

MINUTES OF  
Budget and  
Control Board  
Meeting  
July 24, 1984

State of South Carolina  
**State Budget and Control Board**

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



Box 12444  
Columbia  
29211

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

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 24, 1984

MEMORANDUM

TO: Budget and Control Board Division Directors

FROM: William A. McInnis, Secretary *WAM*

SUBJECT: Summary of Board Actions at July 24, 1984 Meeting

The following is a summary of actions taken by the Budget and Control Board at its meeting on July 24, 1984:

1. Approved the minutes of the July 10, 1984 meeting;
2. Approved the following county proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results:
  - (a) Greenwood County, \$3,000,000 Hospital Facilities Revenue Bonds on behalf of the Self Memorial Hospital project;
  - (b) Laurens County, \$950,000 Industrial Revenue Bonds on behalf of the American Pipe and Plastics project, to provide employment for approximately 10 to 14 persons at a pipe and plastics manufacturing facility; and
  - (c) Oconee County, \$1,350,000 Industrial Revenue Bonds on behalf of the Steel Heddle project, to provide employment for approximately 30 persons at a facility which manufactures and warehouses metal wire and other metal products;
3. Received as information a Division of Local Government report on expenditures of rural improvement funds during the June 30 through July 10, 1984 period which included 23 projects involving a total expenditure of \$212,600 in State grant funds and which showed that 343 applications involving \$4,604,982 were approved during fiscal year 1983-84 and that there was an ending balance of \$101;
4. Received as information a report that the State College Board of Trustees had authorized Francis Marion College to increase its fees from \$940 per academic year to \$1,020 per academic year, an increase of \$80;
5. Adopted a formula for calculating and a method for reporting the economic value of the personal use of State-owned vehicles as required by Part I, Section 156, of the 1984-85 Appropriations Act;

000476



6. Approved the following easements:
  - (a) An easement to permit the Department of the Navy to construct, operate and maintain an amphibious vehicle launch ramp at the Naval Weapons Station in the waters of Goose Creek, Charleston County; and
  - (b) An easement to permit the City of Charleston Commissioners of Public Works to install, operate and maintain a subaqueous 30-inch ductile water line across the Stono River and Penny's Creek in Charleston County;
7. Received as information the Budget Division 1983-84 full-time-equivalent position operating report for June which showed that: no changes were made in the position base during the month of June; that a total of 421.88 full-time-equivalent positions were added during fiscal year 1983-84; and that a reduction of 309.01 State positions and 13.51 federal positions coupled with an increase of 744.4 other positions produced that net change;
8. Received as information the Budget Division final report on the appropriations bill which showed a 1984-85 spending limit of \$2,659,110,578; a State employee full-time-equivalent limit of 41,105.02 with the final appropriations act providing for 35,938.85 positions; and the detailed analysis of the authorized positions included;
9. Received as information the Fire Marshal Division activity report for May and June, 1984;
10. Received as information reports on the payment of interviewee travel expenses payments by the College of Charleston (4) and Francis Marion College (3);
11. Approved an allocation of \$14,258 from the Civil Contingent Fund to the Secretary of State's Office for implementation of the Perpetual Care Cemetery Act;
12. Adopted a resolution approving the issuance and sale of \$700,000 State College Board of Trustees Parking Facilities Revenue Bond anticipation notes of the College of Charleston and authorizing the use of parking revenues in the approximate amount of \$122,972 to pay a portion of the principal due on the 1983 note and the interest;
13. Adopted a resolution approving the issuance of \$1,200,000 State Institution Bonds for Tri-County Technical College pursuant to Chapter 107 of Title 59 of the South Carolina Code of Laws;

000477

Summary of Budget & Control Board Actions  
July 24, 1984 Meeting  
Page 3

14. Approved the Parole and Community Corrections hearing fee plan which provides that a hearing fee of \$100 will be paid to each Board member for each meeting attended relating to hearing parole and pardon matters only, excluding meetings dealing only with administrative and policy matters, in addition to existing per diem and travel allowances;
15. Approved the following transfer requests:
  - (a) Insurance Department: \$2,000 general fund, classified positions to contractual services to provide funds needed to cover the cost of temporary services in the Licensing and Taxation Division; and
  - (b) Department of Corrections: \$766,790 general fund from supplies to classified positions to provide the balance of the new position funding related to the Nelson suit;
16. Carried over consideration of a Commission on Higher Education request for a Civil Contingent Fund allocation for matching funds for a National Science Foundation grant for enhancement of teacher education in science and mathematics;
17. Allocated \$435 from the Civil Contingent Fund to the Division of General Services to reimburse the McKinsey Tractor Company, Inc., for costs it incurred in connection with a contested bid award;
18. Approved interest rates on the following equipment acquisitions:
  - (a) Archives and History: Purchase IBM System 36 computer system, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.); and
  - (b) Health and Environmental Control: Purchase 2 IBM System 36 computer systems, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.);
19. Received as information a proposed plan for implementing the private activity bond ceiling allocation process;
20. Encumbered \$1,500 of Civil Contingent Fund monies for the Office of Executive Director for microfilming Budget and Control Board minutes and exhibits during 1984-85, on the understanding that these costs will be paid from appropriated funds with a determination to be made late in the fiscal year as to whether or not the encumbered Civil Contingent Fund monies would be needed;
21. Carried over consideration of proposed revisions of the Technical and Comprehensive Education unclassified positions compensation plan;

000478

Summary of Budget & Control Board Actions  
July 24, 1984 Meeting  
Page 4

22. Approved the 1984-85 budget of \$279,039 for the administration of the dental benefits program by the State Personnel Division with the funds to be drawn from the health insurance reserve fund;
23. Adopted a resolution that the Budget and Control Board's Personnel Division be renamed the Division of Human Resource Management, effective immediately;
24. Agreed to hold a joint meeting with the Joint Bond Review Committee at 9:30 a.m. on Thursday, August 2, 1984, at the Training Center, 300 Gervais Street, to hear agency presentations on Annual Permanent Improvement Programs for 1984-85; and to hold a regular business meeting at 2:30 p.m. on Tuesday, August 14, 1984, in the Governor's conference room in the State House;
25. Approved an allocation of \$5,439 from the Civil Contingent fund to the Secretary of State's Office to pay attorneys fees in a legal settlement;
26. Was advised that staff had withdrawn a request by the Jobs-Economic Development Authority relating to the payment of entertainment expenses;
27. Received as information a briefing on a contractual matter by the Research Authority;
28. Authorized the Department of Corrections to exercise an option to acquire land in McCormick County using \$120,000 of appropriated funds with the understanding that these costs are project costs and that the appropriated accounts will be reimbursed from bond funds when they have been made available; and advised the Department of Corrections that a 1984-85 revenue estimate will be requested at the end of the first quarter of the fiscal year and that, if that estimate supports the action, the contingency funding for the Department of Corrections would be made available following adoption of the revenue estimate revision;
29. Adjusted the surcharge on users of the Barnwell Low-Level Waste Disposal Facility from 22¢ per cubic foot to 29.5¢ per cubic foot, effective October 1;
30. Reaffirmed by unanimous vote a previous action allocating up to \$37,000 from the Civil Contingent Fund to the Attorney General's Office to finance the litigation relating to the *Into v. Wildlife and Marine Resources Commission* case to continue it during 1984-85;
31. Approved salary increases for employees of the Medical University, Francis Marion College, and the Governor's Office;

000479

Summary of Budget & Control Board Actions  
July 24, 1984 Meeting  
Page 5

32. Received as information a verbal report on a Division of General Services proposal and did not approve the proposal in concept or otherwise but did authorize that Division to examine the idea in this proposal or in any other similar proposal as a part of its on-going responsibilities in this area;
33. Approved an easement to supersede the easement executed October 7, 1974 to the Department of Highways and Public Transportation and approved the execution of a quit claim deed covering the property between the road right-of-way and the present Colite Industries property line;
34. Authorized the Division of General Services to install a security system at an estimated cost of \$75,000 for the Dennis, Brown, Calhoun and Wade Hampton Buildings using rental revenue as the source of funds, and authorized the Division of Human Resource Management to provide security training for employees who work in those facilities;
35. Carried over consideration of a contractual matter relating to a Department of Archives and History request for additional records storage space;
36. Reappointed a member to the Deferred Compensation Commission; and
37. Ratified actions taken during executive session.

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000480



MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

JULY 24, 1984

10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on Tuesday, July 24, 1984, in the Governor's conference room in the State House with the following members in attendance:

Governor Richard W. Riley, Chairman;  
Mr. Grady L. Patterson, Jr., State Treasurer;  
Mr. Earle E. Morris, Jr., Comptroller General;  
Senator Rembert C. Dennis, Chairman, Senate Finance Committee;  
Representative Tom G. Mangum, Chairman, Ways and Means Committee.

Also attending were Executive Director William T. Putnam; Board Secretary William A. McInnis; Governor's Executive Assistant Katherine M. Hepfer; Chief Deputy Assistant Attorney General Joseph A. Wilson, II; Deputy Executive Directors Joseph A. Mack and E. A. Laurent; and staff members of the various Board divisions.

MINUTES OF PREVIOUS MEETINGS

Board members previously had been furnished with a draft version of the minutes of the meeting held on July 10, 1984.

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

BLUE AGENDA

Mr. Putnam advised the Board that the reviews required in connection with blue agenda item 1, relating to county proposals to issue revenue bonds, had not yet been completed and recommended that the Board grant conditional approval to these requests.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board gave conditional approval to blue agenda item 1, relating to county proposals to issue revenue bonds, and approved all other items on the blue agenda.

Blue agenda items are identified as such in these minutes.

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EXECUTIVE DIRECTOR: REVENUE BONDS (BLUE AGENDA #1)

Mr. Putnam advised the Board that the required reviews by the Attorney General's Office and the State Auditor's Office of the following county proposals to issue revenue bonds had not yet been completed and recommended that the Board approve these requests on the condition that the required reviews are completed with satisfactory results:

- (a) Greenwood County, \$3,000,000 Hospital Facilities Revenue Bonds on behalf of the Self Memorial Hospital project;
- (b) Laurens County, \$950,000 Industrial Revenue Bonds on behalf of the American Pipe and Plastics project, to provide employment for approximately 10 to 14 persons at a pipe and plastics manufacturing facility; and
- (c) Oconee County, \$1,350,000 Industrial Revenue Bonds on behalf of the Steel Heddle project, to provide employment for approximately 30 persons at a facility which manufactures and warehouses metal wire and other metal products.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the referenced proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results.

Information relating to this matter has been retained in these files and is identified as Exhibits 1, 2, and 3, respectively.

LOCAL GOVERNMENT: EXPENDITURES JUNE 30 - JULY 10, 1984 (BLUE AGENDA #2)

The Board received as information a Division of Local Government report on expenditures of rural improvement funds during the June 30 through July 10, 1984 period which included 23 projects involving a total expenditure of \$212,600 in State grant funds and which showed that 343 applications involving \$4,604,982 were approved during fiscal year 1983-84 and that there was an ending balance of \$101.

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

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FRANCIS MARION COLLEGE: FEE INCREASE (BLUE AGENDA #3)

Francis Marion College President Stanton advised the Board by letter that the State College Board of Trustees on July 11 authorized Francis Marion College to increase its fees from \$940 per academic year to \$1,020 per academic year, an increase of \$80. Dr. Stanton indicated that \$40 per year will be applied to the education and general budget and that \$40 per year will be used to establish a maintenance and renovation reserve fund to finance various permanent improvements on the College campus. He also pointed out that the \$80 increase will generate \$195,200 total.

The Board received as information the referenced report.

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

EXECUTIVE DIRECTOR: PERSONAL USE OF STATE-OWNED AUTOS (BLUE AGENDA #4)

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board adopted the following plan for complying with Part I, Section 156 of the General Appropriations Act for 1984-85, relating to the requirement for calculating and reporting the economic value of the personal use of State-owned motor vehicles:

1. No personal use of a State-owned automobile will be permitted except for commuting and emergency situations which may arise.
2. The economic value for commuting or emergency personal use will be computed at 20.5¢ per mile.
3. Reporting procedures for determining the number of miles driven which are presently in place will be continued.
4. The Budget and Control Board will furnish a year-end report form to each agency, and the agency head or his/her designee will be responsible for completing the form, certifying as to its accuracy, and submitting it to the Division of Motor Vehicle Management on or before January 8, 1985.
5. After the forms have been collected, they will be forwarded to the Comptroller General's Office, and the amounts will be included on a W2 form for federal reporting purposes.

000483

6. Payment must be made for commuting and emergency personal use through June 30, 1984. For the calendar year 1984, the economic value will be computed for miles driven between July 1, 1984 and December 31, 1984.
7. The same individuals who are excluded from the requirements of paying for personal use of State-owned automobiles presumably would be excluded from the requirements of reporting economic value. Individuals receiving the assignment of a State-owned automobile in the future will be subject to the same procedures for determination of status as were conducted at the time of implementation of the personal usage charge on January 1, 1984.

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

GENERAL SERVICES (PROPERTY MANAGEMENT): EASEMENTS (BLUE AGENDA #5)

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved:

- (a) An easement to permit the Department of the Navy to construct, operate and maintain an amphibious vehicle launch ramp at the Naval Weapons Station in the waters of Goose Creek, Charleston County; and
- (b) An easement to permit the City of Charleston Commissioners of Public Works to install, operate and maintain a subaqueous 30-inch ductile water line across the Stono River and Penny's Creek in Charleston County.

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

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BUDGET DIVISION: 1983-84 FTE OPERATING REPORT FOR JUNE (BLUE AGENDA #6)

The Board received as information the Budget Division 1983-84 full-time-equivalent position operating report for June which showed that: no changes were made in the position base during the month of June; that a total of 421.88 full-time-equivalent positions were added during fiscal year 1983-84; and that a reduction of 309.01 State positions and 13.51 federal positions coupled with an increase of 744.4 other positions produced that net change.

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

BUDGET DIVISION: REPORT ON APPROPRIATIONS BILL (BLUE AGENDA #7)

The Board received as information the Budget Division final report on the appropriations bill which showed a 1984-85 spending limit of \$2,659,110,578; a State employee full-time-equivalent limit of 41,105.02 with the final appropriations act providing for 35,938.85 positions; and the detailed analysis of the authorized positions included.

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

FIRE MARSHAL: ACTIVITY REPORT FOR MAY AND JUNE, 1984 (BLUE AGENDA #8)

The Board received as information the Fire Marshal Division activity report for May and June, 1984.

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

EXECUTIVE DIRECTOR: INTERVIEWEE TRAVEL EXPENSE PAYMENTS (BLUE AGENDA #9)

The Board received as information reports on the payment of interviewee travel expenses payments by the College of Charleston (4) and Francis Marion College (3).

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

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DEPARTMENT OF STATE: CIVIL CONTINENT FUND ALLOCATION REQUEST

Mr. Patterson noted the presence of Secretary of State John T. Campbell and asked that Mr. Campbell be allowed to present his request for an allocation from the Civil Contingent Fund at this point in the meeting. Board members expressed no objection.

Mr. Campbell advised that his office does not have the necessary employees or other operating funds to implement the Perpetual Care Cemetery Act which became law on June 28, 1984. He noted that that Act, among other things, requires the payment of an investigation fee of \$400 and an annual license fee of \$100 which is a substantial increase from the \$25 per year required by previous statute and that it requires an investigation by the Secretary of State and the filing of four forms annually.

Mr. Campbell had submitted a proposed budget for the State Cemetery Board amounting to \$18,320. He pointed out that \$2,562 are included in the Appropriations Act for this activity and that \$1,500 indicated for a clerk will not be required. He requested that \$14,258 be allocated to his office from the Civil Contingent Fund.

Mr. Campbell also pointed out that the new requirements and license fees will produce approximately \$14,200 in revenues, an increase of about \$12,000 over the old filing fee.

Following a discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved an allocation of \$14,258 from the Civil Contingent Fund to the Secretary of State's Office for implementation of the Perpetual Care Cemetery Act.

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

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COLLEGE OF CHARLESTON: PARKING BOND ANTICIPATION NOTE

Bond Counsel for the State College Board of Trustees, by letter, asked that the Board approve the issuance and sale of \$700,000 of parking facilities revenue bond anticipation notes of the College of Charleston in anticipation of the issuance of a like amount of bonds. This roll-over would represent a reduction in principal of \$75,000. The initial note which financed the construction of a multi-level parking garage was for \$1,075,000.

It was indicated that the College proposes to use \$75,000 of parking revenues to reduce the principal of the note and to pay \$47,972 from that source for interest on these notes.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the issuance and sale of \$700,000 State College Board of Trustees Parking Facilities Revenue Bond anticipation notes of the College of Charleston and authorizing the use of parking revenues in the approximate amount of \$122,972 to pay a portion of the principal and the interest due on the 1983 note.

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

TRI-COUNTY TECHNICAL COLLEGE: INSTITUTION BOND ISSUE

Associate Executive Director Wyman Shealy of the State Board for Technical and Comprehensive Education advised by letter that Tri-County Technical College is extremely anxious to begin construction of a student center which has been in the planning stages since 1978.

Mr. Shealy had forwarded a resolution prepared by the Sinkler Gibbs & Simons firm which was adopted by the State Board for Technical and Comprehensive Education at its June 27 meeting which provides for the issuance of \$1,200,000 State Institution Bonds for Tri-County Technical College.

The resolution adopted by the State Board indicates that Tri-County Technical College has for some years imposed a tuition fee of \$2.25 per credit hour with a maximum of \$27. It also indicates that the "tuition fee" portion of the charge made to students produced \$168,215 in 1983-84. The College now

000487

proposes to finance a portion of the cost of the new student center through the issuance of these bonds. The project will include the renovation of 15,000 square feet of space and the construction of 7,000 square feet.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board adopted a resolution approving the issuance of \$1,200,000 State Institution Bonds for Tri-County Technical College pursuant to Chapter 107 of Title 59 of the South Carolina Code of Laws.

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

PAROLE AND COMMUNITY CORRECTIONS: HEARING FEE PLAN

Executive Director Putnam reminded the Board that the 1984-85 Appropriations Act provides that "...the amount appropriated in this section under Program III entitled Parole and Pardons for Hearing Fees shall be used to provide a hearing fee for Parole and Community Corrections Board members under a plan approved by the Budget and Control Board."

The Parole and Community Corrections Board by letter presented a proposal that a Hearing Fee of \$100 will be paid to each Board member for each meeting attended related to hearing parole and pardon matters which would be in addition to existing per diem and travel allowances.

It was noted that the Parole and Community Corrections Board currently receives the standard per diem rate (\$35) for two study days and the hearing day for a total of \$105 per "meeting" on parole and pardon matters, plus related travel and that the application of the hearing fee will result in a total payment of \$205 per Board member per meeting, plus related travel.

State Budget Analyst David Anderson advised by memorandum that the Budget Division is of the opinion that this plan meets the legislative intent of the hearing fees appropriations and recommended approval of the \$100 hearing fee payment for meetings relating to parole and pardon matters only, excluding meetings dealing only with administrative and policy matters.

Following a discussion, upon a motion by Mr. Morris, seconded by Rep. Mangum, the Board approved the Parole and Community Corrections hearing fee

000488



plan which provides that a hearing fee of \$100 will be paid to each Board member for each meeting attended relating to hearing parole and pardon matters only, excluding meetings dealing only with administrative and policy matters, in addition to existing per diem and travel allowances.

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

BUDGET DIVISION: TRANSFER REQUESTS

Budget Division staff member Curtis Holt appeared before the Board on this matter and recommended that both of the following requests be approved.

Following a discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the following transfer requests:

- (a) Insurance Department: \$2,000 general fund, classified positions to contractual services to provide funds needed to cover the cost of temporary services in the Licensing and Taxation Division; and
- (b) Department of Corrections: \$766,790 general fund from supplies to classified positions to provide the balance of the new position funding related to the Nelson suit. These funds plus the \$1,000,000 included in Part III, Section IV, paragraph D of the 1984-85 Appropriations Act amount to \$1,776,790 (less \$10,000) which is the 50% reduction in new position funding which occurred at the Free Conference Committee. The \$1,000,000 included in the Appropriations Act is to be made only if the State's revenue forecast for fiscal year 1984-85 is increased over the amount provided in the Appropriations Act.

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

[Secretary's Note: Senator Dennis joined the meeting at this point.]

COMMISSION ON HIGHER EDUCATION: CIVIL CONTINGENT FUND ALLOCATION REQUEST

Commission on Higher Education staff member Charlie Brooks appeared before the Board on this matter.

Commission on Higher Education Chairman Sheheen by letter asked that \$250,000 be made available from the Civil Contingent Fund to the Commission on

000489

Higher Education for use as matching funds for a National Science Foundation grant to enhance teacher education in science and mathematics. He traced the history of this request by pointing out that the Board had allocated \$500,000 for teacher improvement in its 1984-85 recommendations. That amount was continued in the Ways and Means Committee's recommendations but the House reduced it to \$250,000 which also was included in the Senate Finance Committee version and in the bill as it was passed by the Senate. However, the Conference Committee reduced CHE's appropriation by \$2.25 million including the \$250,000 earmarked for teacher improvement in science and math.

Chairman Sheheen noted that CHE staff had discussed this problem with members of the Conference Committee who agreed that the \$250,000 should have remained in the CHE budget but, in the final rush, these funds were inadvertently not replaced.

Governor Riley concurred in the background events as recited by Chairman Sheheen and, although he expressed the belief that the \$250,000 would be well-spent if used for the purposes requested, he noted that this use of most of the Civil Contingent Fund presented him with a real problem. He asked that the Commission on Higher Education go back to the higher education institutions in search of the funds needed. He noted that perhaps \$25,000 could be made available from the Civil Contingent Fund.

Senator Dennis confirmed that, although his understanding was that the \$250,000 was to have stayed in the appropriations bill, it somehow was lost by the Conference Committee. He noted the possibility of using some of the special appropriation of \$750,000 to Winthrop College. CHE staff member Brooks pointed out that Winthrop's offer originally was for a different purpose.

Following a discussion, the Board carried over consideration of the Commission on Higher Education request for a Civil Contingent Fund allocation of \$250,000 for matching funds for a National Science Foundation grant for enhancement of teacher education in science and mathematics.

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

000490

GENERAL SERVICES: CIVIL CONTINGENT FUND ALLOCATION REQUEST

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board allocated \$435 from the Civil Contingent Fund to the Division of General Services to reimburse the McKinsey Tractor Company, Inc., for costs it incurred in connection with a contested bid award.

Governor Riley directed staff to write to the State agency involved (Wildlife and Marine Resources Department) to inform them that the Civil Contingent Fund allocation had been made due to the size of the award and as a result of a Division of General Services error, and that this allocation from the Civil Contingent Fund was not to be considered a precedent.

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

GENERAL SERVICES: INTEREST RATES, EQUIPMENT ACQUISITIONS

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board approved interest rates on the following equipment acquisitions:

- (a) Archives and History: Purchase IBM System 36 computer system, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.); and
- (b) Health and Environmental Control: Purchase 2 IBM System 36 computer systems, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.).

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

EXECUTIVE DIRECTOR: PRIVATE ACTIVITY BOND ALLOCATION PLAN

At Mr. Putnam's request, the Board received as information a proposed plan for implementing the private activity bond ceiling allocation process.

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

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EXECUTIVE DIRECTOR: CIVIL CONTINGENT FUND ENCUMBRANCE

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board encumbered \$1,500 of Civil Contingent Fund monies for the Office of Executive Director for microfilming Budget and Control Board minutes and exhibits during 1984-85, on the understanding that these costs will be paid from funds appropriated to the Executive Director's Office with a determination to be made late in the fiscal year as to whether or not the encumbered Civil Contingent Fund monies would be needed.

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

PERSONNEL DIVISION: TEC UNCLASSIFIED POSITIONS COMPENSATION PLAN

Board members were advised that this item had been withdrawn from consideration at this meeting and would be presented at a future meeting.

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

PERSONNEL DIVISION: DENTAL BENEFITS PROGRAM ADMINISTRATION BUDGET

Personnel Division Director Jack S. Mullins appeared before the Board to point out an immediate need to provide administrative support for the Statewide Dental Benefits Program mandated to be in place by February 15, 1985. His Division noted that support is required for marketing, enrolling, accounting, billing, training, data processing and other services to employees and that this support is necessary to ensure that the over 130,000 State agency/school district employees and retirees covered currently under the health benefits program receive proper notification, instruction, and customer services with regard to the new dental benefits program.

The Division also noted that it is expected that the administrative costs of the dental program will decrease in 1985-86 after the large initial cost for marketing and enrollment to be experienced in 1984-85.

The Division requested eight new positions, fringe benefits, and temporary help involving \$138,174 for these items plus operating funds in the amount of

000492



\$140,865 for a total of \$279,039 to be drawn from the health insurance reserve fund.

Dr. Mullins noted that the Board's Personnel Subcommittee had recommended approval of the requests.

Following a discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the 1984-85 budget of \$279,039 for the administration of the dental benefits program by the State Personnel Division with the funds to be drawn from the health insurance reserve fund.

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

#### RENAMING OF PERSONNEL DIVISION

Board members were advised that, at the July 10 meeting, they had approved changing the name of the State Personnel Division to Division of Human Resource Management and had asked that a formal resolution be prepared to accomplish that change.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board adopted the following resolution:

RESOLVED that the Budget and Control Board's Personnel Division be, and is herewith, named the Division of Human Resource Management, effective immediately, and that all references to the Personnel Division, wherever appearing in statutory law, contracts, regulations, or elsewhere, shall henceforth be read to refer to the Division of Human Resource Management.

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

#### FUTURE MEETING

The Board agreed to hold a joint meeting with the Joint Bond Review Committee at 9:30 a.m. on Thursday, August 2, 1984, at the Training Center, 300 Gervais Street, to hear agency presentations on Annual Permanent Improvement Programs for 1984-85; and to hold a regular business meeting at 2:30 p.m. on Tuesday, August 14, 1984, in the Governor's conference room in the State House.

000493

EXECUTIVE SESSION

Mr. Putnam advised that there were four contractual matters, one legal matter, three personnel matters, two property matters, and one security item involving a contractual arrangement proposed for consideration in executive session, and requested that one legal matter be added for consideration during this meeting.

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

RATIFICATION OF EXECUTIVE SESSION ACTIONS

Following consideration of executive session items, the meeting was opened and, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board ratified the following actions taken during executive session:

- (1) Approved an allocation of \$5,439 from the Civil Contingent fund to the Secretary of State's Office to pay attorneys fees in a legal settlement;
- (2) Was advised that staff had withdrawn a request by the Jobs-Economic Development Authority relating to the payment of entertainment expenses;
- (3) Received as information a briefing on a contractual matter by the Research Authority;
- (4) Authorized the Department of Corrections to exercise an option to acquire land in McCormick County using \$120,000 of appropriated funds with the understanding that these costs are project costs and that the appropriated accounts will be reimbursed from bond funds when they have been made available; and advised the Department of Corrections that a 1984-85 revenue estimate will be requested at the end of the first quarter of the fiscal year and that, if that estimate supports the action, the contingency funding for the Department of Corrections would be made available following adoption of the revenue estimate revision;
- (5) Adjusted the surcharge on users of the Barnwell Low-Level Waste Disposal Facility from 22¢ per cubic foot to 29.5¢ per cubic foot, effective October 1;

000494

- (6) Reaffirmed by unanimous vote a previous action allocating up to \$37,000 from the Civil Contingent Fund to the Attorney General's Office to finance the litigation relating to the Into v. Wildlife and Marine Resources Commission case to continue it during 1984-85;
- (7) Approved salary increases for employees of the Medical University, Francis Marion College, and the Governor's Office;
- (8) Received as information a verbal report on a Division of General Services proposal relating to a potential office space lease and did not approve the proposal in concept or otherwise but did authorize that Division to examine the idea in this proposal or in any other similar proposal as a part of its on-going responsibilities in this area;
- (9) Approved an easement to supersede the easement executed October 7, 1974 to the Department of Highways and Public Transportation and approved the execution of a quit claim deed covering the property between the road right-of-way and the present Colite Industries property line;
- (10) Authorized the Division of General Services to install a security system at an estimated cost of \$75,000 for the Dennis, Brown, Calhoun and Wade Hampton Buildings using rental revenue as the source of funds, and authorized the Division of Human Resource Management to provide security training for employees who work in those facilities;
- (11) Carried over consideration of a contractual matter relating to a Department of Archives and History request for additional records storage space; and
- (12) Reappointed a member to the Deferred Compensation Commission.

The meeting was adjourned at 12:51 p.m.

[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary in the State House; near the Board Secretary's office in the Wade Hampton Building; and in the lobby of the Wade Hampton Office Building at 8:45 a.m. on Monday, July 23, 1984.]

The State of South Carolina

AUG 13 1984



Office of the Attorney General

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK  
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING  
POST OFFICE BOX 11549  
COLUMBIA, S.C. 29211  
TELEPHONE 803-758-2072

August 13, 1984

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

Re: \$3,000,000 Greenwood County, South Carolina  
Hospital Facilities Revenue Bond, (Self-  
Memorial Hospital)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 44-7-1410 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order. I am advised specifically by bond counsel that the equipment to be financed out of the proceeds of the Note is miscellaneous equipment suitable for health care or medical care as provided for in § 44-7-1430(d), supra.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "D. Eckstrom", written over a horizontal line.

David C. Eckstrom  
Assistant Attorney General

DCE/cs

Enclosures

000496



Greenwood Office  
PO Box 1058  
323 Main Street  
Greenwood, SC 29646  
803 229 5511

EXHIBIT

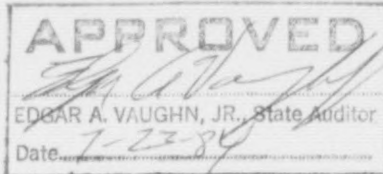
JUL 20 1984

JUL 24 1984

NO. 1

STATE BUDGET & CONTROL BOARD

BANKERS  
TRUST



July 19, 1984

Mr. William A. McInnis  
Secretary  
State Budget and Control  
Board of South Carolina  
Post Office Box 12444  
Columbia, South Carolina 29211

Re: \$3,000,000 Greenwood County, South Carolina, Hospital Revenue  
Note (Junior Lien), Series 1984 (Self Memorial Hospital Project)

Dear Mr. McInnis:

In connection with the sale by Greenwood County, South Carolina, of the above-referenced note (the "Note") dated the date of issuance and delivery thereof to Bankers Trust for South Carolina (the "Bank"), the bank makes the following representations and certifications.

(i) the Bank has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Note;

(ii) the Bank is financially able to bear the economic risk of its proposed investment in the Note for an indefinite period;

(iii) the Bank is familiar with Self Memorial Hospital (the "Hospital") and has obtained and examined all financial and other information with respect to the Note and the Hospital which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Note and to make an informed investment judgment in connection with its investment in the Note;

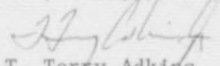
(iv) the Bank has had the opportunity to ask questions of, and receive answers from, the Hospital concerning the terms and conditions of the issuance and delivery of the Note and any other information which it has deemed relevant to its investment in the Note;

000497

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

(vi) the Bank is not presently a party to, nor is it contemplating any agreement, undertaking, arrangement, obligations, indebtedness or commitment which is likely to compel disposition of its investment in the Note.

Very truly yours,

  
T. Terry Adkins, Jr.  
Vice-President

## EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

000498

State of South Carolina  
**State Budget and Control Board**

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



Box 12444  
Columbia  
29211

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

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

September 18, 1984

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

President J. L. Dozier, Jr.  
Self Memorial Hospital  
Greenwood, SC 29646

Dear Mr. Dozier:

The \$3,000 check enclosed is a refund by the State of South Carolina of the processing fee paid by Self Memorial Hospital in connection with the Budget and Control Board's approval on July 24, 1984, of the issuance of \$3,000,000 of Hospital Revenue Bonds.

After reconsidering the matter, the Board agreed with you and your Board of Trustees that the levy of the processing fee on political subdivisions is not appropriate.

Sincerely,

*William A. McInnis*

William A. McInnis  
Deputy Executive Director

WAM:dw

Enclosure

cc: The Honorable John Drummond  
The Honorable Jennings G. McAbee  
The Honorable Thomas L. Hughston, Jr.  
The Honorable Marion P. Carnell  
Mr. Thomas Hutcheson  
Ms. Naomi Kellum

000499

# EXHIBIT

JUL 24 1984

NO. 1

STATE OF SOUTH CAROLINA )

Self Memorial Hospital

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

4

AGAINST MOTION

0

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

August 13, 1984

William A. McInnis

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Correction

Correction

Correction

Correction

Correction

Correction

Correction

State of South Carolina  
**State Budget and Control Board**

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



Box 12444  
Columbia  
29211

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

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

September 18, 1984

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

President J. L. Dozier, Jr.  
Self Memorial Hospital  
Greenwood, SC 29646

Dear Mr. Dozier:

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After reconsidering the matter, the Board agreed with you and your Board of Trustees that the levy of the processing fee on political subdivisions is not appropriate.

Sincerely,

*William A. McInnis*

William A. McInnis  
Deputy Executive Director

WAM:dw

Enclosure

cc: The Honorable John Drummond  
The Honorable Jennings G. McAbee  
The Honorable Thomas L. Hughston, Jr.  
The Honorable Marion P. Carnell  
Mr. Thomas Hutcheson  
Ms. Naomi Kellum

000499

PURSUANT TO  
WARRANT OF  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

STATE OF SOUTH CAROLINA  
**Office Of State Treasurer**

67-22  
539

B & C-EXEC DIRECTOR

GRADY L. PATTERSON, JR.  
COLUMBIA, S. C.

106090491

ORGANIZATION NO

VOUCHER NUMBER

DATE

AMOUNT

F02

WARR # F0284091365C5257 CCF5C13

C91384

\$\*\*\*\*\*3,000.00

PAY TO

SELF MEMORIAL HOSPITAL  
C/O THOMAS HUTCHESON  
BOX 340  
CHARLESTON, SC 29402

PAY - \$\*\*\*\*\*3,000.00

CONTINGENCIES ACCOUNT  
THE SOUTH CAROLINA NATIONAL BANK  
COLUMBIA, S. C.

*Grady L. Patterson*  
STATE TREASURER

⑈60904917⑈-⑈053900225⑈ 3233 04378⑈

# EXHIBIT

JUL 24 1984

NO. 1

STATE OF SOUTH CAROLINA )

Self Memorial Hospital

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

AGAINST MOTION

4

0

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

August 13, 1984

William A. McInnis

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# EXHIBIT

JUL 24 1984 NO. 1

## A RESOLUTION

### STATE BUDGET & CONTROL BOARD

APPROVING THE UNDERTAKING OF GREENWOOD COUNTY TO ISSUE A \$3,000,000 HOSPITAL REVENUE NOTE (JUNIOR LIEN), SERIES 1984, OF GREENWOOD COUNTY, SOUTH CAROLINA, PURSUANT TO ACT NO. 379 OF 1973.

WHEREAS, the County Council of Greenwood County (the "County Board"), pursuant to Act No. 379 of the Acts of the General Assembly of the State of South Carolina for the year 1973 (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the issuance of a \$3,000,000 Hospital Revenue Note (Junior Lien), Series 1984, of Greenwood County, South Carolina (the "Note"), by the County Board pursuant to the Act, the proceeds of which will be used in order to defray the cost of acquiring and installing major capital equipment (referred to hereinafter as the New Improvements) in Greenwood County, South Carolina, for Self Memorial Hospital which is owned by Greenwood County and operated by the Greenwood County Hospital Board created by Act 1554 of the Acts of the General Assembly for 1968, as amended; and

WHEREAS, inasmuch as the Hospital is under the jurisdiction of the County Board, the loan agreement contemplated by Section (3)(e) of the Act will be in the form of the Note Ordinance hereafter referred to and as permitted by Section 3(e) of said Act; and

WHEREAS, a copy of the Bond Ordinance adopted by the County Board and effective as of December 5, 1978, and the Note Ordinance has been presented to this Board with the Petition which was authorized by a Resolution of the County Board also adopted July 3, 1984.

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

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

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

(b) That the County Board has filed a proper petition with the State Board in accordance with the provisions of Section 18 of the Act, setting forth a brief description of the New Improvements, a

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representation that approval of the New Improvements need not be given by the South Carolina Department of Health and Environmental Control, a reasonable estimate of the cost of the New Improvements, and a general summary of the terms and conditions of the Note Ordinance.

(c) The financing of the New Improvements by the County Board through the issuance of the Note will promote the purposes of the Act.

(d) The Note will not constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

2. On the basis of the foregoing findings, the proposed undertaking of the County Board:

(i) to issue the Note;

(ii) to use the proceeds thereof for the purpose of defraying the cost of acquiring and installing the New Improvements (which will be owned by the County);

(iii) to carry out its obligations under the Bond Ordinance and the Note Ordinance including particularly its obligation to provide for the payment of the Note, which shall be payable solely from moneys in the Surplus Fund (as defined in the Bond Ordinance) to be derived from the operation of the Hospital, and

(iv) to enter into a Security Agreement with Bankers Trust of South Carolina (the form of such Security Agreement having been presented to this Board)

all pursuant to the Act (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking) be, and the same is hereby approved, and the County Board may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above-described undertaking of Greenwood County shall be published in THE INDEX-JOURNAL, a newspaper having general circulation in Greenwood County.

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

"EXHIBIT A"

NOTICE  
PURSUANT TO ACT NO. 379 OF THE ACTS  
OF THE GENERAL ASSEMBLY OF THE STATE OF  
SOUTH CAROLINA FOR THE YEAR 1973

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council of Greenwood County (the "County Board") to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following undertaking (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking), viz:

The issuance by Greenwood County of a \$3,000,000 Hospital Revenue Note (Junior Lien), Series 1984, of Greenwood County, South Carolina (the "Note") pursuant to Act No. 379 of the Acts of the General Assembly of South Carolina for the year 1973 (the "Act"), the proceeds of which shall be used by Greenwood County to provide major equipment purchases (the "New Improvements") in Greenwood County for Self Memorial Hospital (the "Hospital") owned by Greenwood County and operated by the Greenwood County Hospital Board; the adoption of a Note Ordinance by the County Board and the agreement by the County to undertake certain responsibilities thereunder. A Bond Ordinance, effective December 5, 1978, prescribes the terms and conditions under which "Junior Indebtedness" (as therein defined) may be issued and pledges to the payment of the Notes moneys from time to time available in the Surplus Fund (as defined in the Bond Ordinance) derived from the operation of the Hospital.

The New Improvements to be financed with the proceeds derived from the sale of the Note will be owned by the County.

As required by the Act the Note will not constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

The Bond Ordinance and the Note Ordinance are on file at the office of the County Board, located in the Greenwood County Courthouse, Greenwood, South Carolina.

The Petition above referred to sets forth the action taken by the County Board pursuant to Section 8 of the Act.

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

THE STATE BUDGET AND CONTROL  
BOARD OF SOUTH CAROLINA

BY: WILLIAM A. McINNIS,  
SECRETARY

PUBLICATION DATE:

July 25, 1984.

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD



10-11-84

Exhibit 1  
July 24, 1984

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

160 EAST BAY STREET

CHARLESTON, SOUTH CAROLINA

TELEPHONE AND TELECOPIER

(803) 722-3366

MAILING ADDRESS  
CHARLESTON OFFICE  
POST OFFICE BOX 340  
CHARLESTON, S. C. 29402

COLUMBIA OFFICE  
SUITE 460  
FIRST NATIONAL BANK BUILDING  
POST OFFICE BOX 458  
COLUMBIA, S. C. 29201  
TELEPHONE AND TELECOPIER  
(803) 765-1885

October 8, 1984

Mr. William A. McInnis  
Deputy Executive Director  
South Carolina State Budget  
and Control Board  
Post Office Box 12444  
Columbia, South Carolina 29211

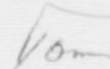
Re: \$3,000,000 Greenwood County, South Carolina,  
Hospital Revenue Note (Junior Lien), Series 1984  
(Self Memorial Hospital Project)

Dear Bill:

Donna Williams called today and inquired as to the basis of the exemption of the Self Memorial Hospital Bonds from the volume cap imposed by the Tax Reform Act of 1984. The cap imposed by the Tax Reform Act of 1984 limits the amount of "private activity bonds" which may be issued. Private activity bonds are, with certain inapplicable exceptions, defined to be student loan bonds and industrial development bonds. Industrial development bonds are those whose proceeds are to be used in the trade or business of a non-exempt person. Inasmuch as Self Memorial Hospital Board of Trustees is a public corporation and an exempt person under the Internal Revenue Code, indebtedness to finance its facilities is not industrial development bonds and is, therefore, exempt from the volume limitations imposed by the Tax Reform Act of 1984.

If I may provide you with any further information, please do not hesitate to call me.

Yours very truly,



Thomas A. Hutcheson

TAH:ds

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# EXHIBIT

STATE OF SOUTH CAROLINA  
COUNTY OF GREENWOOD

JUL 24 1984 NO. 1

TO THE STATE BUDGET AND CONTROL )

STATE BUDGET & CONTROL BOARD

BOARD OF SOUTH CAROLINA )

PETITION

The Petition of Greenwood County Council (the "County Board") pursuant to Act No. 379 of the Acts of the General Assembly of the State of South Carolina for the year 1973 (now codified as Title 44, Article XI, Chapter 7, Code of Laws of South Carolina 1976) (the "Act"), and in particular Section 44-7-1590 thereof, respectfully shows:

1. The County Board is the governing body of Greenwood County, South Carolina (the "County"), as established by Act No. 1228 of the Acts of the South Carolina General Assembly for the year 1970, as amended, and as such is the "County Board" of the County referred to in the Act.

2. The Act authorizes the County Board, subject to obtaining the approval and findings from the State Budget and Control Board of South Carolina and the South Carolina Department of Health and Environmental Control, required by Sections 44-7-1590 and 44-7-1490 of the Act, respectively, to issue revenue bonds for the purpose of defraying the cost of acquiring Hospital Facilities (as defined in the Act).

3. The County owns and operates, for the benefit of the people of the County, certain hospital facilities known as Self Memorial Hospital (the "Hospital"). Such facilities were acquired from the Trustees of Self Memorial Hospital pursuant to the authorizations in Act No. 1554 of the Acts of the General Assembly for the year 1978, as amended (Act 1554) and were substantially improved with the proceeds of \$6,100,000 General Obligation Bonds of Greenwood County and \$1,700,000 Special Obligation Bonds of Greenwood County. In addition the County has issued \$6,300,000 and \$3,000,000 of Hospital Revenue Bonds in 1976 and 1978, respectively, and in 1982, the County issued \$1,500,000 Hospital Revenue Notes (Junior Lien), Series 1982 in order to provide needed equipment for the Hospital.

4. The Hospital has, since its acquisition by the County, been continuously operated by the Greenwood County Hospital Board (the "Hospital Board"), established pursuant to Act 1554 as a governmental agency of the County. Revenues derived from the operation of the Hospital since the completion of the improvements financed by the County and financed through the Series 1976 Bonds and the Series 1978 Bonds have been sufficient to provide for its proper functioning and, in addition, the Hospital Board has accumulated additional funds in the Surplus Fund, as defined in the Bond Ordinance (hereinafter defined) which may be

utilized to pay the principal of and interest on Junior Indebtedness (as defined in the Bond Ordinance).

