by his duly authorized attorney upon 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. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution. The State Board, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes. Notwithstanding the foregoing, so long as the Bonds are being held under the book-entry system pursuant to the Bond Resolution, transfers of beneficial ownership of Bonds will be effected pursuant to rules and procedures established by the Securities Depository (as defined in the Bond Resolution).

The interest on this Bond is exempt from present income taxation by the United States of America under existing statutes, regulations and decisions, and this Bond and the interest thereon are presently exempt from all State, county, municipal, school district and all other taxes or assessments of the State of South Carolina direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes but the interest hereon may be includable in measures of assets for certain franchise taxes.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Bond, do exist, have happened and have been performed in regular and due time, form and

manner; that the amount of this Bond together with all bonds of the issue of which this is one, does not exceed any constitutional or statutory limitation thereon; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Resolution.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, has caused this Bond to be signed by the facsimile signatures of the [Vice] Chairman of the South Carolina State Budget and Control Board and attested by the facsimile signature of the Secretary of the South Carolina State Budget and Control Board and the seal of State of South Carolina which is reproduced hereon.

**SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD**

(SEAL)

By _____
[Vice] Chairman, South Carolina State
Budget and Control Board

Attest:

Secretary, South Carolina State
Budget and Control Board

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This Bond is one of the Bonds described in the within-mentioned Bond Resolution of the South Carolina State Budget and Control Board.

as Registrar

Authorized Officer

The following abbreviations, when used in the inscription on the face of the written 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
TEN ENT-	as tenants by the entireties		(Cust) (Minor)
JT TEN-	as joint tenants with		
	right of survivorship and		under Uniform Gifts to Minors
	not as tenants in common		Act
			(State)

Additional abbreviations may also be used though not in list above.

001972

(FORM OF ASSIGNMENT)

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

(Name and address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____
attorney to transfer the within-Bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated:

Signature Guaranteed:

(Authorizing Officer)

(Bank, Trust Company or Firm)

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

001973

STATEMENT OF INSURANCE

The Municipal Bond Investors Assurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the office of the South Carolina State Treasurer, in the City of Columbia, South Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the South Carolina State Treasurer, or its successors (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts". "Obligations" shall mean:

\$6,880,000

State Facilities Lease Revenue Bonds, Series 1994
(Harden Street Facility)
of the
South Carolina State Budget and Control Board

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Trustee of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the State Board, or any designee of the State Board for such purposes. The term owner shall not include the State Board or any party whose agreement with the State Board constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504.

001974

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason, including the payment prior to maturity of the Obligations.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

001975

A copy of the final approving opinion to be rendered shall be printed on the back of each printed Bond, and preceding the same a certificate shall appear, which shall be signed on behalf of the Board of Visitors with a facsimile signature of its Secretary. Said certificate shall be in substantially the following form:

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final approving opinion (except for date and letterhead) of Nelson, Mullins, Riley & Scarborough, Attorneys and Counselors at Law, Charleston, South Carolina, approving the issue of bonds of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the bonds, and a copy of which is on file with the South Carolina State Budget and Control Board.

**SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD**

Secretary

001376

EXHIBIT "B"

NOTICE OF SALE
\$ 6,880,000 STATE FACILITIES LEASE REVENUE BONDS,
SERIES 1994 (HARDEN STREET FACILITY)
OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD

Time and Place of Sale: Notice is hereby given that sealed proposals addressed to the undersigned will be received on behalf of the South Carolina State Budget and Control Board (the "State Board") by the State Treasurer of the State of South Carolina in the office of the State Treasurer, Capitol Complex, Wade Hampton Office Building, Room 121, Columbia, South Carolina, until 11:00 a.m., South Carolina time, on _____, _____, Wednesday, September 21, 1994, at which time said proposals will be publicly opened for the purchase of \$_____ \$6,880,000 State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility) of the South Carolina State Budget and Control Board (the "Bonds").

Bonds: The Bonds will be initially issued in book entry form, will be dated _____ 1, 1994, will be in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year; will be numbered from R-1 upward, issued by means of a book-entry system in the form of a single bond in the aggregate principal amount maturing in each year, registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be dated September 1, 1994, and will mature serially in annual installments, in numerical order, on _____ on December 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1995	\$145,000	2005	\$335,000
1996	215,000	2006	355,000
1997	225,000	2007	370,000
1998	235,000	2008	400,000
1999	250,000	2009	415,000
2000	260,000	2010	445,000
2001	270,000	2011	470,000
2002	285,000	2012	495,000
2003	305,000	2013	530,000
2004	315,000	2014	560,000

The Bonds will bear interest from the date thereof, payable semiannually on June 1 and December 1 of each year commencing 1, 199, at which time interest for (—) months will be due June 1, 1995.

Optional Redemption: The Bonds shall not be subject to redemption prior to their September December 1, 2004, except in the event that the Facility (hereinafter defined) financed with the proceeds of the Bonds, or substantially all of the Facility, shall have been damaged, destroyed or otherwise rendered

unavailable for its intended use by the State Board. In such event, the Bonds shall be subject to redemption on the earliest date following notice of redemption as hereafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

The Bonds maturing on and after ~~September~~ December 1, 2005, shall be subject to redemption at the option of the State Board on and after ~~September~~ December 1, 2004, as a whole on any date, or in part, on any interest payment date, at the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium, expressed as a percentage of the principal amount redeemed:

<u>Period During Which Redeemed</u>	<u>Redemption Premium</u> <u>September</u> <u>Premium</u>
December 1, 2004 through August 31, 2005	102%
102% September November 30, 2005	
December 1, 2005 through August 31, November 30, 2006	101
September December 1, 2006 and thereafter	100

In the event the Bonds, or any portion thereof, shall be called for redemption, notice of redemption describing the Bonds to be redeemed, specifying the redemption date and the premium if any, payable on such redemption, shall be given by registered or certified mail postage prepaid, to the registered owner thereof as shown on the registry books of the State Board kept by the Registrar not less than thirty (30) days prior to the redemption date. If the Bonds or any portion thereof shall have been duly called for redemption and notice of redemption shall have been given as aforesaid and moneys for the payment of the redemption price of such Bonds, together with the redemption premium, if any, and the interest accrued on such Bonds to the redemption date shall be held for the purpose of such payment by the Paying Agent then such Bonds shall become due and payable on the redemption date, and interest on the Bonds to be redeemed shall cease to accrue from and after the redemption date specified in such notice.

Registrar/Paying Agent: The registrar and paying agent (the "Registrar/Paying Agent") of the Bonds shall be a bank, trust company, depository or transfer agent organized under the laws of the State of South Carolina or the laws of the United States of America which shall be designated by the State Board. The Registrar/Paying Agent shall register and transfer the Bonds on registry books kept on behalf of the State Board. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof by the Registrar/Paying Agent.

Price; Bid Requirements: The Bonds will be sold at a price of ~~{par/~~ _____% not less than ninety-nine percent (99%) of the principal amount thereof, plus accrued interest to the date of delivery. The Bonds will be sold on an all or none basis. Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. ~~{The interest rate for any maturity shall not be lower than the interest specified for any prior maturity.}~~ Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all of the Bonds or a bid at a price less than the ~~purchase price~~ ninety-nine percent (99%) of the principal amount will not be considered. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds of that series at the lowest net interest cost to the Board, such interest cost to be determined by computing the total dollar interest cost from the date of the Bonds to the respective maturity date and deducting therefrom the amount of the premium offered, if any, over and above the principal amount. The State Board reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 1:00 p.m.,

001978

South Carolina time, on the date of the sale. The successful bidder shall provide the State Board with reoffering prices within three hours after the acceptance of the bid.

Good Faith Check: Each proposal on the Bonds shall be accompanied by a certified check or cashier's check drawn upon an incorporated bank or trust company in the amount of ~~-\$~~ \$125,000 payable unconditionally to the State Board. The check of the successful bidder shall be applied as partial payment for the Bonds or to secure the State Board for any loss due to the failure of such bidder to comply with the terms of his bid. Checks of unsuccessful bidders will be returned promptly. No interest will be allowed on the good faith check.

Bid Form: Each proposal for the Bonds should be enclosed in a sealed envelope marked "Proposal for ~~-\$~~ \$6,880,000 State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility) of the South Carolina State Budget and Control Board". All proposals should be directed to the undersigned at the address set forth in the first paragraph hereof. It is requested but not required that you submit your bid(s) on the proposal for purchase of Bonds supplied with the Official Statement.

Purpose: The Bonds are issued pursuant to the authorization of _____, _____, Section 139 of Part I of Act No. 497 enacted at the 1994 Session of the South Carolina General Assembly, and a Resolution duly adopted by the State Board for the purpose of (i) acquiring an office facility and related ~~interests in real~~ property (the "Facility"); (ii) providing a Debt Service Reserve Fund; and (iii) paying certain cost of issuance of the Bonds.

Security: The Bonds are special obligations of the State Board, are payable solely from, and are secured by, a pledge of the entire revenues derived by the State Board from the Facility.

~~[The payment of the Bonds is additionally secured by a mortgage on the Facility.]~~ *MBIA Insurance:* Payment of principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Corporation.

Official Statement: The Preliminary Official Statement dated September 15, 1994, has been deemed final by the State Board for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), but is subject to revision, amendment and completion in a final Official Statement, as provided in the Rule. The State Board will furnish the successful bidder with one hundred (100) copies of the final Official Statement without charge, within two (2) business days of the acceptance of a bid for the Bonds.

Legal Opinion: The State Board shall furnish upon delivery of the Bonds the final approving opinion of Nelson, Mullins, Riley & Scarborough, Attorneys and Counselors at Law, Charleston, South Carolina, ~~which opinion shall be printed on the back of each Bond,~~ together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Delivery: The Bonds will be delivered on or about _____, September 30, 1994, in New York, New York or Columbia, South Carolina, _____, at the expense of the State Board. The balance of the purchase price then due (including the amount of accrued interest) must be paid in Federal funds or other immediately available funds. The cost of printing the Bonds will be borne by the State Board. ~~The successful purchaser of the Bonds will be furnished one hundred (100) Official Statements without charge.~~

Bondholders' Names: ~~The successful bidder for the Bonds must deliver to the Registrar/Paying Agent, not later than before the close of business _____, 1994, the names and addresses of the registered owners of the Bonds and the denominations in which the Bonds of each maturity are to be issued. If the successful bidder fails to submit to the Registrar/Paying Agent such names, addresses and denominations by the aforesaid time, one Bond will be issued for each maturity date in the full amount maturing on such date, and the Bonds will be registered in the name of the successful bidder.~~

001879

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and payment for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the State Board or any of its officers or agents because of or on account of such numbers or any use made thereof. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the State Board; provided, however that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Additional Information: Persons seeking additional information should communicate with

C.C. Sanders, Jr., Office of the State Treasurer of South Carolina, 118 Wade Hampton Office Building, Columbia, South Carolina 29201, (803) 734-2114 or Thomas A. Hutcheson, Nelson, Mullins, Riley & Scarborough, Post Office Box 1806, Charleston, South Carolina 29401, (803) 720-4311.

Grady L. Patterson, Jr.
State Treasurer of South Carolina

~~NOTICE OF SALE AND BLANK PROPOSAL~~

\$85,000,000

~~STATE OF SOUTH CAROLINA~~

~~STATE CAPITAL IMPROVEMENT BONDS~~

~~SERIES 1992A~~

~~OF THE STATE OF SOUTH CAROLINA~~

001980

SEALED PROPOSALS WILL BE RECEIVED UNTIL

11:00 A.M., SOUTH CAROLINA TIME

WEDNESDAY, MARCH 11, 1992

PROPOSAL FOR THE PURCHASE OF

\$85,000,000

STATE CAPITAL IMPROVEMENT BONDS, SERIES 1992A

OF THE STATE OF SOUTH CAROLINA

Bid Received

March 11, 1992

The Honorable Carroll A. Campbell, Jr. The Honorable Grady L. Patterson, Jr.