The Hospital Board advises the County Board that the Hospital will require new equipment (the "Equipment") over the next three (3) years in the amount of \$3,000,000. On the basis of the foregoing estimates, the Hospital Board has recommended that Council act jointly with it to raise \$3,000,000 through a sale of a Junior Indebtedness Note as authorized by the Bond Ordinance adopted June 15, 1976 by the County Board, as supplemented by an Ordinance, effective December 5, 1978 (collectively the "Bond Ordinance").

6. The Hospital Board has advised the County Board that the Hospital is not required to apply to the South Carolina Department of Health and Environmental Control for a Certificate of Need.

7. Pursuant to Section 44-7-1590 of the Act, the County Board sets forth the following information:

(a) The Equipment to be financed out of the proceeds of the Junior Indebtedness Note is properly described in Section 4 hereof.

(b) The South Carolina Department of Health and Environmental Control is not required to give the approval required by Section 44-7-1490 of the Act.

(c) The amount of the Junior Indebtedness Note required to meet a portion of the cost of the Equipment is \$3,000,000.

(d) The Note Ordinance, a copy of which is enclosed with this Petition, provides in general:

(i) To finance the cost of the acquisition, construction and installation of the Equipment, the County will issue its \$3,000,000 Junior Indebtedness Note which will be secured by a pledge of the funds, from time to time available, in the Surplus Fund (as defined in the Bond Ordinance) derived from operation of the Hospital and which may be further secured by granting to the purchaser of the Junior Indebtedness Note a security interest solely in the Equipment.

(ii) The proceeds derived from the sale of the Junior Indebtedness Note will be deposited with Bankers Trust of South Carolina in an Acquisition Fund created under the Note Ordinance and will be applied solely for the payment of the costs incident to the acquisition and installation

of the Equipment and the issuance of the Junior Indebtedness Note.

(iii) Under the terms of the Note Ordinance, the County covenants to effect the acquisition of the Equipment, to pay, but solely from moneys available in the Surplus Fund, the amount necessary to meet the payment of principal and interest and premium, if any, on the Junior Indebtedness Note as the same become due, and to pay the cost of maintaining the Equipment in good repair and the cost of keeping it properly insured.

8. The Note Ordinance prescribes the terms and conditions upon which the Junior Indebtedness Note will be issued. A copy of the Note Ordinance is also enclosed with this Petition. The Note Ordinance makes provision for the issuance of a single Junior Indebtedness Note in the amount of \$3,000,000 pursuant thereto. It provides for the payment and redemption of the Junior Indebtedness Note, the establishment of the Acquisition Fund and for the manner in which proceeds may be drawn therefrom. The Note Ordinance contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

9. It is the intent of the County Board that the Note Ordinance and the Security Agreements shall be finally executed and delivered in substantially the form as enclosed herewith, and although changes may be made in the enclosed forms, there will be no changes which will substantially affect the undertaking of the County as now outlined therein.

Upon the basis of the foregoing, the County Board respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition and the documents enclosed herewith above described, and that the State Board do as soon as practical make such investigation as it deems advisable, and that if it finds that the Equipment is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Equipment and the proposed financing thereof by the County through the issuance of the Junior Indebtedness Note pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County, give

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published notice of its approval in the manner set forth in  
Section 44-7-1590 of the Act.

July 3, 1984

Respectfully submitted,

GREENWOOD COUNTY, SOUTH  
CAROLINA

By Carroll H. Brooks  
Chairman, Greenwood County  
Council

Attest:

By Robert W. Haynie  
Executive Secretary,  
Greenwood County Council

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

# EXHIBIT

JUL 24 1984 NO. 1

## A RESOLUTION

### STATE BUDGET & CONTROL BOARD

AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL PURSUANT TO ACT NO. 379 OF THE 1973 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY TO THE UNDERTAKING BY GREENWOOD COUNTY, SOUTH CAROLINA, TO ISSUE THREE MILLION DOLLARS (\$3,000,000) HOSPITAL REVENUE NOTE (JUNIOR LIEN), SERIES 1984.

Incident to the adoption of this Resolution, Greenwood County Council (the "County Board") has made the following findings:

1. Greenwood County, South Carolina (the "County") owns, for the benefit of the people of the County, certain hospital facilities known as Self Memorial Hospital (the "Hospital"). Such facilities were acquired from the Trustees of Self Memorial Hospital pursuant to the authorizations in Act No. 1554 of the Acts of the General Assembly for the year 1968, as amended (Act 1554) and were substantially improved with the proceeds of \$6,100,000 General Obligation Bonds of Greenwood County and \$1,700,000 Special Obligation Bonds of Greenwood County. In addition the County in 1976 issued \$6,300,000 of Hospital Revenue Bonds (the "Series 1976 Bonds") and in 1978 issued \$3,000,000 of Hospital Revenue Bonds (the "Series 1978 Bonds") both pursuant to Act 379 of the 1973 Acts of the South Carolina General Assembly (the "Hospital Revenue Bond Act") in order to further improve the Hospital. In 1982, the County issued \$1,500,000 Hospital Revenue Notes (Junior Lien), Series 1982 in order to provide needed equipment for the Hospital pursuant to the authorization of Article VIII of that certain Bond Ordinance effective June 15, 1976, as amended (the "Bond Ordinance") which authorized the issuance of "Junior Indebtedness" as defined in the Bond Ordinance payable solely from moneys in the Surplus Fund created under the Bond Ordinance.

2. The Hospital has, since its acquisition by the County, been continuously operated by the Greenwood County Hospital Board (the "Hospital Board"), established pursuant to Act 1554 as a governmental agency of the County. Revenues derived from the operation of the Hospital since the completion of the improvements financed by the County have been sufficient to provide for its proper functioning and, in addition, the Hospital Board has accumulated additional funds, a portion of which may be used together with the proceeds of the Junior Indebtedness hereinafter referred to, in order to provide needed equipment for the Hospital.

3. The Hospital Board has determined that the Hospital should again utilize the authorization of Article VIII of

000510

the Bond Ordinance and issue "Junior Indebtedness" as defined therein payable solely from moneys in the Surplus Fund created thereunder. Such Junior Indebtedness will take the form of a single Hospital Revenue Note to be purchased by Bankers Trust of South Carolina. The County has agreed to issue the Junior Indebtedness Notes and is this night giving first reading to an ordinance authorizing its issuance.

4. Prior to the issuance of the Junior Indebtedness Note, the Hospital Board will, by action duly taken, approve the terms and conditions of the Note Ordinance and bind and obligate itself to observe each and every agreement and covenant made therein. The County Board intends that each agreement and covenant contained in the Note Ordinance relating to the operation and maintenance of the Hospital and the collection and disposition of the revenues of the Hospital and the disposition of the proceeds of the Junior Indebtedness Note issued pursuant to the Note Ordinance shall be performed for the County by the Hospital Board as the governmental agency of the County responsible for the operation and maintenance of the hospital facilities owned by the County.

5. Inasmuch as the Hospital is under the jurisdiction of the County Board, the loan agreement contemplated by Section 3(e) of the Hospital Revenue Bond Act will be in the form of the Note Ordinance and as permitted by Section 3(e) of said Act.

A copy of the Note Ordinance as supplemented will be forwarded to the State Budget and Control Board of South Carolina with the Petition herein authorized.

6. The County Board has determined that there is a need for the additional equipment to be acquired for the Hospital and that the issuance of the Junior Indebtedness Note to finance such acquisition will not give rise to any pecuniary liability of the County or a charge against its general credit or taxing power; and that the Junior Indebtedness Note shall be payable solely out of the moneys in the Surplus Fund although the County may secure its obligation to pay such Junior Indebtedness by giving a security interest solely in the equipment to be purchased with the proceeds of the Note.

7. In the Note Ordinance the County will agree to effect the acquisition of the equipment and will further obligate itself to make payments from the Surplus Fund (as defined in the Bond Ordinance) to the extent available in order to pay the principal of, interest, and premium, if any, on the Junior Indebtedness Note as they become due and payable, the cost of maintaining the Hospital in good

repair, and the cost of keeping the Hospital properly insured.

8. Adequate provision has been made for public facilities, including utilities and public services necessary for the Hospital.

9. Bankers Trust of South Carolina has been named Corporate Trustee under the Note Ordinance.

10. Acquisition of the equipment will not require the issuance by the South Carolina Department of Health and Environmental Control of a Certificate of Need.

11. The Junior Indebtedness Note will be sold, upon negotiated sale, under the terms and conditions set forth in the Note Ordinance.

NOW, THEREFORE, BE IT RESOLVED BY GREENWOOD COUNTY COUNCIL, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis determines to finance the equipment purchases above described, and to authorize the sale of the Junior Indebtedness Note by the County as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached hereto be presented to the State Board to seek the approval required by Section 18 of the Act; and that said Petition shall be duly executed by the Chairman of the County Board and attested by the Executive Secretary of the County Board.

(SEAL)

*Carroll H. Brooks*  
Chairman, Greenwood County  
Council

Attest:

*Robert M. Haynie*  
Executive Secretary, Greenwood  
County Council

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD



STATE OF SOUTH CAROLINA

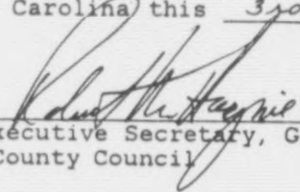
COUNTY OF GREENWOOD

I, the undersigned, Executive Secretary of Greenwood County Council ("County Council"), DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution unanimously adopted by County Council at a duly called and regularly held meeting at which all members attended and remained throughout on \_\_\_\_\_, 1984, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of Greenwood County, South Carolina this 3<sup>rd</sup> day of July, 1984.

(SEAL)

  
Executive Secretary, Greenwood  
County Council

000513

# EXHIBIT

JUL 24 1984 NO. 1

AN ORDINANCE

STATE BUDGET & CONTROL BOARD

PROVIDING FOR THE ISSUANCE OF A THREE MILLION DOLLARS (\$3,000,000) GREENWOOD COUNTY HOSPITAL REVENUE NOTE (JUNIOR LIEN), SERIES 1984 TO PROVIDE FUNDS FOR THE ACQUISITION OF NEW EQUIPMENT FOR THE SELF MEMORIAL HOSPITAL OF GREENWOOD COUNTY, SOUTH CAROLINA.

BE IT ORDAINED BY GREENWOOD COUNTY COUNCIL, AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

SECTION 1.01. Certain terms used in this Ordinance are defined terms with meanings set forth in Article II of an Ordinance entitled "AN ORDINANCE PROVIDING FOR IMPROVEMENTS TO SELF MEMORIAL HOSPITAL OWNED BY GREENWOOD COUNTY, SOUTH CAROLINA, FOR THE ISSUANCE AND SALE OF SIX MILLION THREE HUNDRED THOUSAND DOLLARS (\$6,300,000) HOSPITAL REVENUE BONDS, SERIES 1976, OF GREENWOOD COUNTY, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO", adopted June 15, 1976, and supplemented by an Ordinance adopted December 5, 1978 (collectively the "Bond Ordinance"). Whenever such terms are used herein they shall have the meanings given them in said Article II.

SECTION 1.02. In addition to the definitions set forth in Article II, the term Junior Indebtedness Note, Series 1984 shall mean the Three Million Dollars (\$3,000,000) Hospital Revenue Note (Junior Lien), Series 1984, of Greenwood County, South Carolina, dated as of August 1, 1984, which is authorized herein.

## ARTICLE II

### FINDINGS OF FACT

Incident to the adoption of this Ordinance, and the issuance of the note provided for herein, Greenwood County Council ("Council") finds that the facts set forth in this Article exist, and the statements with respect thereto herein made, are true and correct:

SECTION 2.01. The County owns, for the benefit of the people of the County, certain hospital facilities known as Self Memorial Hospital (the "Hospital"). Such facilities were acquired pursuant to the authorizations in Act No. 1554 of the Acts of the General Assembly for the year 1968, as amended, and were, following such acquisition, substantially improved with the proceeds of \$6,100,000 General Obligation Bonds of Greenwood County and \$1,700,000 Special Obligation Bonds of Greenwood County. The Hospital has, since its

000514

acquisition by the County, been continuously operated by the Greenwood County Hospital Board (the "Hospital Board"), established pursuant to Act 1554 of 1968, as amended.

SECTION 2.02. In 1976 and in order to provide for Improvements to the Hospital the County adopted the Bond Ordinance and pursuant thereto issued \$6,300,000 Greenwood County Hospital Revenue Bonds, Series 1976. In 1978 the County issued \$3,000,000 of Greenwood County Hospital Revenue Bonds, Series 1978 to provide further improvements. In the Bond Ordinance it was provided that under the conditions set forth in Article VIII, the County might also, by ordinances supplemental to the Bond Ordinance, make provision for the issuance of Junior Indebtedness in order to provide New Improvements for the Hospital. Such Junior Indebtedness is payable solely from moneys available in the Surplus Fund created under the Bond Ordinance. In 1982 the County issued \$1,500,000 Hospital Revenue Notes (Junior Lien), Series 1982 in order to provide New Improvements to the Hospital.

SECTION 2.03. The Hospital Board proposes additional New Improvements in the form of major equipment purchases over the next three (3) years.

The cost of the New Improvements will be in excess of Three Million Dollars (\$3,000,000). It is reasonably expected that moneys in the Surplus Fund will be sufficient over the next five (5) years to pay the debt incurred in order to acquire and install the New Improvements.

SECTION 2.04. It has been found and determined that the conditions imposed by Article VIII of the Bond Ordinance will be met prior to the issuance of the Junior Indebtedness Note authorized herein.

### ARTICLE III

#### ISSUANCE OF SERIES 1984 JUNIOR INDEBTEDNESS NOTE

SECTION 3.01. Pursuant to the Enabling Statute and the Bond Ordinance, and in order to defray the costs of the New Improvements described in Article II hereof, there shall be issued a Three Million Dollars (\$3,000,000) Hospital Revenue Note (Junior Lien), Series 1984, of Greenwood County, South Carolina.

The Series 1984 Note shall be dated as of the first day of August, 1984, shall be numbered R-1, in the denomination of \$3,000,000, shall bear interest at the rate of eight and fifty-hundredths percent (8.50%) per annum, and shall mature in sixty (60) equal, successive monthly installments of principal and interest commencing September 1, 1984;

provided that the first such installment shall be computed on the basis of the actual number of days elapsed from the date of delivery of the Series 1984 Note to September 1, 1984 (assuming a three hundred and sixty (360) day year).

SECTION 3.02. The Series 1984 Note shall be sold to Bankers Trust of South Carolina on the terms above stated.

SECTION 3.03. Both the principal of and interest on the Series 1984 Note shall be 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, at the principal office of each of the purchasing Banks.

SECTION 3.04. The Series 1984 Note may be prepaid, without penalty, in whole or in part, on any monthly payment date upon fifteen (15) days' written notice to the holder. Prepayments of principal shall be applied to the principal of the Series 1984 Note in the inverse order of the installments thereof.

SECTION 3.05. The Series 1984 Note may be assigned and the assignor and assignee shall notify the County of such assignment and any change in place of payment of such Series 1984 Note. The transfer of the Series 1984 Note may be effected only upon the books of the County kept by the Hospital Board for that purpose at the office of the Hospital or its duly authorized agent by the registered owner thereof in person, or by his duly authorized legal representative, upon surrender of the Series 1984 Note together with a written instrument of transfer satisfactory to the Hospital Board or such agent duly executed by the registered owner or his duly authorized legal representative.

SECTION 3.06. The Series 1984 Note shall be substantially in the form set forth in Exhibit A, hereto attached and made a part hereof. The Series 1984 Note shall be executed and delivered on behalf of the County by the Chairman and Executive Secretary of County Council.

SECTION 3.07. For such time as the Series 1984 Note is outstanding, the County covenants as follows with respect to the disposition of the Revenues of the Hospital:

(a) There shall be established in the Surplus Fund an account designated as the "Series 1984 Note Reserve Account" (the "Note Reserve"). Moneys in the Note Reserve shall be used for the purpose of paying principal and/or interest on the Series 1984 Note in the event other moneys available for such purpose shall not be sufficient therefor.



(b) Until the deposit for such month required by paragraph (c) of this Section 3.07 shall have been made, the monthly deposit to the Plant Fund required by Section 10.06 of the Bond Ordinance shall not exceed one twelfth (1/12) of the depreciation of the Hospital for the then current Fiscal Year calculated in accordance with generally accepted accounting principles.

(c) On the first day of each month there shall be deposited to the credit of the Note Reserve an amount equal to ten percent (10%) of the amount payable on such date as principle of the Series 1984 Note; provided that no such deposit need be made if the amount on deposit in the Note Reserve shall equal or exceed ten percent (10%) of the outstanding principle balance of the Series 1984 Note.

SECTION 3.08. As additional security for the payment of the Series 1984 Note the County shall grant to the purchaser thereof a security interest in the New Improvements financed and to be financed with the proceeds of the Series 1984 Note. The Chairman and Executive Secretary of County Council are authorized to execute and deliver on behalf of the County a Security Agreement relating to the New Improvements in substantially the form submitted to County Council with this Ordinance.

#### ARTICLE IV

##### DISPOSITION OF PROCEEDS OF SERIES 1984 NOTE

SECTION 4.01. Following the sale of the Series 1984 Note, the same shall forthwith be prepared and thereupon shall be executed by those herein authorized to effect the execution thereof and delivered to the purchaser upon payment of the purchase price thereof.

SECTION 4.02. The proceeds derived from the sale of the Series 1984 Note shall be deposited in an Acquisition Fund to be established at the Columbia, South Carolina offices of Bankers Trust of South Carolina (the "Depository").

SECTION 4.03. Moneys placed in the Acquisition Fund shall be applied to the following uses and purposes and, subject to the provisions of Sections 4.05 and 4.06 hereof, to no other purposes:

(a) To the payment of the fee of the Depository for acting as a depository of the Acquisition Fund;

(b) To the payment of the cost of legal and accounting fees and expenses relating to the issuance

of the Series 1984 Note, the preparation of this Ordinance and any and all other services rendered by those responsible therefor incident to the issuance, execution and delivery of the Series 1984 Note;

(c) To the payment for labor, services, materials, supplies, equipment, machinery and other facilities incident to the acquisition and installation of the New Improvements;

(d) To such extent as they shall not be paid by a contractor, payment of the premiums on all insurance required to be taken out and maintained during the period of acquisition of the New Improvements;

(e) To the payment of expenses incurred in seeking to enforce any remedies against contractors or subcontractors with respect to the completion of their obligations incident to the acquisition and installation of the New Improvements; and

(f) To the payment of any other costs and expenses relating to the New Improvements.

SECTION 4.04. Each of the payments made pursuant to the provisions of paragraphs (c), (d), (e) and (f) of Section 4.03 hereof shall be made only upon receipt by the the Depository of a written order by an authorized representative of the Hospital Board.

Such written order and certificate shall certify: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Acquisition Fund and (ii) that each item for which the payment is proposed to be made is or was necessary in connection with the acquisition and installation of the New Improvements or the issuance of the Series 1984 Note.

In the case of any contract providing for the retention by the County of a portion of the contract price, there shall be paid from the Acquisition Fund only the net amount remaining after deduction of any such portion, until such retainage becomes due in accordance with the terms of such contract.

SECTION 4.05. To the extent practical, the Depository shall invest moneys in the Acquisition Fund in accordance with the provisions of Section 9.09 of the Bond Ordinance.

SECTION 4.06. All Series 1984 Note proceeds remaining in the Acquisition Fund upon completion of the acquisition and installation of the New Improvements shall be used to prepay principal installments due on the Series 1984 Note in the inverse order of installments due. The completion of

the installation and acquisition of the New Improvements shall be established by an appropriately worded certificate of an authorized representative of the Hospital Board delivered to the Depository.

SECTION 4.07. The Chairman and the Hospital Chairman and any and all other officers of Council or of the Hospital Board shall be and they are hereby empowered to furnish any and all opinions, certificates and other documents as may be herein required or which shall be reasonably necessary to establish the compliance by the County of the terms and conditions of the Bond Ordinance.

#### ARTICLE V

#### MISCELLANEOUS

SECTION 5.01. This Ordinance is expressly declared to be supplemental to the Bond Ordinance, and the Series 1984 Note is declared to be Junior Indebtedness authorized by the Bond Ordinance, and shall be secured as provided therein, it being expressly declared that all of the obligations undertaken by the County hereunder are junior and subordinate to the obligations incurred under the Bond Ordinance with respect to Bonds now or hereafter outstanding thereunder.

SECTION 5.02. Save and except as herein supplemented, the Bond Ordinance shall remain of full force and effect.

SECTION 5.03. This Ordinance has been prepared and is being executed in several counterparts, each of which is an original and all of which are identical. Each counterpart so executed shall be deemed an original of this Ordinance and all counterparts thereof are to be deemed but one instrument. This Ordinance shall take effect upon its third reading.

GREENWOOD COUNTY, SOUTH CAROLINA

(SEAL)

By \_\_\_\_\_  
Chairman, Greenwood County  
Council

Attest:

By \_\_\_\_\_  
Executive Secretary,  
Greenwood County Council

First Reading Given: \_\_\_\_\_, 1984;  
Second Reading Given: \_\_\_\_\_, 1984;  
Third Reading Given: \_\_\_\_\_, 1984.



# EXHIBIT

JUL 24 1984 NO. 1

## STATE BUDGET & CONTROL BOARD

REVENUE BOND PROCESSING CHECKLIST AND FEE TRANSMITTAL FORM # 133

Item for Board Meeting of July 24, 1984 Blue Agenda # \_\_\_\_\_

Type ☒ 1: Hospital ☐ 2: Industrial ☐ 3: Pollution Control GREENWOOD COUNTY ☒ 2: City ☐ 2: County

Bond Attorney: Firm: Sinkler, Gibbs & Simons  
Contact Person: Box 340 Phone: 722-3366  
Address: Charleston, SC 29402

Project Name SELF MEMORIAL HOSPITAL Employment Impact n/a

Bond Purchaser BANKERS TRUST Date B&CB Approved 07/24/84 Fiscal Year 85  
M M D D Y Y

Amount of Issue 30000000 Issue Terms ☐ A: Approximately ☐ B: Not Exceeding ☐ C: Refunding ☐ D: Not Exceeding At Any One Time Outstanding  
Amount of Fee 3000

Project Description MAJOR EQUIPMENT PURCHASES

Project Description

Payer SELF MEMORIAL HOSPITAL Check Number 176809

| PROCESSING CHECKLIST:   |                                   | REC'D FROM     | SENT TO        |
|---|-----------------------------------|----------------|----------------|
| (a) Governing body resolution/ordinance/petition  | <u>7/11/84</u>                    | <u>SB 7/11</u> | <u>DE 7/18</u> |
| (b) Documents on issuance/securing of bonds   |                                   | <u>TH 7/18</u> | <u>DE 7/18</u> |
| (c) Health and Environmental Control certification  | <u>petition says not required</u> |                |                |
| (d) Budget & Control Board Resolution and Notice (Original and <u>9</u> copies for bond attorney) |                                   | <u>TH 7/18</u> | <u>DE 7/18</u> |
| (e) Review by Attorney General's Office (letter)  |                                   | <u>OK 8/13</u> | <u>XXXXXXX</u> |
| (f) Financial information:  |                                   |                |                |
| (1) Audited financial statements (3 most recent years)  |                                   |                |                |
| OR  |                                   |                |                |
| (2) If private placement, "investment letter"   |                                   | <u>OK</u>      |                |
| (g) Review by State Auditor's Office (memo)   |                                   | <u>OK 7/24</u> | <u>XXXXXXX</u> |

Motion: \_\_\_\_\_ Second: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Vote: For \_\_\_\_\_ Against \_\_\_\_\_

Certificates signed: 8/13/84  
Resolutions mailed: 8/13/84

000521

JUL 11 1984

BURNS, McDONALD, BRADFORD, ERWIN & PATRICK  
ATTORNEYS AND COUNSELORS AT LAW

SUITE 201 PARK PLAZA

DRAWER NO. 1207

GREENWOOD, S. C. 29648-1207

HOWARD L. BURNS  
JAMES E. McDONALD  
J. WM. BRADFORD  
ROBERT M. ERWIN, JR.  
WM. B. PATRICK, JR.  
WM. J. DEAN  
WM. D. TINSLEY, JR.  
STEPHEN D. BAGGETT

TELEPHONE  
(803) 229-2511

July 5, 1984

EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis  
South Carolina State Budget & Control Board  
Room 600 Wade Hampton Office Building  
Columbia, SC 29201

Re: \$3 million Greenwood County, South Carolina, Hospital Revenue  
Note (Junior Lien), Series 1984 (Self Memorial Hospital Project)

Dear Mr. McInnis:

Our law firm represents the County of Greenwood. The County wishes to issue the above referenced revenue note for purposes of financing improvements to Self Memorial Hospital of Greenwood, South Carolina. In this connection, we enclose the original of a Petition to your Board and a certified copy of a Resolution authorizing same. The Petition seeks the approval of the Board for this project. We would very much appreciate your placing the Petition on the agenda for the next meeting of the Board.

Thank you very much for your assistance in this matter.

Yours very truly,

BURNS, McDONALD, BRADFORD, ERWIN & PATRICK

*Stephen D. Baggett*  
Stephen D. Baggett

SDB:dlb

Enclosures

cc: Thomas A. Hutchison, Esq.  
Sinkler Gibbs & Simons  
Attorneys at Law  
P. O. Box 11458  
Columbia, SC 29211

000522

JUL 17 1984

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

160 EAST BAY STREET  
CHARLESTON, SOUTH CAROLINA  
TELEPHONE AND TELECOPIER  
(803) 722-3366

MAILING ADDRESS:  
CHARLESTON OFFICE  
POST OFFICE BOX 340  
CHARLESTON, S. C. 29402

COLUMBIA OFFICE  
SUITE 1160  
FIRST NATIONAL BANK BUILDING  
POST OFFICE BOX 1458  
COLUMBIA, S. C. 29211  
TELEPHONE AND TELECOPIER  
(803) 765-1895

EXHIBIT

July 16, 1984 JUL 24 1984 NO. 1

EXPRESS MAIL STATE BUDGET & CONTROL BOARD

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

Re: \$3,000,000 Greenwood County, South Carolina,  
Hospital Revenue Note (Junior Lien), Series 1984  
(Self Memorial Hospital Project)

Dear Bill:

Enclosed are the following items in connection with the  
above-captioned Note:

1. a draft copy of the Security Agreement;
2. a copy of the Note Ordinance; and
3. ten copies of a proposed Resolution of the State  
Board approving the note issue.

Steven Baggett, the County Attorney of Greenwood  
County, has forwarded to you a certified copy of the  
Resolution Authorizing a Petition to the State Budget and  
Control Board, along with the original Petition.

Mr. J. L. Dozier, Jr., of Self Memorial Hospital is  
forwarding to you a check for \$3,000 to cover the cost of  
reviewing and processing this issue. An "investment letter"  
is also being sent to you by Mr. T. Terry Adkins, Jr., of  
Bankers Trust in Greenwood.

I would appreciate your placing this item on the agenda  
for consideration at the Budget and Control Board's meeting  
scheduled for July 24. If you require any additional  
information, please do not hesitate to call me.

*Received  
7/11/84*

000523

SINKLER GIBBS & SIMONS

# EXHIBIT

Mr. William A. McInnis  
July 16, 1984  
Page 2


JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

Upon consideration of this issue, please return the certified copies of the State Board Resolution to me in the enclosed envelope.

Best personal regards.

Very truly yours,



Thomas A. Hutcheson

TAH:ds

Enclosures

000524



1

DRAFT 06/22/84

# EXHIBIT

JUL 24 1984 NO. 1

STATE BUDGET & CONTROL BOARD

2

SECURITY AGREEMENT

3

4

GREENWOOD COUNTY

5

AND

6

BANKERS TRUST OF SOUTH CAROLINA

7

8

relating to the

9

\$3,000,000

10

GREENWOOD COUNTY, SOUTH CAROLINA,

11

HOSPITAL REVENUE NOTE, (JUNIOR LIEN)

12

SERIES 1984

13

(SELF MEMORIAL HOSPITAL PROJECT)

14

15

DATED AS OF AUGUST 1, 1984

000525

1

DRAFT 06/22/84

2

TABLE OF CONTENTS

3

PAGE

|    |   |    |
|----|---|----|
| 4  | Introduction .....                                    | 1  |
| 5  | Section 1. Definitions .....                          | 2  |
| 6  | Section 2. Maintenance and Modification of the        |    |
| 7  | Collateral by the County .....                        | 4  |
| 8  | Section 3. Removal of Collateral .....                | 4  |
| 9  | Section 4. Taxes, Other Governmental Charges and      |    |
| 10 | Utility Charges .....                                 | 6  |
| 11 | Section 5. Insurance Required .....                   | 6  |
| 12 | Section 6. Application of Net Proceeds of Insurance . | 7  |
| 13 | Section 7. Damage and Destruction .....               | 7  |
| 14 | Section 8. Condemnation .....                         | 8  |
| 15 | Section 9. Bank's Right of Access to the Collateral.. | 9  |
| 16 | Section 10. Installation of the County's Own          |    |
| 17 | Machinery and Equipment .....                         | 9  |
| 18 | Section 11. Default .....                             | 9  |
| 19 | Section 12. Disposition of the Collateral.....        | 10 |
| 20 | Section 13. Appointment of Receiver .....             | 10 |
| 21 | Section 14. Attorneys' Fees and Other Expenses .....  | 10 |
| 22 | Section 15. Obligations Hereunder to be Junior        |    |
| 23 | and Subordinate.....                                  | 10 |

24

- i -

000526

SECURITY AGREEMENT

3       This SECURITY AGREEMENT (the "Security Agreement")  
4       dated as of August 1, 1984, between GREENWOOD COUNTY, SOUTH  
5       CAROLINA (the "County"), a body politic and corporate and a  
6       political subdivision of the State of South Carolina, and  
7       BANKERS TRUST OF SOUTH CAROLINA (the "Bank"), a banking  
8       Corporation duly organized and existing under the laws of  
9       the State of South Carolina.

10       WHEREAS, Self Memorial Hospital is owned and operated  
11       by the County for the benefit of the people of Greenwood  
12       County and has been substantially improved with the proceeds  
13       of \$6,300,000 Hospital Revenue Bonds, Series 1976 and  
14       \$3,000,000 Hospital Revenue Bonds, Series 1978 of Greenwood  
15       County, South Carolina, which were issued pursuant to a Bond  
16       Ordinance adopted June 15, 1976, as amended by a  
17       Supplemental Ordinance dated December 5, 1978 (collectively  
18       the "Bond Ordinance") and

19       WHEREAS, under Article VIII of the Bond Ordinance,  
20       Greenwood County is permitted to issue "Junior Indebtedness"  
21       as therein defined and

22       WHEREAS, Greenwood County has determined a need for  
23       equipment acquisitions over a three (3) year period in an  
24       amount not less than \$3,000,000 (the "New Improvements") and

25       WHEREAS, the Bank has agreed to purchase the \$3,000,000  
26       Greenwood Count Hospital Revenue Note (Junior Lien), Series  
27       1984 (the "Note") in order to assist the County in financing  
28       the cost of acquisition and installation of the New  
29       Improvements and

30       WHEREAS, the County has agreed to grant a security  
31       interest in the New Improvements purchased with the proceeds  
32       of the Note to the Bank to secure its obligations under the  
33       Note Ordinance, including its obligation to make payments at  
34       the times and in the amounts sufficient to pay when due the  
35       principal of and interest on the Note,

36       NOW, THEREFORE, in consideration of One Dollar (\$1.00)  
37       and other good and valuable consideration, the receipt and  
38       sufficiency of which is hereby acknowledged; in considera-  
39       tion of the purchase and acceptance of the Note by the Bank  
40       and to secure the due and punctual payment of the Note,  
41       including, without limitation, payments in amounts and at  
42       times sufficient to pay the principal of and interest on the  
43       Note and the payment of all fees and expenses and advances  
44       of the Bank under this Security Agreement, the County does  
45       hereby grant to the Bank, its successors and assigns a  
46       security interest in, and does hereby grant unto the Bank,

000527

2 its successors and assigns, forever, with power of sale, the  
3 following:

4 The fixtures, goods, equipment, machinery and other  
5 tangible personal property (the "Collateral") now or  
6 hereafter located on the real property described in Exhibit  
7 "A" hereto (the "Land") which Collateral is described in  
8 Exhibit "B" hereto, including but not limited to (i) the  
9 specific items of Collateral to be acquired or installed as  
10 part of the New Improvements and (ii) all additions,  
11 accessions, increases, parts, fittings, accessories,  
12 replacements, substitutions, betterments, repairs and  
13 proceeds to and of any and all such personal property,  
14 excluding any items released or disposed of in accordance  
15 with the terms of this Security Agreement.

16 TO HAVE AND TO HOLD the Collateral, together with all  
17 privileges, hereditaments and appurtenances thereunto now or  
18 hereafter belonging, or in anywise appertaining, and the  
19 proceeds thereof, unto the Bank, its successors and assigns  
20 forever.

21 AND the County does hereby bind itself and its  
22 successors and assigns to warrant and forever defend all and  
23 singular the Collateral unto the Bank, its successors and  
24 assigns from and against itself and its successors and  
25 assigns and all persons lawfully claiming, or to claim the  
26 same or any part thereof.

27 PROVIDED ALWAYS, NEVERTHELESS, and it is the true  
28 intent and meaning of the parties to these presents, that if  
29 the County shall well and truly pay, or cause to be paid,  
30 unto the Bank, its successors or assigns, the said debt or  
31 sum of money aforesaid, with interest thereon, if any shall  
32 be due, according to the true intent and meaning of the  
33 Note, then this Security Agreement shall cease, determine,  
34 and be utterly null and void; otherwise it shall remain in  
35 full force and virtue.

36 The County and the Bank further agree as follows:

37 SECTION 1. Definitions. (A) Certain terms used in  
38 this Security Agreement are defined herein. When used  
39 herein, such terms shall have the meanings given to them in  
40 this Section. Terms used in this Security Agreement not  
41 otherwise defined in this Security Agreement, but defined in  
42 the Bond Ordinance shall have the same meaning as in the  
43 Bond Ordinance unless the context clearly indicates a  
44 contrary meaning.

45 "AUTHORIZED HOSPITAL REPRESENTATIVE" means the person  
46 at the time designated to act on behalf of the Hospital by  
47 written certificate furnished to the County and the Bank  
48 containing the specimen signature of such person and signed



2 on behalf of the Hospital by the Chairman of the Hospital  
3 Board. Such certificate may designate one or more alternate  
4 representatives.

5 "BANK" means Bankers Trust of South Carolina, as  
6 holder of the Note and this Security Agreement, and its  
7 successors and assigns.

8 "COUNTY" means Greenwood County, South Carolina, and  
9 its successors and assigns.

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

13 "INDEPENDENT ENGINEER" means a licensed architect or an  
14 engineer or engineering firm registered and qualified to  
15 practice the profession of engineering or architecture under  
16 the laws of the State and who or which is not a full-time  
17 employee of the County or the Hospital.

18 "LICENSED ENGINEER" means an engineer or engineering  
19 firm registered and qualified to practice the profession of  
20 engineering under the laws of the State.

21 "NET PROCEEDS", when used with respect to any insurance  
22 proceeds or condemnation award, means the gross proceeds  
23 from the insurance or condemnation award with respect to  
24 which that term is used plus interest or earnings thereon  
25 remaining after payment of all expenses (including  
26 attorneys' fees and any other collection expenses) incurred  
27 in the collection of such gross proceeds.

28 "NOTE" means the \$3,000,000 Greenwood County, South  
29 Carolina, Hospital Revenue Note (Junior Lien), Series 1984  
30 issued pursuant to the Note Ordinance.

31 "NOTE ORDINANCE" means the ordinance of the County  
32 Board effective on \_\_\_\_\_, 1984, authorizing, among  
33 other things, the issuance and delivery of the Note and  
34 providing for the terms and provisions of the Note, as the  
35 same may be amended or supplemented from time to time in  
36 accordance with the provisions thereof.

37 "PERMITTED ENCUMBRANCES" means, as of any particular  
38 time, (1) liens for ad valorem taxes not then delinquent,  
39 (2) this Security Agreement, (3) such minor defects,  
40 irregularities, encumbrances, easements, rights of way, and  
41 clouds on title as normally exist with respect to properties  
42 similar in character to the New Improvements and as do not,  
43 in the opinion of Independent Counsel acceptable to the Bank  
44 and to the Authorized Hospital Representative, materially  
45 impair the suitability of the property affected thereby for  
46 the purpose for which it was acquired or is held by the

2 County, and (4) mechanics' and materialmen's liens not  
3 filed or perfected in the manner prescribed by Title 29,  
4 Chapter 5, Code of Laws of South Carolina 1976, as now or  
5 hereafter amended, other than mechanics' or materialmen's  
6 liens which, when so filed and perfected, would assume a  
7 priority over the lien of this Security Agreement.

8 "PLEDGED AMOUNTS" means all of the amounts due and  
9 payable under the Note Ordinance from time to time by the  
10 Company.

11 "SECURITY AGREEMENT" means this Security Agreement  
12 dated as of August 1, 1984, between the County and the Bank  
13 and any amendments hereof or supplements hereto.

14 "STATE" means the State of South Carolina.

15 SECTION 2. Maintenance and Modification of the  
16 Collateral by the County. The County agrees that during the  
17 term of this Security Agreement it will, at its own expense,  
18 keep the Collateral in good repair and in good operating  
19 condition, making from time to time all necessary repairs  
20 thereto and renewals and replacements thereof. The County  
21 may, also at its own expense, make or cause to be made from  
22 time to time any additions, modifications or improvements to  
23 the Collateral it may deem desirable for hospital purposes  
24 that do not materially adversely affect the use of the  
25 Collateral for the purpose for which it is intended.  
26 Subject to the provisions of Section 11 hereof, such  
27 additions, modifications and improvements so made by the  
28 County shall become a part of the Collateral.

29 (B) The County shall not permit any mechanics',  
30 materialmen's or other liens to be established or remain  
31 against the Collateral for labor or materials furnished in  
32 connection with any additions, modifications, improvements,  
33 repairs, renewals or replacements made by it in accordance  
34 with this Section; provided, that if the County shall first  
35 notify the Bank of its intention so to do, the County may in  
36 good faith contest any mechanics', materialmen's or other  
37 liens filed or established against the Collateral, and in  
38 such event may permit the items so contested to remain  
39 undischarged and unsatisfied during the period of such  
40 contest and any appeal therefrom, unless the Bank shall  
41 notify the County that, in the opinion of Independent  
42 Counsel, by nonpayment of any such items, the lien or  
43 security interest of this Security Agreement as to any part  
44 of the Collateral will be materially endangered or the  
45 Collateral or any part thereof will be subject to loss or  
46 forfeiture, in which event the County shall promptly pay and  
47 cause to be satisfied and discharged all such unpaid items.

48 SECTION 3. Removal of Collateral. (A) The County  
49 shall be under no obligation to renew, repair or replace any

2 inadequate, obsolete, worn out, unsuitable, undesirable, or  
3 unnecessary Collateral. In any instance where the County in  
4 its discretion determines that any item of Collateral has  
5 become inadequate, obsolete, worn out, unsuitable,  
6 undesirable or unnecessary, the County may remove such item  
7 of Collateral from the Land and sell, trade in, exchange or  
8 otherwise dispose of it (as a whole or in part) without any  
9 responsibility or accountability to the Bank therefor,  
10 provided that the County shall either:

11 (1) Substitute and install anywhere on the Land  
12 other machinery, equipment or related property having  
13 equal or greater market value and utility (but not  
14 necessarily having the same function) in the operation  
15 of the Collateral for the purpose for which it is  
16 intended, all of which substituted machinery, equipment  
17 or related property shall be free of all liens and  
18 encumbrances (other than Permitted Encumbrances) and  
19 shall become a part of the Collateral; or

20 (2) So long as the going concern value of the  
21 Collateral is not adversely affected thereby, not make  
22 any such substitution and installation, provided that  
23 in the case of:

24 (a) the sale of any such Collateral to  
25 anyone other than itself or in the case of the  
26 scrapping thereof,

27 (b) the trade-in of such Collateral for  
28 other machinery, equipment or related property not  
29 to be installed on the Land, or

30 (c) any other disposition thereof,

31 the County shall, at the election of the Bank, pay to  
32 the Bank to be applied first against any accrued and  
33 unpaid interest and then against the principal  
34 installments of the Note in the inverse order of  
35 maturity an amount equal to the greater of (x) the  
36 original cost thereof less depreciation taken by the  
37 County at rates calculated in accordance with generally  
38 accepted accounting principles or (y) the net proceeds  
39 from such sale or other disposition.

40 (B) The removal from the Collateral of any portion of  
41 the Collateral pursuant to the provisions of this Section  
42 shall not entitle the County to any postponement, abatement  
43 or diminution of the amounts payable under the Note  
44 Ordinance.

45 (C) The County shall promptly report to the Bank each  
46 such removal, substitution, sale and other disposition and  
47 shall pay to the Bank such amounts as are required by the



2 provisions of subsection (A)(2) of this Section promptly  
3 after the sale, trade-in or other disposition requiring such  
4 payment; provided, that no such report and payment need be  
5 made until the amount to be paid to the Bank on account of  
6 all such sales, trade-ins or other dispositions not  
7 previously reported aggregates at least [\$50,000].

8 (D) The County shall not remove, or permit the removal  
9 of, any of the Collateral from the Land except in accordance  
10 with the provisions of this Section.

11 SECTION 4. Taxes, Other Governmental Charges and  
12 Utility Charges. (A) The County shall pay, as the same  
13 become due, all taxes and governmental charges of any kind  
14 whatsoever that may at any time be lawfully assessed or  
15 levied against or with respect to the Collateral, including  
16 all ad valorem taxes lawfully assessed upon the Collateral,  
17 all utility and other charges incurred in the operation,  
18 maintenance, use, occupancy and upkeep of the Collateral and  
19 all assessments and charges lawfully made by any  
20 governmental body for public improvements that may be  
21 secured by a lien on the Collateral; provided, that with  
22 respect to special assessments or other governmental charges  
23 that may lawfully be paid in installments over a period of  
24 years, the County shall be obligated to pay only such  
25 installments as they become due.

26 (B) The County may in good faith contest any such  
27 taxes, assessments and other charges and, in the event of  
28 any such contest, may permit the taxes, assessments or other  
29 charges so contested to remain unpaid during the period of  
30 such contest and any appeal therefrom, unless the Bank shall  
31 notify the County that, in the opinion of Independent  
32 Counsel, by nonpayment of any such items, the security  
33 interest created by this Security Agreement will be  
34 materially endangered or the Collateral or any part thereof  
35 will be subject to loss or forfeiture, in which event the  
36 County shall promptly pay such taxes, assessments or  
37 charges.