Governor of South Carolina State Treasurer of South Carolina

Office of the State Treasurer

Wade Hampton Office Building

Columbia, South Carolina

Dear Sirs:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale, which are hereby made a part of this proposal, we offer to pay

_____ Dollars
(\$ _____) for \$85,000,000 State Capital Improvement Bonds, Series 1992A of the State of South Carolina, dated March 1, 1992, said bonds to mature as set forth below, and to bear interest, payable on March 1 and September 1 of each year, beginning September 1, 1992, at the rates set forth below:

Maturity

Date Principal

Amount Interest

Rate March 1

of the Year Principal

Amount Interest

Rate 1993	\$3,000,000.00	%2001	\$5,000,000.00	%1994	4,000,000.00	2002	5,000,000.00	
1995	4,000,000.00	2003	6,000,000.00	1996	4,000,000.00	2004	6,000,000.00	1997
	4,000,000.00	2005	7,000,000.00	1998	5,000,000.00	2006	7,000,000.00	1999
	5,000,000.00	2007	7,000,000.00	2000	5,000,000.00	2008	8,000,000.00	

We will also pay accrued interest from March 1, 1992, to the date of delivery.

We enclose herewith a certified check or cashier's check or treasurer's check upon a bank or trust company, payable to the State Treasurer of South Carolina for \$850,000 to be applied in accordance with the said Notice of Sale.

Very truly yours,

(Name of Bidder)

For your information only, we have calculated the Submitted by: _____
interest cost and average rate of interest on this (Signature)
proposal as follows: _____

Aggregate of Interest . . \$ _____ (Print Name and Title)

001581

Less Premium \$ _____

Net Interest Cost \$ _____

(Address)

Average Interest Rate %

(Telephone)

Return of good faith check in the amount of \$850,000
is hereby acknowledged.

001982

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REVENUE BONDS

Section 1.01
Findings

ARTICLE II

REVENUE BONDS, SERIES 1994 (HARDEN STREET FACILITY) OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, AND OTHER MATTERS RELATING THERETO

PROVIDING FOR THE ISSUANCE AND SALE OF STATE FACILITIES LEASE REVENUE BONDS, SERIES 1994 (HARDEN STREET FACILITY) OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, AND OTHER MATTERS RELATING THERETO.

AUTHORITY AND TERMS OF BONDS

Adopted by the South Carolina State
Budget and Control Board
on August 24, 1994
as amended
on September 23, 1994

BOND RESOLUTION

ARTICLE IV

EXTENSION OF BONDS

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

ARTICLE I

FINDINGS OF FACT

Section 1.01. Findings. As an incident to the adoption of this resolution and the issuance and sale of the bonds provided for herein, the South Carolina State Budget and Control Board (the "State Board"), a public body politic and an agency of the State of South Carolina finds, as a fact, that each of the statements hereinafter set forth is in all respects true and correct.

(a) The general powers of the State Board are set forth in Title 1, Chapter 11, Code of Laws of South Carolina, 1976, as amended (the "Act").

(b) The State Board is empowered by Section 139 of Part I of Act bearing Ratification Number R-609, enacted at the 1994 Session of the South Carolina General Assembly (the "Enabling Act"), to issue lease revenue bonds of the State Board in order to provide funds to acquire an office facility and related property rights (the "Facility") which is currently leased to, and occupied by, the South Carolina Department of Social Services.

(c) In order to utilize the provisions of the Enabling Act, the State Board has determined to adopt this Bond Resolution to provide for the issuance and security of the lease revenue bonds authorized by the Enabling Act.

001988

ARTICLE II

DEFINITIONS, CONSTRUCTION AND INTERPRETATION

Section 2.01. Defined Terms. The following are defined terms under this Bond Resolution and shall for all purposes hereof have the meanings herein specified unless the context clearly otherwise requires:

"Accountants" shall mean an independent firm of certified public accountants of suitable standing, or the Office of the Auditor of the State of South Carolina, which audits the books and accounts of the State Board relating to the Facility.

"Annual Principal and Interest Requirement" shall mean the sum of the payments required to be made by the State Board in any Fiscal Year with respect to the principal and any mandatory sinking fund payments of and interest on the Bonds.

"Authorized Investments" shall mean

~~those investments authorized under Section 11-9-660, Code of Laws of South Carolina, 1976, as now or hereafter amended.~~ (A) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
2. Federal Housing Administration Debentures (FHA)
3. General Services Administration
Participation Certificates
4. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates)
5. U.S. Maritime Administration
Guaranteed Title XI financing
6. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds

(C) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System

601989

Senior debt obligations (Consolidated debt obligations)

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates (Mortgage-backed securities)
Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
6. Farm Credit System
Consolidated systemwide bonds and notes

(D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAAM; or AAM.

(E) Certificates of deposit ("CD's") secured at all times by collateral described in (A) and/or (B) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1+ or better by S&P.

The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(F) CD's, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(G) Investment Agreements, including guaranteed investment contract ("GIC's"), acceptable to MBIA.

(H) Commercial paper rated "Prime - 1" by Moody's and "A-1+" or better by S&P.

(I) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(J) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1+" by S&P.

(K) Repurchase agreements ("Repos") provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the municipal entity and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by S&P and Moody's, or
 - b. Banks rated "A" or above by S&P and Moody's.
2. The written Repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (i) Direct U.S. governments
 - (ii) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
 - b. The term of the Repo may be up to 30 days
 - c. The collateral must be delivered to the State Board, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. The Trustee has a perfected first priority security interest in the collateral.
 - e. The collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a Repo or reverse Repo.
 - f. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.
 - g. Valuation of Collateral
 - (i) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (a) The value of collateral must be equal to one hundred four percent (104%) of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below one hundred four percent (104%) of the value of the cash transferred by the State Board, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLNC, then the value of collateral must equal one hundred five percent (105%).

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3. Legal opinion which must be delivered to the State Board:

- a. Repo meets guidelines under State law for legal investment of State funds.

(L) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

"Bond Counsel" shall mean any firm of attorneys which is nationally recognized as bond counsel in the field of public finance.

"Bond Payment Date" shall mean each ~~March~~ June 1 and ~~September~~ December 1, on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds.

"Bond Resolution" shall mean this resolution as from time to time supplemented or amended.

"Bondholder" or "Holder", or any similar term, when used with reference to the Bonds, shall mean any Person who shall be the registered owner of any Outstanding Bond.

"Bonds" shall mean the State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility), issued in accordance with the provisions of the Enabling Act and this Bond Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and the Treasury Regulations issued thereunder or applicable thereto, as from time to time in force.

"Corporate Trust Office", when used with respect to the Paying Agent and/or the Registrar, shall mean the office at which the principal corporate trust business of such party shall be administered.

"Counsel" shall mean an attorney duly admitted to practice law before the highest court in South Carolina, who is not a full-time employee of the State, but may include an opinion issued by the Office of the Attorney General of South Carolina.

"Debt Service Fund" shall mean the fund established pursuant to Section 7.03 hereof.

"Debt Service Reserve Fund" shall mean the fund established pursuant to Section 7.04 hereof.

"Debt Service Reserve Fund Shortfall" shall mean the Reserve Requirement less amounts on deposit in the Debt Service Reserve Fund.

"Debt Service Reserve Surety Bond" shall mean the Debt Service Reserve Surety Bond issued by MBIA to provide for satisfaction of the Reserve Requirement.

"Enabling Act" shall mean Section 139 of Part I of Act bearing Ratification Number R-609, enacted at the 1994 Session of the South Carolina General Assembly, as now or hereafter amended.

"Facility" shall mean the office building at 3150 Harden Street Extension in the City of Columbia, South Carolina, containing approximately 68,253 square feet, including the approximately 1.54 acre parcel of land on which such building is located and also including an adjacent parcel of approximately .96 acres.

"Financial Guaranty Agreement" shall mean the Financial Guaranty Agreement between the State Board and MBIA providing for, among other things, repayment by the State Board to MBIA of amounts advanced by MBIA under the Debt Service Reserve Surety Bond.

"Fiscal Year" shall mean the period of twelve (12) calendar months, beginning on July 1st of each year and ending with June 30th of the succeeding year, unless and until the same shall have been changed by the State.

"Government Obligations" shall mean and include direct general obligations of the United States of America or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

"Insurer Default" shall mean any of the following: (a) there shall occur a default in the payment by MBIA of principal or purchase price of or any interest on any Bond when required to be made by the Municipal Bond Insurance Policy, (b) the Municipal Bond Insurance Policy shall have been declared null and void or unenforceable in a final determination by a court of law, (c) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of MBIA in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of MBIA or for any substantial part of its property or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of thirty (30) consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding; or (d) MBIA shall voluntarily suspend transaction or its business, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of MBIA or for any substantial part of its property, or shall make a general assignment for the benefit of creditors.

"MBIA" shall mean Municipal Bond Investors Assurance Corporation, and its successors.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the State Board by notice to the Trustee.

"Mortgage" shall mean the Mortgage and Security Agreement, if any, with respect to the Facility, from the State Board to the Trustee, including any amendments thereto.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by MBIA simultaneously with the delivery of the Bonds, insuring the payment of the principal of and interest on all or any of the Bonds in accordance with the terms thereof.

"Outstanding", when used with reference to the Bonds, shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (a) Bonds cancelled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other bonds shall have been executed and delivered;
- (c) Bonds deemed to have been paid as provided in Article XIII hereof; and

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(d) for purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds, Bonds held by, or for the account of, the State Board, or by any person controlling, controlled by or under common control with the State Board.

"Participants" shall mean those broker-dealers, banks and other financial institutions for which the Securities Depository holds Bonds as securities depository.

"Paying Agent" shall mean the bank or trust company appointed by the State Board from time to time as Paying Agent in accordance with Section 12.15 hereof.

"Record Date" shall mean the 15th day of the month preceding each Bond Payment Date.

"Registrar" shall mean any bank or trust company appointed by the State Board from time to time as Registrar in accordance with Section 12.14 hereof to serve as Registrar for the Bonds.

"Reserve Requirement" shall mean (a) moneys and/or Authorized Investments or (b) ~~a surety bond of an insurance policy or surety bond of a municipal bond insurance company~~ rated in the highest rating category by Moody's Investors Service, Inc. and Standard and Poor's Corporation and S&P and, if rated by A.M. Best & Company, rated in the highest category of A.M. Best & Company, or (c) a combination of (a) and (b), in an amount equal to the lesser of (i) one hundred percent (100%) of the greatest remaining Annual Principal and Interest Requirement with respect to the Bonds Outstanding, determined at the time such calculation is made, or (ii) ten percent (10%) of the proceeds of the Bonds (computed in accordance with Section 148(d)(2) of the Code).

"Revenues" shall mean:

- (a) all rentals, receipts and revenues derived from the operation of the Facility,
- (b) all proceeds from the sale or other disposition of the Facility, and
- (c) all interest and other income received directly or indirectly from the investment of any moneys or accounts pledged to the payment of the Bonds.

"Revenue Fund" shall mean the fund, account or accounts to be established pursuant to Section 7.02 hereof.

"Representation Letter" shall mean the letter of representations to The Depository Trust Company, New York, New York, from the State Board and the Trustee, relating to the Bonds, as amended and supplemented from time to time.

"S&P" shall mean Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the State Board by notice to the Trustee.

"Securities Depository" shall mean The Depository Trust Company, New York, New York, or other recognized securities depository selected by the State Board, which securities depository maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and

immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

"State" shall mean the State of South Carolina.

"State Board" shall mean the State Budget and Control Board of South Carolina, or any successor body.

"State Treasurer" shall mean the State Treasurer of the State.

"Trustee" shall mean the State Treasurer or the trust company or financial institution which is authorized by the State Board to be the custodian of the funds established under this Bond Resolution.

Section 2.02. Interpretations. In this Bond Resolution, unless the context otherwise requires:

(A) Articles, sections and paragraphs referred to by number shall mean the corresponding articles, sections and paragraphs of this Bond Resolution.

(B) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(C) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Bond Resolution refer to this Bond Resolution or sections or paragraphs of this Bond Resolution and the term "hereafter" means any date after the date of adoption of this Bond Resolution.

(D) References to the payment of principal of Bonds shall be deemed to include payment of principal both at maturity, upon optional redemption and upon mandatory redemption pursuant to any sinking fund payment obligations.

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ARTICLE III

AUTHORIZATION AND TERMS OF BONDS

Section 3.01. Principal Amount of Bonds; Designation of Bonds. Pursuant to the provisions of this Bond Resolution and the Enabling Act, there is hereby authorized an issue of lease revenue bonds in the aggregate principal amount of ~~not exceeding \$7,700,000~~ \$6,880,000. The principal amount of Bonds to be sold and issued pursuant to this Bond Resolution shall be determined by the State Treasurer and shall be established by the Notice of Sale herein authorized. The Bonds shall be designated "State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility)".

Section 3.02. Purposes. The Bonds are authorized for the principal purposes of defraying the cost of acquisition of the Facility, providing for a debt service reserve for the Bonds and paying certain costs and expenses relating to the issuance of the Bonds including premium on a policy of bond insurance if the State Treasurer shall so determine.

Section 3.03. Maturity Schedule; Date; Interest Payment Dates. The Bonds shall mature on ~~September~~ ~~December~~ 1 in the principal amounts and in the years as follows:

<u>Year</u>	<u>Principal Amount</u>
1995	\$230,000
1996	235,000
1997	250,000
1998	255,000
1999	270,000
2000	290,000
2001	295,000
2002	315,000
2003	335,000
2004	350,000
2005	370,000
2006	390,000
2007	415,000
2008	440,000
2009	465,000
2010	495,000
2011	520,000
2012	560,000
2013	590,000
2014	630,000
<u>The Amount</u>	

1995	\$145,000
1996	215,000
1997	225,000
1998	235,000
1999	250,000
2000	260,000
2001	270,000
2002	285,000
2003	305,000
2004	315,000
2005	335,000
2006	355,000
2007	370,000
2008	400,000
2009	415,000
2010	445,000
2011	470,000
2012	495,000
2013	530,000
2014	560,000

The principal maturities herein provided shall be adjusted by the State Treasurer in conjunction with the establishment of the principal amount of the Bonds pursuant to Section 3.01; such principal maturities shall be established by the Notice of Sale herein authorized.

The Bonds shall bear interest at rates determined in the manner prescribed by Section 3.04 and Article VI hereof, on the basis of a 360-day year of twelve 30-day months. The Bonds shall be dated as of the first day of the month in which the same are delivered (the "Date of Issue"). Interest on the Bonds shall be payable on ~~March June~~ 1, 1995, and semiannually thereafter on ~~September December~~ 1 and ~~March June~~ 1 of each year until payment of the principal thereof.

Section 3.04. Conditions Relating to Naming of Interest Rates.

(A) The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds referred to in Section 6.01 hereof reflect the lowest net interest cost to the State Board, calculated in the manner hereinafter prescribed; provided, however, that:

(1) All Bonds of the same maturity shall bear the same rate of interest;

(2) Each interest rate named shall be a multiple of 1/20th of one (1%) percent with no greater than two (2%) percent between the highest and lowest interest rates named by a bidder.

(3) If the State Treasurer shall so determine, the interest rate for any maturity shall not be lower than the interest rate specified for any prior maturity.

(B) For the purpose of determining the award of the sale of the Bonds as referred to in Article VI hereof, net interest cost shall be determined by computing the total dollar interest cost from the date of the Bonds to the respective maturity dates and deducting the amount of the premium offered, if any, over and above the principal amount. In the event of more than one proposal specifying the lowest such rate, the Bonds shall be awarded to the bidder whose proposal is selected by lot or by such other method as those submitting such tie bids and the State Treasurer shall agree upon. For purposes of determining the best bid, the lowest net interest cost shall be calculated based on the amount of the Bonds being offered.

Section 3.05. Payment of Interest.

(A) Each of the Bonds shall be authenticated, as provided in Section 3.10 hereof, on such date as it shall be delivered and shall bear interest from the later of the Date of Issue, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event, each such Bond shall bear interest from the earlier of such authentication date, or the date to which interest has been paid.

(B) The interest on all Bonds shall be paid by check of draft mailed from the office of the Paying Agent to the person in whose name the Bond is registered at the close of business on the applicable Record Date.

Section 3.06. Denomination; Numbering. The Bonds shall be issued in the denomination of \$5,000 or any multiple thereof, not exceeding the principal amount of the Bonds maturing in such year. Each Bond shall be numbered by the Registrar in such a fashion as to reflect the fact that it is one of the Bonds, and to identify the Holder thereof on the books kept by the Registrar.

Section 3.07. Appointment of Paying Agent and Registrar. As long as any Bond remains Outstanding under this Bond Resolution, the State Board shall maintain a Paying Agent and a Registrar therefor. The State Treasurer is hereby authorized to appoint, following receipt of proposals, a financial institution to act as Paying Agent and Registrar under this Bond Resolution. The financial institution so appointed shall signify its acceptance of the duties as Paying Agent and Registrar. The Bonds shall be presented for payment, and notices and demands to or upon the Trustee and the State Board in respect of the Bonds may be served, at the Corporate Trust Office of the Paying Agent. The Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of this Bond Resolution at the Corporate Trust Office of the Registrar.

Section 3.08. Form of Bonds. The Bonds, together with the Certificate of Authentication, Statement of Insurance, Assignment and certificate of Bond Counsel opinion to appear thereon, are to be in substantially the form attached hereto as Exhibit "A" with necessary and appropriate variations, omissions and insertions as permitted or required by this Bond Resolution.

Section 3.09. Execution of Bonds.

(A) The Bonds shall be executed in the name of and on behalf of the State Board by the Chairman or Vice Chairman of the State Board, the corporate seal of the State shall be impressed or reproduced thereon and the same shall be attested by the Secretary of the State Board. Such officers may employ facsimiles of their signatures and of the seal. The Bonds shall be signed by a person holding office at the time the Bonds are printed and are ready for delivery.

(B) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 3.10. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Registrar shall be entitled to any right or benefit under this Bond Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Resolution. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized officer of the Registrar.

Section 3.11. Medium of Payment. The Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

Section 3.12. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the State Board may execute and the Registrar may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the State Board and to the Registrar evidence of such loss, theft or destruction satisfactory to the State Board and the Registrar together with indemnity satisfactory to them. In the event any such Bond shall have matured instead of issuing a duplicate Bond, the State Board may pay the same. The State Board and the Registrar may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

Section 3.13. Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the State Board shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Registrar at the corporate trust office of such Registrar. The transfer of each Bond may be registered only upon the registration books of the State Board kept by the Registrar for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney. Upon the registration or transfer of any Bond, the Registrar will authenticate and deliver, subject to the provisions of Section 3.15 hereof in the name of the transferee, a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(B) The State Board, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the State Board as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all

other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the State Board, the Trustee, the Paying Agent and Registrar shall be affected by any notice to the contrary.

Section 3.14. Interchangeability of Bonds. Bonds, upon surrender thereof at the office of the Registrar with written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 3.15 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity and of any other authorized denominations.

Section 3.15. Regulations With Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the State Board shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the State Board nor the Registrar shall be required to issue, exchange or transfer (i) any Bond during the fifteen (15) days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business fifteen (15) days immediately preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the mailing of notice of such redemption or (iii) any Bonds called for redemption in whole or in part.

Section 3.16. Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds. Upon the surrender of mutilated Bonds pursuant to Section 3.12 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 3.17. Payments Due on Saturdays, Sundays and Holidays. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds 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 principal of, premium (if any) or interest on the Bonds need not be made on such date but may be made on the next succeeding business day which is not a Saturday, Sunday or legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 3.18. Book-Entry System. Notwithstanding anything to the contrary herein, so long as the Bonds are being held under the book-entry system pursuant to this Section 3.18, transfers of beneficial ownership of the Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Bonds shall be initially issued under a book-entry system and shall be held thereunder except as provided in this Section 3.18. The Bonds shall be initially issued in the form of separate, single, authenticated, fully-registered Bonds in the amount of each separately stated maturity of the Bonds and shall be registered on the registration books of the State Board in the name of the name of the Securities Depository Nominee. So long as the book-entry system is in effect, the Securities Depository Nominee will be recognized as the Holder of the Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Bonds, (ii) selecting the Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under this Bond Resolution, (iv) registering the transfer of Bonds, and (v) requesting any consent or other action to be taken by the Holders, and for all other purposes whatsoever, and neither the Trustee nor the State Board shall be affected by any notice to the

contrary. Neither the Trustee, the Paying Agent nor the State Board shall have any responsibility or obligation to any Participant, any beneficial owner of Bonds or any other person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other person which is not shown on the registration books of the State Board as being a Holder of Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment to the Securities Depository, any Participant or any beneficial owner of Bonds of any amount in respect of the principal of, premium, if any, or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders under this Bond Resolution, (iv) the selection by the Securities Depository or any Participant or any other person to receive payment in the event of a partial redemption of the Bonds or (v) any other action taken by the Securities Depository as Holder of the Bonds. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

In the event that the State Board determines that it is in the best interest of the State Board not to continue the book-entry system of transfer or that the interest of the beneficial owners of the Bonds may be adversely affected if the book-entry system of transfers is continued, then, the State Board shall notify the Securities Depository and the Trustee of such determination and the Securities Depository shall immediately notify the Participants of the availability, through the Securities Depository, of physical Bonds. In such event, the State Board shall execute and the Trustee shall authenticate, register and deliver physical Bonds as requested by the Securities Depository or any Participant or beneficial owner of Bonds in appropriate authorized denominations in exchange for the Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Bonds at any time by giving notice to the State Board and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the State Board may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the State Board shall either (i) engage the services of another Securities Depository or (ii) deliver physical Bonds in the manner described above.

Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as Securities Depository Nominee, all payments with respect to the principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to The Depository Trust Company, New York, New York, as provided in the Representation Letter.

In connection with any notice or other communication to be provided to the Holders by the State Board or the Trustee with respect to any consent or other action to be taken by the Holders, the State Board or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

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ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Optional Redemption.

(A) The Bonds are not subject to redemption prior to ~~September~~ December 1, 2004, except in the event that the Facility, or substantially all of the Facility shall have been damaged, destroyed or otherwise rendered unavailable for its intended use by the State Board. In such event the State Board shall so advise the Trustee within ninety (90) days of the event resulting in such damage, destruction or unavailability of its election to redeem the Bonds and the Bonds shall be redeemed on the earliest date following notice of redemption as hereinafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

(B) The Bonds maturing on ~~September~~ December 1, 2005, and thereafter, shall be subject to redemption prior to maturity, at the option of the State Board, on and after ~~September~~ December 1, 2004, in whole at any time or in part, on any ~~March~~ June 1 or ~~September~~ December 1, upon notice as hereinafter provided, at the respective redemption prices set forth below, expressed as a percentage of the principal amount of such Bonds to be so redeemed, plus interest accrued to the redemption date:

Period During Which Redeemed
(both dates inclusive)

Redemption Price ~~September~~ Price

~~December~~ 1, 2004 through ~~August~~ 31, 2005

102%

102% ~~September~~ November 30, 2005

~~December~~ 1, 2005 through ~~August~~ 31, November 30, 2006

101

~~September~~ December 1, 2006 and thereafter

100

(C) In the event that the State Board shall from time to time, in accordance with the provisions of Section 4.01 (A) or (B) hereof, elect to redeem the Bonds, it shall give notice to the Registrar and Paying Agent of each optional redemption. Such notice shall specify the date fixed for redemption and, if less than all Bonds are to be redeemed, the amount and maturities of the Bonds which are to be redeemed. Anything to the contrary herein notwithstanding, no Bonds shall be redeemed unless and until all amounts owed to MBIA under the Financial Guaranty Agreement or otherwise hereunder shall have been paid in full.