38 (C) In the event that the County shall fail to pay any  
39 of the foregoing items required by this Section to be paid,  
40 the Bank may (but shall be under no obligation to) pay the  
41 same; and all amounts so advanced therefor by the Bank shall  
42 become an additional obligation of the County to the Bank,  
43 which amounts the County agrees to pay immediately upon  
44 request.

45 SECTION 5. Insurance Required. (A) The County shall,  
46 at its own expense, at all times during the term of this  
47 Agreement, keep the Collateral insured against loss or  
48 damage in accordance with the customary insurance practices  
49 of the County; provided, however, that the Bank shall be  
50 named as a party insured pursuant to a standard mortgagee



2 clause as its interest may appear, and provided further that  
3 while any amount remains unpaid on the Note, all such  
4 insurance proceeds shall be payable as provided in  
5 Section 7(B) hereof.

6 (B) It is agreed that nothing in this subsection (B)  
7 shall diminish the County's obligation to repair or rebuild  
8 as provided in Section 7 hereof. The County shall have the  
9 sole right and responsibility to adjust any loss with the  
10 insurer involved and to conduct any negotiations in  
11 connection therewith.

12 SECTION 6. Application of Net Proceeds of Insurance.  
13 The Net Proceeds of casualty insurance carried pursuant to  
14 the provisions of Section 5 hereof shall be paid and applied  
15 as provided in Section 7 hereof, and the Net Proceeds of  
16 liability insurance carried pursuant to the provisions of  
17 Section 5 hereof shall be applied toward extinguishment or  
18 satisfaction of the liability with respect to which such  
19 insurance proceeds shall have been paid.

20 SECTION 7. Damage and Destruction. (A) If prior to  
21 the full payment of the Note the Collateral is damaged by  
22 fire or other casualty the County shall:

23 (1) Promptly repair, rebuild or restore the pro-  
24 perty damaged or destroyed to substantially the same  
25 condition thereof as existed prior to the event causing  
26 such damage or destruction or cause the same to be done  
27 with such changes, alterations and modifications  
28 (including the substitution and addition of other  
29 property) as may be desired by the County and as will  
30 not adversely affect the use of the Collateral for the  
31 purpose for which it is intended; and

32 (2) Direct the Bank in writing to apply for such  
33 purpose so much as may be necessary of any Net Proceeds  
34 of insurance resulting from such claims for losses.

35 (B) All Net Proceeds of insurance resulting from such  
36 claims for losses shall be paid to the Bank and maintained  
37 by the Bank in an interest bearing account or, at the  
38 request of the County, invested and disbursed by the Bank at  
39 the direction of the County as aforesaid, subject to the  
40 provisions of Section 7(D) hereof.

41 (C) In the event the Net Proceeds are not sufficient  
42 to pay in full the costs of such repair, rebuilding or  
43 restoration, the County shall nonetheless complete said work  
44 and shall pay that portion of the costs thereof in excess of  
45 the amount of said Net Proceeds.

46 (D) Any balance of the Net Proceeds remaining after  
47 payment of all the costs of such repair, rebuilding or

2 restoration shall, upon certification of completion, at the  
3 option of the Bank, which option is to be exercised within  
4 thirty (30) days after such payment, be paid to the Bank to  
5 be applied to the prepayment of the Note, such prepayment to  
6 be applied first against any accrued and unpaid interest and  
7 then against principal installments of the Note in the  
8 inverse order of maturity. If the Note has been fully paid  
9 or if the Bank shall not exercise its option to receive such  
10 balance of Net Proceeds, all such Net Proceeds shall be paid  
11 to the County.

12 SECTION 8. Condemnation. (A) In the event that title  
13 to, or the temporary use of, the Collateral or any part  
14 thereof shall be taken under the exercise of the power of  
15 eminent domain by any governmental body or by any person,  
16 firm or corporation acting under governmental authority, the  
17 County and the Bank shall cause the Net Proceeds received by  
18 them or either of them from any award made in such eminent  
19 domain proceedings, to be paid to and held by the Bank in an  
20 interest bearing account or, at the request of the County,  
21 invested and applied in one or more of the following ways as  
22 shall be directed in writing by the County:

23 (1) The restoration by the County of the  
24 Collateral so that it may be operated in substantially  
25 the same manner as operated prior to the exercise of  
26 the said power of eminent domain;

27 (2) The acquisition or installation of  
28 improvements consisting of machinery, equipment or  
29 other properties suitable for the Company's operations  
30 at the Hospital; provided, that such improvements shall  
31 be acquired or installed by the County subject to no  
32 liens or encumbrances, other than Permitted  
33 Encumbrances; or

34 (3) The prepayment of the Note pursuant to the  
35 terms of the Note Ordinance, such prepayment to be  
36 applied first against any accrued and unpaid interest  
37 and then against the principal installments of the Note  
38 in the inverse order of maturity.

39 (B) Within ninety (90) days from the date of entry of  
40 a final order in any eminent domain proceedings granting  
41 condemnation, the County shall notify the Bank in writing as  
42 to which of the ways specified in this Section the County  
43 wishes to apply the condemnation award. If either  
44 alternative provided by Section 9(A)(1) or Section 9(A)(2)  
45 hereof has been chosen by the County, the restored, acquired  
46 or installed property shall become a part of the Collateral  
47 and any balance of the Net Proceeds of the award in such  
48 eminent domain proceedings remaining after such application  
49 shall, at the election of the Bank, be paid to the Bank to  
50 be applied as a prepayment of the Note first against any

2 accrued and unpaid interest and then against the principal  
3 installments of the Note in the inverse order of maturity.  
4 If the Note has been fully paid or if the Bank shall not  
5 exercise its option to receive the Net Proceeds, all Net  
6 Proceeds shall be paid to the County.

7 SECTION 9. Bank's Right of Access to the Collateral.  
8 The County agrees that the Bank and its duly authorized  
9 agents shall have the right at all reasonable times to enter  
10 upon the Land to examine and inspect the Collateral. The  
11 County further agrees that the Bank and duly authorized  
12 agents of each shall have such rights of access to the  
13 Collateral as may be reasonably necessary to enable them to  
14 provide for the proper maintenance of the Collateral in the  
15 event of the failure by the County to perform its  
16 obligations under Section 2 hereof.

17 SECTION 10. Installation of the County's Own Machinery  
18 and Equipment. The County may, from time to time, in its  
19 sole discretion and at its own expense, install machinery,  
20 equipment or other personal property on the Land. All such  
21 machinery, equipment and other personal property shall  
22 remain the sole property of the County and the County may  
23 remove the same from the Land at any time, in its sole  
24 discretion and at its own expense. The County may create any  
25 mortgage, encumbrance, lien or charge on any such machinery,  
26 equipment or other personal property provided that the same  
27 will not weaken, diminish or impair the security intended to  
28 be given by or under this Security Agreement or result in  
29 the creation of any mortgage, encumbrance, lien or charge on  
30 the Collateral other than a Permitted Encumbrance. The  
31 Bank shall not have any interest in or landlord's lien on  
32 any such machinery, equipment or personal property so  
33 installed pursuant to this Section 10 and all such  
34 machinery, equipment and personal property other than  
35 fixtures, shall be and remain identified as the property of  
36 the County by appropriate tags or other markings.

37 SECTION 11. Default. (A) The following shall be an  
38 "event of default" under this Security Agreement, and the  
39 term "event of default" or "default" shall mean, whenever it  
40 is used in this Security Agreement failure by the County to  
41 observe or perform any covenant, condition or agreement in  
42 this Security Agreement on the part of the County to be  
43 observed or performed, for a period of thirty (30) days  
44 after receipt by the County of written notice specifying  
45 such failure and requesting that it be remedied is given to  
46 the County by the Bank; provided, however, if said failure  
47 is such that it cannot be corrected within the applicable  
48 period, it shall not constitute an event of default if  
49 corrective action is instituted by the County within the  
50 applicable period and diligently pursued until the failure  
51 is corrected.



2 (B) Upon the occurrence of any default in payment of  
3 the Note and the acceleration of the indebtedness  
4 thereunder, or upon the occurrence of an event of default  
5 hereunder, the entire amount of the debt secured or intended  
6 to be secured hereby shall become due, at the option of the  
7 Bank, its successors or assigns, although the period for the  
8 payment thereof may not then have expired, and the security  
9 interest in the Collateral created and vested by this  
10 Security Agreement may be foreclosed by proceedings in  
11 equity and the Bank may become the purchaser at any  
12 foreclosure sale if the highest bidder.

13 SECTION 12. Disposition of the Collateral. The Bank,  
14 upon the occurrence of such an event of default may, at its  
15 option, enter upon the Land for purposes of taking  
16 possession of the Collateral and either remove such  
17 Collateral from the premises or dispose of the same on the  
18 premises in any manner authorized herein or by law. The  
19 Bank may, at its option, sell or dispose of such Collateral  
20 by public or private proceedings, separate from any  
21 foreclosure or sale of the real property, in accordance with  
22 the provisions of the Uniform Commercial Code in effect in  
23 the State and exercise any other rights or remedies of a  
24 secured party under the said Uniform Commercial Code. Any  
25 notice of sale, lease, or other intended disposition of such  
26 Collateral, mailed postage prepaid to the County at least  
27 five (5) days prior to such action, shall constitute  
28 reasonable notice to the County.

29 SECTION 13. Appointment of Receiver. Should legal pro-  
30 ceedings be instituted for the collection of the debt  
31 secured hereby, then in that event the Bank, its successors  
32 or assigns shall have the right to have a receiver appointed  
33 of the payments, revenues and receipts related to the  
34 Collateral, which, after deducting all charges and expenses  
35 attending such proceedings, and the execution of the said  
36 trust as receiver, shall apply the residue of the said  
37 payments, revenues and receipts towards the payment of the  
38 debt secured hereby.

39 SECTION 14. Attorneys' Fees and Other Expenses. If  
40 legal proceedings be instituted for the foreclosure of this  
41 Security Agreement or for any purpose involving this  
42 Security Agreement, or should the debt hereby secured be  
43 placed in the hands of any attorney at law for collection by  
44 suit or otherwise, all costs and expenses incurred by the  
45 Bank, including reasonable attorneys' fees, shall thereupon  
46 become due and payable as a part of the debt secured hereby,  
47 and may be recovered and collected hereunder.

48 SECTION 15. Obligations Hereunder to be Junior and  
49 Subordinate. Notwithstanding any other provision of this  
50 Security Agreement, the obligations of the County hereunder  
51 to make payments from funds created under the Bond



2 Ordinance, or otherwise, shall be junior and subordinate to  
3 the obligations incurred or to be incurred under the Bond  
4 Ordinance with respect to Bonds from time to time  
5 outstanding thereunder.

1

DRAFT 06/22/84

2           IN WITNESS WHEREOF, GREENWOOD COUNTY has caused these  
3 presents to be executed in its name and behalf by THE  
4 CHAIRMAN of the GREENWOOD COUNTY COUNCIL and BANKERS TRUST  
5 OF SOUTH CAROLINA has caused these presents to be executed  
6 in its name and behalf by its \_\_\_\_\_ and the  
7 same to be attested by its \_\_\_\_\_, all being  
8 done as of the first day of August, 1984.

9

GREENWOOD COUNTY COUNCIL

10

11

12

\_\_\_\_\_  
Chairman, Greenwood County  
Council

13   Attest:

14

By \_\_\_\_\_

15

Its \_\_\_\_\_

1

DRAFT 06/22/84

2

BANKERS TRUST OF SOUTH CAROLINA

3

By \_\_\_\_\_

4

Its \_\_\_\_\_

5

Attest:

6

By \_\_\_\_\_

7

Its \_\_\_\_\_

1

DRAFT 06/22/84

2

EXHIBIT "A"

3

DESCRIPTION OF THE LAND



1

DRAFT 06/22/84

2

EXHIBIT "B"

3

DESCRIPTION OF THE COLLATERAL

4

B - 1

000541

1

2 STATE OF SOUTH CAROLINA

3 COUNTY OF GREENWOOD

4 PERSONALLY appeared before me \_\_\_\_\_  
5 and made oath that he saw the seal of GREENWOOD COUNTY,  
6 SOUTH CAROLINA, affixed to the foregoing Security Agreement,  
7 and that he also saw \_\_\_\_\_ as Chairman of the  
8 County Council and \_\_\_\_\_ as \_\_\_\_\_ of  
9 the County Council sign and attest the same, and that he  
10 with the other witness above subscribed witnessed the  
11 execution thereof as the act and deed of GREENWOOD COUNTY,  
12 SOUTH CAROLINA.

13 \_\_\_\_\_

14 SWORN to before me this  
15 \_\_\_\_ day of August, 1984.

16  
17 Notary Public for South Carolina  
18 My Commission Expires:

000542

1

DRAFT 06/22/84

# EXHIBIT

2 STATE OF SOUTH CAROLINA

JUL 24 1984 NO. 1

3 COUNTY OF GREENWOOD

STATE BUDGET & CONTROL BOARD

4 PERSONALLY appeared before me  
5 and made oath that (s)he saw the seal of BANKERS TRUST OF  
6 SOUTH CAROLINA, affixed to the foregoing Security Agreement,  
7 and that (s)he also saw \_\_\_\_\_ as  
8 Vice President, and \_\_\_\_\_ as its  
9 duly authorized officer, sign and attest the same, and that  
10 (s)he with the other witness above subscribed witnessed the  
11 execution thereof as the act and deed of BANKERS TRUST OF  
12 SOUTH CAROLINA.

13

14 SWORN to before me this  
15 \_\_\_\_ day of August, 1984.

16  
17 Notary Public for South Carolina  
18 My Commission Expires:

000543

The State of South Carolina

AUG 6 1984



EXHIBIT

JUL 24 1984

NO. 2

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK  
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING  
POST OFFICE BOX 11548  
COLUMBIA, S.C. 29211  
TELEPHONE 803-758-2072

August 3, 1984

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

Re: Not Exceeding \$950,000 Laurens County, South  
Carolina, Industrial Revenue Bonds, (American  
Pipe & Plastics)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "B. J. Willoughby".

B. J. Willoughby  
Assistant Attorney General

BJW/cs

Enclosures

000544



# EXHIBIT

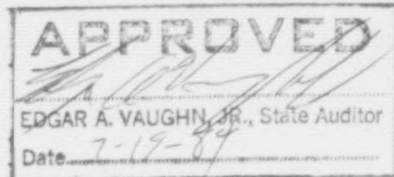
JUL 24 1984

NO. 2

## STATE BUDGET & CONTROL BOARD

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, P. O. BOX 1448, GREENVILLE, S.C. 29602  
A SUBSIDIARY OF THE CITIZENS AND SOUTHERN CORPORATION

July 17, 1984



Mr. William McGinnis  
Office of the Executive Director  
State Budget & Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

Re: Laurens County, South Carolina  
Industrial Revenue Bond  
(American Pipe & Plastics Project), Series  
1984 in a maximum principal amount not to exceed  
\$950,000.00.

Gentlemen:

The Citizens & Southern National Bank of South Carolina, a national banking association (the "Bank"), has negotiated with Laurens County, South Carolina, (the "County"), and American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), for the purchase of the above-referenced industrial revenue bond (the "Bond"). This Bond, upon receipt of the approval of the State Budget & Control Board and all other requisite approvals, will be issued by Laurens County, South Carolina, to provide financial assistance to the Company for the purpose of expanding the Company's existing pipe and plastics manufacturing facility located in Laurens County, South Carolina, which expansion will involve the addition of certain equipment and machinery and the making of related structural changes (the "Project"). In order to induce the Bank to purchase the Bond, the Company has supplied to the Bank its financial statements. The Bank has found these statements to be satisfactory and has agreed to purchase the Bond provided that the terms of its commitment letter are met.

The Bond will be purchased by the Bank for investment rather than resale purposes. In this regard, the Bank has no present intention of distributing the Bond or any portion of the Bond to the public, although it does reserve the right to do so should its corporate needs so dictate.

000545

Mr. William McGinnis  
July 17, 1984  
Page Two

The Bond will be secured by a Security Agreement and Conditional Assignment to be executed by the County. Pursuant to such Security Agreement and Conditional Assignment, the County will grant to the Bank a security interest in the Company's Note in a principal face amount equal to the principal face amount of the Bond, in a Guaranty Agreement to be executed by American Pipe & Plastics, Inc., a New York corporation which owns all the outstanding stock of the Company, and in a Letter of Credit to be issued by The Marine Midland Bank, a national banking association, which will secure the principal portion of the Company Note.

Payments by the Company under its Company Note to the County will be sufficient to meet the repayment schedule associated with the Bond.

Sincerely,

*D. Byrd Miller III*  
D. Byrd Miller, III  
Corporate Banking Officer

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000546

# EXHIBIT

STATE OF SOUTH CAROLINA )

American Pipe and Plastics

JUL 24 1984

NO. 2

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

AGAINST MOTION

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

August 6, 1984

William A. McInnis

000547

RESOLUTION  
OF  
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING AN UNDERTAKING BY LAURENS COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING THE EXPANSION OF AN EXISTING PIPE AND PLASTICS MANUFACTURING FACILITY THROUGH THE ISSUANCE OF A \$950,000 MAXIMUM AMOUNT LAURENS COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (AMERICAN PIPE & PLASTICS PROJECT) SERIES 1984.

WHEREAS, the County Council of Laurens County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by Laurens County, South Carolina (the "County"); and

WHEREAS, the undertaking provides for the issuance and sale to The Citizens and Southern National Bank of South Carolina ("C&S") of a Laurens County, South Carolina Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 (the "Bond"), in the maximum principal amount of \$950,000 pursuant to the Act, the proceeds to be used to finance the expansion of an existing pipe and plastics manufacturing facility of American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), located in Laurens County, South Carolina, by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project"); and

EXHIBIT

JUL 24 1984      NO. 2

STATE BUDGET & CONTROL BOARD

000548



WHEREAS, C&S has agreed to purchase the Bond; and

WHEREAS, the proceeds of the Bond will be loaned by the County to the Company in exchange for the company's note (the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the Bond; and

WHEREAS, the Company will own and operate the Project; and

WHEREAS, payment of the Company Note will be unconditionally guaranteed by American Pipe & Plastics, Inc., a New York corporation which owns all the stock of the Company, and will be secured (to the extent of the principal of the Company Note) by an unconditional letter of credit issued by Marine Midland Bank, a national banking association; and

WHEREAS, the County will secure payment of the Bond by granting to C&S a security interest in the Company Note and the aforementioned guaranty and letter of credit; and

WHEREAS, the general terms of the principal loan documents contemplated in connection with this transaction have been reviewed by the Attorney General of South Carolina on behalf of the State Board; and

WHEREAS, the State Board has made such independent investigation as it has deemed advisable.

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

1. That it has been found and determined by the State Board as follows:

(a) The statement of facts set forth in the recitals of this Resolution are in all respects true and correct;

(b) The County Council has filed with the State Board pursuant to the Act a proper petition reciting facts which are in all respects true and correct;

(c) The Project is reasonably estimated to cost approximately Nine Hundred and Fifty Thousand Dollars (\$950,000);

(d) When completed, the Project will create approximately 10 to 14 jobs in the County. The Project will be of benefit to the State of South Carolina, and to Laurens County and adjacent areas in particular.

(e) The Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.

2. That on the basis of the foregoing findings the Project and the proposed undertaking of the County to finance the Project through the issuance of the Bond pursuant to the Act (including any changes in any details of the financing consummated which do not materially affect the undertaking) are hereby approved.

3. That notice of this action taken by the State Board in giving its approval to the undertaking of the County, shall be published in the Laurens County Advertiser and The Chronicle which are newspapers published in or near Laurens, South Carolina, and having general circulation in Laurens County.

## EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000550

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

5. That approval of the proposed undertaking of the County is granted on the condition that a copy of Internal Revenue Service Form 8038 relating to the Bond issued pursuant to this approval be filed with the State Board's Secretary at the same time such Form is submitted to the Internal Revenue Service.

## EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

NOTICE OF APPROVAL OF PROJECT AND FINANCING  
BY  
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the financing by Laurens County, South Carolina (the "County") of the expansion of an existing pipe and plastics manufacturing facility of American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), located in Laurens County, South Carolina, involving the addition of certain equipment and machinery and the making of certain related structural changes (the "Project"), through the issuance of a Laurens County, South Carolina, Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 (the "Bond") in a principal amount not to exceed Nine Hundred and Fifty Thousand Dollars, pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended and Section 103 of the Internal Revenue Code of 1954, as amended.

The Project will be owned and operated by the Company. The proceeds of the Bond will be loaned by the County to the Company in exchange for the company's note (the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the Bond. Payment of the Company Note will be unconditionally guaranteed by American Pipe & Plastics, Inc., a New York corpora-

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000552



tion which owns all the stock of the Company, and will be secured (to the extent of the principal of the Company Note) by a letter of credit issued by Marine Midland Bank, a national banking association. The County will secure payment of the Bond by granting to The Citizens & Southern National Bank of South Carolina, as purchaser of the Bond, a security interest in the Company Note and such guaranty and letter of credit.

The Bond will be payable by the County solely from payments received by the County under or in connection with the Company Note. Neither the Project nor the Bond, nor any charges in connection with the Project or the Bond, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

When completed, the Project is expected to create approximately 10 to 14 jobs in the County.

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

STATE BUDGET AND CONTROL BOARD OF  
SOUTH CAROLINA

By: s/William A. McInnis  
Secretary

## EXHIBIT

-2-

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000553

# EXHIBIT

JUL 24 1984 NO. 2

STATE OF SOUTH CAROLINA )  
COUNTY OF LAURENS )

STATE BUDGET & CONTROL BOARD

## PETITION

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TO: THE STATE BUDGET AND CONTROL  
BOARD OF SOUTH CAROLINA

---

The County Council of Laurens County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Laurens County, South Carolina (the "County") as established by law, and as such, is the "governing board" described in Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

000554

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), in the financing of the expansion of its existing pipe and plastics manufacturing facility in Laurens County, South Carolina, by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project"). The Project will be located in Laurens County and will be owned and operated by the Company. In this connection, the County, acting through the County Council, has agreed to issue and sell a Laurens County, South Carolina, Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 (the "Bond") in the maximum principal amount of Nine Hundred and Fifty Thousand Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid over a seven year period with quarterly principal payments to begin approximately three months following issuance of the Bond. Interest shall be payable quarterly in arrears at the rate of sixty-three percent of the prime commercial lending rate charged by The Citizens & Southern National Bank of South

Carolina (the "Bank") from time to time.

4. The total cost of the Project will be approximately Nine Hundred and Fifty Thousand Dollars (\$950,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond and to loan the proceeds to the Company.

5. When completed the Project will create approximately 10 to 14 jobs in the County.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting employment and the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of Nine Hundred and Fifty Thousand Dollars or such lesser amount



as the Company shall request. The County promptly will use the proceeds of the Bond to purchase from the Company a note (the "Company Note") providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the Company Note will be unconditionally guaranteed by American Pipe & Plastics, Inc., a New York corporation and owner of all the stock of the Company, and will be secured by an unconditional letter of credit of Marine Midland Bank, a national banking association, in the amount of the principal of the Company Note. Payment of the Bond will be secured by the granting by the County to the Bank of a security interest in the Company Note, the aforementioned guaranty and the aforementioned letter of credit;

(b) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(c) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary liability nor create a charge upon its general credit or taxing power;

(d) The payments to be made by the Company to the County under the Company Note will be sufficient to

enable the County to make all payments (including principal and interest) required of the County under the Bond;

(e) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(f) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(g) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project and the proposed issuance of the Bond; that it find that the proposed Project is intended to and will promote the purposes of the Act and is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated that do not materially affect

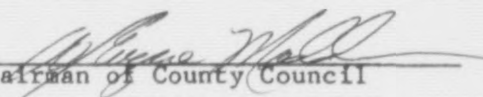
this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

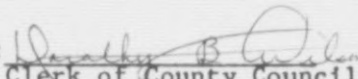
COUNTY COUNCIL OF LAURENS COUNTY

(SEAL)

By:

  
Chairman of County Council

Attest:

  
Clerk of County Council

July 9, 1984

# EXHIBIT

A RESOLUTION

JUL 24 1984

NO. 2

STATE BUDGET & CONTROL BOARD

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF A LAURENS COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BOND (AMERICAN PIPE & PLASTICS PROJECT) SERIES 1984 IN THE MAXIMUM PRINCIPAL AMOUNT OF NINE HUNDRED AND FIFTY THOUSAND DOLLARS PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THIS UNDERTAKING.

BE IT RESOLVED BY THE COUNTY COUNCIL OF LAURENS COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

## ARTICLE I

### FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council of Laurens County, South Carolina (the "County Council") has made the following findings:

1. American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), has proposed that Laurens County, South Carolina (the "County") assist in financing the expansion of the Company's existing pipe and plastics manufacturing facility in Laurens County, South Carolina, by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project"). The Project will be located in Laurens County and will be owned and operated by the Company. The Company has requested that the Project be financed in part by the issuance and sale by the County of its Industrial Revenue Bond (the "Bond"), in a maximum aggregate

000560



principal amount of Nine Hundred and Fifty Thousand Dollars, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

2. The Project will be aided by the assistance which the County might render pursuant to the Act. The County, acting through the County Council, has agreed to assist in financing the Project by issuing and selling the Bond. The proceeds of the Bond will be loaned by the County to the Company to finance the Project. The Company in exchange for the Bond will deliver to the County, at the time that the Bond is issued and sold, its note in the amount of the proceeds (the "Company Note"). In addition, American Pipe and Plastics, Inc., a New York corporation and the owner of all the stock of the Company, will unconditionally guarantee full payment of the Company Note and Marine Midland Bank, a national banking association, will issue a letter of credit to secure all or part of the Company's obligations under the Company Note.

3. The Project will subserve the purposes of the Act and is anticipated to benefit the general public welfare of the locality by providing employment and other public benefits not otherwise provided locally. The Project, when completed, will create approximately 10 to 14 jobs.

4. Neither the Project nor the Bond will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. The amount necessary to finance the Project will be approximately Nine Hundred and Fifty Thousand Dollars according to the Company's reasonable estimates. The amount of the Bond shall be Nine Hundred and Fifty Thousand Dollars or such lesser amount as the Company shall request, and the Bond shall be issued and sold to The Citizens & Southern National Bank of South Carolina for this amount at no discount. The Bond shall be repaid over a seven year period with quarterly principal payments to begin approximately three months following issuance of the Bond. Interest shall be payable quarterly in arrears at the rate of 63% of the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time. Payments to the County by the Company on the Company Note shall be sufficient to allow the County to meet the repayment schedule on the Bond.

6. No reserve fund shall be established in connection with the Bond or in connection with the maintenance and insurance of the Project in view of the financial stability of the Company.

7. The Company shall pay all costs required to keep the Project in good repair and to keep the Project properly insured.

8. The proposed loan documents obligate the Company unconditionally to pay to the County the amounts necessary to pay all principal, interest and premium, if any, when and as they become due on the Bond and similarly to pay all other costs in connection with those instruments.

9. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

10. The Company has arranged for the issuance and sale of the Bond to The Citizens & Southern National Bank of South Carolina.

#### ARTICLE II

##### PETITION TO THE STATE BUDGET AND CONTROL BOARD

The County is hereby authorized and committed to submit a petition to the State Budget and Control Board of South Carolina to seek the approval required by the Act. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

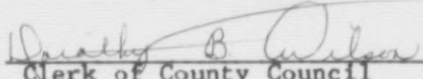
#### ARTICLE III

##### EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) is hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to his signature.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Laurens County, South Carolina on July 9, 1984, relating to the issuance of a Laurens County,

South Carolina Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 in a maximum aggregate principal amount of Nine Hundred and Fifty Thousand Dollars.

  
Clerk of County Council  
Laurens County, South Carolina

July 9, 1984

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD



EXHIBIT A

STATE OF SOUTH CAROLINA )  
COUNTY OF LAURENS )

PETITION

EXHIBIT

---

TO: THE STATE BUDGET AND CONTROL  
BOARD OF SOUTH CAROLINA

---

JUL 24 1984 NO. 2  
STATE BUDGET & CONTROL BOARD

The County Council of Laurens County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Laurens County, South Carolina (the "County") as established by law, and as such, is the "governing board" described in Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

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3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), in the financing of the expansion of its existing pipe and plastics manufacturing facility in Laurens County, South Carolina, by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project"). The Project will be located in Laurens County and will be owned and operated by the Company. In this connection, the County, acting through the County Council, has agreed to issue and sell a Laurens County, South Carolina, Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 (the "Bond") in the maximum principal amount of Nine Hundred and Fifty Thousand Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid over a seven year period with quarterly principal payments to begin approximately three months following issuance of the Bond. Interest shall be payable quarterly in arrears at the rate of sixty-three percent of the prime commercial lending rate charged by The Citizens & Southern National Bank of South

Carolina (the "Bank") from time to time.

4. The total cost of the Project will be approximately Nine Hundred and Fifty Thousand Dollars (\$950,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond and to loan the proceeds to the Company.

5. When completed the Project will create approximately 10 to 14 jobs in the County.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting employment and the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of Nine Hundred and Fifty Thousand Dollars or such lesser amount

as the Company shall request. The County promptly will use the proceeds of the Bond to purchase from the Company a note (the "Company Note") providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the Company Note will be unconditionally guaranteed by American Pipe & Plastics, Inc., a New York corporation and owner of all the stock of the Company, and will be secured by an unconditional letter of credit of Marine Midland Bank, a national banking association, in the amount of the principal of the Company Note. Payment of the Bond will be secured by the granting by the County to the Bank of a security interest in the Company Note, the aforementioned guaranty and the aforementioned letter of credit;

(b) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(c) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary liability nor create a charge upon its general credit or taxing power;

(d) The payments to be made by the Company to the County under the Company Note will be sufficient to



enable the County to make all payments (including principal and interest) required of the County under the Bond;

(e) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(f) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(g) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project and the proposed issuance of the Bond; that it find that the proposed Project is intended to and will promote the purposes of the Act and is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated that do not materially affect

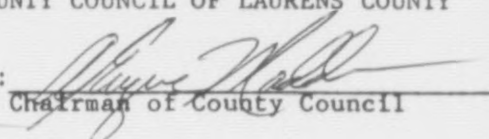
this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

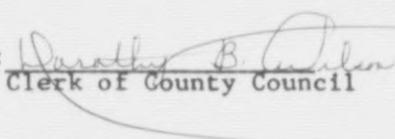
COUNTY COUNCIL OF LAURENS COUNTY

(SEAL)

By:

  
Chairman of County Council

Attest:

  
Clerk of County Council

July 9, 1984

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

JUL 19 1984

ALFRED F. BURGESS  
C. THOMAS WYCHE  
DAVID L. FREEMAN  
JAMES C. PARHAM, JR.  
JAMES M. SHOEMAKER, JR.  
WILLIAM W. KEHL  
CHARLES W. WOFFORD  
LARRY D. ESTRIDGE  
D. ALLEN GRUMBINE  
CARY H. HALL, JR.  
CARL F. MULLER  
HENRY L. PARR, JR.  
BRADFORD W. WYCHE  
ERIC B. AMSTUTZ  
FRANK S. HOLLEMAN III

C. GRANVILLE WYCHE  
OF COUNSEL

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.  
ATTORNEYS AT LAW  
POST OFFICE BOX 10207  
GREENVILLE, SOUTH CAROLINA 29603

July 14, 1984

44 EAST CAMPERDOWN WAY  
CABLE ADDRESS: JURAL  
TELEPHONE 803-242-3131

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams  
State Budget & Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

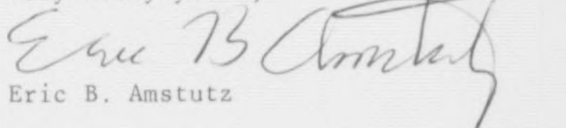
Re: Laurens County, South Carolina  
Industrial Revenue Bond  
(American Pipe & Plastics Project), Series 1984

Dear Donna:

As you requested today, please find enclosed a copy of the Inducement Resolution relating to the above-referenced bond issue.

If you need any additional information, please do not hesitate to contact me.

Very truly yours,

  
Eric B. Amstutz

EBA:jm  
enclosure

000571

INDUCEMENT RESOLUTION  
OF  
THE COUNTY COUNCIL  
OF  
LAURENS COUNTY, SOUTH CAROLINA

The following Resolution of the Laurens County Council was adopted at its regular meeting December 12, 1983.

BE IT RESOLVED BY THE COUNTY COUNCIL OF LAURENS COUNTY, SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council (the "County Council") of Laurens County, South Carolina (the "Issuer") has made the following findings:

1. American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation with a primary place of business in Laurens County (the "Company") has under consideration the expansion of its existing pipe and plastics manufacturing facility in Laurens County, South Carolina by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project").

2. The Project, when completed, will employ approximately ten to fourteen additional persons.

3. The availability of Industrial Development Revenue Bond financing in Laurens County, South Carolina for the purpose of acquiring, constructing and installing the Project is a major

000572



factor under consideration by the Company in determining the feasibility of the Project.

4. The willingness of the County Council to issue its Industrial Development Revenue Bond(s) to assist in financing the Project will promote industrial development in South Carolina and in Laurens County in particular and will develop trade by inducing this manufacturing enterprise to maintain and expand its manufacturing facility in the State of South Carolina and in the County in particular and it is further the conclusions of the Issuer that (a) the Project will subserve the purposes of Title 4, Chapter 29, Section 4-29-10, et seq. of the 1976 Code of Laws of South Carolina, as amended, (the "Act"), and (b) the Project is anticipated to benefit the general public welfare of the locality by providing employment and other public benefits not otherwise provided locally.

5. The amount necessary to finance the Project is estimated at this time to be approximately One Million Dollars.

6. Payments to the Issuer by the Company, as owner of the Project, shall be sufficient to allow the Issuer to meet the payment schedule on its Industrial Revenue Bond(s).

7. Neither the issuance of any Industrial Development Revenue Bond(s) nor the acquisition, construction or installation of the Project will give rise to any pecuniary liability of the Issuer or a charge against its general credit or its taxing powers.

## ARTICLE II

### COMMITMENT TO ASSISTANCE AGREEMENT

Based on the foregoing Findings of Fact and in order to induce the Company to locate and operate the Project in Laurens County, South Carolina, and in order to carry out the purposes of the Act, the Issuer is hereby authorized and committed to enter into an Assistance Agreement with the Company. This Assistance Agreement shall be substantially upon the following terms:

1. The present intent of the Issuer is that, upon request by the Company and subject to compliance with all applicable laws, regulations and rulings, it will issue its Industrial Development Revenue Bond(s) (the "Bond(s)") in an aggregate principal amount not exceeding \$1,000,000 for the purpose of financing the acquisition, construction and installation of the Project.
2. The terms of the Bond(s) (date, maturity schedule, interest rates, denominations, redemption provision) will be determined by a bond purchase contract or similar contract to be entered into between the Company and the purchaser(s) of the Bond(s), subject to the approval of the Issuer.
3. Simultaneously with delivery of the Bond(s), the Issuer will provide to the Company funds to acquire, construct and install the Project and the Company will deliver to the Issuer its note(s) and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be substantially in a form commonly utilized in connection with such

financial undertakings and shall be agreed upon by the Issuer and the Company.

4. The Issuer hereby permits the Project to commence prior to the issuance and delivery of the Bond(s). Contracts for the acquisition, construction and installation of the machinery, equipment and related property may be executed by the Company in its own discretion and on such terms and with such conditions as the Company may determine in its own discretion. The Company is authorized by the Issuer on its behalf to advance any interim acquisition or other funds required in connection with the Project and, to the extent permitted by law, shall be reimbursed therefor from the proceeds of the Bond(s).

5. The Issuer will assist in the prompt preparation of all documents required in connection with the issuance of the Bond(s) and will proceed with seeking approval of the Bond(s) from the South Carolina State Budget and Control Board.

6. If for any reason the Bond(s) are not delivered within one year of adoption of this Inducement Resolution, the provisions of the Assistance Agreement, at the option of either party thereto evidenced in writing, may be cancelled, and neither party shall have any rights against the other, and no third parties shall have any rights against either party except the Company will pay the Issuer for all expenses which are incurred by the Issuer in connection with the issuance of the Bond(s).

7. Nothing in the Assistance Agreement shall prevent the Issuer and/or the Company from entering into any other mode of financing at the option of the Company.

8. The Company, in accepting the Assistance Agreement, agrees to indemnify, defend and hold the Issuer harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the acquisition, installation and operation of the Project and occurring in the course of the Issuer's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the Issuer.

9. Neither the Project nor any charges in connection with the Project or the equipping, operation and maintenance of the Project or in connection with the Bond(s), including the payment of principal of, premium, if any, or interest on the Bond(s), shall constitute or give rise to a pecuniary liability of the Issuer or a charge against the general credit or taxing power of the Issuer.

10. The Assistance Agreement shall become effective as of December 12, 1983.

### ARTICLE III

#### EXECUTION

All documents required in connection with issuance of the Bond(s) may be executed by the Chairman of County Council or, in



his absence, the Vice-Chairman of County Council and the County Administrator and the Clerk of County Council.

\* \* \*

The foregoing constitutes a true copy of an Inducement Resolution duly adopted by the County Council of Laurens County, South Carolina on December 12, 1983 inducing American Pipe & Plastics of South Carolina, Inc. to undertake the expansion of its manufacturing enterprise in Laurens County, South Carolina.

December 12, 1983

Barth B. Wilson  
Clerk, County Council  
Laurens County

EXHIBIT

JUL 24 1984

NO. 2

STATE BUDGET & CONTROL BOARD

EXHIBIT A

ASSISTANCE AGREEMENT

WHEREAS, American Pipe & Plastics of South Carolina, Inc. (the "Company") has proposed the expansion of its existing pipe and plastics manufacturing facility in Laurens County, South Carolina by the addition of certain equipment and machinery and the making of certain related structural changes (the "Project");

WHEREAS, the undertaking of this Project depends in part upon the willingness of Laurens County, South Carolina (the "Issuer") to issue Industrial Revenue Bond(s) (the "Bond(s)") to finance the acquisition, construction and installation of this Project; and

WHEREAS, the County Council of the Issuer by Inducement Resolution adopted on December 12, 1983 has determined that this assistance should be extended by the Issuer to the Company.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OTHER VALUE,

1. The present intent of the Issuer is that, upon request by the Company and subject to compliance with all applicable laws, regulations and rulings, it will issue its Industrial Development Revenue Bond(s) (the "Bond(s)") in an aggregate principal amount not exceeding \$1,000,000 for the purpose of financing the acquisition, construction and installation of the Project.

2. The terms of the Bond(s) (date, maturity schedule, interest rates, denominations, redemption provision) will be determined by a bond purchase contract or similar contract to be

000578

entered into between the Company and the purchaser(s) of the Bond(s), subject to the approval of the Issuer.

3. Simultaneously with delivery of the Bond(s), the Issuer will provide to the Company funds to acquire, construct and install the Project and the Company will deliver to the Issuer its note(s) and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be substantially in a form commonly utilized in connection with such financial undertakings and shall be agreed upon by the Issuer and the Company.

4. The Issuer hereby permits the Project to commence prior to the issuance and delivery of the Bond(s). Contracts for the acquisition, construction and installation of the machinery, equipment and related property may be executed by the Company in its own discretion and on such terms and with such conditions as the Company may determine in its own discretion. The Company is authorized by the Issuer on its behalf to advance any interim acquisition or other funds required in connection with the Project and, to the extent permitted by law, shall be reimbursed therefor from the proceeds of the Bond(s).

5. The Issuer will assist in the prompt preparation of all documents required in connection with the issuance of the Bond(s) and will proceed with seeking approval of the Bond(s) from the South Carolina State Budget and Control Board.

6. If for any reason the Bond(s) are not delivered within one year of the date hereof, the provisions of this proposal and the agreement resulting from its acceptance by the Company, at the option of either party hereto evidenced in writing, may be cancelled, and neither party shall have any rights against the other, and no third parties shall have any rights against either party except the Company will pay the Issuer for all expenses which are incurred by the Issuer in connection with the issuance of the Bond(s).

7. Nothing herein shall prevent the Issuer and/or the Company from entering into any other mode of financing at the option of the Company.

8. The Company, in accepting this proposal, agrees to indemnify, defend and hold the Issuer harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the acquisition, installation and operation of the Project and occurring in the course of the Issuer's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the Issuer.

9. Neither the Project nor any charges in connection with the Project or the equipping, operation and maintenance of the Project or in connection with the Bond(s), including the payment of principal of, premium, if any, or interest on the Bond(s),



shall constitute or give rise to a pecuniary liability of the Issuer or a charge against the general credit or taxing power of the Issuer.

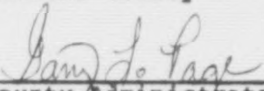
10. This Agreement shall be effective as of December 12, 1983.

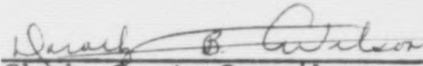
AMERICAN PIPE & PLASTICS  
OF SOUTH CAROLINA, INC.