Section 4.02. Notice of Redemption. If any of the Bonds, or portions thereof, are called for redemption, the Registrar shall give notice to the Holders of any Bonds to be redeemed in the name of the State Board, of the redemption of such Bonds, or portions thereof, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first class mail at least thirty (30) days prior to the date fixed for redemption to the Holder of each Bond to be redeemed, at the address shown on the registration books; provided, however, that failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. Provided funds for their redemption are on deposit with the Trustee, Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

002001

Section 4.03. Selection of Bonds To Be Redeemed. (A) In the event of redemption of less than all of the Bonds or all of the Bonds of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected in such order of maturity as shall be determined by the State Board and by lot within a maturity by the Registrar; provided, however that the portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination. If there shall be drawn for redemption less than all of a Bond, the State Board shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same maturity in any authorized denomination.

(B) Notwithstanding the provisions of subsection (A) above, if the Bonds are being held under a book-entry system pursuant to Section 3.18 hereof, the Securities Depository shall select or arrange for the selection for redemption of beneficial ownership interests of Participants in Bonds of a particular maturity in such manner as it shall deem fair and equitable and pursuant to its rules and procedures. Subject to the provisions of the Representation Letter concerning partial redemption, upon surrender of any Bond redeemed in part only, the State Board shall execute and the Trustee shall authenticate and deliver to the Holder thereof, without expense to such Holder, a new Bond or Bonds of the same maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.04. Cancellation of Bonds Which Have Been Redeemed. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the State Board. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.05. Purchase of Bonds. The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the State Board at such time, in such manner and at such price as may be specified by the State Board. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Resolution.

002002

ARTICLE V

SECURITY FOR BONDS; RATES AND CHARGES; TAX EXEMPTION

Section 5.01. Security for Payment of Bonds and Amounts Due to MBIA; Pledge of Revenues and Funds. There is hereby created a security interest in the Revenues and in the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund in favor of the Holders of the Bonds and, on a subordinate basis, MBIA, and such Revenues and Funds are pledged for the payment of the principal, premium, if any, and interest on each and every Bond as and when the same shall become due, and for the payment of amounts due to MBIA under the Financial Guaranty Agreement or otherwise hereunder. If, in the judgement of the State Treasurer, the securing of the Bonds with a Mortgage is in the interest of the State, the Bonds and amounts due to MBIA, shall also be secured by a Mortgage on the Facility.

Section 5.02. Rate Covenant.

(A) The State Board has heretofore established rates and charges for utilization and occupancy of the Facility. It is hereby determined that the rates and charges for utilization and occupancy of the Facility shall, until otherwise revised in accordance with this Bond Resolution, be as now established. Said rates and charges and revenues from the Facility are determined to be sufficient to meet the requirements of this Bond Resolution but shall be revised whenever necessary in order that the same shall at all times be maintained on a basis sufficient to meet the requirements of this Bond Resolution. In this connection, the State Board specifically covenants and agrees to maintain and collect rates and charges for use and occupancy of the Facility which shall at all times be sufficient:

(1) To provide for the punctual payment of the principal of and interest on all Bonds that may from time to time hereafter be Outstanding;

(2) To maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds;

(3) To maintain the Debt Service Reserve Fund in the manner herein prescribed;

(4) To provide for the payment of the expenses of administration, operation and maintenance of the Facility as may be necessary to preserve the same in good repair and condition; and

(5) To discharge all obligations imposed by the Enabling Act and by this Bond Resolution and by the Financial Guaranty Agreement.

(B) The State Board covenants and agrees that it will at all times prescribe and maintain and thereafter collect rates and charges for the use and occupancy of the Facility which, in the aggregate, are reasonably expected to yield annual Revenues in the current Fiscal Year equal to at least one hundred ten percent (110%) of the Annual Principal and Interest Requirement for the Bonds Outstanding in such Fiscal Year and one hundred percent (100%) of any required deposit to the Debt Service Reserve Fund; and, promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for such use and occupancy and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement.

Section 5.03. All Bonds Equally and Ratably Secured. All Bonds from time to time outstanding hereunder shall be equally and ratably secured as to principal, premium (if any) and interest by the pledge of Revenues created hereunder and the lien of the Mortgage, if any, without preference, priority or distinction of any Bond or payment in respect thereof over any other Bond or payment in respect thereof.

inuring to the benefit of all Holders or beneficiaries of said Bonds.

ARTICLE VI

SALE OF BONDS; DISPOSITION OF PROCEEDS

Section 6.01. Sale of Bonds; Determination of Time to Receive Bids; Form of Notice of Sale.

The Bonds shall be sold at public sale at par, or at such discount or premium as may be determined by the State Treasurer. Bids for such sale shall be received until 11:00 o'clock a.m. (local time) on a date to be selected by the State Treasurer. The Bonds shall be advertised for sale in ~~THE BOND BUYER, a financial journal published in the City of New York, New York. The notice shall appear in the foregoing publication at least once and not less than ten (10) days before the date set for said sale~~ such manner as shall be determined by the State Treasurer. A Notice of Sale shall also accompany the Preliminary Official Statement relating to the Bonds. The form of said Notice of Sale shall be in substantially the form attached hereto as Exhibit "B", with such changes, including changes in principal amount and principal maturities, as the State Treasurer may hereafter deem necessary.

Section 6.02. Award of the Bonds. The State Treasurer is hereby authorized and empowered to award the sale of the Bonds to the bidder naming the lowest net interest cost to the State Board, without further action on the part of the State Board.

Section 6.03. Official Statement. In connection with the offering of the Bonds, the State Treasurer is hereby authorized to prepare and distribute an official statement relating to the Bonds.

Section 6.04. Condition to Delivery of Bonds. As a condition to the delivery of the Bonds, there shall have been delivered to the State Board marketable title to that portion of the Facility to be owned by the State Board and a valid leasehold interest in the adjacent property included in the Facility, which leasehold interest expires or may be terminated by the lessor no earlier than the date of final maturity of any Bonds Outstanding hereunder.

Section 6.05. Disposition of Proceeds. The proceeds derived from the sale of the Bonds shall be applied and disposed of as follows:

(A) Any accrued interest shall be deposited in the Debt Service Fund and applied to the payment of the first installment of interest to become due on the Bonds;

(B) Any premium shall be deposited in the Debt Service Fund and applied to the payment of the first installment of principal to become due on the Bonds;

~~(C) So much as shall be required to fully fund the Debt Service Reserve Fund shall be deposited therein; and~~

~~(D)(C)~~ The remaining proceeds of the sale of the Bonds shall be applied to the payment of the purchase price of the Facility and to pay the cost of issuance of the Bonds including the premium for the Municipal Bond Insurance Policy and the Debt Service Reserve Surety Bond.

In the event any proceeds of the sale of the Bonds remain following the foregoing deposits and expenditures, such amounts shall be deposited in the Debt Service Fund and applied to payment of amounts due on the Bonds.

002005

ARTICLE VII

ESTABLISHMENT OF FUNDS

Section 7.01. Requirement for Special Funds. For so long a time as any sum remains due and payable by way of principal or interest on the Bonds, the following funds or accounts relating to the Revenues shall be established and maintained, and deposits shall be made therein in the manner herein required. The Trustee may, in its discretion or at the request of the State Board, establish different accounts within any of the funds for the purpose of identifying Revenues deposited to a fund by source or ultimate use.

Section 7.02. The Revenue Fund.

(A) There shall be established and maintained with the Trustee a fund designated as the Revenue Fund. Money in the Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof.

(B) Money in the Revenue Fund shall be invested and reinvested in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in the Revenue Fund shall accrue to the benefit of the Revenue Fund.

Section 7.03. The Debt Service Fund.

(A) There shall be established and maintained with the Trustee a fund designated as the Debt Service Fund. The Debt Service Fund is intended to provide for the payment of the principal of, premium, if any, and interest on all Bonds as the same respectively fall due. Payments into the Debt Service Fund shall be made in the manner prescribed by this Bond Resolution, including the applicable provisions of Article VIII hereof, and, except as herein provided, all money in the Debt Service Fund shall be used solely to pay the principal of, premium, if any, and interest on the Bonds, and for no other purpose.

(B) The Debt Service Fund shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Fund shall be made only by the Trustee who shall transmit to the Paying Agent, for Payment to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the Bonds.

(C) Money in the Debt Service Fund shall be invested and reinvested in Authorized Investments, maturing not later than the date on which such money is required to pay the interest and or the principal and interest next maturing. Any earnings on investment of money in the Debt Service Fund shall accrue to the benefit of such Fund.

Section 7.04. The Debt Service Reserve Fund.

(A) There shall be established and maintained by the Trustee a fund designated as the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be maintained so long as Bonds shall be Outstanding for the equal and ratable benefit of all Outstanding Bonds. The Debt Service Reserve Fund is intended to ensure the timely payment of the principal of and interest on the Bonds, and to provide for the redemption of Bonds prior to their stated maturities. There shall be deposited in the Debt Service Reserve Fund the amounts specified in Section 8.03 hereof, together with any other moneys paid to the Trustee with instructions therefor. Money in the Debt Service Reserve Fund, or proceeds of any insurance policy or surety bond used to satisfy the Reserve Requirement, shall be used for the following purposes, and for no other, viz.:

(1) to prevent a default in the payment of the principal of or interest on the Bonds, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes;

(2) to pay the principal of, interest on, and premium, if any, of the Bonds in the event that all Outstanding Bonds be redeemed as a whole; or

(3) to effect partial redemption of the Bonds or to be transferred to the State Board; provided that subsequent to said partial redemption or transfer, the market value of the cash and securities in the Debt Service Reserve Fund shall be not less than the Reserve Requirement.

(B) The Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Reserve Fund shall be made only by the Trustee who shall, without further direction or authorization, transmit to the Paying Agent, for payment to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the Bonds in the event amounts on deposit in the Debt Service Fund and available therefor are not sufficient for such purposes.

(C) The Debt Service Reserve Fund shall be invested and reinvested in Authorized Investments having maturities not exceeding five (5) years. Any earnings on investment of money in the Debt Service Reserve Fund shall accrue to the benefit of the Debt Service Reserve Fund. The Trustee shall calculate the value of the Debt Service Reserve Fund (at current market value) within thirty (30) days following each Bond Payment Date. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the maximum amount allowed to be maintained in a debt service reserve fund by Section 148 of the Code, such excess shall either be used to effect partial redemption of Bonds, or shall be removed from the Debt Service Reserve Fund and transferred to the Debt Service Fund. Whenever, and as of any date of calculation, the value of securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement such excess may either be used to effect partial redemption of Bonds or may be removed from the Debt Service Reserve Fund and transferred to the Debt Service Fund.

Section 7.05. Pooled Investments. Investments authorized by this Article VII may be made by the Trustee in pooled investments or common trust funds provided that the securities and/or other obligations comprising such pooled or common investments qualify as Authorized Investments or Government Obligations, as the case may be.

002007

ARTICLE VIII

DISPOSITION OF REVENUES

Section 8.01. Disposition of Revenues; Deposits to Revenue Fund; Dispositions Therefrom.

(A) Prior to the occurrence of an Event of Default specified in Section 11.01(A) or (B) of this Bond Resolution, the State Board shall hold and control all Revenues (other than those comprising earnings in Funds established hereunder) and shall apply therefrom such amounts as shall be required to satisfy its obligations under this Bond Resolution.

(B) The State Board covenants that if an Event of Default specified in Section 11.01(A) or (B) of this Bond Resolution shall have occurred and be continuing, then at the request of the Trustee, all Revenues shall be deposited to the credit of the Revenue Fund until such Event of Default has been cured or waived by the Trustee and shall be applied as provided in Section 11.04 hereof.

(C) Any moneys remaining in the Revenue Fund when the State Board is no longer required to make daily deposits of Revenues as hereinabove provided shall be paid to the State Board.

Section 8.02. Deposits to the Debt Service Fund. The State Board covenants to provide for the payment of the principal of and interest on all Bonds then Outstanding, all without priority of any Bonds over others. To that end:

(A) At least fifteen (15) days before each Bond Payment Date, there shall be deposited into the Debt Service Fund an amount sufficient, together with amounts already on deposit in the Debt Service Fund, to discharge all interest to become due on the Bonds on the next ensuing Bond Payment Date; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Bonds, pursuant to any other provision of this Bond Resolution, or by reason of investment earnings, then, in such event, the deposits required by this paragraph (A) may be omitted, or reduced accordingly.