By: \_\_\_\_\_

LAURENS COUNTY, SOUTH CAROLINA

By:   
Chairman, County Council  
Laurens County

By:   
County Administrator  
Laurens County

  
Clerk, County Council  
Laurens County

# EXHIBIT

JUL 24 1984

NO. 2

STATE BUDGET & CONTROL BOARD 140

REVENUE BOND PROCESSING CHECKLIST AND FEE TRANSMITTAL FORM 7

Item for Board Meeting of July 24, 1984 Blue Agenda #       

Type ☒ 1: Hospital ☐ 2: Industrial ☐ 3: Pollution Control  
Local Government LAURENS COUNTY ☒ 1: City ☐ 2: County

Bond Attorney: Firm: Wyche, Surgen, Freeman & Parham, P.A.  
Contact Person: Eric B. Amstutz Phone: 242-3131  
Address: Box 10207, Greenville, SC 29603

Project Name AMERICAN PIPE & PLASTICS Employment Impact APPROX 10-14

Bond Purchaser CITIZENS & SOUTHERN NATL BANK Date B&CE Approved 072484 Fiscal Year 85  
M H D D Y Y

Amount of Issue 950000 Issue Terms ☒ B: Not Exceeding  
A: Approximately C: Refunding D: Not Exceeding At Any One Time Outstanding  
Amount of Fee 2000

Project Description PIPE AND PLASTICS

Project Description MANUFACTURING FACILITY

*Inducement Resolution 12/12/83*

Pavor WYCHE LAW OFFICE Check Number 17156

| PROCESSING CHECKLIST:  | RECD FROM | SENT TO  |
|--|-----------|----------|
| (a) Governing body resolution/ordinance/petition   | EA 7/18   | DE 7/18  |
| (b) Documents on issuance/securing of bonds  | EA 7/18   | DE 7/18  |
| (c) Health and Environmental Control certification   | —         | —        |
| (d) Budget & Control Board Resolution and Notice (Original and 5 copies for bond attorney) | EA 7/18   | DE 7/18  |
| (e) Review by Attorney General's Office (letter)   | OK 8/6    | XXXXXXX  |
| (f) Financial information:   |           |          |
| (1) Audited financial statements (3 most recent years)                                     | —         | —        |
| OR   |           |          |
| (2) If private placement, "investment letter"  | EA 7/18   | EAV 7/18 |
| (g) Review by State Auditor's Office (memo)  | OK 7/20   | XXXXXXX  |

Motion: \_\_\_\_\_ Second: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Vote: For \_\_\_\_\_ Against \_\_\_\_\_

Certificates signed: 8/6  
Resolutions mailed: 8/6

000582

JUL 18 1984

ALFRED F. BURGESS  
C. THOMAS WYCHE  
DAVID L. FREEMAN  
JAMES C. PARHAM, JR.  
JAMES M. SHOEMAKER, JR.  
WILLIAM W. KEHL  
CHARLES W. WOFFORD  
LARRY D. ESTRIDGE  
D. ALLEN GRUMBINE  
CARY H. HALL, JR.  
CARL F. MULLER  
HENRY L. PARR, JR.  
BRADFORD W. WYCHE  
ERIC B. AMSTUTZ  
FRANK S. HOLLEMAN III

WYCHE, BURGESS, FREEMAN & PARHAM, P. A.  
ATTORNEYS AT LAW  
POST OFFICE BOX 10207  
GREENVILLE, SOUTH CAROLINA 29603

July 17, 1984

44 EAST CAMPERDOWN WAY  
CABLE ADDRESS: JURAL  
TELEPHONE 803-242-3131

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

C. GRANVILLE WYCHE  
OF COUNSEL

Mr. William McGinnis  
Office of the Executive Director  
State Budget & Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

Re: Laurens County, South Carolina  
Industrial Revenue Bond  
(American Pipe & Plastics Project), Series 1984 in  
a maximum principal amount not to exceed \$950,000.00

Dear Mr. McGinnis:

American Pipe & Plastics of South Carolina, Inc., is a South Carolina corporation which owns and operates a pipe and plastics manufacturing facility in Laurens County, South Carolina. The Company has requested Laurens County, South Carolina, to assist in financing an expansion of the Company's existing pipe and plastics manufacturing facility, through the issuance of an industrial bond not to exceed \$950,000.00. This expansion will involve the acquisition and installation of additional equipment and machinery and the making of certain related structural changes.

As bond counsel in connection with this issue, we would request that the State Budget & Control Board, at its meeting on July 24, 1984, approve the issuance of this industrial revenue bond. Since the inducement resolution for this bond issue was adopted by the County Council long before June 19, 1984, and the parties expect to close this issue prior to January 1, 1985, the new industrial revenue bond state ceiling introduced by the Tax Reform Act 1984 will not apply to this bond issue.

Enclosed please find six (6) copies of the Resolution of the State Budget & Control Board which we respectfully request be adopted by the State Board. One of these copies is for your files. If and when the State Board adopts the resolution, please send back the remaining five (5) copies with the appropriate minutes attached.

000583

Mr. William McGinnis  
July 17, 1984  
Page Two

Also for the review of the State Board and the State Attorney General's Office, please find enclosed the following:

- I. Resolution Authorizing Petition to the State Budget & Control Board, adopted by the Laurens County Council.
- II. Petition of the Laurens County Council.
- III. Letter to the State Board from The Citizens and Southern National Bank, indicating that bank's willingness to purchase the bond.
- IV. Drafts in substantially final form of the Loan Agreement, the Guaranty Agreement, the Letter of Credit, Security Agreement and Conditional Assignment, the Bond and the Company Note, being the major financing documents.

A check made payable to the order of the State of South Carolina in the amount of \$2,000.00 will be delivered under cover of separate letter, and will arrive either on Wednesday afternoon, July 18, 1984, or Thursday morning, July 19, 1984.

Please do not hesitate to contact the undersigned if you have any questions or if any problems arise with respect to this matter.

Very truly yours,

  
Eric B. Amstutz

EBA/jcg  
Enclosures

000584



JUL 18 1984

ALFRED F. BURGESS  
C. THOMAS WYCHE  
DAVID L. FREEMAN  
JAMES C. PARHAM, JR.  
JAMES M. SHOEMAKER, JR.  
WILLIAM W. KEHL  
CHARLES W. WOFFORD  
LARRY D. ESTRIDGE  
D. ALLEN GRUMBINE  
CARY H. HALL, JR.  
CARL F. MULLER  
HENRY L. PARR, JR.  
BRADFORD W. WYCHE  
ERIC B. AMSTUTZ  
FRANK S. HOLLEMAN III

C. GRANVILLE WYCHE  
OF COUNSEL

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.  
ATTORNEYS AT LAW

POST OFFICE BOX 10207

GREENVILLE, SOUTH CAROLINA 29603

July 18, 1984

44 EAST CAMPERDOWN WAY  
CABLE ADDRESS: JURAL  
TELEPHONE 803-242-3131

EXHIBIT

JUL 24 1984

NO. 2

STATE BUDGET & CONTROL BOARD

Mr. William McGinnis  
State Budget & Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

Re: Laurens County, South Carolina  
Industrial Revenue Bond  
(American Pipe & Plastics Project), Series 1984 in  
a maximum principal amount not to exceed \$950,000.00

Dear Mr. McGinnis:

As promised, please find enclosed the check in the amount of \$2,000 to cover the fee of The State Budget & Control Board in connection with its review of the above-referenced bond issue.

The other documents to be reviewed by the State Board in connection with this bond issue were sent to you yesterday by Federal Express.

Thank you very much for your assistance.

Very truly yours,

*Eric B. Amstutz*  
Eric B. Amstutz

EBA:jm  
enclosure

000585

Destination C&E

Flight No. 2

Invoice No. 34448

No. Cartons 1 @ 11bs

Circle One: ☒ Hold at Airport

Consignee William H. Smith

State Bank & Trust Co.

**C.O.D.** 600 W. Main St. - Columbia

Bill To: ACME DELIVERY

**Bankair, Inc.**

Columbia Metropolitan Airport  
West Columbia, South Carolina 29169  
803/794-7384



Specialized Transportation - Financial Papers - Passengers - Freight

Date 7-18-84

Amount Due 130.00

TERMS: DUE WHEN RENDERED  
PLEASE RETURN COPY WITH REMITTANCE

includes 5% FET  
BKA Air \$ 15.00 (310600)

P/U or Delivery \$ 15.00 (461700)

Other ( )

Received - Date 7-18-84 Origin SEP

Shipper: (name & address) ACME DELIVERY

3 Mills - SC

Description of Articles or Service: 1 @ 11b

Delivered - Date 7-18-84 Time \_\_\_\_\_ Rec'd By Shiann Owens

Special Handling Instructions \_\_\_\_\_

THANKS FOR FLYING BANKAIR

000586

Limit of Liability of Carrier: Not to exceed \$50.00 unless declared otherwise on bill of lading at time of shipment and in no case to exceed \$100.00 except when designated by contract.



# Acme Delivery Services

POST OFFICE BOX 374 / GREENVILLE, SOUTH CAROLINA 29602

BILL NO.

100445

SHIPPER  
F. EBA-Wyche Law firm  
R 44 E. Camperdown Way  
M Greenville, SC 29603

CONSIGNEE  
Mr. William McGinnis  
T State Budget & Control Board  
O 600 Wade Hampton Office Bldg  
Columbia, SC 29211

DATE SHIPPED 7-18-84

RUSH ☒ ROUTINE ☐

BILL TO  
Shipper ☒ Consignee ☐ 3rd Party ☐  
(Prepaid) ☒ (Collect) ☐ (See below) ☐

SHIPPER NUMBER 556-54-040-01

RATE CODE

ZONE CODE

CONSIGNEE NUMBER

VIA BANK AIR GSP

RATE CODE

ZONE CODE

ACCT. NO.

BILL TO, IF OTHER THAN SHIPPER OR CONSIGNEE

UNLESS A GREATER VALUE IS DECLARED IN THE "DECLARED VALUE" SPACE PROVIDED ON THIS DELIVERY BILL, AND EXCESS CHARGES ARE PAID, THE RELEASED VALUE OF THE SHIPMENT DESCRIBED HEREIN IS UNDERSTOOD TO BE NO MORE THAN \$100.00

DECLARED VALUE

| NO. PCS.     | WEIGHT       | DESCRIPTION OF ARTICLES SHIPPED | DESCRIPTION OF CHARGES   | AMOUNT        |
|--------------|--------------|---------------------------------|--|---------------|
| 1            | 2oz.         | envelope                        | MONIES ADVANCED FOR CUSTOMER   |               |
|              |              |                                 | MONIES ADVANCED FEE  |               |
|              |              |                                 | DELIVERY CHARGES BY <input type="checkbox"/> PIECES <input type="checkbox"/> WEIGHT <input type="checkbox"/> DIMENSION |               |
|              |              |                                 | OTHER CHARGES  |               |
|              |              |                                 | WAITING CHARGES MIN X RATE   | 000587        |
|              |              |                                 | EXCESS VALUE CHARGES EXCESS AMT X RATE   |               |
| PICKED UP BY | DATE         | DELIVERED BY                    | RECEIVED IN GOOD CONDITION BY  | TOTAL CHARGES |
| DRIVER NO. 6 | DATE 7/18/84 | DRIVER NO. 1133                 | DATE 7/18/84   |               |

CONSIGNEE'S COPY

# EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

, 1984

Laurens County, South Carolina  
c/o Chairman of County Council  
Laurens Court House  
Laurens, South Carolina

Dear Sirs:

We hereby establish, subject to the terms and conditions hereinafter contained, at the request of American Pipe & Plastics of South Carolina, Inc. (the "Company"), in favor of Laurens County, South Carolina, our irrevocable Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit") in the amount of \$950,000, effective immediately and expiring on the earlier of the following dates (the "Expiry Date"): (i) September 15, 1991, or (ii) the date on which the principal amount of and interest on the Note dated the date hereof of the Company to your order in the principal amount of \$950,000 (the "Note") shall have been paid in full.

Termination of this Letter of Credit as per (ii) above will be made only upon our receipt of written authorization to that effect from you accompanied by the original of this letter of credit.

We hereby irrevocably authorize you to draw on us, at any time and from time to time, with respect to all principal amounts then due under the Note and in accordance with the terms and conditions hereinafter set forth, by your sight draft, an amount not to exceed at any time the then outstanding principal amount of the Note (the "Note Amount").

Upon payment to you or your account of the Note Amount, we shall be fully discharged on our obligation under this Letter of Credit, and we shall not thereafter be obligated to make any further payments under this Letter of Credit.

000588



Laurens County, South Carolina  
, 1984

Page Two

Funds under this Letter of Credit are available to you no later than 2 business days following the date of presentation against (a) your sight draft in the form of Exhibit 1 attached hereto appropriately completed and signed and stating on its face: "Drawn under Marine Midland Bank irrevocable Letter of Credit No. \_\_\_\_\_", and (b) a certificate in the form of Exhibit 2 attached hereto appropriately completed and signed. Such draft and certificate shall be dated the date of presentation, which shall be made at our office located at \_\_\_\_\_ New York, New York, \_\_\_\_\_, Attention: Letter of Credit Department, or at such other office in the city and state of New York which we may from time to time designate by written notice delivered to you.

As used herein, "business day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in New York City are authorized or required to close.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (I.C.C. Publication No. 290) and to the current form and substance of the Note, any amendment of which will cause this Letter of Credit to become immediately void and unenforceable unless effected with our consent. Communications with respect to this Letter of Credit shall be addressed, if to us, at \_\_\_\_\_, New York, New York - \_\_\_\_\_, Attention: Letter of Credit Department, specifically referring to the number of this Letter of Credit or, if to you, at the address indicated above, specifically referring to the \$950,000 Laurens County Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984 and this Letter of Credit.

This Letter of Credit is assignable in its entirety (but not in part) to any bank to which you have assigned or will assign the Note. Assignment of this Letter of Credit shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate in the form of Exhibit 3 attached hereto. Upon such assignment, the term "you" in this Letter of Credit shall refer to the assignee.

Very truly yours,

MARINE MIDLAND BANK

BY: \_\_\_\_\_

000589

ACKNOWLEDGEMENT OF ASSIGNMENT  
OF  
LETTER OF CREDIT

---

August \_\_, 1984

This Letter of Credit has been transferred in its entirety to The Citizens & Southern National Bank of South Carolina, 47 East Camperdown Way, Greenville, South Carolina 29602 as per the irrevocable instructions received today from Laurens County, South Carolina, c/o Chairman of County Council.

MARINE MIDLAND BANK

\_\_\_\_\_  
Authorized Signature

Exhibit 1 to the  
Letter of Credit

\$ \_\_\_\_\_

[Date]

Within 2 business days of the date of presentation,  
pay to the order of \_\_\_\_\_  
[beneficiary]

\$ \_\_\_\_\_ Dollars

To: MARINE MIDLAND BANK  
New York, New York

[Beneficiary]

BY: \_\_\_\_\_  
Title

Drawn under Marine Midland Bank irrevocable Letter of Credit  
No. \_\_\_\_\_

Exhibit 2 to the  
Letter of Credit

CERTIFICATE FOR THE PAYMENT OF  
AMOUNTS DUE UNDER AMERICAN PIPE & PLASTICS OF SOUTH CAROLINA, INC.  
PROMISSORY NOTE IN THE ORIGINAL FACE AMOUNT OF \$950,000

The undersigned, a duly authorized representative of [Name of Beneficiary] (the "Beneficiary"), hereby certifies to Marine Midland Bank (the "Letter of Credit Bank") with reference to Irrevocable Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit", any capitalized term used herein and not defined herein having its respective meaning as set forth in the Letter of Credit) issued by the Letter of Credit Bank in favor of Laurens County, South Carolina [and assigned to the Beneficiary], that:

(1) American Pipe & Plastics of South Carolina, Inc. has defaulted in the payment of principal with respect to the Note, a true and correct copy of which is attached hereto;

(2) The Beneficiary is making a drawing under the Letter of Credit with respect to the payment of amounts of principal still outstanding under the Note, in accordance with the terms and conditions of the Letter of Credit;

(3) The unpaid amount of principal under the Note that remains outstanding on the date hereof, computed in accordance with the terms and conditions of the Note, is \$ \_\_\_\_\_ (the "Note Amount") and the amount of the draft accompanying this Certificate does not exceed such amount;

(4) The Note Amount, plus the aggregate amount of all prior drawings, if any, under the Letter of Credit, does not exceed \$950,000; and

(5) The Expiry Date has not occurred and the Letter of Credit has not expired by its terms.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

[Name of Beneficiary]

By: \_\_\_\_\_

[Name and Status]

000592



Exhibit 3 to  
Letter of Credit

INSTRUCTION TO TRANSFER

\_\_\_\_\_, 19\_\_.

Marine Midland Bank

New York, New York  
Attention: Letter of Credit Department

Re: Irrevocable Letter of Credit No. \_\_\_\_\_

Gentlemen:

For value received, the undersigned beneficiary (the "Transferor") hereby irrevocably instructs you to transfer to:

\_\_\_\_\_  
(Name of Transferee)

(the "Transferee") all rights of the undersigned to draw under the above-captioned Letter of Credit (the "Letter of Credit"). The Transferee is the assignee of that certain promissory note dated August \_\_, 1984 of American Pipe & Plastics OF South Carolina, Inc. payable to Laurens County, South Carolina in the original principal amount of \$950,000.

By this transfer, all rights of the undersigned in the Letter of Credit are transferred to the Transferee and the Transferee shall hereafter have the sole rights as beneficiary thereof.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effected.

Very truly yours,

(Name of Beneficiary)

BY: \_\_\_\_\_  
(Name and Status)

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000593

# EXHIBIT

JUL 24 1984 NO. 2

## LOAN AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS LOAN AGREEMENT, dated as of August\_\_\_\_, 1984, among LAURENS COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, a national banking association or any subsequent registered owner of the Bond, (the "Bank"), and AMERICAN PIPE & PLASTICS OF SOUTH CAROLINA, INC., a SOUTH CAROLINA corporation (the "Company").

### WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

## ARTICLE I

### LIMITATION OF COUNTY'S LIABILITY

Section 1.1. Any obligation which the County may incur for the payment of money as a result of its entering into or performance of this Loan Agreement or the transactions described in this Loan Agreement shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never create a pecuniary liability against it or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under or related to this Loan Agreement, the Company Note, the Guaranty and the Letter of Credit.

## ARTICLE II

### DEFINITIONS

Section 2.1. Certain terms used in this Loan Agreement shall have the meanings given to them in Section 2.2 of this Loan Agreement, unless the context clearly indicates otherwise. The definition of any document shall include any amendments to that document, unless the context clearly indicates otherwise.

Section 2.2. These terms are defined under this Loan Agreement as follows:

"ACT" means Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended from time to time.

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"ADJUSTED RATE" means that rate of interest equal to the Prime Rate plus one-half of one per cent (1/2%) per annum or such maximum lesser amount as shall be allowed by law.

"ANCILLARY COSTS" means Costs of the Project, allowed by the Act and Section 103 of the Code, incurred for the payment of the reasonable expenses of issuing the Bond and the Company Note including, without limitation, recording and printing costs, accountant's, financial advisor's and counsel fees, fees of the Bank and all similar expenses.

"ASSET COSTS" means those Costs of the Project allowed by the Act and Section 103 of the Code which are not Ancillary Costs.

"ASSISTANCE AGREEMENT" means the contract pursuant to which the County has agreed to finance the acquisition, construction, renovation and installation of the Project, dated as of December 12, 1983.

"AUTHORIZED COMPANY REPRESENTATIVE" means any person at the time designated to act on behalf of the Company by a written certificate furnished to the Bank containing the specimen signature of each such person, and signed on behalf of the Company by the person or persons signing this Loan Agreement on behalf of the Company or by such other persons who have the legal authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different matters under this Loan Agreement. An Authorized Company Representative may be an employee of the Company. The Bank or the County may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them of the authority of any Authorized Company Representative to legally bind the Company.

"BANK" means The Citizens & Southern National Bank of South Carolina, and, if it shall sell the Bond, then any party which shall subsequently become a registered owner of the Bond.

"BOND" means the registered Laurens County, South Carolina Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984, dated the date hereof, in the principal amount of \$950,000 to be issued, sold and delivered by the County to the Bank.

"BOND COUNSEL" means legal counsel experienced in matters relating to industrial development revenue bonds as described in The Act and Section 103 of the Code and the federal income tax exemption from taxation of the interest thereon.

"BONDHOLDER" or "HOLDER OF THE BOND" or "HOLDER" shall mean the Registered Owner of the Bond.

"CHAIRMAN" means the Chairman of County Council (or the Vice Chairman of County Council whenever the Chairman of County Council is unavailable to act).

"CLERK" means the Clerk of County Council (or the Assistant Clerk or Acting Clerk of County Council whenever the Clerk of County Council is unavailable to act).

"CODE" means the Internal Revenue Code of 1954, as amended and the regulations promulgated or proposed thereto.

"COMPANY" means American Pipe & Plastics of South Carolina, a South Carolina corporation.

"COMPANY NOTE" means the note, dated the date hereof, in the principal amount of \$950,000 to be executed and delivered by the Company to the County in consideration for the issuance of the Bond and the loan of the proceeds thereof to the Company. The Company Note will provide for payments equal to all payments required under the Bond.

"COMPANY OFFICE" means the principal office of the Company at which, at any particular time, its business records shall be principally administered and maintained.

"COMPLETION DATE" means the date of completion of the acquisition, construction, renovation and installation of the Project as that date shall be certified pursuant to in Section 5.9 of this Loan Agreement.

"CONSTRUCTION FUND" means the account to be established by the Company at the Bank with the proceeds from the sale and delivery of the Bond and the Company Note as provided in Article V of this Loan Agreement.

"CONSTRUCTION PERIOD" means the period beginning with the date of the Assistance Agreement and ending on the Completion Date.

"COST" or "COST OF THE PROJECT" means the cost of acquisition, construction, renovation or installation of the Project and shall be deemed to include, whether incurred prior to or after the date of this Loan Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction, renovation and installation of the Project; (b) the cost of construction payment and performance bonds and of



insurance of all kinds that may be required or necessary during the course of construction and renovation of the Project, to the extent not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction and renovation, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction, renovation and installation of the Project; (d) compensation and expenses of the Bank and the County, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the execution and delivery of the Bond and the Company Note; (e) interest on the Company Note during the Construction Period; (f) all other costs which the Company incurs for the acquisition, construction, renovation and installation of the Project; and (g) any sums required to reimburse the Company for advances made by it for any of the above items (including interest on obligations incurred for the Project during the Construction Period and any commitment fee required for the Bond); provided, however, that no item shall be a Cost of the Project unless (i) it is allowed by the Act and (ii) (A) is an issuance expense within the meaning of § 103(b) of the Code or (B) is properly chargeable to the capital account of the Project under the Code or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts and is land or is property subject to the allowance for depreciation.

"COUNTY" means Laurens County, South Carolina, and its successors and assigns.

"COUNTY ADMINISTRATOR" means the County Administrator of the County or any person authorized to act in his stead.

"COUNTY COUNCIL" means the County Council of the County.

"DETERMINATION OF TAXABILITY" is defined in Section 6.2.

"EVENT OF DEFAULT" is defined in Section 13.1.

"EVENT OF TAXABILITY" is defined in Section 6.2.

"FACILITIES" means the land, buildings, structures, equipment and machinery of the Company, including the Project, located or to be located in Laurens County, South Carolina.

"GUARANTOR" means American Pipe & Plastics, Inc., a New York corporation that owns all the issued and outstanding shares of the Company.

"GUARANTY" means the Guaranty Agreement, dated the date hereof, in which the Guarantor unconditionally guarantees full payment of the Company Note.

"LETTER OF CREDIT" means the Letter of Credit, dated the date hereof, in which Marine Midland unconditionally guarantees full payment of the principal of the Company Note.

"LOAN AGREEMENT" means this Loan Agreement.

"MARINE MIDLAND" shall mean Marine Midland Bank, a national banking association, or any successor to all or substantially all of the business of Marine Midland Bank.

"OPINION OF COUNSEL" shall mean an opinion in writing signed by legal counsel satisfactory to the Bank.

"PERMITTED ENCUMBRANCES" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) liens for ad valorem taxes and special assessments which are delinquent but the validity of which is being contested in accordance with Section 10.9 of this Loan Agreement; (iii) any security interest held by any lender financing the Company's accounts receivable and inventory and having a senior lien on such collateral; (iv) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as do not, in the aggregate, materially impair the Facilities for the purposes for which it is held by the Company; (v) mechanic's and materialmen's liens not filed or perfected in the manner prescribed by law; (vi) zoning or similar laws; (vii) any other liens or encumbrances being contested in accordance with Section 10.9 of this Loan Agreement; and (viii) that certain Real Estate Mortgage and that certain Security Agreement, each of which is dated February 3, 1981 and references a note of the Company in the original face amount of \$1,800,000.

"PERMITTED INVESTMENTS" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws and regulations governing the Bank for moneys proposed to be invested therein: (i) direct general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation to pay the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage

Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, and direct general obligations of any agency of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of any political unit in the State; (iv) repurchase agreements collaterally secured by the aforementioned obligations described in (i) and (ii) above continuously having a fair market value at least equal to the amount so invested, (v) short-term money market funds that invest solely in obligations described in (i) through (iv) above; (vi) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vii) certificates of deposit of any bank or trust company if such certificates are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above, held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (viii) certificates of deposit or other obligations of any bank or trust company organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are fully insured by the United States of America or one of its agencies; and (ix) commercial paper rated Prime-1 by Moody's or A-1 by Standard & Poor's rating Services.

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

"PRIME RATE" means that rate of interest announced by The Citizens & Southern National Bank of South Carolina at its principal office as its "prime rate" determined at the close of business on each business day or such maximum lesser amount as shall be allowed by law.

"PROJECT" means the plantsite improvements, machinery and equipment to be acquired, constructed, renovated and/or installed with the proceeds from the Bond and the Company Note and to comprise an expansion and improvement of the Company's existing pipe and plastics manufacturing facility located in Laurens County, South Carolina, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom.

"REGISTERED OWNER" shall mean the Person or Persons in whose name or names the Bond shall be registered on the Bond register.

"SECURITY AGREEMENT" means the Security Agreement and Conditional Assignment, dated as of the date hereof, between the



County and the Bank, in which the County grants to the Bank, with certain exceptions, a security interest in its rights in and to this Loan Agreement, the Company Note, the Guaranty, the Letter of Credit, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to the Bank with certain exceptions, its rights in and to those documents, the amounts received under those documents and the proceeds from the disposition of those documents.

"STATE" shall mean the State of South Carolina.

### ARTICLE III

#### REPRESENTATIONS AND ACKNOWLEDGMENTS

Section 3.1 Representations by the County. The County makes the following representations to the other parties to this Loan Agreement:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to issue the Bond and to enter into and perform the transactions contemplated by this Loan Agreement. The County has been duly authorized by proper action of the County Council to execute and deliver this Loan Agreement, the Bond and the Security Agreement and to enter into and fully perform the transactions described in this Loan Agreement.

(b) Neither the execution and delivery of this Loan Agreement, nor the consummation and performance of the transactions described in or contemplated by this Loan Agreement, including specifically, but not limited to, the issuance of the Bond, violates, conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling or finding would adversely affect the Bond or the transactions described in or contemplated by this Loan Agreement.

(d) Neither the existence of the County nor the rights of the County Administrator and the members of County Council to



their offices is being contested and none of the proceedings taken to authorize the execution and delivery of the Bond or the transactions described in this Loan Agreement has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations or approvals required on the part of the County in connection with the issuance of the Bond and the execution and delivery of this Loan Agreement and the consummation of the transactions contemplated thereby have been obtained and remain in full force and effect as of the date hereof.

(f) The South Carolina State Budget and Control Board has duly approved the proposal of the County to issue the Bond and to finance the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the County of its obligations under this Loan Agreement or the Security Agreement or to the issuance of the Bond.

(g) The County is entering into this Loan Agreement and the Security Agreement, issuing the Note and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State. The Project will subserve the purposes of the Act. The Project is anticipated to benefit the general public welfare of the locality by providing employment or other public benefits not now provided locally.

(h) The County is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the Bond, or this Loan Agreement or the Security Agreement.

Section 3.2 Representations by the Company. The Company makes the following representations to the other parties to this Loan Agreement:

(a) The Company is a corporation duly incorporated and in good standing under the laws of the State, is duly qualified to do business in every jurisdiction where such qualification is necessary, is not in violation of any laws or any provisions of its Articles of Incorporation and Bylaws material to the transactions contemplated by this Loan Agreement or the Security Agreement, has the power to enter into and to perform its obligations under this Loan Agreement and the Company Note and has duly authorized the execution and delivery of this Loan Agreement and the Company Note and has duly approved the terms of the Security Agreement, the Guaranty and the Letter of Credit.

(b) The Company has not taken and will not take any action which would in any way adversely affect the right of the County to issue tax-exempt bonds under the provisions of Section 103 of the Code.

(c) Neither the execution and delivery of this Loan Agreement or the Company Note, nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement or the Company Note conflicts with, results in a breach of or constitutes a default under any of the provisions of the Articles of Incorporation or Bylaws of the Company or any corporate restriction or any agreement, instrument, statute, law, rule, regulation or governmental order to which the Company is now a party or by which it is bound, and none of these actions will result in the creation or imposition of any lien, charge or encumbrance of any kind upon any of the property of the Company prohibited under the terms of any such agreement or instrument.

(d) There is no suit, proceeding, or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of this Loan Agreement or the Company Note or any of the transactions described in or contemplated by this Loan Agreement; nor are there any judgments outstanding and unsatisfied against the Company.

(e) Prior to commencement of the acquisition, construction and equipping of the Project, the Company will have obtained all requisite approvals of the State and other Federal, regional and local governmental bodies for the acquisition, construction and equipping of the Project; and prior to commencement of operation of the Project (i) the Project will be in compliance with applicable Federal, State and local zoning, subdivision, environmental, pollution control and building laws, regulations, codes and ordinances and (ii) the Company will be duly authorized to operate the Project under any applicable laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof.

(f) There is not now outstanding one or more issues of obligations (whether or not the issuer of each such issue is the same), other than the Bond, the proceeds of which have been, are being, or will be used primarily with respect to facilities located or to be located in Laurens County, South Carolina, where the principal user of such facilities is or is expected to be

the Company, or any related person thereto (as "related person" is defined in Section 103(b)(6)(C) of the Code) and where the interest on the issue or issues is excludable from the holder's Federal income tax by reason of Section 103(b)(6) of the Code. For purposes of this subsection (f), a facility is "located" in Laurens County if it is located in a political subdivision that borders Laurens County, South Carolina and is contiguous to or integrated with a facility physically located in Laurens County, South Carolina.

(g) There are no bonds, notes or other obligations which have been issued, or which are contemplated to be issued, which (i) have been or will be sold at substantially the same time as the Bond, (ii) have been or will be sold pursuant to a common plan of marketing with the Bond, (iii) have been or will be sold at substantially the same interest rate as the interest rate on the Bond, and (iv) use or have available, or will use or will have available, a common or pooled security to pay debt service which will also be used or made available to pay debt service on the Bond, as the conditions described in (i), (ii), (iii) and (iv) above are defined in the regulations, proposed regulations and revenue rulings promulgated or issued under Section 103 of the Code.

(h) As of December 12, 1983 no contracts had been awarded or entered into, and no purchase orders had been entered into with respect to any components of the Project, none of said components had been acquired, and no on-site or offsite construction, installation or fabrication had commenced with respect to any of said components or with respect to the Project. No portion of the proceeds of the Bond or the Company Note will be used to pay for or reimburse the Company for any costs paid or incurred prior to the date of the Assistance Agreement.

(i) The Project site is located entirely within the incorporated limits of the County of Laurens, State of South Carolina.

(j) The recitals of fact and statements contained in this Agreement with respect to the Company are true.

(k) The issuance of the Bond by the County and the use by the Company of the proceeds thereof to defray the costs of the acquisition, construction, renovation and installation of the Project, as provided by this Loan Agreement, has induced the Company to expand and improve its (existing) pipe and plastic manufacturing facility located in Laurens County, South Carolina.

(l) The Company intends to operate the Project in its pipe and plastics manufacturing operations conducted at the facilities,



and to use the Project for such other purposes permitted under the Act as the Company deems appropriate.

(m) This Loan Agreement and the Company Note are legal, valid and binding obligations enforceable in accordance with their respective terms.

(n) The financial statements of the Company delivered to the Bank were prepared in accordance with generally accepted accounting principles and represent fairly the financial condition of the Company at the dates and for the periods indicated on those statements. There has been no material adverse change in the financial condition or the business or operations of the Company since those dates. The Company has no liabilities, direct or contingent, except those disclosed in the aforementioned financial statements and liabilities incurred since then in the ordinary course of business. The Company has made no investments in, advances to, or guaranties of the obligations of any corporation, individual or other entity except those disclosed in the aforementioned financial statements.

(o) The Company reasonably expects that all of the proceeds of the sale of the Note will be expended not later than August 31, 1986 to pay for the Asset Costs and Ancillary Costs. Acquisition, construction, renovation and installation of the Project will proceed with due diligence, with completion to occur no later than August 31, 1986. No part of the proceeds of the Bond or the Company Note will be used to finance inventory or for working capital.

(p) All consents, approvals or authorizations, if any, of any governmental body or authority required on the part of the Company in connection with the issuance of the Bond and the execution, delivery and performance of this Loan Agreement and the Company Note have been obtained and remain in full force and effect.

(q) The Company has filed all tax returns required to be filed and paid all taxes that are due.

#### ARTICLE IV

##### ISSUANCE AND SALE OF THE BOND AND COMPANY NOTE; PAYMENT PROVISIONS

Section 4.1. Issuance and Sale of the Bond and Company Note and Application of Proceeds. In order to provide the Company, by way of loan, with funds for the payment of the Asset Costs and Ancillary Costs, the County shall issue, sell and deliver the Bond



to the Bank (and the Bank shall purchase the Bond) and the Company shall sell and deliver the Company Note to the County (and the County shall purchase the Company Note) at such time as the County, the Company and the Bank shall agree. The Bond and Company Note shall be sold for prices equal to their respective principal face amounts, without discount. The Bond and Company Note shall be dated the date of issuance and delivery.

Delivery of the Bond and the loan of the proceeds of the sale thereof to the Company shall be conditioned upon the execution and delivery to the County of the Company Note, the Guaranty and the Letter of Credit. Amounts to be paid by the Company under the Company Note shall be sufficient to enable the County to make timely payments of all amounts due under the Bond.

Repayment of the Bond shall be secured at the time of issuance and delivery by the Security Agreement. Repayment of the Company Note shall be secured at the time of sale by the Guaranty and the Letter of Credit.

Payments of the purchase price for the Bond and Company Note shall be \$950,000 at closing.

All proceeds from the issuance and sale of the Bond and the Company Note shall be deposited into the Construction Fund.

Section 4.2. Execution; Limited Obligation. The Bond shall be executed on behalf of the County by the signatures of the Chairman and the County Administrator and attested with the signature of Clerk of Council and shall have impressed thereon the official seal of the County. In case any officer of the County whose signature shall appear on the Bond shall cease to be such officer before the Bond is issued and delivered, such signature shall nevertheless be valid and sufficient for all purposes and the Bond may be issued and delivered as though said officer had remained in office until such issuance and delivery. The Bond shall be a limited obligation of the County as provided therein.

Section 4.3. Mutilated, Lost or Destroyed Bond. Should the Bond become mutilated, the County shall cause to be executed and shall deliver a new Bond of like date and tenor upon the surrender and cancellation of such mutilated Bond. Should the Bond be lost or destroyed, the County shall cause to be executed and shall deliver a new Bond of like date and tenor in substitution therefor. If the Bond shall have matured, instead of issuing a new Bond the County may pay the same without surrender thereof. Such new Bond shall be executed and delivered or such matured Bond shall be paid without surrender only when the Registered Owner has

paid the reasonable expenses and charges of the County in connection therewith and given such security as may be reasonably required by the County or the Company.

Section 4.4. Registration and Transfer of Bond. The Bond shall be fully registered, payable to the Registered Owner thereof. The County hereby designates the Company as bond registrar and hereby directs the Company to maintain registration books for the registration or transfer of the Bond. The Bond may be transferred only upon assignment duly executed by the Registered Owner of the Bond, such transfer to be made on said registration books and endorsed on the Bond by the bond registrar. No such transfer shall be made until the transferring Bondholder has also caused its interest in the Company Note, the Security Agreement, the Loan Agreement, the Guaranty and the Letter of Credit to be transferred to the transferee of the Bond. The person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on the Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability of the County upon the Bond to the extent of the sum or sums so paid.

Section 4.5. Unconditional Obligation of Company. The obligation of the Company to make the payments required to be made hereunder and under the Company Note and to perform and observe the other agreements on its part contained herein and in the Company Note shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. The Company (i) will not suspend or discontinue any payments required to be made under the Company Note except to the extent the same has been prepaid (and then only to the extent such prepayments have been received by the Bondholder), (ii) will timely perform and observe all of its other agreements contained in this Loan Agreement or the Company Note, and (iii) will not terminate this Loan Agreement or its obligations under the Company Note for any cause including, without limiting the generality of the foregoing, the invalidity or unenforceability of the Bond, this Loan Agreement or any related document, failure of the Company's title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, sale, loss, destruction or condemnation of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative acts by or under the authority of the United States of America, the State of South Carolina, or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement, whether express or

implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement.

Section 4.6. Co-operation by the County. The Company, at its own cost and expense and in its own name or, to the extent lawful, in the name of the County, may prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights under this Loan Agreement, and in such event the County hereby agrees to cooperate fully with the Company, but at the Company's expense, and to take all action necessary to effect a substitution of the Company for the County in any such action or proceeding if the Company shall so request.

Section 4.7. Prepayment. Any prepayment of the Company Note in accordance with the provisions of that note shall be applied immediately and exclusively to the prepayment of the Bond in accordance with the provisions thereof. Any such prepayment shall be credited first, against the accrued interest on the Company Note and the Bond and, second, against the principal payments due with respect to the Company Note and the Bond in inverse order of their maturities.

Section 4.8. Effective Date of this Loan Agreement. This Loan Agreement shall become effective upon its delivery, and shall continue in full force and effect until all amounts payable under the Bond and the Company Note have been fully paid, together with all sums to which the County and the Bank are entitled under this Loan Agreement; provided, the obligation of the Company and the County to pay all amounts arising upon the occurrence of a Determination of Taxability shall survive forever.

Section 4.9. Payment of the County's Expenses and Bank's Expenses. The Company shall pay upon demand by the County and the Bank all fees and expenses incurred by the County and the Bank, respectively, in connection with the issuance, sale and delivery of the Bond and otherwise arising from the transactions described in this Loan Agreement. The County and the Bank shall use their best efforts to minimize such expenses. The Company also shall pay all other expenses required in connection with the transactions contemplated by this Loan Agreement, including but not limited to architects' and accountants' fees, insurance premiums, documentary stamps and recordation costs.

Section 4.10. Repayment of Loan. The Company shall pay directly to the Bank for the account of the County all payments required to be made by the Company to the County under the Company Note. All of these payments shall be applied by the Bank immediately and exclusively to payment of the County's obligations under the Bond.



## ARTICLE V

### CONSTRUCTION FUND

#### Section 5.1. Acquisition and Construction of Project.

Pursuant to the Act, the County authorizes the Company and the Company agrees to acquire, construct, renovate and install the Project, all on the real property owned by the Company in Laurens County, South Carolina. The Company will use its best efforts to cause the Project to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond the reasonable control of the Company only excepted; but if for any reason the Project shall not be completed there shall be no resulting decrease in liability or postponement of the amounts payable under this Loan Agreement or the Company Note by the Company. The Project shall belong to and be the property of the Company.

Anything in this Loan Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the acquisition of the Project upon the prepayment in full of all amounts to be paid by it under this Loan Agreement and the Company Note. If the Company elects to make such prepayment, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project incurred to date shall be used to effect such prepayment at the direction of an Authorized Company Representative.

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

Section 5.2. Creation of Construction Fund. There is hereby created and established with the Bank a special and separate fund of the Company to be known and designated as the Laurens County, South Carolina, Industrial Revenue Bond Construction Fund (American Pipe & Plastics Project) Series 1984. The Company shall deposit with the Bank the proceeds from the sale by the Company of the Company Note, and the Bank shall deposit the same in the Construction Fund.

The Bank shall be responsible for the Construction Fund only to the extent of the duties expressly contained in this Loan Agreement. The Bank may resign from such duties upon 30 days' written notice to the Company and the County.

#### Section 5.3. Applications of Moneys in Construction Fund.

The moneys in the Construction Fund, until applied in payment of any Asset Costs and Ancillary Costs, shall be held in trust by the Bank and, pending such application, shall continuously be subject to a lien and charge in favor of the County and the Holder of the

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Bond and for the further security of the Company Note and the Bond until paid out as herein provided.

Prior to any disbursement from the Construction Fund, the Company shall deliver to the Bank the following documents, which shall be in form and content reasonably satisfactory to the Bank:

(a) Satisfactory evidence of the casualty and liability insurance required by Section 8.2 of this Loan Agreement.

(b) The opinions of \_\_\_\_\_, as Company counsel, Wyche, Burgess, Freeman & Parham, P.A., as Bond Counsel, and \_\_\_\_\_, as County counsel, relating to matters customarily addressed by company counsel, bond counsel and county counsel, respectively, in similar transactions.

(c) A certificate from the Authorized Company Representative showing in reasonable detail the average reasonably expected economic lives of the assets to be purchased, constructed or installed in whole or in part with proceeds of the Bond, as calculated pursuant to the requirements of Section 103 (b)(14) of the Code and the reasons in support of such expectations.

(d) A certificate from the Authorized Company Representative to the effect that the Company is in compliance with the covenants in Sections 12.1 and 12.2 of this Loan Agreement.

(e) A copy of the resolutions of the Board of Directors of the Company, certified by the Authorized Company Representative, authorizing the execution of this Loan Agreement, the transactions described herein and the execution and delivery of the Company Notes and related documents.

(f) Such other documents as the Bank shall reasonably request.

Section 5.4. Requisitions. So long as no Event of Default has occurred and is continuing the Bank shall make payments from the Construction Fund to pay Asset Costs and Ancillary Costs upon receipt by the Bank of requisitions (upon which both the Bank and the County shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or if such payment is made as reimbursement to the Company the name of the Person who received the amount from the Company; (iii) the amount to be paid; (iv) that no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) that the payment of such amount is a proper charge against the Construction Fund; (vi) the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vii) that at least 90% of the "proceeds" received from the Bond issue theretofore requisitioned from the Construction Fund, including the amount then requisitioned, has been and, when applied as stated in the requisition, will have been expended for land or property subject to the allowance for depreciation under the Code; (viii) that the Company has received no notice of any liens or rights to liens on the Project (other than Permitted Encumbrances) or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable under such requisition, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition; (ix) that such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; (x) that with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the Company or if not so used or delivered, that an advance payment therefor is required by the supplier thereof; (xi) that no default by the Company under this Loan Agreement has occurred which has not been cured; (xii) that the amount remaining in the Construction Fund, plus reasonably expected investment income to be credited to the Construction Fund, plus other sums of cash which the Company reasonably expects to have available prior to the Completion Date, will, after payment of the amount requested in the requisition, be sufficient to pay the Cost of the Project to become due and payable thereafter; and (xiii) the obligation stated on the requisition

000610

was not incurred or paid prior to the date of the Assistance Agreement.

Payments from the Construction Fund may be made:

- (a) to the Company by way of reimbursement for expenses already paid from its own separate funds; or
- (b) to any third parties entitled to payment.

Advances shall be made not more frequently than every two weeks.

On the date of payment against any requisition, the representations and warranties set forth in Section 3.2 hereof shall be true and correct on and as of such date with the same force and effect as though such representations and warranties had been made on and as of such date. At the time of each such payment, the Company will be in compliance with all of the terms and provisions set forth herein on its part to be observed and performed and no Event of Default as specified in Section 13.1, nor any event which upon notice or lapse of time, or both, would constitute such an Event of Default, shall have occurred and be continuing. At the time of each such payment, the Bank shall receive the certificate of the Authorized Company Representative, certifying as aforesaid.

No advance from the Construction Fund shall constitute a waiver of any of the conditions applicable to any subsequent advance.

Until further notice, the County hereby appoints the Bank to receive and approve or disapprove all documents required pursuant to this Section 5.4 and to make all advances from the Construction Fund.

Section 5.5. Retention of Requisitions. For a minimum of five years from the date thereof the Bank, which acted as custodian of the Construction Fund, shall retain in its possession all requisitions received by it, subject to the inspection of the County, its agents and representatives, the Company and the Bondholder and their representatives at all reasonable times.

Section 5.6. Bank's Right to Rely on Certifications and to Withhold Funds. In making any payment from the Construction Fund, the Bank may rely on any information, representation or certification delivered to it pursuant to Sections 5.3 and 5.4 of this Loan Agreement, and the Bank shall have no liability for making payments in good faith in accordance with this information, representation or certification. If in the Bank's opinion any

000611

such information, representation or certification is incomplete or misleading in any material respect, then the Bank shall immediately notify the Company in writing and it shall have no obligation to make any further payment from the Construction Fund until the validity of the requisition in question shall have been resolved to its reasonable satisfaction.