(B) At least fifteen (15) days prior to each Bond Payment Date, there shall be deposited into the Debt Service Fund a sum equal to one-half (1/2) of the aggregate amount of principal to become due on the next Bond Payment Date on which payment of principal is due; provided, however, that if provision has been made for the payment of all or part of either of the above-referenced installments of principal to become due on the Bonds, pursuant to any other provision of this Bond Resolution, or by reason of investment earnings, then, in such event, the deposits required by the preceding sentence of this paragraph may be omitted, or reduced accordingly.

Section 8.03. Deposits to the Debt Service Reserve Fund. Unless the Debt Service Reserve Fund then contains in cash and securities an amount at least equal to the Reserve Requirement, the State Board shall pay into the Debt Service Reserve Fund on or before the end of the Fiscal Year the Debt Service Reserve Fund Shortfall.

To the extent that there has been a draw upon the Debt Service Reserve Fund or the Debt Service Reserve Fund Surety Bond, the State Board shall deposit to the Debt Service Reserve Fund within one hundred eighty (180) days of the date of the draw money sufficient first, to reimburse MBIA for any draw on the Debt Service Reserve Fund Surety Bond, then, to the extent required, to bring the balance in the Debt Service Reserve Fund to the Reserve Requirement.

Section 8.04. Use of Revenues for Other Lawful Purposes. Provided that deposits to funds have been made in the amounts required and on or before the dates required by Sections 8.02 and 8.03, and any amounts owed to MBIA under the Financial Guaranty Agreement or otherwise hereunder have

been paid, in full, Revenues remaining may be used by the State Board for improvement, enlargement or extension of the Facility, or to payment of Bonds then Outstanding or for any other lawful purposes.

Section 8.05. Disposition of Excess Moneys in Funds. Whenever there shall no longer be any Bond Outstanding under this Bond Resolution and all fees and expenses of the Trustee and Paying Agents and all other sums due and owing hereunder or owing to MBIA under the Financial Guaranty Agreement have been paid or due provision made for such payment, all moneys then remaining in any fund (exclusive of moneys, if any, held therein for the purposes of Article XIII) shall, if an Event of Default as defined herein shall not then exist or be continuing, be paid to the State Board, exclusive, however, of any moneys then credited to any fund required for payment to the parties entitled thereto.

(B) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code and will observe and not violate the requirements of Section 144 of the Code.

(C) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code.

(D) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code.

(E) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code.

(F) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code.

Section 8.05 Insurance. (A) The State Board covenants and agrees that so long as any bonds are outstanding, it will maintain liability and casualty insurance for the Facility in an amount equal to the replacement cost of the Facility. The coverage shall not be less than the replacement cost of the Facility. The insurance shall be maintained by the State Board and the cost of the insurance shall be paid by the State Board. The insurance shall be maintained by the State Board and the cost of the insurance shall be paid by the State Board.

(B) That it will not make any use, and it will not allow the Trustee and each fiduciary to make any use of the proceeds of any bonds which it has not lawfully expended or the use of the proceeds of the bonds which it has not lawfully expended, within the meaning of Section 144 of the Code.

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ARTICLE IX

ADDITIONAL COVENANTS:

Section 9.01. Additional Covenants to Secure Bonds. The State Board further covenants and agrees:

(A) That neither the Facility, nor any part thereof, nor any of the Revenues or other income derived from the Facility, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for;

(B) That so long as there are any Bonds outstanding and unpaid, it will perform all duties with reference to the Facility required by the Constitution and statutes of the State, including without limitation the Act, and the State Board hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage or otherwise encumber the Facility or any part thereof, or any Revenues therefrom, except in the manner herein authorized, and it will not sell, lease or dispose of any portion of the Facility, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the State Board further obligates itself and covenants and agrees with the Bondholders to operate and maintain in good condition the Facility, and to collect and charge such rates for the use and occupancy of the Facility so that the income and Revenues of the Facility will be sufficient at all times to meet the requirements of this Bond Resolution;

(C) That it will not discriminate, nor permit discrimination, by its agents, lessees, or others operating the Facility in the use or occupancy thereof because of race, religion, creed or national origin;

(D) That it will ~~use its best efforts to~~ fully utilize the Facility for purposes of providing office space to State agencies and/or departments ~~which are leasing commercial office space prior to use by the State Board of any other source of permanent or temporary office space other than the Facility in the event the Facility shall be vacated by any tenant thereof;~~

(E) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the Facility and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given; and

(F) That it will not make any use, and it shall not direct the Trustee and each fiduciary to make any use of the proceeds of any Bonds which, if such use had been reasonably expected on the date of the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code.

Section 9.02. Insurance. (A) The State Board covenants and agrees that so long as any Bonds are Outstanding, it will maintain property and casualty insurance for the Facility in an amount (except as provided below) equal to replacement cost of the Facility. Such coverage shall apply exclusively to the Facility and must be available to repair or rebuild the Facility under all circumstances after the occurrence of an insured peril. Full payment of insurance proceeds up to the required policy dollar limit in connection with damage to the Facility shall, under no circumstances, be contingent on the degree of damage sustained at other facilities owned or leased by the State Board. The policy must explicitly waive any co-insurance penalty.

~~(A) That it will keep the Facility continuously insured under fire and extended coverage policies, in an amount at least equal to the face amounts of all Bonds Outstanding; provided, however, that in case the principal amount of such Outstanding Bonds shall be greater than the insurable value of the Facility, then the State Board shall insure the Facility to the extent of their insurable value;~~

(B) That in case of loss, and unless the State Board is entitled and elects to redeem the Bonds pursuant to Section 4.01(A) hereof, the proceeds of the casualty insurance referred to in paragraph (A) above shall be applied to repair or to restore such Facility, or the contents thereof, to their former condition, or in such manner as will make the Facility usable. If funds received from said insurance policies or from any other source by reason of such loss shall be insufficient to accomplish the foregoing, or shall exceed the amount necessary therefor, then, and in such event, the State Board shall remit such proceeds, or so much thereof as shall remain from the expenditure to repair the Facility, at a lesser cost, to the Trustee, who shall use the same solely for the redemption of Bonds at the earliest practicable date; and (B) If the State Board elects to provide property and casualty insurance only in an amount equal to the par amount of the Bonds, and insurance proceeds shall be paid to the Trustee and used to redeem the Outstanding Bonds in full unless such proceeds plus any additional funds deposited with the Trustee by the State Board are sufficient to fully rebuild or repair the Facility.

(C) That Copies of all insurance policies shall be delivered annually to MBIA's Surveillance Department and shall be open to the inspection of any Bondholder at any reasonable time.

(D) The State Board may provide the insurance coverage required by subsection (A) of this Section 9.02 through the South Carolina Insurance Reserve Fund (the "Fund") provided that the State Board shall, no less often than annually, provide MBIA a certificate that Fund reserves are anticipated to be adequate to cover anticipated claims thereon.

Section 9.03. Bond Payments Under the Municipal Bond Insurance Policy. So long as the Municipal Bond Insurance Policy shall be in full force and effect, the State Board and the Trustee hereby agree to comply with the following provisions:

(A) In the event that, on the second business day, and again on the business day, prior to any Bond Payment Date, the Trustee has not received sufficient monies to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, business day, the Trustee shall immediately notify MBIA or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the Bond Payment Date, the Trustee shall so notify MBIA or its designee.

(C) In addition, if the Trustee has notice that any Bondholder has been required to disgorge payments of principal or interest on the Bond to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify MBIA or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(D) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

(i) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent (as defined in the Municipal Bond Insurance Policy), in form satisfactory to the Insurance Paying Agent, an instrument appointing MBIA as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for interest to which such deficiency relates and which are paid by MBIA, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment

from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(ii) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing MBIA as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to MBIA of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which monies are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(E) Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the State Board with respect to such Bonds, and MBIA shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(F) Irrespective of whether any such assignment is executed and delivered, the State Board and the Trustee hereby agree for the benefit of MBIA that,

(i) They recognize that to the extent MBIA makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Bonds, MBIA will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the State Board, with interest thereon as provided and solely from the sources stated in this Resolution and the Bonds; and

(ii) They will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Municipal Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Resolution and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Holders, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

Section 9.04. Copies of Notices to MBIA. Any notice required to be given to any party pursuant to this Resolution, shall, at the time such notice is given, also be provided to MBIA in writing and sent by registered or certified mail or by overnight delivery, addressed to 113 King Street, Armonk, New York 10504, Attention: Manager, Surveillance Department.

Section 9.05. MBIA Consent to Certain Refunding Arrangements. In the event the Bonds, or any portion thereof, should be refunded in any transaction utilizing a forward supply contract or similar arrangement for the purchase of collateral or securities for the payment of the refunded Bonds, the prior written consent of MBIA to such contract or arrangement shall be an additional requirement to the defeasance of such Bonds under Article XIII of this Resolution.

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ARTICLE X

MODIFICATION OF RESOLUTION

Section 10.01. Modification Without Bondholder Approval.

(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 Bond 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 Bond Resolution, and to provide for other covenants and agreements thereafter to be observed relative to the operation, maintenance, construction or administration of the Facility;

(2) To surrender any right, power or privilege reserved to or conferred upon the State Board by this Bond Resolution; or

(3) To cure, correct and remove any ambiguity or inconsistent provisions contained in this Bond 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 Trustee and each Paying Agent.

Section 10.02. Modification with Bondholder Approval. The rights and duties of the State Board and the Bondholders and the terms and provisions of this Bond 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 and, so long as no Insurer Default shall have occurred and be continuing, MBIA.~~ Such Bondholder consent shall 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.~~ ~~However,~~ no such modification or alteration shall:

(A) Extend the maturity of any payment of principal or interest due upon any Bond;

(B) Effect a reduction in the amount which the State Board is required to pay by way of principal of, interest or redemption premium on any Bonds;

(C) Effect a change as to the type of currency in which the State Board is obligated to effect payment of the principal of, interest and redemption premiums of any Bond;

(D) Permit the creation of a pledge of or lien upon the Revenues of the Facility prior to or equal to the Bonds;

(E) Permit preference or priority of any Bonds to others;

(F) Alter or modify the provisions of Articles V, VII, or VIII hereof; or

(G) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Resolution;

without the consent of the Holders of all Bonds affected by such change or modification ~~and, so long as no Insurer Default shall have occurred and be continuing, MBIA.~~

Section 10.03. Procedure for Procuring Bondholder Approval. The State Board and the Trustee 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 Trustee and each 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 of each Series then Outstanding and, if no Insurer Default has occurred and is continuing, the consent of MBIA.

Section 10.04. Copies of Amendments to S&P. Copies of any amendments or supplements to this Bond Resolution shall be provided by the Trustee to S&P at 25 Broadway, New York, New York 10004 or such other address as may be designated by S&P to the Trustee in writing.

ARTICLE XI

EVENTS OF DEFAULT; REMEDIES

Section 11.01. Events of Default. The occurrence and continuation of any of the following events is hereby declared an "Event of Default" hereunder:

(A) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(B) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(C) The State Board shall default in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in this Bond Resolution, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the State Board by the Trustee or any Bondholder provided that in the case of default specified in this Paragraph (C), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an event of default if corrective action is instituted by the State Board within said thirty (30) day period and diligently pursued until the default is corrected.

If by reason of *force majeure* the State Board is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the State Board contained in any of Articles V, VII and VIII hereof as to which this paragraph shall have no application), The State Board shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the State Board, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the State Board, and the State Board shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the State Board unfavorable to the State Board.

Section 11.02. Acceleration; Annulment of Acceleration .

(A) Upon the happening of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the State Board, declare all Bonds Outstanding immediately due and payable; and in such event such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Bond Resolution to the contrary notwithstanding, provided that, so long as no Insurer Default has occurred and is continuing, the Bonds shall not be so declared due and payable without the consent of MBIA and the Trustee shall declare the Bonds due and payable at the direction of MBIA. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

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(1) Moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;

(2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;

(3) All other amounts then payable by the State Board hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and

(4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Notwithstanding the foregoing provisions of this Section 11.02(B), so long as no Insurer Default has occurred and is continuing, no such declaration shall be annulled without the consent of MBIA.

Section 11.03. Additional Remedies and Enforcement of Remedies.

(A) Upon the happening of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(1) Requiring the State Board to carry out its duties and obligations under the terms of this Bond Resolution;

(2) Suit upon all or any part of the Bonds;

(3) Civil action to require the State Board to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(5) Foreclosure of the Mortgage, if any;

(6) Enforcement of any other right of the Bondholders conferred by law or by this Bond Resolution including the right to make proper application to a court of competent jurisdiction for the appointment of a receiver to administer and operate the Facility. Such receiver shall be given full power to fix charges for the Facility, sufficient to provide for the payment of principal of Bonds and the interest thereon, and for the payment of the expenses of operating and maintaining such Facility, and to apply the income and revenues of the Facility to the payment of principal of such Bonds and the interest thereon.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised by Counsel shall be necessary or expedient:

(1) To prevent any impairment of the security under this Bond Resolution by any acts which may be unlawful or in violation of this Bond Resolution; or

(2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Notwithstanding the foregoing provisions of subsections (A) and (B) of this Section 11.03, so long as no Insurer Default has occurred and is continuing, no remedial action shall be taken by the Trustee without the consent of MBIA, and the Trustee shall take such remedial action as shall be directed by MBIA.

Section 11.04. Application of Revenues and Other Moneys After Default.

(A) The State Board covenants that if an Event of Default shall happen and shall not have been remedied, the State Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee for deposit in the Revenue Fund:

(1) Forthwith, all moneys and securities then held by the State Board which is credited to any Fund under this Bond Resolution; and

(2) As promptly as practicable after receipt thereof, all Revenues.

(B) During the continuance of an Event of Default, any amounts held by the Trustee shall be applied first to the payment of the reasonable and proper charges of the Trustee; thereafter, the Trustee shall apply all moneys, securities, Revenues, payments and receipts in its possession and the income therefrom in the Revenue Fund as follows and in such order as the Trustee shall determine:

(1) To the payment of the necessary costs of operating and maintaining the Facility; and

(2) To the payment of the interest and principal (and premium, if any) then due on the Bonds, as follows:

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

(i) *First:* To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(ii) *Second:* To the payment to the persons entitled thereto of the unpaid principal installments (and premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or

preference except as to any differences as to the respective rates of interest specified in the Bonds.

Section 11.05. Remedies Not Exclusive. No remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Resolution or existing at law or in equity or by statute on or after the date hereof.

Section 11.06. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 11.04 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 11.07. Majority of Bondholders Control Proceedings. If an Event of Default shall have occurred and be continuing, ~~notwithstanding anything in this Bond Resolution to the contrary and, if no Insurer Default has occurred and is continuing,~~ with the consent of MBIA, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Bond Resolution (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 11.07 shall impair the right of the Trustee in its discretion to take any other action under this Bond Resolution which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 11.08. Individual Bondholder Action Restricted .

(A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Resolution or for the execution of any trust hereunder or for any remedy under this Bond Resolution unless:

(1) An Event of Default has occurred:

- (a) under Paragraph (A) or (B) of Section 11.01 hereof;
- (b) as to which the Trustee has actual notice; or
- (c) as to which the Trustee has been notified in writing; and

(2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Resolution or to institute such action, suit or proceeding in its own name; and

(3) Such Bondholders shall have offered the Trustee reasonable indemnity; and

(4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

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(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Resolution or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Bond Resolution shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond

(1) to receive payment of the principal of or interest on such Bond on the due date thereof; or

(2) to institute suit for the enforcement of any such Payment on or after such due date.

Section 11.09. Termination of Proceedings. In case a proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the State Board, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 11.10. Waiver and Nonwaiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XI to the Trustee, MBIA and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution, provided, however, so long as no Insurer Default has occurred and is continuing, any such waiver shall be granted only at the direction, or with the consent, of MBIA.

(C) Notwithstanding anything contained in this Bond Resolution to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 11.02 hereof or subsection (B) of this Section 11.10 a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding, provided, however, so long as no Insurer Default has occurred and is continuing, any such waiver shall be granted only at the direction, or with the consent, of MBIA.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the State Board, the Trustee and the Bondholders shall be restored to their former positions and rights under this Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 11.10.

Section 11.11. Notice of Defaults.

(A) Within thirty (30) days after:

(1) The receipt of notice of an Event of Default as provided in Section 11.08(A)(1) hereof; or

(2) The happening of an Event of Default under paragraph (A) or (B) of Section 11.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal (together with premium, if any) of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall immediately notify the State Board and MBIA of any Event of Default known to the Trustee.

Section 11.10. Waiver and Notice of Event of Default

(A) No delay or extension of the Trustee or of any Holder of the Bonds in exercising any right or power accruing upon any Event of Default shall render any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XI to the Trustee, MBIA and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the time of such payment or before the time of such action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution, provided that such waiver is in writing and is signed by the Trustee and MBIA, and that such waiver shall be binding only on the Holders of the Bonds who are in possession of the Bonds at the time of such waiver.

(C) Notwithstanding anything contained to the contrary in this Bond Resolution or to the contrary, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, shall waive any Event of Default herein provided and its consequences, provided, however, that except under the circumstances set forth in subsection (B) of Section 11.10 hereof or subsection (B) of this Article XI, no such waiver shall be binding on the Holders of the Bonds who are not in possession of the Bonds at the time of such payment or before the time of such action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution, provided that such waiver is in writing and is signed by the Trustee and MBIA, and that such waiver shall be binding only on the Holders of the Bonds who are in possession of the Bonds at the time of such waiver.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the State Board, the Trustee and the Holders shall be bound to the same in all subsequent proceedings and rights under this Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or to any right or remedy thereunder. The Trustee shall not be responsible or answerable for waiving or refraining from waiving any Event of Default in accordance with this Section 11.10.

Section 11.11. Notice of Event of Default

(A) Within thirty (30) days after

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ARTICLE XII

TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

Section 12.01. Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee. The State Board hereby appoints the State Treasurer of the State of South Carolina as the Trustee. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder but the right of the Bondholders to appoint a trustee hereunder is limited to the circumstances contemplated by Section 12.10 hereof.

Section 12.02. Functions of Trustee. The Trustee shall have the following additional functions:

(A) To act as custodian of the Revenue Fund, the Debt Service Fund and the Debt Service Reserve Fund; and

(B) To make reports to the State Board on a monthly or such other basis as may be requested by the State Board, but not less often than semiannually:

(1) Establishing balances on hand; and

(2) Establishing the sufficiency of the Debt Service Reserve Fund.

Section 12.03. Duty of Trustee with Respect to Deficits in Debt Service Fund. It shall be the duty of the Trustee to maintain adequate records, verified with MBIA, as to the amount available to be drawn under the Debt Service Reserve Surety Bond and the amounts paid and owing to MBIA under the Financial Guaranty Agreement. It shall be the further duty of the Trustee to give written notice to the State Board ten (10) days prior to each Bond Payment Date, if there is any deficiency in the Debt Service Fund which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must otherwise be had to the Debt Service Reserve Fund to meet such deficiency. In the event that funds on deposit in the Debt Service Fund and the Debt Service Reserve Fund, and available for such purposes, on the fourth (4th) day preceding any Bond Payment Date shall not be sufficient to provide for the payment of amounts due on such Bond Payment Date with respect to the Bonds, the Trustee shall, not less than three (3) days prior to such Bond Payment Date deliver to MBIA a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond.

Section 12.04. Acceptance by Trustee Required. Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 12.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Resolution, by executing and delivering to the State Board a written acceptance thereof.

Section 12.05. Liability as to Recitals in Bond Resolution and Bonds. The recitals of fact made in this Bond Resolution and in the Bonds shall be taken as statements of the State Board, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Resolution or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 12.06. Trustee May Rely on Notices, Etc. The Trustee shall at all times be protected in acting upon any notice, resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 12.07. Trustee Permitted to Resign. The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving to the State Board and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and qualification of such successor.

Section 12.08. Removal of Trustee.

(A) The Trustee may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time Outstanding.

(B) The Trustee may likewise be removed at any time by the State Board with the consent and approval of the Holders of not less than fifty percent (50%) of the principal amount of the Bonds at such time Outstanding.

Section 12.09. Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged a bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by a resolution of the Board of Visitors duly adopted. Such successor shall in all instances be a bank or trust company duly chartered pursuant to the laws of the United States of America or of a state thereof, shall have at the time of its appointment a combined capital stock surplus and undivided profits of not less than \$100,000,000 and shall be authorized by law to perform all duties imposed upon it by this Bond Resolution and the Series Resolutions.

(B) Immediately following such appointment the State Board shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 12.10. When Bondholder May Seek Successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to Section 12.09 hereof, any Bondholder may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 12.11. Acceptance by Successor Trustee. Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the State Board a written acceptance of 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 its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the State Board, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 12.12. Effect of Trustee Merging With Another Bank. Any bank into which any Trustee may be merged, or with which it may be consolidated, or any bank resulting from any merger or consolidation to which it shall be a party, or any bank to which the Trustee may sell or transfer all or substantially all of its business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the State Board shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the State Board may at any time within thirty (30) days after such action name a new Trustee (with the qualifications prescribed by Section 12.09 hereof) in lieu of the Trustee then acting.

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Section 12.13. Disposition of Paid Bonds. It shall be the duty of the Registrar to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates to the State Board indicating the disposition of such Bonds. Upon effecting such cancellation, the Registrar shall furnish appropriate certificates to the State Board setting forth the disposition made of the Bonds so cancelled.

Section 12.14. Appointment of Registrar.

(A) The State Board shall from time to time appoint a Registrar or Registrars as Registrar of the Bonds of one or more Series. The Registrar shall be required to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the State Board, the Trustee and the Paying Agent at all reasonable times. In addition, the Registrar shall have the duty of authenticating the Bonds and such other duties as may be required of it under this Bond Resolution.

(B) Any Registrar shall be a bank or trust company duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$25,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution and the relevant Series Resolutions. The Registrar may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days notice to the Trustee and the Paying Agent. The Registrar may be removed at any time, at the direction of the State Board, by an instrument filed with the Registrar, the Trustee and the Paying Agent.

(C) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(D) In the event that the State Board shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the State Board shall not have appointed its successor as Registrar, the Trustee shall *ipso facto* be deemed to be the Registrar for all purposes of this Bond Resolution until the appointment by the State Board of the Registrar or successor Registrar, as the case may be.

Section 12.15. Appointment of Paying Agent.

(A) The State Board shall from time to time appoint a Paying Agent or Paying Agents as Paying Agent for the Bonds. The Paying Agent shall be required:

(1) to hold all sums held by it for the payment of the principal of, premium, if any, and interest on the Bonds in trust for the benefit of the Holders until such sums shall be paid to such Holders or otherwise disposed of as herein provided; and

(2) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the State Board and the Trustee at all reasonable times.

(B) Any Paying Agent shall be a bank or trust company duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days notice to

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the State Board and the Trustee. The Paying Agent may be removed at any time at the direction of the State Board, by an instrument filed with the Paying Agent and the Trustee.

(C) In the event of the resignation or removal of any Paying Agent, said Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

Section 11.11. Appointment of Paying Agent

(A) The State Board shall from time to time appoint a Paying Agent as hereinafter provided. The Paying Agent shall be a person or persons who shall be a resident of this State and who shall be a resident of the State of New York. The Paying Agent shall be a person or persons who shall be a resident of the State of New York and who shall be a resident of the State of New York.

(B) Any Paying Agent shall be a person or persons who shall be a resident of this State and who shall be a resident of the State of New York. The Paying Agent shall be a person or persons who shall be a resident of the State of New York and who shall be a resident of the State of New York.

(C) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(D) In the event that the State Board shall fail to appoint a Paying Agent, or in the event that the Paying Agent shall resign or be removed, or be dissolved, or be otherwise unable to perform its duties, the State Board shall have the right to appoint a new Paying Agent.