Section 5.7. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund may be retained uninvested as trust funds and shall, upon written direction from the Company, if an Event of Default shall not then exist or be continuing, be invested by the Bank in Permitted Investments.

Any securities purchased with the moneys in the Construction Fund shall be deemed a part of such fund and, for the purpose of determining the amount of moneys therein, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. Any interest, including any realized increment on securities purchased at a discount, received on all such securities shall be deposited by the Bank in, and shall be deemed part of, the Construction Fund and any loss resulting from such investments will be charged to the Construction Fund. The Bank shall not be liable or responsible for any loss resulting from any such investment or from the redemption, sale or maturity of any such investment as is in this Loan Agreement authorized. If at any time it shall become necessary that some or all of the securities purchased with the moneys in the Construction Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Loan Agreement, the Bank shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method.

Section 5.8. Company Required to Complete Project. If the moneys in the Construction Fund available for payment for the Asset Costs and Ancillary Costs shall not be sufficient to pay the Cost of the Project in full, the Company will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The County makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Company shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the County or the Bank, nor shall it be entitled to any diminution or postponement of the payments required under this Loan Agreement or the Company Note.

000612



Section 5.9. Completion Date; Disposition of Balance  
Remaining in Construction Fund. Upon completion of the Project,  
the Bank shall be furnished with a certificate of an Authorized  
Company Representative showing such completion and the date  
thereof and the payment of the Cost thereof or the provisions  
necessary to be made for payment thereof. Thereupon, any balance  
in the Construction Fund not reserved for the payment of any  
remaining part of the Cost of any of the foregoing shall be  
immediately applied to prepay the principal of the Company Note  
and the Bond pursuant to the provisions thereof.

000613

## ARTICLE VI

### TAX EXEMPT STATUS OF BOND

#### Section 6.1. Protection of Tax Exempt Status of the Bond.

The County is issuing the Bond pursuant to Section 103 (b)(6) of the Code. In order to insure that interest on the Bond is not and will not become subject to Federal income taxes as a result of a failure of the Bond to qualify as an exempt small issue under Section 103 of the Code or as a result of violating the arbitrage requirements of Section 103(c) of the Code or as a result of violating any other applicable provision of Section 103 of the Code (other than Section 103(b)(13)), the Company and the County covenant that, while the Bond remains outstanding:

(1) all rights and privileges granted to the Company or the County under this Loan Agreement shall be exercised so that, if any conflict between this Section and any other Section shall arise, then in that case, this Section shall control;

(2) neither the Company nor the County has committed or permitted or will commit or permit (as to any act or event over which it has or reasonably could have control) the commission of any act or the occurrence of any event which would cause interest on the Bond to be subject to Federal income taxation;

(3) neither the Company nor the County will fail to take any action necessary to be taken in order for interest on the Bond to be exempt and continue to be exempt from Federal income taxation;

(4) the Company covenants that 90% or more of the "net bond proceeds" of the Bond shall be used exclusively to acquire, construct, reconstruct or improve land or property of a character subject to the allowance for depreciation. For this purpose, "net bond proceeds" shall equal the aggregate face amount of the Bond less amounts paid for the cost of issuing the Bond (including costs of publishing notices, attorneys' fees, printing costs, bank fees and similar expenses). No more than 10% of the "net bond proceeds" shall be used to finance inventory or for working capital;

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

(5) the primary purpose of the Project is not and will not be to provide retail food and beverage services, automobile sales or service, or recreation or entertainment;

(6) no portion of the proceeds of the Bond will be used to provide any of the following: any private or commercial golf course, country club, massage parlor, tennis club, skating facility, racquet sports facility, hot tub facility, suntan facility or racetrack facility;

(7) no portion of the proceeds of the Bond will be used directly or indirectly to provide "residential rental projects" within the meaning of Section 1.103-8(b) of the Income Tax Regulations.

(8) the Company will not take any action or fail to take any action which action or failure would cause the Project not to constitute a permitted "project" within the meaning of the Act; and

(9) they will comply with the requirements of the No Arbitrage Certificate relating to the Bond.

Section 6.2. Determination of Taxability. Should there occur a "Determination of Taxability," as hereinafter defined, the Company shall be obligated as described in the Company Note and the County shall be obligated as described in the Bond;

A "Determination of Taxability" shall mean the first to occur of the following: (a) the date on which the Company files with the Bank a statement that the interest on the Bond is subject to Federal income taxation, supported by any tax schedule, return or document which discloses that an Event of Taxability has occurred; or (b) the date on which the Company, the County, the Bank, or any previous registered owner of the Bond shall be advised in writing by a private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that, based upon any filings of the Company, or upon

000615

review or audit of the Company, or upon any other grounds whatsoever, an Event of Taxability has occurred; or (c) the date on which the Company shall receive notice from the County or the Bank in writing that the County or the Bank has been advised (i) by any past or present holder of the Bond that the Internal Revenue Service has assessed as includable in the gross income of such holder the interest on such Bond due to the occurrence of an Event of Taxability, or (ii) by any authorized official of the Internal Revenue Service that the interest on the Bond is includable in the gross income of any holder thereof due to the occurrence of an Event of Taxability; provided, however, that, if the Company directly or through a holder of the Bond contests the filing, advice, communication or assessment described in clause (b) or (c) above by an appropriate proceeding, the Determination of Taxability under such clause (b) or (c) shall not occur until such ruling, advice, communication or assessment is finally upheld in a proceeding from which no further appeal can be or is taken by the Company, and provided further that no decree or judgment by any court or action by the Internal Revenue Service shall be considered final for purposes of clause (b) or (c) unless the bondholder involved in such proceeding or action (i) has given the Company and the Bank reasonably prompt notice of the commencement thereof and (ii) has offered the Company the opportunity to control the defense thereof so long as the Company agrees to pay all expenses in connection therewith and to indemnify such bondholder against all liabilities in connection therewith.

An "Event of Taxability" shall mean any of the following conditions or circumstances: (a) the Bond constitutes an "arbitrage bond" within the meaning of Section 103(c) of the Code; (b) the failure of the Company to observe any agreement or representation contained in this Loan Agreement which failure results in interest on any of the Bond being or becoming includable in the gross income of any holder thereof for Federal income tax purposes; or (c) the existence or absence of any other circumstance which shall cause the interest on the Bond to be or to become includable in the gross income of any holder thereof for Federal income tax purposes; provided, however, that no Event of

000616



Taxability shall be deemed to have occurred with respect to the Bond if the interest thereon shall be subject to Federal income taxation for any period solely because during that period such Bond was held by a person who is a "substantial user" of the Project or a "related person" as such terms are used or defined in Section 103(b) of the Code or solely because such Bond is held by a Person who is subject to minimum tax payments, tax preference treatment or similar tax provisions.

The Company, the County and the Bank shall give prompt written notice to each other of the receipt of any information to the effect that an Event of Taxability may have or has occurred and shall describe the nature of the circumstances or occurrence which led to such Event of Taxability. Upon the receipt or giving of any such notice, the Bank may, in the exercise of its discretion and upon giving notice to such effect to the Company, require the Company to pay to it such additional amounts of interest as the Company would be required to pay to the Bank if a Determination of Taxability had occurred on the date that notice of the actual or potential Event of Taxability was given. If, by reason of an abandonment by the Internal Revenue Service of its position or by reason of a final decision by a court of competent jurisdiction, a Determination of Taxability never occurs as a result of the actual or potential Event of Taxability that gave rise to the notice thereof, the Bank shall be obligated to repay to the Company all amounts of additional interest (with interest at the Prime Rate) which it shall have received by virtue of this paragraph as a result of such actual or potential Event of Taxability.

In the event that legislation is enacted in the future that causes the receipt of interest exempt from Federal income taxation to be subject, directly or indirectly, to any minimum or alternative minimum or similar tax, then the Company shall pay from time to time such amount as shall be necessary to indemnify and hold the Bank harmless from and against any such minimum or alternative minimum or similar tax actually incurred by the Bank.

ARTICLE VII

BANK TO EXERCISE RIGHTS OF COUNTY

Section 7.1. Exercised County's Rights By Bank. In the Security Agreement, the County has assigned to the Bank all of its right, title and interest in and to this Loan Agreement, other than the County's rights under Article I and Section 4.9, 10.3, 10.7 and 13.4 of this Loan Agreement. Accordingly, the County hereby acknowledges, and the Company agrees, that the Bank shall have the power under this Loan Agreement to exercise the County's rights to enter into any amendment, or waive any requirement, of this Loan Agreement (other than of the provisions hereof excepted above), grant any consent where such consent is required or permitted hereunder or do any other thing required or permitted hereunder.

000618

## ARTICLE VIII

### MAINTENANCE, INSURANCE AND TAXES

Section 8.1. Maintenance and Modification of Facilities by Company. The Company will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals thereto or thereof; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities the maintenance, repair, replacement or renewal of which has become uneconomic to the Company because of damage or destruction by a cause not within the control of the Company or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Facilities.

The Company shall have the privilege of remodeling the Facilities or making substitutions, modifications and improvements to the Facilities from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company.

The Company covenants that so long as the Bond is outstanding the Project will be maintained and operated as a "project" within the meaning of the Act. The Company will operate the Facilities on a revenue-producing basis and will pay or cause to be paid, in addition to all other payments required under this Loan Agreement, the expenses of operation of the Facilities.

#### Section 8.2. Insurance.

(a) The Company shall at its own expense continuously maintain or cause to be maintained insurance with specific reference to the Facilities as required by any mortgage or security agreement, the lien of which covers, or the collateral under which includes, any or all of the Facilities. In any event the Company shall at its own expense continuously maintain or cause to be maintained insurance with specific reference to the Facilities, under valid and enforceable policies with insurers of recognized responsibility, insuring against such risks as are customarily insured against by businesses of like size and character, as the businesses conducted at the Facilities, paying as and when the same become due all premiums with respect thereto, including at a minimum, but not necessarily limited to the following:

000619

(i) Fire and Extended Coverage. Policies of insurance against loss or damage to any land, building, plantsite improvements or equipment which is included in the Facilities. Such insurance policies shall protect against loss or damage resulting from fire, with standard extended coverage endorsement covering loss or damage by lightning, windstorm, explosion, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement with deductible provisions not exceeding \$15,000. Such policies shall contain an agreed value endorsement (which value shall be not less than the replacement value of the Facilities immediately prior to the damage or loss). During the construction of any improvements constituting a part of the Project, the Company shall keep, or cause the contractor doing the construction to keep, the Facilities (including any value to be added by the Project) insured under "builders risk" insurance (or similar insurance) in such amount as is required in this paragraph.

(ii) Public Liability. General comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Facilities and the adjoining sidewalks and passageways, or in any way related to the operations of the Facilities, in the minimum amounts of \$500,000 for death of or bodily injury to any one person, \$1,000,000 for aggregate death and bodily injury claims resulting from any one occurrence, and \$250,000 for property damage.

(iii) Workmen's Compensation. Workmen's Compensation insurance with respect to the Facilities as required by the laws of the State.

(b) All policies of insurance required pursuant to this Section may be in the form of blanket policies of insurance. So long as the Bond remains outstanding, policies of insurance required by paragraph (a)(i) of this Section shall contain a clause naming the Bank as an additional insured and requiring, unless any mortgage or security agreement with respect to the Facilities provided otherwise, that all net proceeds of insurance in excess of \$30,000 resulting from any claim for loss or damage covered thereby be paid to the Bank for investment and disbursement to the Company under the conditions described in Article 5 for investment and disbursement from the Construction Fund. The net proceeds of all policies required by paragraph (a)(i) of this Section shall be applied as provided in Section

000620



9.1 hereof. The net proceeds of all policies required by paragraph (a)(ii) of this Section shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. All such policies shall, to the extent obtainable, provide that any loss shall be payable notwithstanding any act of negligence of the Company which might otherwise result in forfeiture of said insurance.

The policies of insurance required by this Section shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of the Bank or cancelled without at least 10 days' prior written notice to the Bank.

The Company covenants to furnish to the County or Bank, promptly upon request, certificates from the insurers evidencing the existence of all insurance policies required by this Section; and prior to the expiration of any such policy the Company shall furnish the Bank with evidence satisfactory to it, that the policy has been renewed or replaced or is no longer required by this Loan Agreement.

Section 8.3. Taxes, Other Governmental Charges and Utility Charges. The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any federal, state or any municipal government upon the Company, or upon the County, with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Facilities; and (c) not create or suffer to be created any lien or charge upon the payments to be made by the Company pursuant to the Company Note other than as provided in the Security Agreement. If the Company shall in good faith contest any such tax, assessment, lien or charge under the conditions described in Section 10.9 hereof such action by the Company shall not be considered as a breach by it of any of its covenants under this Loan Agreement.

## EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

000621

## ARTICLE IX

### DAMAGE, DESTRUCTION AND CONDEMNATION

Section 9.1. Damage and Destruction. Subject to the requirements of any mortgage or security agreement with respect to the Facilities or any part thereof, if at any time the Bond is outstanding, all or any part of the Facilities shall be destroyed or damaged, or title thereto fails, the Company, at its sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose), shall (unless the Company determines that the rebuilding, restoration, replacement or repair of the Facilities is not practicable or desirable and the Company exercises its option to apply such proceeds to the prepayment of the Company Note and the Bond), promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Facilities to either the value thereof immediately prior to such damage or destruction or to such extent as is necessary to resume use of the Facilities as it was being used immediately prior thereto. Subject to the same requirements, the Company shall apply the net proceeds of insurance carried pursuant to Section 8.2(a)(ii) hereof received as a result of such damage or destruction of the Facilities either to the required rebuilding, restoration, replacement or repair of the Facilities, or, if the Company exercises its option to apply such proceeds to the prepayment of the Company Note and the Bond, to such prepayment. In the event the insurance proceeds available therefor are not sufficient to pay the costs of rebuilding, replacing, restoring or repairing the Facilities and the excess costs thereof are paid by the Company, the Company shall not be entitled to any reimbursement of such excess costs from the County or the Bank or any abatement, postponement or diminution of the amounts payable under this Loan Agreement or the Company Note. If the estimated cost of rebuilding, replacing, restoring or repairing the Facilities after any particular incident shall exceed \$30,000, the Company shall promptly notify the County and the Bank of the occurrence of such incident and the completion of the required rebuilding, replacement, restoration or repair.

Subject to the requirements of any mortgage or security agreement with respect to the Facilities or any part thereof, the net proceeds of insurance carried pursuant to Section 8.2(a)(i) hereof received by the Bank shall be available to the Company to pay the cost of the required rebuilding, restoration, replacement or repair of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of the Company Note and the Bond, to prepay the Company Note and the Bond. Subject to the same requirements, upon the Company's compliance with the provisions of this Loan Agreement and the receipt by the Bank of certificates similar to those referred to in Article V, the

000622

Company shall be paid from the insurance proceeds received and held by the Bank on account of such damage or destruction, the cost of the repairs, rebuilding or restoration, up to the full amount of such insurance proceeds and the balance, if any, of such insurance proceeds shall be applied to the prepayment of the Company Note and the Bond. Any balance of such insurance proceeds exceeding the amount necessary to prepay the Company Note and the Bond, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

Section 9.2. Condemnation. The requirements of this Section shall be subject to the requirements of any mortgage or security agreement with respect to the Facilities or any part thereof. If at any time the Bond is outstanding, title to, or the temporary use of, all or part of the Facilities shall be taken by the exercise of or the threat of the exercise of the power of eminent domain or condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall notify the Bank as to the nature and extent of such loss. The Company shall, subject to all the terms of this Loan Agreement, be entitled to the entire award for the taking. Payment of the award shall be made to the Bank for disbursement to the Company as described herein.

If after such taking, the Company does not exercise its option to apply such proceeds to prepayment of the Company Note and the Bond, this Loan Agreement shall nevertheless continue in full force and effect without abatement. If such taking shall have caused damage to, or necessitated replacement, restoration or rebuilding of any of the Facilities, unless the Company exercises its option to apply such proceeds to prepayment of the Company Note and the Bond, the Company, at its sole cost and expense, shall promptly and diligently replace, restore and rebuild the Facilities to such condition as shall be reasonable in its view of the nature of the taking and the then intended use of the Facilities by the Company, whether or not the award is sufficient for this purpose.

000623

The award held by the Bank as a result of such taking shall be available to the Company to pay the cost of the required replacement, restoration or rebuilding of the Project or, if the Company exercises its option to apply such proceeds to any prepayment of the Company Note and the Bond, to pay the amount of such prepayment. Upon the Company's compliance with the provisions of this Loan Agreement and the receipt by the Bank of certificates similar to those referred to in Article V, there shall be paid from the award received and held by the Bank on account of such taking, the cost of the replacements, repairs or restoration, up to the full amount of such award and the net balance, if any, of such award (after payment of taxes and the aforementioned costs) shall be applied to the prepayment of the Company Note and the Bond. While the Bank holds such award, it shall be invested in such Permitted Investments as the Company shall select and the interest and appreciation from those investments shall belong to the Company.

Any balance of such award exceeding the amount of outstanding principal of the Company Note and the Bond, together with the premium, if any, and interest due thereon, and all other amounts due hereunder, shall be paid to the Company for use as it deems fit.

The County shall cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Facilities or any part thereof and will, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and behalf of the County.

Section 9.3. Right to Require Prepayment. In the event of damage, destruction, loss of title or condemnation that renders it impossible for the Company to rebuild and operate the Project as a "project" within the Act, the Bank shall have the right, to be exercised within 120 days of learning of such calamity, to demand full prepayment of the Bond and the Company Note.

000624



ARTICLE X

INDEMNIFICATIONS, LIENS AND OTHER SPECIAL COVENANTS

Section 10.1. No Warranty of Design, Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Company's purposes or needs.

Section 10.2. Maintenance of Existence. Subject to Section 12.2, the Company agrees that so long as the Bond is outstanding it will maintain its corporate existence.

Section 10.3. Indemnification. The Company shall and agrees to indemnify and save the County and the Bank harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, from any work or thing done on, the Project during the time the Bond is outstanding, and the Company further shall indemnify and save the County and the Bank harmless against and from all claims arising during the time the Bond is outstanding from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Loan Agreement, or (iii) any act of negligence of the Company or any of its agents, contractors, servants, employees or licensees. The Company shall indemnify and save the County and the Bank harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought on any such claim, and upon notice from the County or the Bank, the Company shall defend them in any such action or proceeding.

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

000625

Section 10.4. Notice of Default. The Company shall notify the Bank promptly upon the occurrence of any Event of Default hereunder or under any other agreement or contract to which it is a party or by which it is bound.

Section 10.5. Applications and Licenses. In the event it may be necessary on the part of the County or the Company, for the proper performance of this Loan Agreement, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Company or the County, the Company and the County each agree to execute upon the request of the other such application or applications.

Section 10.6. Recording, Filing and Registering. The Company covenants that it will take all action required to effect the recording, filing and registering required under the provisions of the Security Agreement.

Section 10.7. No Liability of County's Personnel. All agreements and obligations of the County contained herein shall be deemed to be agreements and obligations of the County and not of any member of the governing body of the County or any officer, agent, or employee of the County in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the agreements or obligations of the County herein contained or for any claims based thereon against any member of the governing body of the County or any officer, agent, or employee of the County.

Section 10.8. Liens and Encumbrances. The Company agrees that, except for Permitted Encumbrances, it will not create or suffer to be created any lien, encumbrance or security interest upon the Facilities or any part thereof. The Company further agrees that it will satisfy or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall occur, all claims for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon the Facilities, or any part thereof; provided, however, that nothing in this Section shall require the Company to satisfy or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings without expense to the County or the Bank, the Company has established and maintained reserves sufficient to pay the same, and the Company's failure to satisfy or discharge such claim will not adversely affect the Facilities. If any such lien shall be filed or asserted against the Company or the Facilities, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the Company or the Facilities, at

000626

the request or with the permission of the Company or of anyone claiming under it, the Company shall, within 30 days after it receives notice of the filing thereof or the assertion thereof, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof, by contest, payment, deposit, bond, order of court or otherwise.

Section 10.9. Permitted Contests. The Company shall not be required to pay, discharge or remove any other imposition or charge against the Facilities or any part thereof or any of its other properties, or comply with any law, ordinance, order, rule regulation or requirement, so long as the Company shall, after prior written notice to the County and the Bank, at the Company's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of said Facilities or any part thereof to satisfy the same or to enforce such compliance; provided that the Company shall have given such reasonable security as may be demanded by the County or the Bank, or both to insure such payment and prevent any sale or forfeiture of the Facilities or any part thereof by reason of such nonpayment or noncompliance. The County agrees that it will, at the Company's expense, cooperate with the Company in any such contest to such extent as the Company may reasonably request.

000627

## ARTICLE XI

### ASSIGNMENT, LEASING AND SELLING

Section 11.1. Assignment, Leasing and Selling of Facilities. So long as the Bond is outstanding, the Company will in no calendar year sell, lease, encumber or otherwise dispose of any part of the Facilities (other than inventory), having an aggregate fair market value of \$100,000 or more, except with the consent of the Bank, which consent shall not be unreasonably withheld, or upon the occurrence of casualty or condemnation.

Section 11.2. Limitations on County. Except as may be provided in or permitted pursuant to the Security Agreement, the County will not sell, assign, transfer, convey, encumber or otherwise dispose of its interest in the collateral described in the Security Agreement.

Section 11.3. Other Property of Company. The Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment, fixtures and other items of personal or real property on the Project site. All machinery, equipment and personal property or fixtures or other real property so installed by the Company shall remain the sole property of the Company.

000628



ARTICLE XII

COVENANTS RELATING TO BUSINESS OF COMPANY

Section 12.1. Affirmative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of the Company Note, unless the Bank shall otherwise consent in writing, the Company will:

(a) Furnish the Bank a copy of the report of certified audit of the Company for each fiscal year prepared by a certified public accountant reasonably satisfactory to the Bank, and an unaudited balance sheet and unaudited related statement of income and surplus of the Company for each quarter certified by the President and the Chief Financial Officer of the Company as being true and correct. All financial statements (which will show the Company and all of its subsidiaries on a consolidated basis), will be prepared in accordance with generally accepted accounting principles and will be in a form reasonably satisfactory to the Bank. The engagement of the certified public accountant will require the accountant to state, and the report of annual audit will state that no violation of this Loan Agreement has occurred or the respects in which this Loan Agreement has been violated. Such annual audits and quarterly statements shall be delivered within 120 days and 60 days, respectively, after the close of the relevant fiscal period. The Company will furnish the Bank within a reasonable period of time such additional information and financial statements as the Bank may from time to time reasonably request.

(b) Comply with all valid and applicable statutes, rules and regulations, and maintain its properties in good operating condition.

(c) Manage all the properties and business of the Company in accordance with sound management practices, including the employment of capable and experienced supervisory personnel.

(d) Permit the Bank to inspect the Facilities and the Company's books and records upon reasonable conditions and at reasonable times.

Section 12.2. Negative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of the Company Note, unless the Bank shall otherwise consent in writing, the Company will not:

(a) Suffer or permit dissolution or liquidation of the Company, either in whole or in part, or redeem or retire any shares of the Company's stock.

(b) Become a party to a merger, consolidation, or other reorganization with any other corporation or entity (except a merger or other reorganization in which the Company is the surviving or continuing corporation).

## EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

### ARTICLE XIII

#### EVENTS OF DEFAULT AND REMEDIES

Section 13.1. Events of Default Defined. The occurrence of any one or more of the following events shall be an "Event of Default" under this Loan Agreement:

(a) If the Company shall fail to make any required payment of principal or interest or any other amount due under the Company Note and the failure shall continue for five business days; or

(b) If the County shall fail to make any required payment of principal or interest or any other amount due under the Bond and the failure shall continue for five business days; or

(c) If the Company shall fail to observe or perform any condition or agreement on its part to be observed or performed hereunder (other than as referred to in Section 13.1(a)), for a period of thirty days after written notice has been given to the Company by the County or the Bank; provided, however, if said failure be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued so that the default is corrected within ninety days after such written notice and provided further, if by reason of "force majeure" as hereinafter defined the Company is unable in whole or in part to carry out any agreement on its part herein contained (other than as referred to in Section 13.1 (a)), there shall be no Event of Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or any State, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or

(d) If any representation or warranty on the part of the Company made in this Loan Agreement, or in any report, certificate, financial or other statement furnished in connection with this Loan Agreement or the transactions described in this Loan Agreement, shall have been false or misleading in any material respect when made; or

(e) If the Company or the Guarantor or Marine Midland shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for any receiver of or any trustee for itself or of any substantial part of its

property; or shall commence as debtor any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or similar law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall be commenced against any of the foregoing Persons any such proceeding which remains undismissed for a period of thirty days; or if any of the foregoing Persons indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver of or trustee for itself or any substantial part of its property; or if any of the foregoing Persons suffers any such receivership or trusteeship to continue undischarged for a period of thirty days; or

(f) an Event of Default shall occur under the Guaranty, the Letter of Credit or the Security Agreement; or

(g) the Company shall fail to make timely payment of its obligations to The Citizens and Southern National Bank of South Carolina pursuant to the Company's note dated February 4, 1981, in the original principal amount of \$1,800,000, or shall default under the mortgage or the Security Agreement securing such note.

Promptly upon receipt of knowledge, the Company will provide to the Bank and the County written notice setting forth the nature of any Event of Default or any event likely to create an Event of Default, the steps being taken to remedy the same, and the anticipated time that will be necessary to remedy the same.

Section 13.2. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) The Bank may, at its option and by notice in writing to the County and the Company, declare the unpaid principal amount of the Bond and Company Note and the interest accrued on the Bond and Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) The Bank may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the County or the Company, under or described in this Loan Agreement or otherwise; and

(c) The County may, at its option and by notice in writing to the Company, declare the unpaid principal amount of the Company Note and the interest accrued on the Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and



(d) The County may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the Company, under this Loan Agreement or otherwise.

Whenever an Event of Default referred to in Section 13.1 shall have happened and be subsisting, the Bank shall have the right to enforce in the name of the County any rights or powers of the County described in the above subparagraphs (c) and (d), and the County hereby consents to any such action in this regard, and the County hereby appoints the Bank as its agent with full authority to enforce these rights or powers.

Section 13.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bank or the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or any other document or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 13.4. Agreement to Pay Attorneys' Fees and Expenses. In the event there shall occur an Event of Default and the Bank or the County should employ attorneys or reasonably incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company or reasonably incur expenses for the protection of or realization upon collateral or other security given to secure these obligations and agreements, the Company shall upon demand pay to the Bank or the County the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the Bank or the County.

Section 13.5. No Additional Waiver Implied by One Waiver. In the event any warranty, condition or agreement contained in this Loan Agreement should be breached by the Company or the County and thereafter waived by the other parties to this Loan Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach. In addition no waiver hereunder shall be effective unless agreed upon in writing by the Bank.

ARTICLE XIV

OPTION IN FAVOR OF THE COMPANY

Section 14.1. Option to Terminate. At any time upon at least ten days' notice the Company may terminate this Loan Agreement by paying to the County the full principal outstanding, interest accrued, and other amounts payable under the Company Note and paying to the County or the Bank any and all other sums then due to the County or the Bank, respectively, under this Loan Agreement; provided, however, the obligation of the Company and the County to pay all amounts arising upon the occurrence of any Determination of Taxability shall survive forever.

Section 14.2. Unconditional Obligation. Except as provided above, the Company cannot terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Project to function at its intended level, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project or the Facilities, commercial frustration of purpose, any change in the tax laws of the United States of America or of South Carolina or any political subdivision of either of these, or any failure of the County or the Bank to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or failure of the Project at any time to comply with any existing or future statute, rule or regulation.

## ARTICLE XV

### MISCELLANEOUS

Section 15.1. Notices. All notices, consents, requests and other communications hereunder shall be in writing and sent by registered or certified mail, postage prepaid, and shall be deemed to have been given when so mailed and addressed (a) if to the County, to Chairman of County Council, Greenville County, Courthouse Annex, Greenville, South Carolina 29601; or (b) if to the Company, to President, American Pipe & Plastics of South Carolina, Inc., Post Office Box 675, Fountain Inn, South Carolina 29644; or (c) if to the Bank, to The Citizens & Southern National Bank of South Carolina, Post Office Box 1449, Greenville, South Carolina 29602, Attn: Commercial Loan Department. The Company, the County and the Bank may, by notice given hereunder, designate any further or different addresses to which subsequent notices, consents, requests or other communications given hereunder shall be sent or persons to whose attention the same shall be directed. A duplicate copy of each notice, certificate or other communication given hereunder by either the County or the Company to the other shall also be given to the Bank.

Section 15.2. Binding Effect and Assignability. This Loan Agreement shall inure to the benefit of and shall be binding upon the Bank, the County and the Company and their respective successors and assigns. Upon compliance with the provisions of Section 4.4 hereof, the Bank shall have the right at any time to assign its respective rights under this Loan Agreement, the Bond, the Security Agreement, the Company Note, the Guaranty or the Letter of Credit without the consent of the County or the Company. Neither the County nor the Company, however, shall have any such right of assignment without the consent of the Bank.

Section 15.3. Severability. If any clause, provision or section of this Loan Agreement be held illegal or invalid by any court for any reason, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as most closely and legitimately to effectuate its intent. In case any agreement or obligation contained in this Loan Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Company, as the case may be, to the full extent permitted by law.

Section 15.4. Payments Due on Saturday, Sunday and Holidays. Whenever any payment to be made hereunder, under the Bond or under the Company Note shall be stated to be due on a Saturday, a Sunday

or a public holiday under the laws of the State of South Carolina, such payment shall be made on the next succeeding business day.

Section 15.5. Amendments, Changes and Modifications. This Loan Agreement may not be amended or terminated without the written consent of the County, the Company and the Bank.

Section 15.6. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.7. Law Governing and Construction of Agreement. This Loan Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction. This Loan Agreement supercedes all prior agreements and communications between the parties.

IN WITNESS WHEREOF, Laurens County, South Carolina, The Citizens & Southern National Bank of South Carolina, and American Pipe & Plastics of South Carolina, Inc., each pursuant to due authority, have duly executed this Loan Agreement, all as of the date first above written.

(SEAL)  
Attest:

LAURENS COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Clerk of County Council

By: \_\_\_\_\_  
Chairman of County Council

By: \_\_\_\_\_  
County Administrator

(SEAL)

THE CITIZENS & SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

Attest:

\_\_\_\_\_

By: \_\_\_\_\_  
Vice President

(SEAL)

AMERICAN PIPE & PLASTICS OF  
SOUTH CAROLINA, INC.

Attest:

\_\_\_\_\_  
Secretary or Assistant  
Secretary

By: \_\_\_\_\_  
43 President

000636



# EXHIBIT

GUARANTY AGREEMENT JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

THIS GUARANTY AGREEMENT (the "Guaranty") dated as of August \_\_, 1984, by and between American Pipe & Plastics, Inc., a corporation organized and existing under the laws of the State of New York (the "Guarantor"), and Laurens County, South Carolina (the "Issuer");

## W I T N E S S E T H :

WHEREAS, the Issuer intends to issue and sell to The Citizens and Southern National Bank of South Carolina, a national banking association, (or any subsequent registered assigns, the "Bondholder") its Laurens County, South Carolina, Industrial Revenue Bond (American Pipe & Plastics Project) Series 1984, in the original principal amount of \$950,000 (the "Bond"); and

WHEREAS, the Bond is to be issued under and pursuant to a Loan Agreement among the Issuer, the Bondholder and American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Borrower") dated as of August \_\_, 1984 (the "Agreement"), a true and correct copy of which has been delivered to the Guarantor; and

WHEREAS, the proceeds derived from the issuance of the Bond is to be loaned by the Issuer to the Borrower, all of the outstanding stock of which is owned and recorded beneficially by the Guarantor, pursuant to the Agreement and applied toward the acquisition or installation of certain improvements and equipment (the "Project Facilities"); and

WHEREAS, the Borrower will execute and deliver to the Issuer a Promissory Note (the "Note") in the amount of \$950,000 evidencing the aforesaid loan, which Note will be endorsed over and pledged as security for the prompt payment of the Bond to the Bondholder; and

WHEREAS, the Guarantor desires that the Issuer issue the Bond and apply the proceeds derived therefrom as aforesaid and is willing to enter into this Guaranty in order to enhance the marketability of the Bond and thereby achieve interest cost and other savings which will inure to the benefit of the Guarantor and to induce the future purchasers and holders of the Bond to buy or acquire the same;

NOW, THEREFORE, in consideration of the premises, the Guarantor agrees as follows:

000637

ARTICLE I

RECITALS

Section 1.1. Representations and Warranties of Guarantor.  
The Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of New York;

(b) it is not in default under any provision of the laws of said State or under its charter documents or bylaws;

(c) it has the necessary corporate power under said laws and under its charter documents to make the agreements on its part herein contained;

(d) it has been authorized to enter into and to perform this Guaranty by all necessary and proper corporate action, and neither the execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the terms or conditions of this Guaranty conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction, charter document or bylaw provision or any agreement or instrument to which it is a party or by which it or any of its properties is bound;

(e) this Guaranty is made in furtherance of the purposes for which the Guarantor was incorporated and is necessary to promote and further the business of the Guarantor, and the agreement by the Guarantor to perform its obligations hereunder will result in direct financial benefits to the Guarantor;

(f) any and all financial statements furnished to the Issuer and the Bondholder by the Guarantor (including any related schedules or notes, or both are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments) and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Guarantor required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Guarantor as at the dates thereof, and the profit and loss and surplus statements fairly present the results of the operations of the

Guarantor for the periods indicated. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Guarantor, taken as a whole, since the date of the most recent such financial statements, except as otherwise disclosed in the Exhibit attached hereto;

(g) Neither the Guarantor nor any of its Subsidiaries (as defined in Section 3.3 herein below) is in material default (the period for cure having expired) under any indenture, mortgage, deed of trust, agreement or other instrument to which it is a party or by which it may be bound;

(h) Except as disclosed in a writing attached to this Guaranty, there are no actions, proceedings or investigations, whether civil, criminal or administrative, pending or threatened (or any basis therefor known to the Guarantor) which, either in any case or in the aggregate, might have a material adverse affect on the business, prospects, conditions, affairs or operations of the Guarantor or any of its subsidiaries;

(i) No consent, approval or authorization by any stock or security holder of the Guarantor or any of its subsidiaries or by any governmental authority is required in connection with the execution and delivery of this Guaranty;

(j) All tax returns and reports of the Guarantor and each of its subsidiaries required by law to be filed by the date hereof have been duly filed (except to the extent the period for filing has been extended), and all taxes, assessments, fees and other governmental charges upon the Guarantor, its subsidiaries or their properties, assets, income or franchises, which are due and payable on or before the date hereof, have been paid (except to the extent they are being contested);

(k) The Guarantor and its subsidiaries are in material compliance with all applicable laws, rules and regulations, and possess all licenses, permits, approvals, consents and orders of all governmental and regulatory authorities required to the date of this Guaranty in connection with the acquisition, installation and operation of the Project Facilities;

(l) The Guarantor and its subsidiaries own all of the real and personal property reflected in their most recent consolidated audited financial statements and have good and marketable title thereto, free and clear of all liens, encumbrances and restrictions, except only minor

defects in title or encumbrances not materially adversely affecting marketability or use of the property by them, except as otherwise reflected in such financial statements and except for dispositions of inventory in the normal course of business; and

(m) The Guarantor owns of record and beneficially all of the outstanding shares, common and preferred, of the Borrower.

## ARTICLE II

### GUARANTEES

Section 2.1. Guarantee of Note. The Guarantor hereby absolutely and unconditionally guarantees to the Issuer, its successors and assigns, for the benefit of the Bondholder the full and prompt payment in accordance with the provisions of the Agreement of: (a) the principal of the Note when and as the same shall become due and payable, whether at the stated maturity thereof, by acceleration or prepayment or otherwise, (b) the interest on the Note when and as the same shall become due and payable, and (c) all other amounts payable by the Borrower pursuant to the terms of the Note and the Agreement (collectively, the "Loan Documents"). If any such payment is not made as and when said payment becomes due and payable, the Guarantor shall immediately pay to the Issuer, in lawful money of the United States of America, an amount equal to the required payment. In the event of such a failure, this guarantee is a primary and original obligation of the Guarantor and is an absolute, unconditional, continuing and irrevocable guarantee of payment and not of collectibility or performance and is in no way conditioned or contingent upon any attempt to collect from the Borrower or to realize upon any of the security conveyed to the Issuer under the Agreement. This guarantee shall remain in full force and effect without respect to future changes in conditions, including change in law, until the principal of and the interest on the Note and all other amounts payable by the Borrower pursuant to the terms of the Loan Documents shall have been paid in full or shall be deemed to have been paid in full in accordance with the terms thereof.

Subject to the provisions of Section 5.2 hereof and unless the Note shall have become due at stated maturity or by acceleration or prepayment prior to stated maturity, each and every default in payment of the principal of or the interest on the Note or any other amount payable by the Issuer pursuant to the terms of the Loan Documents shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

The Guarantor hereby waives (i) notice of the acceptance hereof, of any action taken or omitted in reliance hereon and of any defaults by the Borrower in the payment of any such sums, (ii) any presentment, demand, notice or protest of any kind, and



(iii) any other act or thing or omission or delay to do any other act or thing which might in any manner or to any extent vary the risk of the Guarantor or which might otherwise operate as a discharge of the Guarantor; provided, however, that any waiver in whole or in part of a default under the Bond, the Note or the Agreement will constitute a like waiver of any related obligation hereunder.

Section 2.2. Nature of Obligations. All obligations of the Guarantor under this Guaranty shall be absolute, unconditional, continuing and irrevocable and shall remain in full force and effect until the entire principal of and interest on the Note and all other amounts payable by the Borrower pursuant to the terms of the Loan Documents shall have been paid or shall have been deemed to have been paid in accordance with the terms thereof and, until such payment, or the occurrence of those conditions upon which payment shall be deemed to have occurred, shall not be affected, modified, impaired or discharged upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or the consent of the Guarantor, but always subject to the proviso contained in Section 2.1 hereof:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Borrower under or contemplated by the Loan Documents;

(b) the failure to give notice to the Guarantor of the occurrence of an Event of Default under the terms and provisions of this Guaranty or any of the Loan Documents, except as may be otherwise specifically provided in this Guaranty;

(c) the waiver of the payment, performance or observance by the Borrower of any of its obligations, covenants or agreements contained in or contemplated by the Loan Documents;

(d) the extension of the time for payment of any principal of or interest on the Note or any part thereof owing or payable on the Note or of the time for performance of any other obligation, covenant or agreement under, arising out of or contemplated by any of the Loan Documents or the further extension or the renewal thereof;

(e) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in or contemplated by any of the Loan Documents;

(f) the taking or the omission of any of the actions referred to in or contemplated by any of the Loan Documents;

(g) any failure, omission, delay or lack on the part of the Issuer to enforce, assert or exercise any right, power or remedy conferred on the Issuer by this Guaranty or by any of the Loan Documents, or any other act or acts on the part of the Issuer, the Borrower or the Bondholder;

(h) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment, or other similar proceedings affecting the Borrower or any of its assets;

(i) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment, or other similar proceedings affecting the Guarantor or the Issuer or any of the assets of either of them, or any allegation or contest of the validity of this Guaranty in any proceeding;

(j) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge of the Guarantor by the operation of law from the performance or observation of any obligation or agreement contained in this Guaranty;

(k) any right of set-off, counterclaim, reduction, or diminution which the Guarantor might have against the Borrower, the Issuer or the Bondholder;

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

(m) any other circumstances, occurrence or condition, whether similar or dissimilar to any of the foregoing, that might be raised in avoidance of, or in defense against an action to enforce, the obligations of the Guarantor under this Guaranty.

The Guarantor hereby subordinates any and all indebtedness of the Borrower now or hereafter owed to the Guarantor to the obligations of the Guarantor hereunder.

ARTICLE III  
SPECIAL COVENANTS

Section 3.1. Guarantor to Maintain its Corporate Existence; Conditions Under which Exceptions Permitted. The Guarantor agrees that so long as the Note remains outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it without first discharging its obligations hereunder; provided, that the Guarantor may, without violating the agreement contained in this section, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided that (a) if the surviving, resulting, or transferee corporation, as the case may be, is other than the Guarantor, such surviving, resulting or transferee corporation irrevocably and unconditionally assumes in an instrument delivered to the Issuer and the Bondholder the performance and observance of the agreements and obligations of the Guarantor hereunder and (b) the surviving, resulting, or transferee corporation has a net worth at least equal to that of the Guarantor immediately prior to such consolidation, merger, sale or transfer. Net worth shall be determined in accordance with generally accepted accounting principles consistently applied.

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

Section 3.2. Financial Statements. The Guarantor agrees to furnish promptly to the Bondholder but in no event later than 120 days after the end of each fiscal year, a copy of audited annual financial statements of the Guarantor and its subsidiaries (as defined in Section 3.3 hereinbelow) on a consolidated basis. Within sixty (60) days after each quarter except the last quarter of its fiscal year, the Guarantor shall furnish to the Bondholder a copy of unaudited financial statements of the Guarantor and its subsidiaries on a consolidated basis with respect to such quarter consisting of at least a balance sheet and statements of earnings and their source and the application of funds, certified as true and complete by the senior financial or accounting officer of the Guarantor.

Section 3.3. Definition. "Subsidiary" shall mean each corporation fifty percent (50%) or more of the capital stock of which is owned, directly or indirectly, by the Guarantor, and any other corporation which, under generally accepted accounting principles, would be included on consolidated financial statements of the Guarantor.

Section 3.4. Miscellaneous Covenants. During the term of this Agreement and until payment in full of the Note and all other obligations of the Borrower under the Loan Documents, the Guarantor covenants and agrees as follows:

(a) The Guarantor and its subsidiaries shall maintain or cause to be maintained, with financially sound and reputable insurers, insurance against loss or damage by fire and other hazards to their properties and business, and against liability on account of damage to other persons and their property, having such terms and coverage as is customarily maintained by persons of established reputation engaged in the same or a similar business and similarly situated.

(b) The Guarantor and its subsidiaries shall duly pay and discharge, or cause to be duly paid or discharged, (i) all taxes, assessments and governmental charges upon or against them or their properties or assets unless and to the extent that such taxes are being diligently contested in good faith and by appropriate proceedings and appropriate reserves therefor have been established, and (ii) all lawful claims, debts or other liabilities which might or could, if unpaid, become a lien or charge upon their properties or assets, unless and to the extent only that the same are being diligently contested in good faith and by appropriate proceedings and appropriate reserves therefor have been established.

(c) The Guarantor and its subsidiaries shall keep, or shall cause to be kept, their properties in such good repair, working order and condition as is reasonably necessary to the overall business of Guarantor and its subsidiaries, and from time to time make all needful and proper repairs, renewals, replacements, additions and improvements thereto, so that the business carried on by them may be properly and advantageously conducted at all times and in accordance with prudent business management.