Section 11.12. Appointment of Paying Agent

(A) The State Board shall from time to time appoint a Paying Agent as hereinafter provided. The Paying Agent shall be a person or persons who shall be a resident of this State and who shall be a resident of the State of New York.

(B) Any Paying Agent shall be a person or persons who shall be a resident of this State and who shall be a resident of the State of New York. The Paying Agent shall be a person or persons who shall be a resident of the State of New York and who shall be a resident of the State of New York.

(C) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(D) In the event that the State Board shall fail to appoint a Paying Agent, or in the event that the Paying Agent shall resign or be removed, or be otherwise unable to perform its duties, the State Board shall have the right to appoint a new Paying Agent.

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ARTICLE XIII

DEFEASANCE

Section 13.01. Defeasance Generally. If all of the Bonds issued pursuant to this Bond Resolution, shall have been paid and discharged, and all amounts owed to MBIA pursuant to the Financial Guaranty Agreement or otherwise hereunder have been paid, then the obligations of the State Board under this Bond Resolution, the pledge of Revenues made hereby, and all other rights granted hereby shall cease and determine and the Mortgage, if any shall be deemed satisfied. Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(A) The Trustee, Paying Agent or other custodian authorized by the State Board shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof;

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred on the stated maturities of such Bonds, and thereafter tender of such payment shall have been made, and the Trustee, Paying Agent or other custodian authorized by the State Board shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment; or

(C) If the State Board shall have deposited with the Trustee, Paying Agent or other custodian authorized by the State Board, in an irrevocable trust money or Government Obligations, the principal of and interest on which when due (without reinvestment thereof) will provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and premium, if any, due and to become due on and prior to the maturity or, if the State Board has irrevocably elected to redeem Bonds, on and prior to the redemption date of such Bonds.

Section 13.02. Money to be Held in Trust - When Returnable to the State Board. Any money which at any time shall be deposited with the Trustee, Paying Agent or other custodian authorized by the State Board, by or on behalf of the State Board, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee, Paying Agent or other custodian appointed by the State Board in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, and no amount is due and unpaid to MBIA under the Financial Guaranty Agreement, then, in such event, it shall be the duty of the Trustee, Paying Agent or other custodian appointed by the State Board to forthwith return said funds to the State Board.

Section 13.03. Deposits With Trustee Subject to Conditions of Article XIII Hereof. The State Board covenants and agrees that any money which it shall deposit with the Trustee, Paying Agent or other custodian authorized by the State Board shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee, Paying Agent or other custodian authorized by the State Board to cause the publication of such notice of redemption in its name and on its behalf.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Purpose of Covenants in Bond Resolution. Every covenant, undertaking and agreement made Authorization of Financial Guaranty Agreement. The Financial Guaranty Agreement, in substantially the form attached hereto as Exhibit C, with such changes as the executing officer shall approve (his execution to be conclusive evidence of such approval) is hereby approved, and the execution and delivery of the Financial Guaranty Agreement on behalf of the State Board, ~~as set forth in this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the State Board and the Bondholders and shall be enforceable accordingly~~ is hereby authorized. The Financial Guaranty Agreement shall be executed on behalf of the State Board by the Chairman or Vice Chairman of the State Board.

Section 14.02. Effect of Invalidity of Provisions of This Bond Resolution. If any section, paragraph, clause or provision of Purpose of Covenants in Bond Resolution. Every covenant, undertaking and agreement made on behalf of the State Board, as set forth in this Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the State Board and the Bondholders and shall be enforceable accordingly.

Section 14.03. Continuing Disclosure. The State Board covenants that it will file with a nationally recognized municipal securities information repository its annual independent audit within thirty (30) days of receipt of the audit and event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenue base Effect of Invalidity of Provisions of This Bond Resolution. If any section, paragraph, clause or provision of this Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution.

Section 14.04. Continuing Disclosure. The State Board covenants that it will file with a nationally recognized municipal securities information repository its annual independent audit within thirty (30) days of receipt of the audit and event-specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenue base.

Section 14.05. Repealing Clause. All resolutions, or parts thereof, inconsistent herewith be and the same are hereby repealed to the extent of such inconsistencies.

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EXHIBIT "A"

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE FACILITIES LEASE REVENUE BOND
SERIES 1994 (HARDEN STREET FACILITY)
OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD

No. R- _____

Interest
Rate

Maturity
Date

Original
Issue Date

CUSIP

_____%
_____%

December 1, _____

September 1, 1994

199____

Registered Holder:

Principal Amount:

Dollars

KNOW ALL MEN BY THESE PRESENTS, that the South Carolina State Budget and Control Board (the "State Board"), a public body politic and an agency of the State of South Carolina, is justly indebted and, for value received, promises to pay, but solely from the revenues described and pledged to the payment of this Bond, to the registered holder named above or registered assigns, the principal amount shown above on the maturity date shown above (unless this Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of the redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of _____ in the City of _____, State of _____ (the "Paying Agent"), and to pay interest on such principal amount from the date hereof at the interest rate per annum shown above until the State Board's obligation with respect to the payment of such principal amount shall be discharged. Interest on this Bond is payable semiannually on ~~March~~ June 1 and ~~September~~ December 1 of each year commencing ~~March~~ June 1, 1995, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the State Board maintained by the registrar, presently _____, in _____, (the "Registrar") at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date. The principal and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts; provided however, that interest on this fully registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Bond Resolution (hereinafter defined), nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

~~The terms and provisions of this Bond are continued on the reverse side hereof and such continued terms and provisions shall for all purposes have the same effect as though fully set forth at this place.~~

This Bond is one of an authorized series of Bonds of the aggregate principal amount of _____ Dollars (\$ _____) Six Million Eight Hundred Eight

Thousand Dollars (\$6,880,000) of like date of original issue, tenor and effect, except as to number, denomination, date of maturity, redemption provisions and rate of interest, issued by the State Board for the purpose of obtaining funds to acquire an office facility and certain related interests in real property (the "Facility"), to fund provide a Debt Service Reserve Fund for the Bonds and to pay costs of issuance of the Bonds. This Bond and the issue of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, including particularly _____

Section 139 of Part I of Act No. 497, enacted at the 1994 Session of the South Carolina General Assembly (the "Enabling Act"). This Bond and the issue of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to a Bond Resolution duly adopted by the State Board on _____ August 24, 1994, as amended (the "Bond Resolution").

The Bonds shall not be subject to redemption prior to ~~September~~ December 1, 2004, except in the event that the Bonds shall be subject to redemption on the earliest date following notice of redemption as hereinafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

The Bonds maturing on and after ~~September~~ December 1, 2005, shall be subject to redemption at the option of the State Board on and after ~~September~~ December 1, 2004, as a whole on any date, or in part, on any interest payment date, at the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium, expressed as a percentage of the principal amount redeemed:

<u>Period During Which Redeemed</u>	<u>Redemption Premium</u> <u>September</u> <u>Premium</u>
December 1, 2004 through August 31, 2005	102%
102% September November 30, 2005	
December 1, 2005 through August 31, November 30, 2006	101
September December 1, 2006 and thereafter	100

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected in such order of maturity as shall be determined by the State Board and by lot within a maturity. In the event this Bond is redeemable, as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing this Bond and specifying the redemption date and the premium payable upon such redemption, shall be given by registered or certified mail, postage prepaid, to the registered owner thereof as shown on the registry books of the State Board kept by the Registrar not less than thirty (30) days prior to the redemption date. ~~Such notice may also be published once, not less than thirty (30) days prior to the redemption date, in a financial journal published in the City of New York, State of New York.~~ If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof shall have been given as aforesaid and moneys for the payment of the redemption price of this Bond, together with the redemption premium, if any, and the interest accrued on this Bond to the redemption date shall be held for the purpose of such payment by the Paying Agent then this Bond shall become due and payable on the redemption date, and interest hereon shall cease to accrue from and after the redemption date hereof.

The Bond Resolution contains provisions defining terms; setting forth the revenues pledged for the payment of the principal of and interest on this Bond; setting forth the nature and extent and manner of enforcement of the security of the Bonds and of such pledge, and the rights and remedies of the holder hereof with respect thereto; setting forth the terms and conditions upon which the Bond Resolution may be altered, modified or amended, and the extent of such alteration, modification and amendment; setting forth the terms and conditions upon which this Bond is issued; setting forth the rights, duties and obligations of the State Board thereunder; and setting forth the terms and conditions upon which the pledge

is made in the Bond Resolution for the security of this Bond and upon which the covenants, agreements and other obligations of the State Board made therein may be discharged at or prior to the maturity or redemption of this Bond upon the making of provision for the payment thereof in the manner set forth in the Bond Resolution, to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Bond Resolution shall be a contract with the holder of this Bond.

This Bond and the issue of Bonds of which it is one and the interest thereon are special obligations of the State Board payable solely from, and are secured by a pledge of, the entire Revenues derived by the State Board from the Facility (as defined in the Bond Resolution). The faith and credit of the State of South Carolina are not pledged for the payment of the principal of and interest on this Bond. No personal liability shall attach to any member of the State Board or to any person executing this Bond by reason of the execution or issuance hereof.

The State Board has covenanted in the Bond Resolution to continuously operate and maintain the Facility and fix and maintain such rates for the use and occupation of the Facility as shall at all times be sufficient (a) to provide for the punctual payment of the principal of and interest on the Bonds and (b) to maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds, (c) to maintain the Debt Service Reserve Fund in the manner therein prescribed, (d) to provide for the payment of the expenses of the administration, operation and maintenance of the Facility as may be necessary to preserve the same in good repair and condition, and (e) to discharge all obligations imposed by the Enabling Act and the Bond Resolution. ~~{As additional security for the payment of the Bonds, the State Board has granted a first mortgage lien on, and security interest in, the Facility pursuant to a Mortgage and Security Agreement.}~~

The holder of this Bond shall have no right to enforce any right under the Bond Resolution except in the manner provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all of the Bonds then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Bond Resolution, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Resolution.

This Bond is transferable as provided in the Bond Resolution, only upon the books of the State Board kept for that purpose at the principal office of the Registrar, by the registered holder in person or by his duly authorized attorney upon 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. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, interest rate and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution. The State Board, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes. Notwithstanding the foregoing, so long as the Bonds are being held under the book-entry system pursuant to the Bond Resolution, transfers of beneficial ownership of Bonds will be effected pursuant to rules and procedures established by the Securities Depository (as defined in the Bond Resolution).

The interest on this Bond is exempt from present income taxation by the United States of America under existing statutes, regulations and decisions, and this Bond and the interest thereon are presently exempt from all State, county, municipal, school district and all other taxes or assessments of the State of South Carolina direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes but the interest hereon may be includable in measures of assets for certain franchise taxes.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Bond, do exist, have happened and have been performed in regular and due time, form and

manner; that the amount of this Bond together with all bonds of the issue of which this is one, does not exceed any constitutional or statutory limitation thereon; and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part, as provided in the Bond Resolution.

IN WITNESS WHEREOF, the SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD, has caused this Bond to be signed by the facsimile signatures of the [Vice] Chairman of the South Carolina State Budget and Control Board and attested by the facsimile signature of the Secretary of the South Carolina State Budget and Control Board and the seal of State of South Carolina which is reproduced hereon.

**SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD**

(SEAL)

By _____
[Vice] Chairman, South Carolina State
Budget and Control Board

Attest:

Secretary, South Carolina State
Budget and Control Board

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This Bond is one of the Bonds described in the within-mentioned Bond Resolution of the South Carolina State Budget and Control Board.

as Registrar

Authorized Officer

The following abbreviations, when used in the inscription on the face of the written 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
TEN ENT-	as tenants by the entireties	(Cust)	(Minor)
JT TEN-	as joint tenants with		
	right of survivorship and		under Uniform Gifts to Minors
	not as tenants in common	Act	
		(State)	

Additional abbreviations may also be used though not in list above.

002030

(FORM OF ASSIGNMENT)

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

(Name and address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint _____
attorney to transfer the within-Bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

(Authorizing Officer)

(Bank, Trust Company or Firm)

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

002031

STATEMENT OF INSURANCE

The Municipal Bond Investors Assurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the office of the South Carolina State Treasurer, in the City of Columbia, South Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the South Carolina State Treasurer, or its successors (the "Trustee") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts". "Obligations" shall mean:

\$6,880,000
State Facilities Lease Revenue Bonds, Series 1994
(Harden Street Facility)
of the
South Carolina State Budget and Control Board

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Trustee of the Insured Amounts due on such Obligations, less any amount held by the Trustee for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Trustee, the State Board, or any designee of the State Board for such purposes. The term owner shall not include the State Board or any party whose agreement with the State Board constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504.

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This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason, including the payment prior to maturity of the Obligations.

MUNICIPAL BOND INVESTORS ASSURANCE CORPORATION

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final statement of account for the year ending December 31, 1964, as audited by the Auditor of the State of South Carolina, and that the same is true and correct in all particulars.

**SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD**

Secretary

602033

602033

A copy of the final approving opinion to be rendered shall be printed on the back of each printed Bond, and preceding the same a certificate shall appear, which shall be signed on behalf of the Board of Visitors with a facsimile signature of its Secretary. Said certificate shall be in substantially the following form:

CERTIFICATE

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final approving opinion (except for date and letterhead) of Nelson, Mullins, Riley & Scarborough, Attorneys and Counselors at Law, Charleston, South Carolina, approving the issue of bonds of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the bonds, and a copy of which is on file with the South Carolina State Budget and Control Board.

SOUTH CAROLINA STATE BUDGET AND
CONTROL BOARD

Secretary

602034

**\$6,880,000 STATE FACILITIES LEASE REVENUE BONDS,
SERIES 1994 (HARDEN STREET FACILITY)
OF THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD**

percentage of the program cannot be used.

will be received in person by the South Carolina State Budget and Control Board (the "State Board") by the State Treasurer of the State of South Carolina in the office of the State Treasurer, Capitol Complex, Wade Hampton Office Building, Room 121, Columbia, South Carolina, until 11:00 a.m., South Carolina time, on _____, _____, Wednesday, September 21, 1994, at which time said proposals will be publicly opened for the purchase of \$_____ \$6,880,000 State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility) of the South Carolina State Budget and Control Board (the "Bonds").

maturing each year, will be numbered from 11 upward, issued by means of a book-entry system in the form of a single bond in the aggregate principal amount maturing in each year, registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. The Bonds will be dated September 1, 1994 and will mature serially in annual installments, in numerical order, on _____ on December 1 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1995	\$145,000	2005	\$335,000
1996	215,000	2006	355,000
1997	225,000	2007	370,000
1998	235,000	2008	400,000
1999	250,000	2009	415,000
2000	260,000	2010	445,000
2001	270,000	2011	470,000
2002	285,000	2012	495,000
2003	305,000	2013	530,000
2004	315,000	2014	560,000

The Bonds will bear interest from the date thereof, payable semiannually on June 1 and December 1 of each year commencing 1, 199, at which time interest for () months will be due June 1, 1995.

Optional Redemption: The Bonds shall not be subject to redemption prior to their September December 1, 2004, except in the event that the Facility (hereinafter defined) financed with the proceeds of the Bonds, or substantially all of the Facility, shall have been damaged, destroyed or otherwise rendered

unavailable for its intended use by the State Board. In such event, the Bonds shall be subject to redemption on the earliest date following notice of redemption as hereafter provided, in whole and not in part, at a price of par plus accrued interest to the date of redemption.

The Bonds maturing on and after ~~September~~ December 1, 2005, shall be subject to redemption at the option of the State Board on and after ~~September~~ December 1, 2004, as a whole on any date, or in part, on any interest payment date, at the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption, plus the following redemption premium, expressed as a percentage of the principal amount redeemed:

<u>Period During Which Redeemed</u>	<u>Redemption Premium</u> <u>September</u> <u>Premium</u>
December 1, 2004 through August 31, 2005	102%
102% September November 30, 2005	
December 1, 2005 through August 31, November 30, 2006	101
September December 1, 2006 and thereafter	100

In the event the Bonds, or any portion thereof, shall be called for redemption, notice of redemption describing the Bonds to be redeemed, specifying the redemption date and the premium if any, payable on such redemption, shall be given by registered or certified mail postage prepaid, to the registered owner thereof as shown on the registry books of the State Board kept by the Registrar not less than thirty (30) days prior to the redemption date. If the Bonds or any portion thereof shall have been duly called for redemption and notice of redemption shall have been given as aforesaid and moneys for the payment of the redemption price of such Bonds, together with the redemption premium, if any, and the interest accrued on such Bonds to the redemption date shall be held for the purpose of such payment by the Paying Agent then such Bonds shall become due and payable on the redemption date, and interest on the Bonds to be redeemed shall cease to accrue from and after the redemption date specified in such notice.

Registrar/Paying Agent: The registrar and paying agent (the "Registrar/Paying Agent") of the Bonds shall be a bank, trust company, depository or transfer agent organized under the laws of the State of South Carolina or the laws of the United States of America which shall be designated by the State Board. The Registrar/Paying Agent shall register and transfer the Bonds on registry books kept on behalf of the State Board. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof by the Registrar/Paying Agent.

Price; Bid Requirements: The Bonds will be sold at a price of ~~{par/_____%~~ not less than ninety-nine percent (99%) of the principal amount thereof, plus accrued interest to the date of delivery. The Bonds will be sold on an all or none basis. Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. ~~{The interest rate for any maturity shall not be lower than the interest specified for any prior maturity.}~~ Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all of the Bonds or a bid at a price less than the purchase price ninety-nine percent (99%) of the principal amount will not be considered. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds of that series at the lowest net interest cost to the Board, such interest cost to be determined by computing the total dollar interest cost from the date of the Bonds to the respective maturity date and deducting therefrom the amount of the premium offered, if any, over and above the principal amount. The State Board reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 1:00 p.m.,

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South Carolina time, on the date of the sale. The successful bidder shall provide the State Board with reoffering prices within three hours after the acceptance of the bid.

Good Faith Check: Each proposal on the Bonds shall be accompanied by a certified check or cashier's check drawn upon an incorporated bank or trust company in the amount of ~~-\$~~ \$125,000 payable unconditionally to the State Board. The check of the successful bidder shall be applied as partial payment for the Bonds or to secure the State Board for any loss due to the failure of such bidder to comply with the terms of his bid. Checks of unsuccessful bidders will be returned promptly. No interest will be allowed on the good faith check.

Bid Form: Each proposal for the Bonds should be enclosed in a sealed envelope marked "Proposal for ~~-\$~~ \$6,880,000 State Facilities Lease Revenue Bonds, Series 1994 (Harden Street Facility) of the South Carolina State Budget and Control Board". All proposals should be directed to the undersigned at the address set forth in the first paragraph hereof. It is requested but not required that you submit your bid(s) on the proposal for purchase of Bonds supplied with the Official Statement.

Purpose: The Bonds are issued pursuant to the authorization of Section 139 of Part I of Act No. 497 enacted at the 1994 Session of the South Carolina General Assembly, and a Resolution duly adopted by the State Board for the purpose of (i) acquiring an office facility and related interests in real property (the "Facility"); (ii) providing a Debt Service Reserve Fund; and (iii) paying certain cost of issuance of the Bonds.

Security: The Bonds are special obligations of the State Board, are payable solely from, and are secured by, a pledge of the entire revenues derived by the State Board from the Facility.

~~[The payment of the Bonds is additionally secured by a mortgage on the Facility.]~~ *MBIA Insurance:* Payment of principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy issued by Municipal Bond Investors Assurance Corporation.

Official Statement: The Preliminary Official Statement dated September 15, 1994, has been deemed final by the State Board for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), but is subject to revision, amendment and completion in a final Official Statement, as provided in the Rule. The State Board will furnish the successful bidder with one hundred (100) copies of the final Official Statement without charge, within two (2) business days of the acceptance of a bid for the Bonds.

Legal Opinion: The State Board shall furnish upon delivery of the Bonds the final approving opinion of Nelson, Mullins, Riley & Scarborough, Attorneys and Counselors at Law, Charleston, South Carolina, ~~which opinion shall be printed on the back of each Bond,~~ together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Delivery: The Bonds will be delivered on or about September 30, 1994, in New York, New York or Columbia, South Carolina, at the expense of the State Board. The balance of the purchase price then due (including the amount of accrued interest) must be paid in Federal funds or other immediately available funds. The cost of printing the Bonds will be borne by the State Board. ~~The successful purchaser of the Bonds will be furnished one hundred (100) Official Statements without charge.~~

Bondholders' Names: ~~The successful bidder for the Bonds must deliver to the Registrar/Paying Agent, not later than before the close of business _____, 1994, the names and addresses of the registered owners of the Bonds and the denominations in which the Bonds of each maturity are to be issued. If the successful bidder fails to submit to the Registrar/Paying Agent such names, addresses and denominations by the aforesaid time, one Bond will be issued for each maturity date in the full amount maturing on such date, and the Bonds will be registered in the name of the successful bidder.~~

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and payment for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the State Board or any of its officers or agents because of or on account of such numbers or any use made thereof. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the State Board; provided, however that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Additional Information: Persons seeking additional information should communicate with

C.C. Sanders, Jr., Office of the State Treasurer of South Carolina, 118 Wade Hampton Office Building, Columbia, South Carolina 29201, (803) 734-2114 or Thomas A. Hutcheson, Nelson, Mullins, Riley & Scarborough, Post Office Box 1806, Charleston, South Carolina 29401, (803) 720-4311.

Grady L. Patterson, Jr.
State Treasurer of South Carolina

NOTICE OF SALE AND BLANK PROPOSAL

\$85,000,000

STATE OF SOUTH CAROLINA

STATE CAPITAL IMPROVEMENT BONDS

002028

SERIES 1992A

OF THE STATE OF SOUTH CAROLINA

SEALED PROPOSALS WILL BE RECEIVED UNTIL

11:00 A.M., SOUTH CAROLINA TIME

WEDNESDAY, MARCH 11, 1992

PROPOSAL FOR THE PURCHASE OF

\$85,000,000

STATE CAPITAL IMPROVEMENT BONDS, SERIES 1992A

OF THE STATE OF SOUTH CAROLINA

Bid Received

March 11, 1992

The Honorable Carroll A. Campbell, Jr. The Honorable Grady L. Patterson, Jr.
Governor of South Carolina State Treasurer of South Carolina

Office of the State Treasurer
Wade Hampton Office Building
Columbia, South Carolina

Dear Sirs:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale, which are hereby made a part of this proposal, we offer to pay

----- Dollars
(\$-----) for \$85,000,000 State Capital Improvement Bonds, Series 1992A of the State of South Carolina, dated March 1, 1992, said bonds to mature as set forth below, and to bear interest, payable on March 1 and September 1 of each year, beginning September 1, 1992, at the rates set forth below:

Maturity

Date Principal

Amount Interest

Rate March 1

of the Year Principal

Amount Interest

Rate 1993	\$3,000,000.00	2001	\$5,000,000.00	1994	4,000,000.00	2002	5,000,000.00
1995	4,000,000.00	2003	6,000,000.00	1996	4,000,000.00	2004	6,000,000.00
1997	4,000,000.00	2005	7,000,000.00	1998	5,000,000.00	2006	7,000,000.00
1999	5,000,000.00	2007	7,000,000.00	2000	5,000,000.00	2008	8,000,000.00

We will also pay accrued interest from March 1, 1992, to the date of delivery.

We enclose herewith a certified check or cashier's check or treasurer's check upon a bank or trust company, payable to the State Treasurer of South Carolina for \$850,000 to be applied in accordance with the said Notice of Sale.

Very truly yours,

(Name of Bidder)

For your information only, we have calculated the Submitted by: _____
interest cost and average rate of interest on this (Signature)
proposal as follows: _____

Aggregate of Interest . . \$ _____ (Print Name and Title)

Less Premium \$ _____

Net Interest Cost \$ _____

(Address) _____

Average Interest Rate % _____

(Telephone) _____

Return of good faith check in the amount of \$850,000
is hereby acknowledged.

002040

THE END

002041

2000年