(d) The Guarantor and its subsidiaries shall allow the Bondholder or its representatives to visit and inspect any of their properties, to examine their financial records, not containing trade secrets or other matters which might result in granting a competitor a competitive advantage, and make



copies thereof, and to discuss their affairs, business, finances and accounts with their officers and employees, all upon prior written notice, at such reasonable times and as often as the Bondholder may reasonably request.

(e) The Guarantor and its subsidiaries shall not make, or cause or permit to be made, any loan or loan to their directors, officers or other employees where the aggregate principal balance outstanding of all indebtedness to the Guarantor or its subsidiaries from all such directors, officers or employees in the aggregate would exceed \$100,000.

(f) The Guarantor and its subsidiaries shall conduct their business, affairs and operations so as to comply in all material respects with all applicable laws, rules, regulations and orders, including without limitation, all regulations, rules and guidelines pursuant to the Occupational Safety and Health Act, except to the extent contested.

#### ARTICLE IV

##### NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 4.1. Agent for Service. The Guarantor designates and appoints, without power of revocation, \_\_\_\_\_, South Carolina \_\_\_\_\_ as the agent of the Guarantor upon whom may be served all process, pleadings, notices or other papers which may or must be served upon the Guarantor as a result of any of its obligations under this Guaranty.

Section 4.2. Consent to Jurisdiction. The Guarantor further agrees, without power of revocation:

(a) that any civil suit or action brought against it as a result of any of its obligations under this Guaranty may be commenced against it in any court of competent jurisdiction, Federal or State, by service of process upon the above designated agent with a copy thereof forwarded as provided in Section 4.3 hereof;

(b) that service of process, pleadings, notices and other papers upon said agent, as aforesaid, shall be taken and held in all courts to be as valid and binding upon the Guarantor as if due personal service thereof had been made upon it;

(c) that service upon said agent may be effected by delivering copies of said process, pleadings, notices or other papers to said agent, reciting that a copy of said process, pleadings, notice or other papers was forwarded to the Guarantor as provided in Section 4.3 hereof; and

(d) that in any civil suit or action brought (after notice as provided herein) against it as a result of any of its obligations under this Guaranty, it will not assert as a defense, counterclaim or set-off (i) any default by the Borrower, the Issuer or the Bondholder or (ii) any cause of action, claim or counterclaim which it may have against the Borrower, the Issuer or the Bondholder. Failure to assert such matter shall not be deemed a waiver by the Guarantor but the same may be asserted in a separate action.

Section 4.3. Notices. Any process, pleadings, notices or other papers served upon the foregoing agent shall, at the same time, be sent by registered or certified mail to the Guarantor at the address specified in Section 6.6 hereof, or to such other address as may be furnished by the Guarantor to the Bondholder in writing.

## ARTICLE V

### EVENTS OF DEFAULT AND REMEDIES

Section 5.1. Events of Default. If any of the following events occurs and is continuing, it is hereby defined and declared to be an "event of default":

(a) failure by the Guarantor to make any payment required to be made under Section 2.1 hereof as and when the same shall become due and payable;

(b) failure by the Guarantor to observe and perform any condition or agreement of this Guaranty on its part to be observed or performed, in any material respect, other than as referred to in subsection (a) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Guarantor by the Issuer or the Bondholder, unless the Bondholder shall agree in writing to an extension of such time prior to its expiration;

(c) a receiver, liquidator or trustee (or other similar official) of the Guarantor or any property of the Guarantor is appointed by a court order and such order remains in effect for more than ninety (90) days; or the

Guarantor is adjudicated bankrupt or insolvent; or any property of the Guarantor is sequestered by court order and such order remains in effect for more than ninety (90) days or a petition is filed against the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within ninety (90) days after such filing;

(d) the Guarantor (i) files a voluntary petition in bankruptcy or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any such petition against it under such law, or (ii) makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator (or other similar official), for it or all or any part of its property; or

(e) an event of default occurs and is continuing under the Agreement, the Security Agreement and Conditional Assignment, the Bond or the Note. (as such terms are defined in the Agreement).

Section 5.2. Remedies. Whenever any event of default referred to in Section 5.1 hereof shall have occurred and is continuing, the Issuer may proceed hereunder by suit or other appropriate proceeding or action, and the Issuer shall have the right to proceed first and directly against the Guarantor under this Guaranty without proceeding against or exhausting other remedies which it may have against the Borrower and without resorting to any other security held by the Issuer or the Bondholder.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every other remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or

shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Guaranty, it shall not be necessary physically to produce the Note in any proceedings instituted by the Issuer or to give any notice, other than such notice as may be herein expressly required.

Section 5.4. Attorneys' Fees and Expenses. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Issuer in enforcing or attempting to enforce this Guaranty following any event of default hereunder whether the same be enforced by suit or otherwise.

Section 5.5. Guaranty for Benefit of Bondholder. This Guaranty may be assigned by the Issuer to the Bondholder. This Guaranty is entered into by the Guarantor for the benefit of the Issuer and the Bondholder, either of whom shall be entitled to enforce performance and observance of this Guaranty (subject to the provisions of Section 5.2 hereof) and of the guarantees and other provisions herein contained to the same extent as if they were parties signatory hereto.

Section 5.6. Remedies Cumulative. The terms of this Guaranty may be enforced as to any one or more breaches, either separately or cumulatively.

## ARTICLE VI

### WAIVERS, AMENDMENTS AND MISCELLANEOUS

Section 6.1. Waivers, Amendments and Modifications. If any provision contained in this Guaranty should be breached by the Guarantor and thereafter waived by the Issuer and the Bondholder, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Issuer and consented to by the Bondholder.

Section 6.2. Effective Date. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Note shall have been initially issued, sold and delivered by the Borrower as contemplated in the Agreement.



Section 6.3. Governing Law. This Guaranty and the rights and obligations of the parties hereto (including third-party beneficiaries) shall be governed, construed and interpreted according to the laws of the State of South Carolina.

Section 6.4. Entire Agreement; Counterparts. This Guaranty constitutes the entire agreement, and supersedes all prior agreements, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.5. Severability. If any provision of this Guaranty shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

Section 6.6. Notices. Any notice or notices which may be or are required to be given respecting any matter pertaining to this Guaranty shall be deemed to have been sufficiently given if in writing and forwarded in a sealed envelope by United States registered or certified mail, postage prepaid, and if given to the Guarantor, addressed to the Guarantor at American Pipe & Plastics, Inc., P. O. Box 577, Binghamton, New York, 13902, Attention: President; if given to the Issuer, addressed to the Issuer at Laurens County, Laurens County Courthouse, Laurens, South Carolina, Attention: Chairman of County Council; or if given to the Bondholder, addressed to The Citizens & Southern National Bank of South Carolina, P. O. Box 1449, Greenville, South Carolina 29602, Attn: Commercial Loan Department. Either party may, by notice given hereunder, designate any further or different address to which subsequent notices shall be sent.

Section 6.7. Headings. The headings of the several Articles and Sections of this Guaranty are for convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

Section 6.8. Successors. This Guaranty shall be binding upon the undersigned Guarantor and its successors and assigns and shall inure to the benefit of, and shall be enforceable by, the Issuer and its successors and assigns and the Bondholder until payment in full of the Note and all other amounts payable by the Borrower under the Loan Documents.

IN WITNESS WHEREOF, the Guarantor, pursuant to proper resolution duly passed, has caused this Guaranty to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

AMERICAN PIPE & PLASTICS, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

(CORPORATE SEAL)

Attest:

\_\_\_\_\_  
Its: \_\_\_\_\_

Accepted as of the \_\_\_\_ day of  
August, 1984 by

Laurens County, South Carolina

\_\_\_\_\_  
Chairman of County Council

(SEAL)

Attest:

\_\_\_\_\_  
Clerk of County Council

# EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA

AND

LAURENS COUNTY, SOUTH CAROLINA

SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT

DATED AS OF AUGUST \_\_, 1984

000651

STATE OF SOUTH CAROLINA     )  
                                  )  
COUNTY OF LAURENS            )

SECURITY AGREEMENT  
AND  
CONDITIONAL ASSIGNMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Laurens County, South Carolina, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), SENDS GREETINGS:

WHEREAS, the County is authorized and empowered by Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the acquisition, construction and installation of certain properties; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds for this purpose; and

WHEREAS, these industrial revenue bonds are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments in exchange for the loan of the proceeds of these industrial revenue bonds to these private enterprises; and

WHEREAS, the County has agreed to issue and sell its \$950,000 Industrial Revenue Bond (American Pipe & Plastics Project), Series 1984 (the "Bond"); and

WHEREAS, The Citizens & Southern National Bank of South Carolina (or any subsequent registered owner of the Bond, "the Bank"), has agreed to purchase the Bond upon receipt from the

000652



County of adequate security for payment of all amounts payable under the Bond; and

WHEREAS, the County has agreed to loan to American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), the proceeds from the issuance and sale of the Bond upon receipt by the County of the Company's note committing it to pay when due all amounts payable under the Bond and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL PERSONS, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the Bond and for the better securing of the payment of all amounts payable in accordance with the terms of the Bond and for the better securing of the payment of any other amounts herein specified, the County and the Bank agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to the Bank, as the registered owner of the Bond and its successors and assigns, and the Bank does hereby accept, as security for payment of the Bond and any other amounts herein specified, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

(a) That certain note dated the date of this Agreement in the principal face amount of \$950,000 executed by the Company and delivered to the County, naming the County as payee (the "Company Note"); and

(b) That certain Loan Agreement, dated the date of this Agreement, by and among the Company, the County and the Bank (the "Loan Agreement"), other than the rights of the County, under Sections 8, 9 and 10 of the Loan Agreement; and

(c) That certain Guaranty Agreement, dated the date of this Agreement, American Pipe & Plastics, Inc., a New York corporation, guaranteeing payment of all amounts due under the Company Note (the "Guaranty"); and

(d) That certain Letter of Credit, dated the date of this Agreement, executed by Marine Midland Bank, a national banking association, securing payment of the principal of the Company Note (the "Letter of Credit"); and

(e) All proceeds payable to the County from disposition by it of the Company Note, the Loan Agreement, the Guaranty and the Letter of Credit; and

(f) All amounts payable to the County under the Company Note, the Loan Agreement (other than as excepted above), the Guaranty and the Letter of Credit.

The things described in (a) through (f), inclusive, hereinafter collectively shall be termed "Collateral."

The Bank, its successors and assigns, shall have and hold the Collateral forever; provided always, however, that this security interest is granted upon the express condition that if the County shall pay or cause to be paid all amounts payable to the registered holder of the Bond under the Bond, the Loan Agreement, and this Agreement, then the security interest hereby granted shall cease and be discharged; otherwise it shall remain in full force and effect.

SECTION 2. CONDITIONAL ASSIGNMENT.

The County does hereby assign to the Bank, as the registered owner of the Bond and its successors and assigns, and the Bank does hereby accept, as collateral security for payment of the Bond and any other amounts herein specified, all and singular of the County's right, title and interest in, to or arising under the following:

- (a) the Company Note; and
- (b) the Loan Agreement, other than the rights of the County under Sections 8, 9 and 10 of the Loan Agreement; and
- (c) the Guaranty; and
- (d) the Letter of Credit; and
- (e) All proceeds payable to the County from disposition by it of the Company Note, the Loan Agreement, the Guaranty and the Letter of Credit; and

(f) All amounts payable to the County under the Company Note, the Loan Agreement (other than excepted above), the Guaranty and the Letter of Credit.

These assignments are made upon the express condition that if the County shall pay or cause to be paid all amounts payable to the registered holders of the Bond under the Bond, the Loan Agreement, and this Agreement, then these assignments shall cease and be discharged; otherwise they shall remain in full force and effect.

SECTION 3. PROTECTION OF COLLATERAL.

The County will not:

(a) consent to the creation or existence of any security interest in the Collateral except that granted herein; or

(b) sell, mortgage, transfer, assign or hypothecate its interest in the Collateral except in accordance with the terms of the Loan Agreement and this Agreement; or

(c) consent to any amendment, without the concurrent consent of the Bank, to the Company Note, the Loan Agreement, the Guaranty or the Letter of Credit.

SECTION 4. DEFAULTS AND OTHER PROVISIONS.

An "Event of Default" under this Agreement shall occur if and when there shall be an event of default under:

(a) the Loan Agreement, or

(b) the Guaranty, or

(c) the Letter of Credit.



SECTION 5. RIGHTS OF BANK UPON DEFAULT.

The County agrees that when any Event of Default has occurred and is continuing:

(a) The Bank shall have the rights, duties and remedies of a secured party and the County shall have the rights and duties of a debtor under the Uniform Commercial Code of the State of South Carolina, regardless of where action may be taken to enforce those rights and duties; and

(b) The Bank may, by notice in writing to the County, declare the entire unpaid balance of the Bond to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest, shall be immediately due and payable; and

(c) The Bank, personally or by agents or attorneys, shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof; and

(d) The Bank may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, and either for cash or on credit and on such terms as the Bank may determine, and at any place, provided, however, that any such sale shall be held in a commercially reasonable manner; and

(e) The Bank may proceed to protect and enforce the Bond and this Agreement by suit or suits or proceedings in equity or at

law, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Bond and any claims for matured and unpaid interest on the Bond and any claim for any other amounts arising under the Bond.

The proceeds and avails of any sale of the Collateral and the proceeds and the avails of any remedy hereunder shall be paid and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the Bank of the amount then owing or unpaid on the Bond for principal, interest, any allowable collection expenses, and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Bond with application to be made first to allowable collection expenses, second to any unpaid interest, and

third to unpaid principal, such application to be made upon presentation of the Bond, and upon the notation thereof of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the Bank and unpaid under the Loan Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the County or to whomsoever may be lawfully entitled to receive the same.

No delay or omission of the Bank to exercise any right or power arising from any default on the part of the County shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Bank of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The Bank may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security interests and conditional assignments effected by

this Agreement or any rights, powers or remedies hereunder; nor shall the Bank be required first to look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. MISCELLANEOUS.

The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

All communications provided for herein shall be in writing and sent by registered or certified mail, postage prepaid, and shall be deemed given when so marked. The respective addresses of the Company, the Bank and the County are as follows:

As to the Company:

American Pipe & Plastics of South  
Carolina, Inc.  
Attention: President

As to the Bank:

The Citizens & Southern National Bank  
of South Carolina  
Attention: Commercial Loan Department  
P.O. Box 1449  
Greenville, South Carolina 29602

As to the County:

Greenville County, South Carolina  
Attention: Chairman of  
County Council  
Courthouse Annex  
Greenville, South Carolina 29601

or such other addresses as the Company, the Bank or the County may designate by notice duly given to the other parties. All notices given by any party hereto shall be given to all parties hereto or their successors and assigns.



IT IS THE EXPRESS CONDITION of this Agreement that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charge against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County under or in connection with the Company Note, and nothing in this Agreement shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, the Bank and the County have caused these presents to be duly executed and sealed, all as of the \_\_\_\_ day of August, 1984.

(SEAL)

THE CITIZENS & SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

\_\_\_\_\_  
Witness  
(SEAL)

LAURENS COUNTY, SOUTH CAROLINA

Attest:

\_\_\_\_\_  
Clerk of County Council

By:

\_\_\_\_\_  
Chairman of County Council

\_\_\_\_\_  
Witness

By:

\_\_\_\_\_  
County Administrator

\_\_\_\_\_  
Witness

IT IS THE EXPRESS CONDITION of this Agreement that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charge against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County under or in connection with the Company Note, and nothing in this Agreement shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, the Bank and the County have caused these presents to be duly executed and sealed, all as of the \_\_\_\_ day of August, 1984.

(SEAL)

THE CITIZENS & SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

\_\_\_\_\_  
Witness  
(SEAL)

LAURENS COUNTY, SOUTH CAROLINA

Attest: \_\_\_\_\_  
Clerk of County Council

By: \_\_\_\_\_  
Chairman of County Council

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
County Administrator

\_\_\_\_\_  
Witness

# EXHIBIT

JUL 24 1984 NO. 2

STATE OF SOUTH CAROLINA      STATE BUDGET & CONTROL BOARD  
LAURENS COUNTY  
INDUSTRIAL REVENUE BOND (AMERICAN PIPE & PLASTICS PROJECT)  
SERIES 1984

\$950,000

KNOW ALL PERSONS BY THESE PRESENTS that Laurens County, a body politic and corporate, and a political subdivision of the State of South Carolina (the "County"), for value received, does promise to pay, but only from the source and upon the terms hereinafter provided, to The Citizens & Southern National Bank of South Carolina, or registered assigns (hereinafter, the "Bondholder"), at its principal office in the City of Greenville, State of South Carolina, or at such other place as the Bondholder may from time to time designate, the principal sum of NINE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$950,000.00) and to pay interest in arrears on the outstanding principal hereunder at the daily floating annual rate (computed on the basis of a 360 day year) of sixty-three percent (63%) of the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time at its principal office. All changes in such prime rate shall be effective as of 12:01 a.m. prevailing time in Greenville, South Carolina on the day on which the announcement of such change shall be made.

If the maximum marginal tax rate imposed on corporate income by Section 11(b) of the Federal Internal Revenue Code of 1954, as

000663

amended, or any similar United States law (the "Tax Rate") should increase or decrease from the current rate of 46%, then (commencing with the effective date of such change with respect to the Bondholder) the County shall pay to the Bondholder interest in arrears on the outstanding principal from time to time of this Bond at the daily floating annual rate equal to (a) 63% of the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time, as determined above, (b) multiplied by a fraction, the numerator of which is 100% minus the maximum federal statutory percentage tax rate imposed on corporate income from time to time hereafter and the denominator of which is 54%.

If a "Determination of Taxability" occurs, as defined in Section 6.2 of the Loan Agreement, dated as of the date hereof, relating to this Bond (the "Loan Agreement"), the County shall (for the period beginning on the date interest on this Bond becomes includable in the income of the Bondholder for Federal income tax purposes) pay to the Bondholder a rate of interest equal to the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time as determined above, plus one-half of one percent (1/2%). Any accrued and unpaid portion of such increased interest shall be paid on the first quarterly payment date with respect to this Bond following the Determination of Taxability, if any, and otherwise within 30 days following the Determination of Taxability.



Beginning with a payment on November 15, 1984, principal of this Bond shall be repaid as follows: (a) from November 15, 1984 through and including May 15, 1991, a quarterly principal payment of \$23,750 shall be made on each November 15, February 15, May 15 and August 15; (b) if (i) on or before March 15, 1991, Marine Midland Bank, a national banking association ("Marine Midland"), shall have delivered to the Bondholder the form of an extension of the hereinafter defined Letter of Credit to September 15, 1994 and (ii) on or before May 15, 1991, Marine Midland shall have delivered its executed written extension of such Letter of Credit to September 15, 1994 in form and substance satisfactory to the Bondholder, then from August 15, 1991 through and including August 15, 1994, a quarterly principal payment of \$23,750 shall be made on each August 15, November 15, February 15 and May 15; and (c) if either or both of the conditions described in (b)(i) or (ii) above are not satisfied, the entire principal balance of this Note shall be due and payable on July 15, 1991. Interest accrued to date on the then outstanding principal hereunder shall be due and payable at the time of each of these quarterly principal payments. In the event that any payment date shall fall on a Saturday, Sunday or a legal holiday, then payment shall be made on the next succeeding business day.

The failure to make appropriate payment of interest or principal at the times specified shall give rise to a default, if such failure shall continue for five business days.

Each installment paid shall be credited first to the interest due on this Bond and the balance remaining, after deducting such sum, shall be credited to the principal amount of this Bond from time to time remaining unpaid. All the payments made on this Bond shall be payable in legal tender of the United States of America and in immediately available funds at the principal office of The Citizens & Southern National Bank of South Carolina in Greenville, South Carolina, or at such other place in the United States as the Bondholder may from time to time designate.

This Bond is issued for the purpose of providing funds for the County to loan to American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), which will in turn use these funds to expand and improve its existing pipe and plastics manufacturing facility located in Laurens County, South Carolina, through the acquisition and installation of additional equipment and machinery and the making of certain related structural changes (the "Project"). The Company shall use these funds solely to pay the expenses of or incidental to the Project. The County offers this assistance in order to promote the industrial development of and to increase employment in Laurens County, South Carolina.

This Bond is secured by a Security Agreement and Conditional Assignment, dated the date hereof, between the County and the Bondholder (the "Security Agreement") and by the pledge by the County to the Bondholder of that certain Note, dated the date

hereof and executed by the Company in the principal face amount of \$950,000 (the "Company Note"). Pursuant to the Security Agreement, the County has granted to the Bondholder a security interest, and has assigned to the Bondholder its rights, in the Loan Agreement, the Company Note, a Guaranty Agreement, dated the date hereof (the "Guaranty"), executed by American Pipe & Plastics, Inc., a New York corporation which owns all the issued and outstanding stock of the Company (the "Guarantor"), and a Letter of Credit, dated the date hereof (the "Letter of Credit"), of Marine Midland Bank, a national banking association.

Copies of the Security Agreement, the Loan Agreement, the Company Note, the Guaranty and the Letter of Credit are on file at the principal office of The Citizens & Southern National Bank of South Carolina in Greenville, South Carolina. Reference is made to these agreements for a full description of the collateral, the respective obligations of the County, the Company, and the Bondholder and the rights and remedies of the Bondholder.

The County shall have the right at any time (upon ten days prior notice) to prepay this Bond in whole or in part without penalty. Any partial prepayment shall be applied first to the interest then due on this Bond and then to the unpaid installments of principal on this Bond in the inverse order of their regular maturities.

In the event the County shall default in the payment of principal or interest when the same becomes due under this Bond,

or upon the occurrence of an Event of Default (and the expiration of any applicable cure period) under the Loan Agreement, the Bondholder shall have the remedies set forth in the Security Agreement and the Loan Agreement.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office in Laurens County, South Carolina of the Company as bond registrar, but only in the manner and subject to the limitations provided in the Loan Agreement, and upon the surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond, with the same terms, will be issued to the transferee in exchange therefor.

This Bond is issued pursuant to the authorization of and for the purposes prescribed by Title 4, Chapter 29, Section 4-29-10 et. seq. of the Code of Laws of South Carolina, 1976, as amended, and pursuant to an ordinance duly adopted by the County Council of Laurens County, South Carolina, and with the approval of the State Budget & Control Board of South Carolina. This Bond is a limited obligation of the County and is payable by the County solely out of payments received by the County under or related to the Company Note.

This Bond is not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge



against its general credit or taxing powers. The full faith, credit and taxing powers of the County are not pledged in any way for the repayment of this Bond.

Pursuant to the Loan Agreement and the Company Note, loan payments sufficient for the prompt payment of all amounts payable under this Bond are to be paid by the Company to the County for application to the payments due under this Bond.

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

IN WITNESS WHEREOF, LAURENS COUNTY, SOUTH CAROLINA, has caused this Bond to be executed, sealed and delivered by the Chairman of County Council with the Clerk of County Council attesting, all on the \_\_\_\_ day of August, 1984.

[SEAL]

LAURENS COUNTY,  
SOUTH CAROLINA

Attest: \_\_\_\_\_  
Clerk of County Council

By: \_\_\_\_\_  
Chairman of County Council

# EXHIBIT

JUL 24 1984 NO. 2

STATE OF SOUTH CAROLINA  
COUNTY OF LAURENS

)  
)  
)

STATE BUDGET & CONTROL BOARD  
SECURED NOTE

KNOW ALL PERSONS BY THESE PRESENTS that American Pipe & Plastics of South Carolina, Inc., a South Carolina corporation (the "Company"), for value received, does promise to pay to Laurens County, South Carolina or registered assigns (the "County"), the principal sum of NINE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$950,000.00), and to pay interest in arrears on the outstanding principal hereunder at the daily floating annual rate (computed on the basis of a 360 day year) of sixty-three percent (63%) of the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time at its principal office. All changes in such prime rate shall be effective as of 12:01 a.m. prevailing time in Greenville, South Carolina on the day on which the announcement of such change shall be made.

If the maximum marginal tax rate imposed on corporate income by Section 11(b) of the Federal Internal Revenue Code of 1954, as amended, or any similar United States law (the "Tax Rate") should increase or decrease from the current rate of 46%, then (commencing with the effective date of such change with respect to the Bondholder described hereinafter) the Company shall pay to the County interest in arrears on the outstanding principal from time to time of this Note at the daily floating annual rate equal to

000670

(a) 63% of the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time, as determined above, (b) multiplied by a fraction, the numerator of which is 100% minus the maximum federal statutory percentage tax rate imposed on corporate income from time to time hereafter and the denominator of which is 54%.

If a "Determination of Taxability" occurs, as defined in Section 6.2 of the Loan Agreement, dated as of the date hereof, relating to this Note (the "Loan Agreement"), the Company shall (for the period beginning on the date interest on the hereinafter defined Bond becomes includable in the income of the Bondholder for Federal income tax purposes) pay to the County a rate of interest equal to the prime commercial lending rate charged by The Citizens & Southern National Bank of South Carolina from time to time, as determined above, plus one-half of one percent (1/2%). Any accrued and unpaid portion of such increased interest shall be paid on the first quarterly payment date with respect to this Note following the Determination of Taxability, if any, and otherwise within thirty days following the Determination of Taxability.

Beginning with a payment on November 15, 1984, principal of this Note shall be repaid as follows: (a) from November 15, 1984 through and including May 15, 1991, a quarterly principal payment of \$23,750 shall be made on each November 15, February 15, May 15 and August 15; (b) if (i) on or before March 15, 1991, Marine Midland Bank, a national banking association ("Marine Midland"),

shall have delivered to the Bondholder the form of an extension of the hereinafter defined Letter of Credit to September 15, 1994 and (ii) on or before May 15, 1991, Marine Midland shall have delivered its executed written extension of such Letter of Credit to September 15, 1994 in form and substance satisfactory to the Bondholder, then from August 15, 1991 through and including August 15, 1994, a quarterly principal payment of \$23,750 shall be made on each August 15, November 15, February 15 and May 15; and (c) if either or both of the conditions described in (b)(i) or (ii) above are not satisfied, the entire principal balance of this Note shall be due and payable on July 15, 1991. Interest accrued to date on the then outstanding principal hereunder shall be due and payable at the time of each of these quarterly principal payments. In the payment date shall fall on a Saturday, Sunday or a legal holiday, then payment shall be made on the next succeeding business day.

The failure to make appropriate payment of interest or principal at the times specified shall give rise to a default, if such failure shall continue for five business days.

Each installment paid shall be credited first to the interest due on this Note and the balance remaining, after deducting such sum, shall be credited to the principal amount of this Note from time to time remaining unpaid. All the payments made on this Note shall be payable in legal tender of the United States of America and in immediately available funds at the principal office of The Citizens & Southern National Bank of South Carolina in Greenville,



South Carolina, for the account of the County, or at such other place in the United States as the County may from time to time designate.

This Note is being sold so that the Company can expand and improve its existing pipe and plastics manufacturing facility located in Laurens County, South Carolina, through the acquisition and installation of additional equipment and machinery and the making of certain related structural changes (the "Project"). The Company will use these funds solely to pay the expenses of or incidental to the Project.

This Note will be pledged by the County to The Citizens & Southern National Bank of South Carolina (or any registered assigns, the "Bondholder"), as the registered owner of the \$950,000 Laurens County, South Carolina Industrial Revenue Bond (American Pipe & Plastics Project), Series 1984 (the "Bond") issued in connection with the execution and delivery of this Note. The Bond will be secured by a Security Agreement and Conditional Assignment, dated the date hereof, between the County and the Bondholder (the "Security Agreement"). Payments by the Company under this Note will be secured by that certain Guaranty Agreement, dated the date hereof (the "Guaranty"), executed by American Pipe & Plastics, Inc., a New York corporation which owns all the issued and outstanding stock of the Company (the "Guarantor"), and by that certain Letter of Credit, dated the date

hereof (the "Letter of Credit"), of Marine Midland Bank, a national banking association.

The Company shall have the right at any time (upon ten days prior notice) to prepay this Note in whole or in part without penalty. Any partial prepayment shall be applied first to the interest then due on this Note and then to the unpaid installments of principal of this Note in the inverse order of their regular maturities.

In the event the Company shall default in the payment of principal or interest when the same becomes due under this Note, or upon the occurrence of an Event of Default (and the expiration of any applicable cure period) under the Loan Agreement, the County shall have the remedies set forth in the Loan Agreement, the Guaranty and the Letter of Credit.

This Note is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Company in Laurens County, South Carolina, as note registrar, but only upon surrender hereof for appropriate notation hereon and only to the registered owner from time to time of the Bond.

IN WITNESS WHEREOF, American Pipe & Plastics of South  
Carolina, Inc., has caused this Note to be duly executed and its  
corporate seal to be impressed hereon, all on the \_\_\_\_\_ day of  
August, 1984.

AMERICAN PIPE & PLASTICS OF SOUTH CAROLINA, INC.

(SEAL)

By: \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary

ASSIGNMENT

Laurens County, South Carolina hereby assigns to The Citizens & Southern National Bank of South Carolina, as registered owner of the Bond, all of its right, title and interest in, to or arising under this Note and all amounts payable to the County under this Note.

Dated this \_\_\_\_ day of August, 1984.

[SEAL]

LAURENS COUNTY,  
SOUTH CAROLINA

Attest: \_\_\_\_\_  
Clerk of County Council

By: \_\_\_\_\_  
Chairman of County Council



ALFRED F. BURGESS  
C. THOMAS WYCHE  
DAVID L. FREEMAN  
JAMES C. PARHAM, JR.  
JAMES M. SHOEMAKER, JR.  
WILLIAM W. KEHL  
CHARLES W. WOFFORD  
LARRY D. ESTRIDGE  
D. ALLEN GRUMBINE  
CARY H. HALL, JR.  
CARL F. MULLER  
HENRY L. PARR, JR.  
BRADFORD W. WYCHE  
ERIC B. AMSTUTZ  
FRANK S. HOLLEMAN III  
JODY A. GREENSTONE

C. GRANVILLE WYCHE  
OF COUNSEL

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.  
ATTORNEYS AT LAW  
POST OFFICE BOX 10207  
GREENVILLE, SOUTH CAROLINA 29603

October 15, 1984

44 EAST CAMPERDOWN WAY  
CABLE ADDRESS: JURAL  
TELEPHONE 803-242-3131



Mr. William McInnis, Director  
State Budget & Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

Re: \$950,000 Laurens County, South Carolina  
Industrial Revenue Bond  
(American Pipe And Plastics Project), Series 1984

Dear Bill:

Enclosed please find a copy of the Form 8038 which was  
forwarded today to the Internal Revenue Service in relation  
to the above-referenced bond issue.

As always, it was a pleasure working with you and the State  
Board in connection with this bond issue, and I look forward  
to working with you on future bond issues.

Very truly yours,

*Eric B. Amstutz*  
Eric B. Amstutz

EBA:jm  
enclosure

EXHIBIT

JUL 24 1984 NO. 2

000677

STATE BUDGET & CONTROL BOARD

Form **8038**  
(January 1983)  
Department of the Treasury  
Internal Revenue Service

**Information Return  
for Private Activity Bond Issues**  
Under Section 103(l)  
(Section references are to the Internal Revenue Code.)

OMB No. 1545-0720  
Expires 1-31-85

1 Issuer's name **LAURENS COUNTY, SOUTH CAROLINA**  
2 Present address (including city, town or post office, State and ZIP code)  
**P.O. BOX 287  
LAURENS, SOUTH CAROLINA 29360**  
3 Issuer's employer identification number  
**57-6000372/230400**  
4 Date of issue  
**August 30, 1984**

**Part I Type of Issue (Check box(es) that apply)**

|   | SIC code | Amount \$ | SIC code | Amount \$ |
|---|----------|-----------|----------|-----------|
| Private Activity Bonds other than Industrial Development Bonds (IDBs):  |          |           |          |           |
| 5 <input type="checkbox"/> Student loan bond  |          |           |          |           |
| 6 <input type="checkbox"/> Private exempt entity bond   |          |           |          |           |
| Industrial Development Bonds:   |          |           |          |           |
| 7 <input type="checkbox"/> Industrial park bond   |          |           |          |           |
| 8 a <input checked="" type="checkbox"/> \$1 million small issue IDB   |          |           | 3070     | 950,000   |
| b <input type="checkbox"/> \$10 million small issue IDB   |          |           |          |           |
| 9 Exempt Activity Bond (check type(s) below):   |          |           |          |           |
| a <input type="checkbox"/> Residential rental projects (section 103(b)(4)(A))                                   |          |           |          |           |
| b <input type="checkbox"/> Sports facilities (section 103(b)(4)(B))   |          |           |          |           |
| c <input type="checkbox"/> Convention facilities (section 103(b)(4)(C))   |          |           |          |           |
| d <input type="checkbox"/> Airports, docks, etc., (section 103(b)(4)(D))  |          |           |          |           |
| e <input type="checkbox"/> Sewage or waste disposal facilities (section 103(b)(4)(E))                           |          |           |          |           |
| f <input type="checkbox"/> Pollution control facilities (section 103(b)(4)(F))                                  |          |           |          |           |
| g <input type="checkbox"/> Water furnishing facilities (section 103(b)(4)(G))                                   |          |           |          |           |
| h <input type="checkbox"/> Hydroelectric generating facilities (section 103(b)(4)(H))                           |          |           |          |           |
| i <input type="checkbox"/> Mass commuting vehicles (section 103(b)(4)(I))                                       |          |           |          |           |
| j <input type="checkbox"/> Local district heating or cooling facilities (section 103(b)(4)(J))                  |          |           |          |           |
| k <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (section 103(b)(4)(E)) |          |           |          |           |

EXHIBIT

JUL 24 1984

NO. 2

STATE BUDGET & CONTROL BOARD

**Part II Description of Obligations (See instructions)**

| 10 | (A)<br>Maturity date    | (B)<br>Face amount | (C)<br>Stated interest rate | (D)<br>Term (in years) |
|----|-------------------------|--------------------|-----------------------------|------------------------|
|    | 12-1-84                 | 23,750             | All principal               | 3 months               |
|    | 3-1-85                  | 23,750             | accrues interest            | 6 months               |
|    | 6-1-85                  | 23,750             | at 6 1/2% of the            | 9 months               |
|    | 9-1-85                  | 64,464.29          | prime commercial            | 1 year                 |
|    | 12-1-85                 | 23,750             | lending rate of             | 1 year, 3 mos          |
|    | 3-1-86                  | 23,750             | The Citizens &              | 1 year, 6 mos          |
|    | 6-1-86                  | 23,750             | Southern National           | 1 year, 9 mos          |
|    | 9-1-86                  | 64,464.29          | Bank of South               | 2 years                |
|    | 12-1-86                 | 23,750             | Carolina, which             | 2 years, 3 mos         |
|    | 3-1-87                  | 23,750             | rate will be                | 2 years, 6 mos         |
|    | 6-1-87                  | 23,750             | adjusted if the             | 2 years, 9 mos         |
|    | 9-1-87                  | 64,464.29          | maximum Federal             | 3 years                |
|    | 12-1-87                 | 23,750             | corporate income            | 3 years, 3 mos         |
|    | 3-1-88                  | 23,750             | tax rate changes            | 3 years, 6 mos         |
|    | 6-1-88                  | 23,750             | or interest on the          | 3 years, 9 mos         |
|    | 9-1-88                  | 64,464.29          | Bond becomes                | 4 years                |
|    | 12-1-88                 | 23,750             | subject to                  | 4 years, 3 mos         |
|    | 3-1-89                  | 23,750             | Federal income              | 4 years, 6 mos         |
|    | 6-1-89                  | 23,750             | tax.                        | 4 years, 9 mos         |
|    | 9-1-89                  | 64,464.29          |                             | 5 years                |
|    | Continued on Schedule A |                    |                             |                        |

11 Weighted average maturity of the issue (in years) (complete only for IDBs) (see instructions) . . . . . 3 yrs. 6 mos

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form **8038** (1/83)

000678

**Part III** Proceeds of Issue

|   |         |
|---|---------|
| 12 Total purchase price (regs. section 1.103-13(d)(2))  | 950,000 |
| 13 Face amount of issue   | 950,000 |
| 14 Bond issuance costs (Not paid out of bond proceeds)  | -       |
| 15 Amounts allocated to reasonably required reserve or replacement fund (regs. section 1.103-14(d)) | -0-     |
| 16 Lendable proceeds of the issue (see instructions)  | 950,000 |

**Part IV** Description of Financed Property (Do not complete for student loan bonds)

|   |             |
|---|-------------|
| 17 a Cost of 3-yr. ACRS property (or portion thereof financed by issue)   |             |
| b Cost of 5-yr. ACRS property (or portion thereof financed by issue)      | 950,000     |
| c Cost of 10-yr. ACRS property (or portion thereof financed by issue)     |             |
| d Cost of 15-yr. ACRS property (or portion thereof financed by issue)     |             |
| e Cost of land (or portion thereof financed by issue)                     |             |
| f Cost of other property financed by the issue                            |             |
| 18 a Proceeds used to refund prior issue                                  |             |
| b If issue is an advance refunding, enter the earliest call date          |             |
| 19 Average weighted economic life of the project (complete only for IDBs) | 10.26 years |

**Part V** Description of Initial Principal Users (Do not complete for student loan bonds)

## 20 Initial Principal Users:

| (A)<br>User | (B)<br>Name  | (C)<br>Address                                   | (D)<br>Employer identification number |
|-------------|--|--|---------------------------------------|
| (i)         | American Pipe And Plastics of South Carolina, Inc. | P.O. Box 675, Fountain Inn, South Carolina 29644 | 62-1098083                            |
| (ii)        |  |  |                                       |
| (iii)       |  |  |                                       |
| (iv)        |  |  |                                       |
| (v)         |  |  |                                       |
| (vi)        |  |  |                                       |
| (vii)       |  |  |                                       |

## 21 Common parents (if any) of initial principal users listed above:

| (A)<br>User<br>(from above)   | (B)<br>Name                      | (C)<br>Address                           | (D)<br>Employer identification number |
|---|----------------------------------|--|---------------------------------------|
| (i)   | American Pipe and Plastics, Inc. | P.O. Box 577, Binghamton, New York 13902 | 16-1094057                            |
| <b>EXHIBIT</b><br>JUL 24 1984 NO. 2<br>STATE BUDGET & CONTROL BOARD |                                  |  |                                       |

**Part VI** Approval of Issue (Complete only for IDBs)

22 Name of Governmental units approving issue ▶ Laurens County, South Carolina

23 Names and positions of applicable elected representatives or date of referenda approving issue ▶ See Schedule A

|                          |   |          |   |
|--------------------------|---|----------|---|
| Please sign here         | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. |          |   |
|                          | <br>Signature of officer Date 10-15-84 Title Chairman of County Council<br>Clerk of County Council  |          |   |
| Paid Preparer's Use Only | Preparer's signature  | Date     | Check if self-employed <input type="checkbox"/> |
|                          | Firm's name (or yours, if self-employed) and address  |          | Zip code  |
|                          | Wyche, Burgess, Freeman & Farham, P.A.<br>P.O. Box 10207, Greenville, SC  | 10-15-84 | 29603   |

SCHEDULE A

Response (cont'd) to Item 10:

| <u>(A)</u> | <u>(B)</u> | <u>(C)</u> | <u>(D)</u>     |
|------------|------------|------------|----------------|
| 12-1-89    | 23,750     |            | 5 years, 3 mos |
| 3-1-90     | 23,750     |            | 5 years, 6 mos |
| 6-1-90     | 23,750     |            | 5 years, 9 mos |
| 9-1-90     | 64,464.29  |            | 6 years        |
| 12-1-90    | 23,750     |            | 6 years, 3 mos |
| 3-1-91     | 23,750     |            | 6 years, 6 mos |
| 6-1-91     | 23,750     |            | 6 years, 9 mos |
| 9-1-91     | 64,464.29  |            | 7 years        |

Response to Item 23:

|                   |                |
|-------------------|----------------|
| A. Eugene Madden  | Chairman       |
| Paul S. O'Dell    | Vice-Chairman  |
| J. Michael Turner | Council Member |
| Joe R. Babb       | Council Member |
| Mary H. Moore     | Council Member |

000680

EXHIBIT

JUL 24 1984 NO. 2

STATE BUDGET & CONTROL BOARD



The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK  
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING  
POST OFFICE BOX 11549  
COLUMBIA, S.C. 29211  
TELEPHONE 803-758-2072

EXHIBIT

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD

August 6, 1984

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

Re: \$1,350,000 Oconee County, South Carolina  
Industrial Revenue Bonds, (Steele Heddle)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

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

David C. Eckstrom  
Assistant Attorney General

DCE/cs

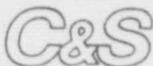
Enclosures

000681

# EXHIBIT

JUL 24 1984 NO. 3

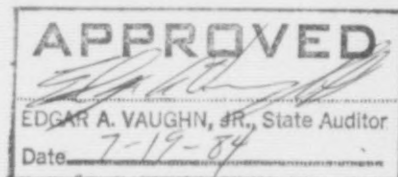
STATE BUDGET & CONTROL BOARD



THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, P. O. BOX 1448, GREENVILLE, S.C. 29602  
A SUBSIDIARY OF THE CITIZENS AND SOUTHERN CORPORATION

July 17, 1984

The South Carolina State Budget  
and Control Board  
Wade Hampton Office Building  
Room 618  
Columbia, South Carolina 29211



Gentlemen:

In connection with the sale by Oconee County, South Carolina (the "Issuer") of its Industrial Development Revenue Bond (Steel Heddle Project), Series 1984, dated the date of issuance and delivery thereof, in the principal amount of \$1,350,000 (the "Bond") to the Citizens & Southern National Bank of South Carolina, Greenville, South Carolina (the "Purchaser"), the Purchaser makes the following representations and certifications:

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

000682

# EXHIBIT

The South Carolina State Budget  
and Control Board  
July 17, 1984  
Page Two

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

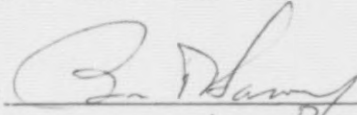
(v) the Bond is being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bond or any portion thereof for resale either currently or after the passage of a fixed period of time;

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

Sincerely,

CITIZENS & SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

By:

  
Vice President

000683

# EXHIBIT

JUL 24 1984

NO. 3

STATE OF SOUTH CAROLINA )

Steel Heddle

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

4

AGAINST MOTION

0

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

August 6, 1984

William A. McInnis

000684



# EXHIBIT

JUL 24 1984 NO. 3

RESOLUTION OF  
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING AN UNDERTAKING BY OCONEE COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING THE CONSTRUCTION OF A BUILDING AND RELATED IMPROVEMENTS FOR THE EXPANSION OF A FACILITY FOR THE DEVELOPMENT, MANUFACTURING AND WAREHOUSING OF METAL WIRE AND OTHER METAL PRODUCTS THROUGH THE ISSUANCE OF AN OCONEE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE (STEEL HEDDLE PROJECT) SERIES 1984 IN THE PRINCIPAL AMOUNT OF \$1,350,000.

WHEREAS, the County Council of Oconee County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by Oconee County, South Carolina (the "County"); and

WHEREAS, the undertaking provides for the issuance and sale to Citizens and Southern National Bank of South Carolina ("C&S") of an Oconee County, South Carolina Industrial Revenue Note (Steel Heddle Project) Series 1984, in the principal amount of \$1,350,000 (the "County Note") under the Act, the proceeds to be used to finance the construction of a building and related improvements for the expansion of an industrial facility owned and operated by Steel Heddle Mfg. Co., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, (the "Company") in the County for the development, manufacturing and warehousing of metal wire and other metal products (the "Project"); and

000685

WHEREAS, C&S has agreed to purchase the County Note; and

WHEREAS, the proceeds of the County Note will be loaned by the County to the Company in exchange for its note (the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the County Note; and

WHEREAS, the Company will secure payments under the Company Note by granting to the County a mortgage on and security interest in the Company's existing plant in the County and the Project (including furnishings and equipment); and

WHEREAS, the County will secure payment of the County Note by granting to C&S a security interest in the Company Note and the aforementioned mortgage and security agreement and will conditionally assign to C&S the Company Note and the aforementioned mortgage and security agreement; and

WHEREAS, the general terms of the principal loan documents contemplated in connection with this transaction have been reviewed by the Attorney General of South Carolina on behalf of the State Board; and

WHEREAS, the State Board has made such independent investigation as it has deemed advisable.

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

000686

1. That it has been found and determined by the State Board as follows:

(a) The statement of facts set forth in the recitals of this Resolution are in all respects true and correct;

(b) The County Council has filed with the State Board pursuant to the Act a proper petition reciting facts which are in all respects true and correct.

(c) The Project is reasonably estimated to cost approximately One Million Three Hundred and Fifty Thousand Dollars (\$1,350,000).

(d) When completed, the Project will create approximately 30 jobs in the County. The Project will be of benefit to the State of South Carolina, and to the County and adjacent areas in particular.

(e) The Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.

2. That, subject to paragraph 3 hereof, on the basis of the foregoing findings the proposed undertaking of the County to finance the Project through the issuance of the County Note pursuant to the Act (including changes in any details of the financing as consummated which do not materially affect the undertaking) is hereby approved.

3. That approval of this undertaking is granted on the condition that a copy of Internal Revenue Service Form 8038 relating to any note issued pursuant to this approval be filed

000687

with the South Carolina State Budget and Control Board's Secretary at the same time such form is submitted to the Internal Revenue Service.

4. That notice of this action taken by the State Board in giving its approval to the undertaking of the County, shall be published in a newspaper having general circulation in the County.

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

EXHIBIT  
JUL 24 1984 NO. 3  
STATE BUDGET & CONTROL BOARD

000688



# EXHIBIT

JUL 24 1984

NO. 3

EXHIBIT "A"

STATE BUDGET & CONTROL BOARD

NOTICE OF APPROVAL OF PROJECT  
BY  
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the financing by Oconee County, South Carolina (the "County") of the construction of a building and related improvements for the expansion of an industrial facility of Steel Heddle Mfg. Co., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the "Company"), in the County for the development, manufacturing and warehousing of metal wire and other metal products (the "Project"). The Project will be owned and operated by the Company. In this connection, the County, acting through the County Council, has agreed to issue and sell its Oconee County, South Carolina, Industrial Revenue Note (Steel Heddle Project) Series 1984 (the "County Note") in the principal amount of One Million Three Hundred and Fifty Thousand Dollars, pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended and Section 103 of the Internal Revenue Code of 1954, as amended.

The proceeds of the County Note will be loaned by the County to the Company, in exchange for its note (the "Company Note") providing

000689

for payments to the County sufficient to meet the payment schedule on the County Note. The Company will secure payments to be made under the Company Note by granting to the County a mortgage on and security interest in the Company's existing plant and in the County and the Project.

The County Note will be payable by the County solely from payments received by the County under or in connection with the Company Note. Neither the Project or County Note, nor any charges in connection with the Project or County Note, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

When completed, the Project will create approximately 30 jobs in the County.

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

STATE BUDGET AND CONTROL BOARD OF  
SOUTH CAROLINA

By: \_\_\_\_\_  
William A. McInnis  
Secretary

EXHIBIT  
JUL 24 1984 NO. 3  
STATE BUDGET & CONTROL BOARD

000690

# EXHIBIT

JUL 24 1984 NO. 3

## A RESOLUTION

OCONEE COUNTY  
RESOLUTION 84-9

STATE BUDGET & CONTROL BOARD

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF AN OCONEE COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BOND (STEEL HEDDLE PROJECT) SERIES 1984 IN A PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THIS UNDERTAKING.

BE IT RESOLVED BY THE COUNTY COUNCIL OF OCONEE COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

### ARTICLE I

#### FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council of Oconee County, South Carolina (the "County Council") has made the following findings:

1. Steel Heddle Mfg. Co., a corporation duly organized under the laws of the Commonwealth of Pennsylvania (the "Company"), has proposed that Oconee County, South Carolina (the "County") assist in financing the acquisition, construction and equipping of the expansion of the Company's industrial facility in the County for the warehousing, manufacture and development of wire rolling and metal products (the "Project"). The Project is in the County and will be owned and operated by the Company. The Project will be financed in part by the issuance and sale by the County of its Industrial Revenue Bond (the "Bond"), in a principal amount not to exceed One Million Three Hundred and Fifty Thousand Dollars, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

000691

2. The Project will be aided by the assistance which the County might render pursuant to the Act. The County, acting through the County Council, has agreed to assist in financing the Project by issuing and selling the Bond. The proceeds of the Bond will be loaned by the County to the Company to finance the Project. The Company in exchange for the Bond will deliver to the County, at the time that the Bond is issued and sold, its note in the amount of the proceeds (the "Company Note") and will grant to the County a mortgage on and a security interest in the Company's plant in the County and the Project (including furniture and equipment).

3. The Project will subserve the purposes of the Act. The Project, when completed, will create approximately 30 jobs.

4. Neither the Project nor the Bond will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. The amount necessary to finance the Project is approximately One Million Three Hundred and Fifty Thousand Dollars according to the Company's reasonable estimates. The amount of the Bond shall not exceed One Million Three Hundred and Fifty Thousand Dollars and the Bond shall be issued and sold for this amount at no discount. The Bond shall be repaid in 120 equal monthly installments of principal. Interest shall be payable monthly in arrears at the rate of sixty-three per cent of the



prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina, a national banking association, from day to day. Payments to the County by the Company shall be sufficient to allow the County to meet the repayment schedule on the Bond.

6. No reserve fund shall be established in connection with the Bond or in connection with the maintenance and insurance of the Project in view of the financial stability of the Company.

7. The Company shall pay all costs required to keep the Project in good repair and to keep the Project properly insured.

8. The proposed loan documents obligate the Company unconditionally to pay to the County the amounts necessary to pay all principal, interest and premium, if any, when and as they become due on the Bond and similarly to pay all other costs in connection with those instruments.

9. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

10. The Company has arranged for the issuance and sale of the Bond to the Citizens and Southern National Bank of South Carolina.

## ARTICLE II

### PETITION TO THE STATE BUDGET AND CONTROL BOARD

The County is hereby authorized and committed to submit a petition to the State Budget and Control Board of South Carolina

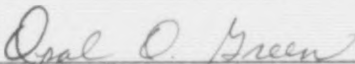
to seek the approval required by the Act. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) and the County Administrator of the County (or anyone authorized to act in his stead) are hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to these signatures.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Oconee County, South Carolina on June 5, 1984, relating to the issuance of the Oconee County, South Carolina Industrial Revenue Bond (Steel Heddle Project) Series 1984 in a principal amount not to exceed One Million Three Hundred and Fifty Thousand Dollars.

  
\_\_\_\_\_  
Opal O. Green  
Clerk of County Council  
Oconee County, South Carolina

June 5, 1984

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

EXHIBIT A

000695

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF OCONEE )

PETITION

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TO: THE STATE BUDGET AND CONTROL  
BOARD OF SOUTH CAROLINA

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EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

The County Council of Oconee County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Oconee County, South Carolina (the "County") as established by law, and as such, is the "governing board" described in Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, (the "Act").

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

000696



3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of an industrial development revenue bond pursuant to the Act, to assist Steel Heddle Mfg. Co., a corporation duly organized under the laws of the Commonwealth of Pennsylvania (the "Company"), in the financing of the acquisition, construction and equipping of the expansion of the Company's industrial facility in the County for the warehousing, manufacture and development of wire rolling and metal products (the "Project"). The Project is in the County and will be owned and operated by the Company. In this connection, the County, acting through the County Council, has agreed to issue and sell an Oconee County, South Carolina, Industrial Revenue Bond (Steel Heddle Project) Series 1984 (the "Bond") in a principal amount not to exceed One Million Three Hundred and Fifty Thousand Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid in 120 equal monthly installments of principal. Interest shall be payable monthly in arrears at the rate of sixty-three percent of the prime commercial lending rate charged by the Citizens and Southern National Bank of South Carolina (the "Bank") from day to day.

4. The total cost of the Project is approximately One Million Three Hundred and Fifty Thousand Dollars (\$1,350,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue the Bond and to loan the proceeds to the Company.

5. When completed the Project will create approximately 30 jobs in the County.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The Bank has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in a principal amount not to exceed One Million Three Hundred and Fifty Thousand Dollars. The County promptly will use the proceeds of the Bond to

purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be secured by the granting to the County of a mortgage on and security interest in the Company's plant in the County and the Project (including furniture and equipment). Payment of the Bond will be secured by the granting to the Bank of a security interest in the note and the aforementioned mortgage and security agreement. Also, in order to secure further payment of the Bond, the County will conditionally assign to the Bank the note and the aforementioned mortgage and security agreement.

(b) The mortgage and security agreement will be conventional in form and will constitute foreclosable liens;

(c) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(d) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary liability; nor shall this create a charge upon its general credit or taxing power;

(e) The payments to be made by the Company to the County under its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(f) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(g) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(h) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project; that it find that the proposed Project will promote the purposes of the Act and that the proposed Project is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated



which do not materially affect this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

COUNTY COUNCIL OF OCONEE COUNTY

(SEAL)

By:

Norman D. Crain  
Norman D. Crain  
Chairman of County Council

Attest:

Opal O. Green  
Opal O. Green  
Clerk of County Council

By:

Norman D. Crain  
Norman D. Crain  
County Administrator

June 5 , 1984

# EXHIBIT

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD

## REVENUE BOND PROCESSING CHECKLIST AND FEE TRANSMITTAL FORM

Item for Board Meeting of July 24, 1984 Blue Agenda #       

Type ☒ 1: Hospital ☐ 2: Industrial ☐ 3: Pollution Control

Local Government OCONEE COUNTY

1: City ☒ 2: County ☐

Bond Attorney: Firm: Wyche, Burgess, Freeman & Porham, P.A.

Contact Person: Jody A. Greenstone Phone: 242-3131

Address: Box 10207, Greenville, SC 29603

Project Name STEEL HEDDLE Employment Impact APPROX 30

Bond Purchaser CITIZENS & SOUTHERN NATL BANK Date B&CE Approved 072484 Fiscal Year 85

Amount of Issue 1350000 Issue Terms ☐ A: Approximately ☐ B: Not Exceeding ☐ C: Refunding ☐ D: Not Exceeding At Any One Time Outstanding

Amount of Fee 3000

Project Description WFG & WAREHOUSING METAL WIRE &

Project Description OTHER METAL PRODUCTS

Payor WYCHE LAW OFFICE Check Number 6952

| PROCESSING CHECKLIST:   |             | RECD FROM | SENT TO  |
|---|-------------|-----------|----------|
| (a) Governing body resolution/ordinance/petition  | <u>7/20</u> | JG 7/18   | DE 7/20  |
| (b) Documents on issuance/securing of bonds - <u>inducement resol.</u>                            |             | JG 7/18   | DE 7/20  |
| (c) Health and Environmental Control certification  |             | —         | —        |
| (d) Budget & Control Board Resolution and Notice (Original and <u>4</u> copies for bond attorney) |             | JG 7/18   | DE 7/20  |
| (e) Review by Attorney General's Office (letter)  |             | OK 8/6    | XXXXXXX  |
| (f) Financial information:  |             |           |          |
| (1) Audited financial statements (3 most recent years)  |             | —         | —        |
| OR  |             |           |          |
| (2) If private placement, "investment letter"   |             | JG 7/18   | EAV 7/18 |
| (g) Review by State Auditor's Office (memo)   |             | OK 7/20   | XXXXXXX  |

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Certificates signed: \_\_\_\_\_

Absent: \_\_\_\_\_ Resolutions mailed: \_\_\_\_\_

Vote: For \_\_\_\_\_ Against \_\_\_\_\_

000702

JUL 18 1984

ALFRED F. BURGESS  
C. THOMAS WYCHE  
DAVID L. FREEMAN  
JAMES C. PARHAM, JR.  
JAMES M. SHOEMAKER, JR.  
WILLIAM W. KEHL  
CHARLES W. WOFFORD  
LARRY D. ESTRIDGE  
D. ALLEN GRUMBINE  
CARY H. HALL, JR.  
CARL F. MULLER  
HENRY L. PARR, JR.  
BRADFORD W. WYCHE  
ERIC B. AMSTUTZ  
FRANK S. HOLLEMAN III

C. GRANVILLE WYCHE  
OF COUNSEL

WYCHE, BURGESS, FREEMAN & PARHAM, P. A.  
ATTORNEYS AT LAW  
POST OFFICE BOX 10207  
GREENVILLE, SOUTH CAROLINA 29603

44 EAST CAMPERDOWN WAY  
CABLE ADDRESS: JURAL  
TELEPHONE 803-242-3131

July 17, 1984

## EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

Mr. William McInnis  
State Budget and Control Board  
of South Carolina  
Post Office Box 12444  
Columbia, S.C. 29211

Re: \$1,350,000 Oconee County, South Carolina Industrial  
Revenue Bond (Steel Heddle Project) Series 1984

Dear Mr. McInnis:

Enclosed please find the following documents in regard  
to the above-captioned industrial revenue bond to be reviewed  
by the State Budget and Control Board at its July 24, 1984  
meeting:

1. One copy of the Note Ordinance with attachments;
2. Original and four copies of the Resolution of the  
State Budget and Control Board;
3. Check in the amount of \$3,000 made payable to the  
State Budget and Control Board;
4. Original Commitment Letter of the Citizens and  
Southern National Bank of South Carolina.

The original Petition to the State Budget and Control  
Board and the original Resolution authorizing that Petition  
are being forwarded to you today by Federal Express by Ms.  
Opal Green, Clerk of the Oconee County Council for your review.

Thank you for your assistance in this matter. As always,  
please forward to me the signed copies of the Resolution of  
the State Budget and Control Board when they have been completed.

Very truly yours,

*Jody A. Greenstone*  
Jody A. Greenstone

JAG/bjm  
Enclosures

000703

# EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

OCONEE COUNTY, SOUTH CAROLINA

\$1,350,000

INDUSTRIAL REVENUE NOTE

(STEEL HEDDLE PROJECT)

SERIES 1984

NOTE ORDINANCE

000704



AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE BY OCONEE COUNTY, SOUTH CAROLINA TO CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA OF AN OCONEE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE NOTE (STEEL HEDDLE PROJECT) SERIES 1984 IN A PRINCIPAL AMOUNT NOT TO EXCEED ONE MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE EXPANSION OF STEEL HEDDLE MFG. CO.'S FACILITY IN OCONEE COUNTY FOR THE WAREHOUSING MANUFACTURE AND DEVELOPMENT OF WIRE ROLLING AND METAL PRODUCTS; AUTHORIZING THE LOAN BY THIS COUNTY OF THE PROCEEDS OF THIS COUNTY NOTE TO STEEL HEDDLE MFG. CO. FOR THIS EXPANSION; AUTHORIZING THE PURCHASE BY THIS COUNTY FROM THIS COMPANY OF ITS NOTE PROVIDING FOR PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS COUNTY NOTE; AUTHORIZING THE ACCEPTANCE BY THIS COUNTY FROM THIS COMPANY OF A MORTGAGE ON AND SECURITY INTEREST IN THIS COMPANY'S FACILITY IN THIS COUNTY AND THIS EXPANSION (INCLUDING FURNITURE AND EQUIPMENT) AND; AUTHORIZING THE CONDITIONAL ASSIGNMENT OF THIS COMPANY NOTE, THIS MORTGAGE AND THIS SECURITY INTEREST AND THE GRANTING OF A SECURITY INTEREST IN THIS COMPANY NOTE, THIS MORTGAGE AND THIS SECURITY INTEREST BY THIS COUNTY TO CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA IN ORDER TO SECURE PAYMENT OF ALL AMOUNTS PAYABLE UNDER THIS COUNTY NOTE; AND AUTHORIZING OTHER RELATED MATTERS.

WHEREAS, Oconee County, South Carolina is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended, to loan money to private corporations in order to promote the industrial development of South Carolina and to develop trade in South Carolina by inducing industrial enterprises to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, Oconee County, South Carolina is further authorized by this statute to issue industrial revenue bonds and notes payable solely out of payments which it shall receive from

000705

private corporations that have been granted these industrial development loans; and

WHEREAS, Oconee County, South Carolina has been requested to assist in financing an industrial facility in Oconee County, South Carolina; and

WHEREAS, Oconee County, South Carolina has committed to lend this assistance for these facilities; and

WHEREAS, these facilities will be of the character and will accomplish the purposes prescribed by the aforementioned statute; and

WHEREAS, Oconee County, South Carolina proposes to loan to Steel Heddle Mfg. Co. funds to finance this facility and necessary related expenses; and

WHEREAS, it has been determined that, in order to finance this facility and these necessary related expenses, Oconee County, South Carolina will be required to issue, sell and deliver to Citizens and Southern National Bank of South Carolina an Oconee County, South Carolina Industrial Revenue Note (Steel Heddle Project), Series 1984 in a principal amount not to exceed \$1,350,000.

NOW, THEREFORE, BE IT ORDAINED by the County Council of Oconee County, South Carolina, in meeting duly assembled:

000706

ARTICLE I

DEFINITIONS

The terms defined in this section for all purposes of this Ordinance shall have the respective meanings specified in this section.

"ACT" means Title 4, Chapter 29, of the 1976 Code of Laws of South Carolina.

"BANK" means Citizens and Southern National Bank of South Carolina, a national banking association, its successors and assigns, and, if it shall sell or transfer the County Note, then any party which shall subsequently become a registered holder of that Note.

"CHAIRMAN" means the duly elected Chairman of County Council or, in his absence, the Vice-Chairman of County Council.

"CLERK" means the Clerk of County Council, or, in his absence, any person authorized to act in his stead.

"CODE" means the Internal Revenue Code of 1954, as amended, and all applicable regulations.

"COMPANY" means Steel Heddle Mfg. Co., a corporation duly organized under the laws of the Commonwealth of Pennsylvania, its successors and assigns.

"COMPANY NOTE" means the Secured Note of the Company in a principal amount not to exceed \$1,350,000 to be executed and delivered by the Company to the County in consideration for the

000707

issuance of the County Note and the loan of the proceeds of the Note to the Company. The Company Note will be substantially in the form attached as Exhibit C to the Loan Agreement.

"CONSTRUCTION FUND" means the account to be established at the Bank with the proceeds from the sale of the Note to pay for the costs of the Project and necessary related expenses.

"COUNTY" means Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, its successors and assigns.

"COUNTY COUNCIL" means the County Council of the County, and any successor body.

"COUNTY NOTE" or "NOTE" means the registered Oconee County, South Carolina Industrial Development Revenue Note (Steel Heddle Project), Series 1984, in a principal amount not to exceed \$1,350,000 to be issued, sold and delivered by the County to the Bank. The Note will be substantially in the form attached as Exhibit A to the Loan Agreement.

"LOAN AGREEMENT" means the Loan Agreement among the County, the Bank and the Company, which recites the terms and conditions of the loan to be made by the Bank to the County and by the County to the Company to finance the Project and necessary related expenses. The Loan Agreement will be substantially in the form attached as Exhibit X to this Ordinance.

"MORTGAGE AND SECURITY AGREEMENT" means the Mortgage and Security Agreement between the County and the Company in

000708



which the Company grants to the County a mortgage on and security interest in the Company's plant in the County and the Project (including furniture and equipment). The Mortgage and Security Agreement will be substantially in the form attached as Exhibit D to the Loan Agreement.

"PROJECT" means the land, building, plantsite improvements and equipment that will be acquired, constructed and/or installed in the County as an expansion of the Company's industrial facility in the County, that will be financed with the proceeds from the Note and that will be used by the Company as a facility for the warehousing, manufacture, and development of wire rolling and metal products.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment between the County and the Bank, in which the County grants to the Bank a security interest in its rights in and to the Company Note and the Mortgage and Security Agreement, all amounts received under those documents and all proceeds from the disposition of those documents, and in which the County conditionally assigns to the Bank its rights in and to those documents, all amounts received under those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to the Loan Agreement.

000709

## ARTICLE II

### TERMS OF THE COUNTY NOTE AND THE COMPANY NOTE

#### SECTION 201. RESTRICTION ON ISSUANCE AND FINDINGS OF

FACT. No County Note shall be issued under this Ordinance except in accordance with the provisions of this Ordinance. Incident to issuance of the County Note, the County, acting through the County Council, specifically finds that: (a) the Project is authorized by the Act; (b) the Project will subserve the purposes of the Act and will benefit the general public welfare of the locality by providing employment; (c) the County Note in a principal amount not to exceed \$1,350,000 is necessary to finance the Project; (d) the Project is expected to cost \$1,350,000; (e) no reserve fund for debt service on the County Note or for insurance and maintenance of the Project is necessary in light of the undertaking of the Company to pay such amounts and in light of the financial stability of the Company; (f) all requirements of the Act relating to issuance of the County Note have been satisfied.

SECTION 202. ISSUANCE OF NOTE. The County Note is hereby authorized and shall be issued and delivered by the County on or before December 31, 1984 at such time as the County, the Company and the Bank shall agree and shall be dated the date of issuance and delivery. The Note shall be sold to the Bank for a purchase price equal to its principal face amount, which shall not exceed \$1,350,000. The full amount of the purchase price shall be payable at the time that the Note is issued and

000710

delivered. The interest, maturity, redemption provisions and other terms and conditions of the Note shall be as provided in the Loan Agreement, which is attached to and expressly incorporated into this Ordinance.

SECTION 203. LIMITED OBLIGATION. The County Note and all payments required under the Note (including principal and interest) shall be limited obligations of the County payable by the County solely from payments received by the County under or in connection with the Company Note. This Ordinance, the Loan Agreement, the County Note, the Mortgage and Security Agreement, the Security Agreement and Conditional Assignment and all obligations of the County arising under or related to these documents, do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

SECTION 204. PURCHASE OF COMPANY NOTE. Simultaneous with the issuance and delivery of the County Note, the County shall purchase the Company Note, which shall be dated the date of delivery. The Company Note shall be in the same principal amount as the County Note and shall be purchased for that amount. The full amount of the purchase price shall be payable at the time that the Company Note is delivered. The Company Note shall provide for payments sufficient to pay when due all amounts

000711

payable under the County Note. Simultaneous with the purchase of the Company Note the County shall execute and accept the Mortgage and Security Agreement.

### ARTICLE III

#### DOCUMENTATION

SECTION 301. AUTHORIZATION, EXECUTION AND DELIVERY OF DOCUMENTS. The County is authorized and directed to execute, seal and deliver and to exercise its powers and perform its obligations under the County Note, the Loan Agreement, the Mortgage and Security Agreement and the Security Agreement and Conditional Assignment, each substantially in the form attached as an exhibit to this Ordinance or the Loan Agreement. The County is authorized and directed to accept and to exercise its powers under the Company Note, substantially in the form attached as an exhibit to this Ordinance or the Loan Agreement. The County is authorized and directed, prior to execution, sealing and delivery or acceptance of these documents, to make any changes or modifications in the form of any of these documents which may be required or deemed appropriate by the Chairman in order to accomplish the purposes of the transactions authorized by this Ordinance and which the Chairman shall determine do not materially affect adversely the interest of the County under these documents. The County is authorized and directed to execute, seal and deliver all other documents which may be requested by the Bank or the Company at any time in connection

000712



with this transaction and which the Chairman shall determine do not materially affect adversely the interests of the County in this transaction. All documents to be executed by the County shall be signed and sealed by the Chairman and the Clerk shall attest to his signature. The execution, sealing and delivery of each document shall be conclusive evidence of its due execution, sealing and delivery in accordance with the terms of this Ordinance, and each such document shall thereupon become binding and enforceable against the County.

SECTION 302. CONDITION OF COUNTY'S OBLIGATION; PAYMENT OF PRINCIPAL AND INTEREST. Any obligation for the payment of money incurred by the County pursuant to this Ordinance or any documents executed in connection with the transactions authorized by this Ordinance shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from payments received by the County under or in connection with the Loan Agreement, the Company Note and the Mortgage and Security Agreement. Nothing in this Ordinance, the County Note or any document executed in connection with the transactions authorized by this Ordinance shall be considered as pledging any other funds or assets of the County.

000713

#### ARTICLE IV

##### CUSTODY AND APPLICATION OF PROCEEDS

SECTION 401. CONSTRUCTION FUND. The County shall establish with the Bank the Construction Fund to receive all of the proceeds from the issuance and sale of the County Note and to be designated "Oconee County (Steel Heddle Project) Series 1984 Construction Fund." All funds in the Construction Fund shall be disbursed in accordance with the terms of the Loan Agreement solely for the purposes and upon receipt of the requisitions and satisfaction of the other conditions as described in the Loan Agreement.

SECTION 402. APPLICATION OF PROCEEDS. All of the proceeds from the sale and delivery of the Company Note shall be used to pay for the Project and necessary expenses related to acquisition, construction and installation of the Project, all as more fully described in the Loan Agreement. Pending completion of the Project, the Company shall have the right to direct the investment of the moneys in the Construction Fund in accordance with the procedures described in the Loan Agreement and shall have the right to retain the earnings from those investments in the Construction Fund for use as described in the Loan Agreement.

#### ARTICLE V

##### MISCELLANEOUS

SECTION 501. ARBITRAGE. All of the proceeds of the Company Note are reasonably expected to be expended by the Company not later than December 31, 1984 to pay for the Project,

which will consist entirely of land and property of a character subject to the allowance for depreciation under the Code and to pay any expenses allowed by the Act and the Code and incurred in connection with the acquisition, construction and installation of the Project. No part of the proceeds of the County Note or Company Note will be used to finance inventory or for working capital. The Chairman is hereby authorized to execute and file in the name and on behalf of the County a non-arbitrage certificate required to be executed pursuant to the provisions of the regulations issued pursuant to Section 103 of the Code.

SECTION 502. SEVERABILITY. If any provision of this Ordinance shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any jurisdiction or jurisdictions or in all jurisdictions, or in any case or cases or in all cases because it conflicts with any constitution or statute or rule of law or public policy, or for any other reason, that circumstance shall not have the effect of rendering the provision in question otherwise inoperative or unenforceable, or of rendering any other provision invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Ordinance, shall not affect the remaining portions of this Ordinance.

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SECTION 503. CONTRACT. This Ordinance shall be deemed to be a contract which shall bind the County to the performance of its obligations hereunder and which shall be enforceable by the Company, the Bank and any subsequent lawful registered holder of the County Note.

SECTION 504. EFFECTIVE DATE OF ORDINANCE. This Ordinance shall take effect immediately upon third reading by the County Council.

SECTION 505. The Chairman of the County is hereby authorized to make, if requested by the Company, an election to issue the County Note pursuant to Section 103(b)(6)(D) of the Code and to sign and file or cause to be filed any and all documents necessary to accomplish and effect such election.

I hereby certify that the foregoing constitutes a true copy of a Bond Ordinance duly adopted by the County Council of Oconee County, South Carolina on \_\_\_\_\_, 1984.

By \_\_\_\_\_  
Opal O. Green  
Clerk of County Council

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000716



Exhibit "X"

# EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000717

# EXHIBIT

JUL 24 1984 NO. 3

## LOAN AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS LOAN AGREEMENT, dated as of July 31, 1984, among OCONEE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, a national banking association (the "Bank"), and STEEL HEDDLE MFG. CO., a Pennsylvania corporation (the "Company").

WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

### ARTICLE I

#### LIMITATION OF COUNTY'S LIABILITY

Section 1.1. Any obligation which the County may incur for the payment of money as a result of its entering into or performance of this Loan Agreement or the transactions described in this Loan Agreement shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never create a pecuniary liability against it or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under or related to this Loan Agreement, the Company Note and the Mortgage and Security Agreement.

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## ARTICLE II

### DEFINITIONS

Section 2.1. Certain terms used in this Loan Agreement shall have the meanings given to them in Section 2.2 of this Loan Agreement, unless the context clearly indicates otherwise. The definition of any document shall include any amendments to that document, unless the context clearly indicates otherwise.

Section 2.2. These terms are defined under this Loan Agreement as follows:

"ACT" means Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended.

"ADJUSTED RATE" means that rate of interest equal to the Prime Rate plus one-half per cent per annum or such maximum lesser amount as shall be allowed by law.

"ANCILLARY COSTS" means Costs of the Project, allowed by the Act and Section 103 of the Code, incurred for the payment of the reasonable expenses of issuing the County Note including, without limitation, advertising, recording and printing costs, accountant, financial advisor and counsel fees, rating agency fees, fees of the Bank and all similar expenses.

"ASSET COSTS" means those Costs of the Project allowed by the Act and Section 103 of the Code which: (i) are not Ancillary Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under Section 167 of the Code, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Company or any related person, as such term is employed in Section 103 of the Code after March 6, 1984.

"ASSISTANCE AGREEMENT" means the contract pursuant to which the County has agreed to finance the construction of the Project.

"AUTHORIZED COMPANY REPRESENTATIVE" means any person at the time designated to act on behalf of the Company by a written certificate furnished to the County and the Bank containing the specimen signature of such person, and signed on behalf of the Company by the person or persons signing this Loan Agreement on behalf of the Company or by other persons who have the legal

authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different sections of this Loan Agreement. An Authorized Company Representative may be an employee of the Company. The Bank or the County may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them of the authority of any Authorized Company Representative to legally bind the Company.

"BANK" means Citizens and Southern National Bank of South Carolina, and, if it shall sell the County Note, then any party which shall subsequently become a registered owner of that County Note.

"CHAIRMAN" means the Chairman of County Council (or the Vice Chairman of County Council whenever the Chairman of County Council is unavailable to act).

"CLERK" means the Clerk of County Council (or the Assistant Clerk or Acting Clerk of County Council whenever the Clerk of County Council is unavailable to act).

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

"COMPANY" means Steel Heddle Mfg. Co., a Pennsylvania corporation.

"COMPANY NOTE" means the secured note in the principal amount of \$1,350,000 to be executed and delivered by the Company to the County in consideration for the issuance of the County Note and the loan of the proceeds thereof to the Company. The Company Note will provide for payments equal to all payments required under the County Note and will be substantially in the form attached as Exhibit C to this Loan Agreement.

"COMPANY OFFICE" means the principal office of the Company at which, at any particular time, its business records shall be principally administered and maintained.

"COMPLETION DATE" means the date of completion of the construction of the Project as that date shall be certified as provided in Section 6.6 of this Loan Agreement.

"CONSTRUCTION FUND" means the account to be established by the Company and the County at the Bank with the proceeds from the



sale and delivery of the Company Note and County Note as provided in Article 6.2 of this Loan Agreement.

"CONSTRUCTION PERIOD" means the period beginning with the execution and delivery of the Assistance Agreement and ending on the date that the Project is certified as completed in accordance with the procedure described in Section 6.6 of this Loan Agreement.

"COST" or "COST OF THE PROJECT" means the cost of construction of the Project and shall be deemed to include, whether incurred prior to or after the date of this Loan Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the construction of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project, which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction as well as for the performance of all other duties required by or reasonably necessary in connection with the construction of the Project; (d) expenses of the Bank and the County, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the execution and delivery of the County Note; (e) all other costs which the Company incurs for the construction of the Project; and (f) any sums required to reimburse the Company for advances made by it for any of the above items, or for any of the work done and costs incurred by the Company (including interest on obligations incurred for the Project during the Construction Period and any commitment fee required for the County Note) which are allowed by the Act and are properly chargeable to the capital account of the Project under the Code or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts.

"COUNTY" means Oconee County, South Carolina, and its successors and assigns.

"COUNTY COUNCIL" means the County Council of the County.

"COUNTY NOTE" or "NOTE" means the registered Oconee County, South Carolina Industrial Development Revenue Note (Steel Heddle Project) Series 1984 in the principal amount of \$1,350,000 to be issued, sold and delivered by the County to the Bank. The County Note shall be substantially in the form attached as Exhibit A to this Loan Agreement.

"DETERMINATION OF TAXABILITY" is defined in Section 6.11.

"EVENT OF DEFAULT" is defined in Section 13.1.

"EVENT OF TAXABILITY" is defined in Section 6.11.

"LOAN AGREEMENT" means this Loan Agreement.

"MORTGAGE AND SECURITY AGREEMENT" means the Mortgage and Security Agreement dated as of July 31, 1984 in which the Company grants to the County a mortgage on and security interest in the Project and the Company's existing plant in the County. The Mortgage and Security Agreement will be substantially in the form attached as Exhibit D to this Loan Agreement.

"NOTE COUNSEL" means legal counsel experienced in matters relating to industrial development revenue bonds as described in Section 103 of the Code and the exemption from taxation of the interest thereon.

"NOTEHOLDER" or "HOLDER OF THE NOTE" or "HOLDER" shall mean the Registered Owner of the County Note.

"OPINION OF COUNSEL" shall mean an opinion in writing signed by legal counsel satisfactory to the Bank.

"PERMITTED ENCUMBRANCES" or "PERMITTED LIENS" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) liens for ad valorem taxes and special assessments which are delinquent but the validity of which is being contested in accordance with Section 10.9 of this Loan Agreement; (iii) the Mortgage and Security Agreement and; (iv) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions upon the Project site that an independent engineer or architect not an employee of the Company and the Authorized Company Representative each certify will not interfere with or impair the operations being conducted at the Project, or the operations for which the Project was designed or last modified; (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as do not, in the aggregate, in the Opinion of Counsel, materially impair the Project for the purposes for which it is held by the Company; (vi) mechanic's and materialmen's liens not filed or perfected in the manner prescribed by law in effect on the date of execution hereof; (vii) any mortgage, lease or security interest with respect to any asset of the Company not constituting part of the Project, (viii) the Mortgage and Security Agreement dated August 26, 1981 by the Company in favor of South Carolina National Bank relating to the \$2,500,000 Oconee County, South Carolina Industrial Revenue Bond (Steel Heddle Mfg. Co. Project) Series 1981; (ix) such other leases, liens, encumbrances, easements and other property interests which are subordinate to the lien of the Mortgage and Security Agreement; and (x) any other liens or encumbrances being contested in accordance with Section 10.9 of this Loan Agreement.

"PERMITTED INVESTMENTS" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under Section 103 of the Code, the Act and the applicable laws and regulations governing the Bank for moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agency of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of any political unit in the State; (iv) repurchase agreements fully collaterally secured by the

aforementioned government or agencies; (v) short-term money market funds of the aforementioned government or agencies; (vi) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vii) certificates of deposit of any bank or trust company if such certificates are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above, held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (viii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are fully insured by the United States of America or one of its agencies; (ix) commercial paper rated Prime-1 by Moody's or A-1 by Standard & Poor's rating Services and (x) any other investment permitted by law.

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

"PRIME RATE" means that rate of interest announced by Citizens and Southern National Bank of South Carolina at its principal office as its prime rate determined at the close of business on each business day or such maximum lesser amount as shall be allowed by law.

"PROJECT" means the building and plantsite improvements, to be constructed, with the proceeds from the County Note and Company Note and to comprise an industrial facility of the Company in the County for the development, manufacture, and warehousing of metal wire and other metal products.

"REGISTERED OWNER" shall mean the Person or Persons in whose name or names the County Note shall be registered.

"SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT" means the Security Agreement and Conditional Assignment, dated as of July 31, 1984 between the County and the Bank, in which the County grants to the Bank a security interest in its rights in and to the Company Note and the Mortgage and Security Agreement all amounts received under those documents and all proceeds from the



disposition of those documents, and in which the County conditionally assigns to the Bank its rights in and to those documents, all amounts received under those documents and all proceeds from the disposition of those documents. The Security Agreement and Conditional Assignment will be substantially in the form attached as Exhibit B to this Loan Agreement.

"STATE" shall mean the State of South Carolina.

### ARTICLE III

#### REPRESENTATIONS AND ACKNOWLEDGMENTS

Section 3.1 Representations by the County. The County makes the following representations to the other parties to this Loan Agreement:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to issue the County Note and to enter into and perform the transactions described in this Loan Agreement. The County has been duly authorized by proper action of the County Council to execute and deliver this Loan Agreement and the County Note and to enter into and fully perform the transactions described in this Loan Agreement.

(b) Neither the execution and delivery of this Loan Agreement, nor the consummation and performance of the transactions described in or contemplated by this Loan Agreement, including specifically, but not limited to, the issuance of the County Note, violates, conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling or finding would adversely affect the County Note or the transactions described in or contemplated by this Loan Agreement.

(d) Neither the existence of the County nor the rights of the members of County Council to their offices is being contested and none of the proceedings taken to authorize the execution and delivery of the County Note or the transactions described in this Loan Agreement has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations or approvals required on the part of the County in connection with the issuance of the County Note and the execution and delivery of this Loan Agreement and the consummation of the transactions contemplated thereby have been obtained and remain in full force and effect as of the date hereof.

(f) The South Carolina State Budget and Control Board has duly approved the proposal of the County to issue the County Note and to finance the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the County of its obligations under this Loan Agreement or the Security Agreement and Conditional Assignment or to the issuance of the County Note.

(g) The County is entering into this Loan Agreement and the Security Agreement and Conditional Assignment, issuing the County Note and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State. The Project will subserve the purposes of the Act. The Project is anticipated to benefit the general public welfare of the locality by providing employment.

(h) The County is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the County Note, or this Loan Agreement or the Security Agreement and Conditional Assignment.

Section 3.2 Representations by the Company. The Company makes the following representations to the other parties to this Loan Agreement:

(a) The Company is a corporation duly incorporated and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to do business in every jurisdiction where such qualification is necessary, including the State. The Company has all necessary power to enter into and perform the transactions described in this Loan Agreement and has been duly authorized to do so.

(b) Neither the execution and delivery of this Loan Agreement or the Company Note, nor the consummation and performance of the transactions described in this Loan Agreement or the Company Note, violates, conflicts with or results in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Company is now a party or by which it is bound and none of these actions will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company prohibited under the terms of any such instrument or agreement.

(c) The issuance of the County Note and the use by the Company of the proceeds thereof to defray the Cost of the Project, as provided by this Loan Agreement, has induced the Company to undertake the Project in the County.

(d) The Company intends to operate the Project as a facility for the development, manufacture, and warehousing of metal wire and other metal products, and to use the Project for such other purposes permitted under the Act as the Company deems appropriate.

(e) The Project is subject to no mortgage, lien or encumbrance prior to the lien of the Mortgage and Security Agreement except Permitted Encumbrances.

(f) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the transactions described in this Loan Agreement; nor are there any judgments outstanding and unsatisfied against the Company.

(g) This Loan Agreement and the executed counterparts of each of the documents attached as an exhibit to this Loan Agreement are legal, valid and binding obligations enforceable in accordance with their terms.

(h) The financial statements of the Company delivered to the Bank were prepared in accordance with generally accepted accounting principles and represent fairly the financial condition of the Company at the dates indicated on those statements. There has been no material adverse change in the financial condition or the business or operations of the Company since those dates. The Company has no liabilities, direct or contingent, except those disclosed in the aforementioned financial statements and liabilities incurred in the ordinary course of business. The Company has made no investments in, advances to, or guaranties of the obligations of any corporation individual or other entity except those disclosed in the aforementioned financial statements.

(i) The Company reasonably expects that all of the proceeds of the sale of the County Note will be expended not later than July 31, 1985 to pay for the Cost of the Project. Construction of the Project will proceed with due diligence to completion no later than July 31, 1985. No part of the proceeds of the County Note will be used to finance inventory or for working capital or for used buildings or used equipment or for land

(j) All consents, approvals or authorizations, if any, of



any governmental body or authority required on the part of the Company in connection with the issuance of the County Note, the execution, delivery and performance of this Loan Agreement, the Company Note and the Mortgage and Security Agreement and the construction of the Project have been obtained and remain in full force and effect.

(k) As of March 6, 1984, no contracts had been entered into with respect to the Project. No portion of the County Note proceeds will be used to reimburse the Company for any costs paid or incurred prior to March 6, 1984.

(l) The Project is located entirely within the County.

(m) At the time of issuance and sale of the County Note, the Company will have clear title to all real property comprising the Project, free and clear of all prior liens or mortgages, except Permitted Encumbrances. Upon completion of the Project, the Company will have clear title to all personal property comprising the Project, free and clear of all prior liens, pledges, and security interests, except Permitted Encumbrances.

(n) The Company has filed all tax returns required to be filed and paid all taxes that are due.

#### ARTICLE IV

##### ISSUANCE AND SALE OF THE COUNTY NOTE AND COMPANY NOTE

Section 4.1. Issuance and Sale of the County Note and Company Note and Application of Proceeds. In order to provide the Company, by way of loan, with funds for the payment of the Asset Costs and Ancillary Costs, the County shall issue, sell and deliver the County Note to the Bank (and the Bank shall purchase the County Note) and the Company shall sell and deliver the Company Note to the County (and the County shall purchase the Company Note) at such time prior to September 30, 1984 as the County, the Company and the Bank shall agree. The County Note and Company Note shall be sold for prices equal to their respective principal face amounts, without discount. The County Note and Company Note shall be dated the date of issuance and delivery.

Delivery of the County Note and the loan of the proceeds of the sale thereof to the Company shall be conditioned upon the execution and delivery to the County of the Company Note and the Mortgage and Security Agreement. Amounts to be paid by the Company under the Company Note shall be sufficient to enable the County to make timely payments of all amounts due under the County Note.

The terms and conditions of the County Note and the Company Note shall be as provided in the respective forms of County Note and Company Note attached as exhibits to this Loan Agreement.

Repayment of the County Note shall be secured at the time of issuance and delivery by the Security Agreement and Conditional Assignment. Repayment of the Company Note shall be secured at the time of sale by the Mortgage and Security Agreement.

Payments of the purchase price for the County Note and Company Note shall be \$1,350,000 cash or cash equivalent at closing.

All proceeds from issuance and sale of the County Note and Company Note shall be deposited into the Construction Fund.

Section 4.2. Execution; Limited Obligation. The County Note shall be executed on behalf of the County by the signature of the Chairman and attested with the signature of the Clerk and shall have impressed thereon the corporate seal of the County. In case any officer of the County whose signature shall appear on the County Note shall cease to be such officer before the County Note

is issued and delivered, such signature shall nevertheless be valid and sufficient for all purposes and the County Note may be issued and delivered as though said officer had remained in office until such issuance and delivery. The County Note shall be a limited obligation of the County as provided therein.

Section 4.3. Mutilated, Lost or Destroyed County Note.

Should the County Note become mutilated, the County shall cause to be executed and shall deliver a new Note of like date and tenor upon the cancellation of such mutilated Note. Should the County Note be lost or destroyed, the County shall cause to be executed and shall deliver a new Note of like date and tenor in substitution therefor. If the County Note shall have matured, instead of issuing a new Note the County may pay the same without surrender thereof. Such new County Note shall be executed and delivered or such matured County Note shall be paid without surrender only when the Registered Owner has paid the reasonable expenses and charges of the County in connection therewith.

Section 4.4. Registration and Transfer of County Note.

The County Note shall be fully registered, payable to the Registered Owner thereof. The County hereby designates the Company as registrar and hereby directs the Company to maintain registration books for the registration or transfer of the County Note. The County Note may be transferred only upon assignment duly executed by the Registered Owner of the Note, such transfer to be made on said registration books and endorsed on the Note by the note registrar. No such transfer shall be made until the transferring Noteholder has caused its interest in the Company Note to be endorsed to the order of the transferee of the County Note. The person in whose name the the County Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on the Note shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability of the County upon the County Note to the extent of the sum or sums so paid.

Section 4.5. Unconditional Obligation of Company.

The obligation of the Company to make the payments required to be made hereunder and under the Company Note and to perform and observe the other agreements on its part contained herein and in the Company Note shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise. The Company (i) will not suspend or discontinue any payments required to be made under the Company Note except to the extent the same has been prepaid (and then only to the extent such prepayments have been received by the Noteholders), (ii) will timely perform and observe all its other agreements contained in

this Loan Agreement, the Company Note and the Mortgage and Security Agreement, and (iii) will not terminate this Loan Agreement or its obligations under the Company Note for any cause including, without limiting the generality of the foregoing, the invalidity or unenforceability of the County Note, failure of the Company's title to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, sale, loss, destruction or condemnation of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative acts by or under the authority of the United States of America, the State, or any political subdivision of either thereof, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement.

Section 4.6. Cooperation by County. The Company, at its own cost and expense and in its own name or, to the extent lawful, in the name of the County, may prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights under this Loan Agreement, and in such event the County hereby agrees to cooperate fully with the Company, but at the Company's expense, and to take all action necessary to effect a substitution of the Company for the County in any such action or proceeding if the Company shall so request.

Section 4.7. Prepayment. Any prepayment of the Company Note shall be applied immediately and exclusively to the prepayment of the County Note.



## ARTICLE V

### REPLACEMENTS AND RELEASES OF COLLATERAL

Section 5.1. Collateral. In order to induce the County to loan the proceeds of the sale of the County Note to the Company and in order to secure repayment of the Company Note, the Company shall grant or shall cause to be granted to the County a mortgage on and security interest in certain of the Company's property.

Section 5.2. Releases. So long as no Event of Default exists hereunder, the Company shall have, and is hereby granted, the option to remove from the lien of the Mortgage and Security Agreement any unimproved part of the land thereunder, at any time and from time to time, provided that the Company shall grant to the County (and the Bank as its assignee) a security interest in a certificate of deposit issued by the Bank in an amount equal to the lesser of the principal outstanding under the Company Note or one-half the value placed by a then current MAI appraisal upon that portion of the land sought to be released and provided that the sale price is a fair market value as shown by such appraisal.

Section 5.3. Easement. So long as no Event of Default exists hereunder, the Company may grant easements, rights of way, licenses, or enter into such other similar agreements for the purposes of providing railroad service, utility services, roadway or roadway access whether for the Project or other land or for such other similar purposes as may be deemed necessary or desirable by the Company.

Section 5.4. Appointment. Until further notice, the County hereby appoints the Bank to accept or reject any proposed deletions of collateral from the Mortgage and Security Agreement and to accept or reject any proposed easements, rights of way, licenses or similar agreements. The Bank may but shall be under no obligation to consult with the County prior to accepting or rejecting any such proposal. Further, the County hereby appoints the Bank as its agent with full authority: (1) to accept a security interest in or mortgage on any additional collateral to secure repayment of the Company Note; and (2) to receive and hold any collateral subject to any security interest or mortgage granted to secure repayment of the Company Note.

Section 5.5. Company's Right to Cause Sale of County Note.

At any time and regardless of whether an Event of Default exists hereunder, the Company shall have the sole right to cause the Bank to sell the County Note to such purchaser as the Company shall direct, provided that the sale price shall be equal to all amounts of principal and interest outstanding under the Note and any additional amounts owed by the Company to the Bank under the terms of this Loan Agreement and provided further that the obligation of the Company for payments required upon the occurrence of a Determination of Taxability shall survive such sale. The Company shall give notice to the Bank and the County at least fourteen (14) days prior to the proposed date of sale. At the date of sale, the Bank and the County shall execute such documents as the Company shall request in order to transfer the interest of the Bank in the County Note to the subsequent purchaser.

## ARTICLE VI

### CONSTRUCTION FUND

Section 6.1. Acquisition of Project. Pursuant to the Act, the County authorizes the Company and the Company agrees to construct the Project. The Company will use its best efforts to cause the Project to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond the reasonable control of the Company only excepted; but if for any reason the Project shall not be completed there shall be no resulting decrease in liability or postponement of the amounts payable under this Loan Agreement or the Company Note by the Company. The Project shall belong to and be the property of the Company.

Anything in this Loan Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the construction of the Project upon the prepayment in full of all amounts to be paid by it under this Loan Agreement and the Company Note. If the Company elects to make such payments, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Company Representative.

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

Section 6.2. Creation of Construction Fund. There is hereby created and established with the Bank a special and separate fund of the County to be known and designated as the Oconee County, South Carolina, Industrial Revenue Bond Construction Fund (Steel Heddle Project) Series 1984. The County shall pay to the Bank the proceeds from the sale by the County of the County Note, and the Bank shall deposit the same in this Construction Fund.

The Bank shall be responsible for the Construction Fund only to the extent of the duties expressly contained in this Loan Agreement. The Bank may resign from such duties upon 30 days' written notice to the Company and the County.

Section 6.3. Applications of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any Asset Costs and Ancillary Costs, shall be held in trust by the Bank and, pending such application, shall be subject to a lien and

charge in favor of the Holder of the Note and for the further security of the County Note until paid out as herein provided.

Prior to any disbursement from the Construction Fund, the Company shall deliver to the County and the Bank the following documents, which shall be in form and content reasonably satisfactory to the County and the Bank:

(a) A survey of the Project prepared by a licensed surveyor showing the location of all major improvements and all physical conditions affecting title to and use of the land.

(b) The building permit and evidence of all other governmental approvals required for construction work at the Project site.

(c) A commitment for the title insurance described in Section 8.2 from Chicago Title Insurance Company or any other title insurance company acceptable to the County and the Bank.

(d) The land purchase contract or deed whereby the Company obtained title to the land for the Project.

(e) Satisfactory evidence of the casualty and liability insurance required by Section 8.2 of this Loan Agreement.

(f) The opinions of Wyche, Burgess, Freeman & Parham, P.A., as Company counsel and Note Counsel, and W. Jerry Fedder, as County counsel, relating to matters customarily addressed by company counsel, bond counsel and county counsel in similar transactions.

(g) A certificate from the Authorized Company Representative showing in reasonable detail the expected economic lives of the assets to be acquired for the Project and the reasons in support of such expectations.

000736



(h) Such other documents as the Bank shall reasonably request.

So long as no Event of Default has occurred and is continuing the Bank shall make payments from the Construction Fund to pay the Asset Costs and Ancillary Costs upon receipt by the Bank of requisitions (upon which both the Bank and the County shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) that no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) that the payment of such amount is a proper charge against the Construction Fund; (vi) the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vii) that at least 90% of the proceeds received from the Note issue theretofore requisitioned from the Construction Fund, including the amount then requisitioned, has been or, when applied as stated in the requisition, will have been expended for Asset Costs; (viii) that the person signing such requisition has no notice of any liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released except Permitted Liens and obligations which will be released simultaneously with such payment; (ix) that such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; (x) that with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof; and (xi) that the County continues as a secured party under the Mortgage and Security Agreement.

Section 6.4. Retention of Requisitions. For a minimum of five years from the date thereof the Bank shall retain in its

possession all requisitions received by it, subject to the inspection of the County, its agents and representatives, the Company and Noteholder and their representatives at all reasonable times.

Payments from the Construction Fund may be made:

- (a) to the Company by way of reimbursement for expenses already paid from its own separate funds; or
- (b) to any third parties entitled to payment.

Advances shall be made not more frequently than twice a month.

On the date of any borrowing hereunder, the representations and warranties set forth in Section 3.2 hereof shall be true and correct on and as of such date with the same effect as though such representations and warranties had been made on and as of such date. At the time of each borrowing hereunder, the Company will be in compliance with all of the terms and provisions set forth herein on its part to be observed and performed and no Event of Default as specified in Section 13.1, nor any event which upon notice or lapse of time, or both, would constitute such an Event of Default, shall have occurred and be continuing. At the time of each such borrowing, the Bank shall receive the certificate of the Authorized Company Representative, certifying as aforesaid.

No advance from the Construction Fund shall constitute a waiver of any of the conditions applicable to any subsequent advance.

Until further notice, the County hereby appoints the Bank to receive and approve or disapprove all documents required pursuant to this Section 6.4 and to make all advances from the Construction Fund.

Section 6.5. Bank's Right to Rely on Certifications and to Withhold Funds. In making any payment into or from the Construction Fund, the Bank may rely on any information, representation or certification delivered to it pursuant to Section 6.3 of this Loan Agreement, and the Bank shall have no liability for making payments in accordance with this information, representation or certification. However, if any such information, representation or certification is incomplete or misleading in any material respect, then the Bank shall immediately notify the Company in writing and it shall have no obligation to make any further payment into or from the Construction Fund until the validity of the requisition in question shall have been resolved to its reasonable satisfaction.

## EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000738

Section 6.6. Disposition of Balances Remaining in Construction Fund. Each advance from the Construction Fund shall be for the full amount of the Asset Costs and Ancillary Costs incurred since the last draw request provided that the terms of Sections 6.4 and 6.5 shall not be breached. Upon completion of the Project the Bank shall be furnished with a certificate of an Authorized Company Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the payment of the principal of the County Note.

Section 6.7. Moneys to be Continuously Secured. All moneys in the Construction Fund shall be continuously held for the benefit of the Holder of the Note.

Section 6.8. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund may be retained uninvested as trust funds and shall, upon written direction from the Company, if an Event of Default shall not then exist, be invested by the Bank in Permitted Investments.

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

Section 6.9. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment for the Asset Costs and Ancillary Costs shall not be sufficient to pay the Cost of the Project in full, the Company will complete the



Project, or cause the Project to be completed and pay or cause to be paid all of the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The County makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Company shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the County, the Bank or the Holder of the Note, nor shall it be entitled to any diminution or postponement of the payments required under this Loan Agreement and the Company Note.

Section 6.10. Protection of Tax Exempt Status. In order to insure that interest on the County Note is not and will not become subject to federal or South Carolina income taxes, the Company and the County covenant with each other and the Holder of the Note that:

- (1) all rights and privileges granted to the Company under this Loan Agreement shall be exercised so that if any conflict between this Section and any other provisions in this Loan Agreement shall arise, then in that case, this Section shall control; and
- (2) the Company has not committed or permitted and will not commit or permit (as to any act over which it has control) the commission of any act which would cause the interest on the County Note to become includable in the gross income for federal tax purposes of the Holder thereof; and
- (3) the Company will comply with Section 103 of the Code and with the applicable regulations to the extent that compliance is necessary in order for interest on the County Note to be excludable from the income of the Noteholder for the purpose of calculating income subject to federal income taxation.
- (4) the Company will maintain the Project as a "Project" in accordance with the Act.

Section 6.11. Determination of Taxability and Event of Taxability. An "Event of Taxability" shall mean any event as a result of which the interest on the County Note becomes subject to federal income taxation; provided, however, no Event of Taxability shall be deemed to have occurred if the interest on the Note is taxable for federal tax purposes solely because the Note is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 103 of the Code or because the Note is held by a Person who is subject to minimum tax payments, tax preference treatment or similar tax provisions.

000740



A "Determination of Taxability" shall mean a determination that the interest on the County Note is subject to federal income taxation as a result of an Event of Taxability, which determination shall be deemed to have occurred (i) on that date when the Company files any statement pursuant to Section 103 of the Code which discloses that an Event of Taxability has occurred; (ii) on that date when any amendments, modifications, addition or change causing an Event of Taxability hereunder shall have been made in Section 103 of the Code or the applicable regulations; or (iii) on that date when any ruling, proposed deficiency or assessment of the Internal Revenue Service or opinion of any court shall have been rendered stating that interest on the Note is taxable for federal income tax purposes; provided, however, that the Company shall have the right to contest a Determination of Taxability. The Company shall be deemed to have been afforded the opportunity to contest if it shall have been permitted to commence and maintain any action in the name of any Holder or former Holder of a Note to judgment and through any appeals therefrom or other proceedings related thereto.

The Company, the County and the Bank shall each give notice thereof to the others immediately upon receipt by any of them of notice that an Event of Taxability has occurred.

ARTICLE VII

EFFECTIVE DATE OF THIS LOAN AGREEMENT;  
CERTAIN EXPENSES; REPAYMENT PROVISIONS; AND  
UNCONDITIONAL OBLIGATIONS OF COMPANY

Section 7.1. Effective Date of this Loan Agreement. This Loan Agreement shall become effective upon its delivery, and shall continue in full force and effect until all amounts payable under the County Note and Company Note have been fully paid, together with all sums to which the County and the Bank are entitled under this Loan Agreement; provided, the obligation of the Company and the County to pay all amounts arising upon the occurrence of an Event of Taxability and a Determination of Taxability shall survive forever.

Section 7.2. Payment of County's Expenses and Bank's Expenses. The Company shall pay upon demand by the County and the Bank all fees and expenses incurred by the County and the Bank, respectively, in connection with the issuance, sale and delivery of the Note and otherwise arising from the transactions described in this Loan Agreement. The Company also shall pay all other expenses required in connection with the transactions described in the Loan Agreement, including but not limited to architects' and accountants' fees, insurance premiums, documentary stamps and recordation costs.

Section 7.3. Repayment of Loan. The Company shall pay to the Bank for the account of the County all payments required to be made by the Company to the County under the Company Note. All of these payments shall be applied by the Bank immediately and exclusively to payment of the County's obligations under the County Note.

Section 7.4. Unconditional Guarantee. The Company hereby unconditionally guarantees that all payments required to be made to the Bank under this Loan Agreement, the County Note and the Security Agreement and Conditional Assignment, shall be made promptly when due regardless of any determination for any reason, including but not limited to a determination that one or more of these documents or any portion thereof are deemed invalid or unenforceable.

## ARTICLE VIII

### MAINTENANCE AND INSURANCE

Section 8.1. Maintenance and Modification of Project by Company. The Company will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project.

Subsequent to the Completion Date, the Company shall have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company and except as provided in Section 11.3 hereof shall be included under the terms of this Loan Agreement as part of the Project.

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

### Section 8.2. Insurance.

(a) The Company shall at its expense continuously maintain or cause to be maintained insurance with specific reference to the Project under valid and enforceable policies with insurers of recognized responsibility insuring against such risks as are customarily insured against by businesses of like size and character, paying as and when the same become due all premiums with respect thereto, including but not necessarily limited to:

(i) Title Insurance: Mortgagee title insurance on all real property included in the Mortgage and Security Agreement insuring the priority of the lien of that mortgage, subject to no encumbrances other than Permitted Encumbrances (provided, however, that the title policy may not be subject to the encumbrances which

may exist at the date of the closing described in subparagraph (vi) of the definition of Permitted Encumbrances), in an amount not less than the principal amount of the County Note. The net proceeds of such insurance shall be used, at the direction of the Company: (i) to remedy any title defect resulting in the payment thereof or (ii) to effect the prepayment of installments of principal on the County Note or (iii) to serve as replacement collateral.

(ii) Fire and Extended Coverage. Policies of insurance against loss or damage to the improvements on the property covered by the Mortgage and Security Agreement resulting from fire, with standard extended coverage endorsement covering loss or damage by lightning, windstorm, explosion, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement with deductible provisions not exceeding \$15,000. Such policy shall contain an agreed value endorsement (which value shall be not less than the principal amount of the County Note outstanding in any year) or a co-insurance provision not greater than 80 percent. During the construction of any improvements constituting a part of the Project, the Company shall keep, or cause the contractor doing the construction to keep, any improvements constituting a part of the Project insured under "builders risk" insurance (or similar insurance) in such amount as is required in this paragraph.

(iii) Public Liability. General comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project and the adjoining sidewalks and passageways, or in any way related to the operations of the Project, in the minimum amounts of \$500,000 for death of or bodily injury to any one person, \$1,000,000 for aggregate death and bodily injury claims resulting from any one occurrence, and \$250,000 for property damage.

(b) All policies of insurance required pursuant to this Section may be in the form of blanket policies of insurance. So long as the County Note remains outstanding, policies of insurance required by paragraph (a)(ii) of this Section shall contain standard mortgagee clauses requiring that all net proceeds of insurance in excess of \$30,000 resulting from any claim for loss or damage covered thereby be paid to the Bank for investment and disbursement to the Company under the conditions described in Article 6 for investment and disbursements from the Construction Fund. The net proceeds of all policies required by paragraph (a)(ii) of this Section shall be applied as provided in Section 9.1 hereof. The net proceeds of all policies required by paragraph (a)(iii) of this Section shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.



The policies of insurance required by this Section shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of the County or the Bank or cancelled without at least 10 days' prior written notice to the County and the Bank.

The Company covenants to furnish to the County or Bank, promptly upon request, certificates from the insurers evidencing the existence of all insurance policies required by this Section; and prior to the expiration of any such policy the Company shall furnish the County or Bank with evidence satisfactory to them, that the policy has been renewed or replaced or is no longer required by this Loan Agreement.

Section 8.3. Taxes, Other Governmental Charges and Utility Charges. The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any federal, state or any municipal government upon the County or the Company with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held hereunder when the same shall become due; (b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Company pursuant to the Company Note other than as provided in the Security Agreement and Conditional Assignment. If the Company shall in good faith contest any such tax, assessment, lien or charge under the conditions described in Section 10.9 hereof such action by the Company shall not be considered as a breach by it of any of its covenants under this Loan Agreement.

## ARTICLE IX

### DAMAGE, DESTRUCTION AND CONDEMNATION

Section 9.1. Damage and Destruction. If at any time the County Note is outstanding, all or any part of the Project shall be destroyed or damaged, the Company, at its sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose), shall (unless the Company determines that the rebuilding, restoration, replacement or repair of the Project is not practicable or desirable and the Company exercises its option to apply such proceeds to the prepayment of the Note), promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Project to either the value thereof immediately prior to such damage or destruction or to such extent as is necessary to resume use of the Project as it was being used immediately prior thereto. The Company shall apply the net proceeds of insurance carried pursuant to Section 8.2(a)(ii) hereof received as a result of such damage or destruction of the Project either to the required rebuilding, restoration, replacement or repair of the Project, or, if the Company exercises its option to apply such proceeds to the prepayment of the Note, to such prepayment. In the event the insurance proceeds available therefor are not sufficient to pay the costs of rebuilding, replacing, restoring or repairing the Project and the excess costs thereof are paid by the Company, the Company shall not be entitled to any reimbursement of such excess costs from the County or the Bank or any abatement, postponement or diminution of the amounts payable under this Loan Agreement or the Company Note. If the estimated cost of rebuilding, replacing, restoring or repairing the Project after any particular incident shall exceed \$30,000, the Company shall promptly notify the County and the Bank of the occurrence of such incident and the completion of the required rebuilding, replacement, restoration or repair.

The net proceeds of insurance carried pursuant to Section 8.2(a)(ii) hereof received by the Bank shall be available to the Company to pay the cost of the required rebuilding, restoration, replacement or repair of the Project or, if the Company exercises its option to apply such proceeds to the prepayment of the County Note, to prepay the Note. Upon the Company's compliance with the provisions of this Loan Agreement and the receipt by the Bank of the certificates, instruments and opinions referred to in Article VI, the Company shall be paid from the insurance proceeds received and held by the Bank on account of such damage or destruction, the cost of the repairs, rebuilding or restoration, as certified to the Bank in accordance with Article VI, up to the full amount of such insurance proceeds and the balance, if any, of such insurance

proceeds shall be applied at the election of the Company to the prepayment or further securing of the Note. Any balance of such insurance proceeds exceeding the amount necessary to prepay the Note, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

Section 9.2. Condemnation. If at any time the County Note is outstanding, title to, or the temporary use of all or part of the Project shall be taken by the exercise of the power of eminent domain or condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall notify the County and the Bank as to the nature and extent of such loss. The Company shall, subject to all the terms of this Loan Agreement, be entitled to the entire award for the taking. Payment of the award shall be made to the Bank for disbursement to the Company as described herein.

If after such taking, the Company does not exercise an option to apply such proceeds to prepayment or further securing of the County Note, this Loan Agreement shall nevertheless continue in full force and effect without abatement. If such taking shall have caused damage to, or necessitated restoration or rebuilding of any of the Project, unless the Company exercises its option to apply such proceeds to prepayment of the Note, the Company, at its sole cost and expense, shall promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in its view of the nature of the taking and the then intended use of the Project by the Company, whether or not the award is sufficient for this purpose.

The award held by the Bank as a result of such taking shall be available to the Company to pay the cost of the required restoration or rebuilding of the Project or, if the Company exercises its option to apply such proceeds to any prepayment of the County Note, to pay the amount of such prepayment or, if the Company exercises its option to apply such proceeds as further security under the Mortgage and Security Agreement, to invest such proceeds in such securities or other collateral as shall be directed by the Company and as shall be a Permitted Investment. If the Company elects to rebuild, upon the Company's compliance with the provisions of this Loan Agreement and the receipt by the Bank of the certificates, instruments and opinions referred to in Article VI, there shall be paid from the award received and held by the Bank on account of such taking, the cost of the repairs or restoration as certified to the Bank in accordance with Article VI, up to the full amount of such award and the net balance, if any, of such award (after payment of taxes and the aforementioned costs) shall be applied at the election of the Company to the

## EXHIBIT

JUL 24 1984 NO. 3



prepayment of the Note or to the purchase of a Permitted Investment to serve as additional collateral under the Mortgage and Security Agreement. While the Bank holds such award, it shall be invested in such Permitted Investments as the Company shall select and the interest and appreciation from those investments shall belong to the Company.

Any balance of such award exceeding the amount of outstanding principal on the County Note, together with the premium, if any, and interest due and all other amounts due hereunder, shall be paid to the Company for use as it deems fit.

The County shall cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and behalf of the County. In no event will the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project without the consent of the Company.

The Company shall be solely entitled to receive and hold any condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of its property, not subject to the lien of the Mortgage and Security Agreement (including but not limited to such buildings, improvements, machinery, equipments and fixtures which do not constitute part of the Project) or for damages on account of the taking of or interference with the Company's right to possession or occupancy of the Project.

Section 9.3. Right to Require Prepayment. In the event of damage, destruction or condemnation that renders it impossible for the Company to rebuild and operate the Project as a "project" within the Act, the Bank shall have the right, to be exercised within 120 days of learning of such calamity, to demand full prepayment of the County Note and the County shall have a correlative right as to the Company Note.



## ARTICLE X

### SPECIAL COVENANTS AND INDEMNIFICATIONS

Section 10.1. No Warranty of Design, Condition or Suitability by the Issuer. The County makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Company's purposes or needs.

Section 10.2. Maintenance of Existence. The Company agrees that so long as the County Note is outstanding it will maintain its existence.

Section 10.3. Covenants with Respect to Tax Exemption. The Company represents, warrants and covenants to the County, for the benefit of any Person who shall at any time be or become a Holder of the Note that it has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate exemption of interest on the Note.

Without limiting the generality of the foregoing, the Company covenants that it will not make, or give its consent for the Bank to make any use of the proceeds of the County Note or of any moneys which may be deemed to be the proceeds of the Note pursuant to Section 103 of the Code and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Note would have caused the Note to be an "arbitrage bond" within the meaning of said Section 103 of the Code and said regulations, as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Note.

Section 10.4. Indemnification. The Company shall and agrees to indemnify and save the County and the Bank harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, from any work or thing done on, the Project during the time the County Note is outstanding, and the Company further shall indemnify and save the County and the Bank harmless against and from all claims arising during the time the Note is outstanding from (i) any condition of the Project, (ii) any breach or default on the part of the Company in the performance of any of its obligations under this Loan Agreement, (iii) any act of negligence of the Company or any of its agents, contractors, servants, employees or licensees. The Company shall indemnify and save the County and Bank harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and upon notice from the County and Bank, the Company shall defend them or either of them in any such action or proceeding.

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

Section 10.5. Notice of Default. The Company shall notify the Bank promptly upon the occurrence of any Event of Default hereunder or under any other agreement or contract to which it is a party or by which it is bound.

Section 10.6. Applications and Licenses. In the event it may be necessary, for the proper performance of this Loan Agreement, on the part of the County or the Company, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Company or the County, the Company and the County each agree to execute upon the request of the other such application or applications.

Section 10.7. Recording, Filing and Registering. The Company covenants that it will take all action required to effect the recording, filing and registering required under the provisions of the Mortgage and Security Agreement and the Security Agreement and Conditional Assignment.

Section 10.8. No Liability of County's Personnel. All covenants, stipulations, promises, agreements and obligations of the County contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the County and not of any member of the governing body of the County or any officer, agent, servant or employee of the County in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the County herein contained or for any claims based thereon against any member of the governing body of the County or any officer, agent, servants or employee of the County.

Section 10.9. Permitted Contests. The Company shall not be required to pay, discharge or remove any tax, lien, or assessment, or any purchase money, mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the Project or any part thereof or any of its other properties, or comply with any law, ordinance, order, rule regulation or requirement, so long as the Company shall, after prior written notice to the County and the Bank, at the Company's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of said Project or any part thereof to satisfy the same or to enforce such compliance; provided that the Company shall have given reasonable security as may be demanded by the County or the Bank, or both to insure such payment and prevent any sale or forfeiture of the Project or any part thereof by reason of such nonpayment or noncompliance. Such contest may be made by the Company in the name of the County or, of the Company, or both, as the Company shall determine, and the County agrees that it will, at Company's expense, cooperate with the Company in any such contest to such extent as the Company may reasonably request. It is understood, however, that the County shall not be subject to any liability for the payments of any costs or expenses in connection with any such proceeding brought by the Company, and the Company covenants to pay, and indemnify and save harmless the County from any such costs or expenses.

ARTICLE XI

ASSIGNMENT, LEASING AND SELLING

Section 11.1. Assignment, Leasing and Selling of Project. So long as the County Note is outstanding, the Company will not sell, lease or otherwise dispose of its interest in the Project except with the consent of the Bank or upon the occurrence of casualty or condemnation.

Section 11.2. Limitations on County. Except as provided in the Security Agreement and Conditional Assignment, the County will not sell, assign, transfer, convey or otherwise dispose of its interest in the collateral described in the Security Agreement and Conditional Assignment.

Section 11.3. Other Property of Company. The Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other items of personal property or fixtures on the Project site. All machinery, equipment and personal property or fixtures so installed by the Company shall remain the sole property of the Company, and such property shall not be subject to the lien of the Mortgage and Security Agreement and upon request of the Company shall be released from such lien.

EXHIBIT

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD



ARTICLE XII

SPECIAL COVENANTS

Section 12.1. Affirmative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of the Company Note, unless the County and the Bank shall otherwise consent in writing, the Company will:

(a) Furnish the Bank and the County a copy of report of certified audit of the Company for each fiscal year prepared by a certified public accountant reasonably satisfactory to the Bank, and an unaudited balance sheet and unaudited related statement of income and surplus of the Company for each quarter certified by the Chairman of the Board of the Company as being true and correct. All financial statements (which will be consolidated financial statements), will be prepared in accordance with generally accepted accounting principles and will be in a form reasonably satisfactory to the Bank. The engagement of a certified public accountant will require, and the report of annual audit will show, any and all of the terms of this Loan Agreement that are being violated or that there are no violations. Such annual audits and quarterly statements shall be delivered within 120 days and 60 days, respectively, after the close of the fiscal period. The Company will furnish the County and the Bank within a reasonable period of time such additional information and financial statements as the County and the Bank may from time to time reasonably request.

(b) Maintain at all times a ratio of consolidated current assets to consolidated current liabilities of not less than two (2) to one (1);

(c) Maintain at all times a ratio of consolidated tangible net worth to total liabilities of not less than one and one-quarter (1.25) to one (1);

(d) Maintain its corporate existence and comply with all valid and applicable statutes, rules and regulations, and maintain its properties in good operating condition.

(e) Manage the properties and business of the Company in accordance with sound management practices, including the employment of capable and experienced supervisory personnel.

(f) Allow the Bank to inspect the Project and its books and records upon reasonable conditions and at reasonable times.

Section 12.2. Negative Covenants. The Company covenants and agrees that from the date hereof and until payment in full of the Company Note, unless the County and the Bank shall otherwise consent in writing, the Company will not:

(a) Merge or consolidate with any other corporation or sell, lease, transfer or otherwise dispose of all or a substantial part of its assets, except that (i) any subsidiary may merge or consolidate with the Company (provided that the Company shall be the continuing or surviving corporation) or with any one or more subsidiaries, and (ii) any subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Company or another subsidiary; and

(b) Make a material change in the management of the Company by changing a majority of the membership of the Board of Directors or a majority of the officers of the Company within any one fiscal year for reasons other than death or voluntary resignation of the individual incumbents.

Section 12.3. Appointment. Until further notice, the County hereby appoints the Bank as its fully authorized agent to waive any of the conditions imposed by these covenants and to receive all reports described in this Article.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES

Section 13.1. Events of Default Defined. The occurrence of any one or more of the following events shall be an "Event of Default" under this Loan Agreement:

(a) If the Company shall fail to make any required payment of principal or interest or any other amount under the Company Note and the failure shall continue for two business days after notice; or

(b) If the County shall fail to make any required payment of principal or interest or any other amount under the County Note and the failure shall continue for two business days after notice; or

(c) If the Company shall fail to observe or perform any covenant, condition or agreement on its part to be observed or performed (other than as referred to in Section 13.1(a)), for a period of thirty days after written notice has been given to the Company by the County or the Bank; provided, however, if said failure be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Company within the applicable period and diligently pursued so that the default is corrected within ninety days after such written notice and provided further, if by reason of "force majeure" as hereinafter defined the Company is unable in whole or in part to carry out any agreement on its part herein contained (other than as referred to in Section 13.1 (a)) there shall be no Event of Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or any State, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or

(d) If any representation or warranty on the part of the Company made in this Loan Agreement, or in any report, certificate, financial or other statement furnished in connection with this Loan Agreement or the transactions described in this Loan Agreement shall have been false or misleading in any material respect when made; or

(e) If the Company shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for any receiver of or any trustee for itself or of any substantial part of its property or shall commence as debtor any



proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or similar law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall be commenced against the Company any such proceeding which remains undismissed for a period of thirty days or if the Company indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver of or trustee for itself or any substantial part of its property; or

(f) an Event of Default shall occur under the Mortgage and Security Agreement or the Security Agreement and Conditional Assignment.

Promptly upon receipt of knowledge, the Company will provide to the Bank and the County written notice setting forth the nature of any Event of Default or any event likely to create an Event of Default, the steps being taken to remedy the same, and the anticipated time that will be necessary to remedy the same.

Section 13.2. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting:

(a) The Bank may, at its option and by notice in writing to the County and the Company, declare the unpaid principal amount of the County Note and the interest accrued on the County Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) The Bank may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the County under or described in this Loan Agreement or otherwise; and

(c) The County may, at its option and by notice in writing to the Company, declare the unpaid principal amount of the Company Note and the interest accrued on the Company Note to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(d) The County may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the Company, under this Loan Agreement or otherwise.



Whenever an Event of Default referred to in Section 13.1 shall have happened and be continuing, the Bank shall have the right to enforce in the name of the County any rights or powers of the County described in the above subparagraphs (c) and (d), and the County hereby consents to any such action in this regard, and the County hereby appoints the Bank as its agent with full authority to enforce these rights or powers.

Section 13.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bank or the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or any other document or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 13.4. Agreement to Pay Attorneys' Fees and Expenses. In the event there shall occur an Event of Default and the Bank or the County should employ attorneys or reasonably incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company or reasonably incur expenses for the protection of or realization upon collateral given to secure these obligations and agreements, the Company shall upon demand pay to the Bank or the County the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the Bank or the County.

Section 13.5. No Additional Waiver Implied by One Waiver. In the event any warranty, covenant or agreement contained in this Loan Agreement should be breached by the Company or the County and thereafter waived by the other parties to this Loan Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach. In addition no waiver hereunder shall be effective unless agreed upon in writing by the Bank.

ARTICLE XIV

OPTION IN FAVOR OF THE COMPANY

Section 14.1. Option to Terminate. At any time upon at least thirty days' notice the Company may terminate this Loan Agreement by paying to the County the full principal outstanding, interest accrued, and other amounts payable under the Company Note and paying to the County any and all other sums then due to the County under this Loan Agreement and the Mortgage and Security Agreement; provided, however, the obligation of the Company and the County to pay all amounts arising upon the occurrence of any Event of Taxability and a Determination of Taxability shall survive forever.

Except as provided above, the Company cannot terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Project to function at its intended level, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax laws of the United States of America or of South Carolina or any political subdivision of either of these, or any failure of the County or the Bank to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or failure of the Project at any time to comply with any existing or future statute, rule or regulation.

In the event of any prepayment of the Company Note, whether under this Article or otherwise, the County shall apply such funds immediately and exclusively to prepayment of the County Note.

## ARTICLE XV

### MISCELLANEOUS

Section 15.1. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed to have been given when delivered (a) if to the County, at Oconee County Courthouse, Walhalla, South Carolina 29691, Attention: Clerk of County Council; or (b) if to the Company, at P. O. Box 1867, Greenville, South Carolina, 29602 Attention: President; or (c) if to the Bank at P. O. Box 1449, Greenville, South Carolina, 29602, Attention: Senior Loan Officer. The Company, the County and the Bank may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications given hereunder shall be sent or persons to whose attention the same shall be directed. Notwithstanding anything else in this Loan Agreement, any notice by the County shall be given not less than 10 days prior to the date of its effectiveness. A duplicate copy of each notice, certificate or other communication given hereunder by either the County or the Company to the other shall also be given to the Bank.

Section 15.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Bank, the County and the Company and their respective successors and assigns. The Bank shall have the right at any time to assign its respective rights under this Loan Agreement, the County Note, the Security Agreement and Conditional Assignment, the Company Note and the Mortgage and Security Agreement without the consent of the County or the Company; however, neither the County nor the Company shall have any such right of assignment without the consent of the Bank.

Section 15.3. Severability. If any clause, provision or section of this Loan Agreement be held illegal or invalid by any court for any reasons, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Loan Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the County or the Company, as the case may be, to the full extent permitted by law.

Section 15.4. Payments Due on Saturday, Sunday and Holidays. Whenever any payment to be made hereunder, under the County Note or under the Company Note shall be stated to be due on a Saturday, a Sunday or a public holiday under the laws of the State of South Carolina, such payment shall be made on the prior business day.

Section 15.5. Amendments, Changes and Modifications. This Loan Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County, the Company and the Bank.

Section 15.6. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.7. Law Governing and Construction of Agreement. This Loan Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction. This Loan Agreement supercedes all prior agreements and communications between the parties.

IN WITNESS WHEREOF, CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, OCONEE COUNTY, SOUTH CAROLINA, and STEEL HEDDLE MFG. CO., each pursuant to due authority, have duly executed this Loan Agreement, all as of the date first above written.

(SEAL)  
Attest:

OCONEE COUNTY, SOUTH CAROLINA

\_\_\_\_\_  
Opal O. Green  
Clerk of County Council

By: \_\_\_\_\_  
Norman D. Crain  
Chairman of County Council

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

(SEAL)

CITIZENS AND SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Ben D. Harvey  
Vice President

\_\_\_\_\_  
Witness



(SEAL)

STEEL HEDDLE MFG. CO.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

Albert J. Kieny  
President

\_\_\_\_\_  
Witness

Attest: \_\_\_\_\_

J. K. Leaphart  
Secretary

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

Exhibit "A"

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000762

# EXHIBIT

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD

THIS REGISTERED NOTE IS A LIMITED OBLIGATION AND IS NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS

STATE OF SOUTH CAROLINA  
OCONEE COUNTY  
INDUSTRIAL REVENUE NOTE (STEEL HEDDLE PROJECT)  
SERIES 1984

\$1,350,000.00

KNOW ALL MEN BY THESE PRESENTS that Oconee County, a body politic and corporate, and a political subdivision of the State of South Carolina (the "County"), for value received, does promise to pay, but only from the source and upon the terms hereinafter provided, to the order of Citizens and Southern National Bank of South Carolina (hereinafter, together with its successors and assigns and any lawful subsequent registered holder of this Note, termed "Holder"), the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), plus interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to sixty-three per cent (63%) of the Prime Rate until maturity computed on the basis of a 360 day year and for the actual number of days elapsed.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate of interest per annum equal to the "Adjusted Rate."

000763

The "Prime Rate" means the rate of interest announced by Citizens and Southern National Bank of South Carolina at its principal office in Columbia, South Carolina as its prime rate determined at the close of business on each business day. The "Adjusted Rate" means the rate of interest per annum equal to the Prime Rate plus 1/2% per annum.

In the event there shall occur a "Determination of Taxability" [as defined in the Loan Agreement among Citizens and Southern National Bank of South Carolina, the County and the Company dated as of July 31, 1984 (the "Loan Agreement")], then at all times thereafter this Note shall bear interest at the Adjusted Rate and the County shall pay to the Holder within 30 days after demand an amount equal to (i) any penalties and interest on overdue taxes which are payable by the Holder as a result of the failure of the Holder to include in its gross income the interest received on this Note for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day hereof computed at the Adjusted Rate and the interest actually paid or accrued on this Note for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability; provided that if there is or has been more than one Holder of this Note between the time of the Event of Taxability

## EXHIBIT

2

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD

000764



and the time of the Determination of Taxability, then payments described in (ii) shall be prorated according to the length of time that each Holder has held this Note between the time of the Event of Taxability and the Determination of Taxability and shall be payable to each Holder on that basis and provided, further, that no adjustment shall be made for a period during which interest cannot be included within the income of the Holder for income tax purposes as a result of statutes of limitation or otherwise. The obligations of the County described in this paragraph shall survive full payment or prepayment of this Note.

Interest on this Note shall be payable on the fifteenth day of each month, commencing September 15, 1984, until payment in full of the principal hereof.

Principal installments shall be due on the fifteenth day of each month commencing September 15, 1984 and continuing until August 15, 1994. Principal shall be repaid in one hundred twenty equal installments of \$11,250 each.

Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment of principal or interest hereon shall be due on a Sunday or a holiday, then payment shall be made on the prior business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of

Default" (as defined in the Loan Agreement).

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Note and fourth to the principal amount of this Note from time to time remaining unpaid.

All the payments made on this Note shall be payable in legal tender of the United States of America and in immediately available funds. Payments of principal and interest hereon shall be mailed to the registered owner hereof at the address shown on the registration books kept by the Company as bond registrar, or at such other place as the Holder may from time to time designate; provided, however, that payment of the final installment of principal and interest hereon shall be made only upon surrender of this Note to the Company.

This Note is issued pursuant to the Loan Agreement and an ordinance of the County adopted August 7, 1984 for the purpose of providing funds for the County to loan the Company, which will in turn use these funds pursuant to the Loan Agreement to pay for an industrial facility in the County for the development, manufacture, storage and sale of metal wire and other metal products (such facility being hereinafter termed the "Project"). The Company shall use these funds solely to pay expenses incidental to the Project as provided in the Loan Agreement. The County offers this assistance in order to promote industry and to

develop trade in the County and South Carolina.

This Note is secured by a Security Agreement and Conditional Assignment dated as of July 31, 1984 (the "Security Agreement and Conditional Assignment") among the County, as debtor, and the Holder, as secured party. The collateral under that Security Agreement and Conditional Assignment includes one \$1,350,000 Secured Note executed by the Company and payable to the order of the County (the "Company Note") and the proceeds of the Company Note. Payment of the Company Note is secured by a Mortgage and Security Agreement, dated as of July 31, 1984 (the "Mortgage and Security Agreement"), between the Company, as mortgagor/debtor, and the County, as mortgagee/secured party.

Copies of the Security Agreement and Conditional Assignment, the Company Note, the Mortgage and Security Agreement, and the Loan Agreement are on file with the Clerk of Court for Oconee County, South Carolina. Reference is made to these agreements for a full description of the collateral, the obligations of the County and the Company and the rights and remedies of the Holder and the conditions under which the Holder may exercise rights under the Loan Agreement, to all of the provisions of which, the Holder of this Note, by acceptance of this Note, assents.

The County shall have the right at any time to prepay this Note in whole or in part without penalty, provided that notice of such prepayment shall have been given in writing to the Holder at least 30 days prior to the date of such prepayment. All partial prepayments of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an Event of Default (and the expiration of any applicable cure period) as provided in the Loan Agreement, the Holder may, at its option, by notice in writing to the County and the Company declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Note be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such collection (including attorneys' fees) shall be added to the amount due upon this Note, and be collectible as a part hereof.

This Note is issued pursuant to the authorization of and for



the purposes prescribed by Title 4, Chapter 29 of the Code of Laws of South Carolina, 1976, as amended, and pursuant to an ordinance duly adopted by the County Council of Oconee County, South Carolina, and with the approval of the State Budget and Control Board of South Carolina. This Note is a limited obligation of the County and is payable solely from the payments received by the County under the Company Note and the Mortgage and Security Agreement.

Pursuant to the Loan Agreement and the Company Note, payments sufficient for the prompt payment of all amounts payable under this Note are to be paid by the Company to the County for application to payments due under this Note.

This Note is registered in the name of the Holder on the registration books kept by the Company as Note registrar, and no transfer hereof shall be valid unless made on said registration book at the written request of the Holder. This Note may not be transferred or assigned unless the Holder shall at the same time transfer and assign to any successor Holder its interest in the Loan Agreement, the Security Agreement and Conditional Assignment, the Company Note and the Mortgage and Security Agreement.

## EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

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

IN WITNESS WHEREOF, OCONEE COUNTY, SOUTH CAROLINA, has caused this Note to be duly executed, sealed and delivered by the Chairman of County Council with the Clerk of County Council attesting, all on the \_\_\_\_ day of August 1984.

(SEAL)

OCONEE COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_

Norman D. Crain  
Chairman of County Council

Attest: \_\_\_\_\_

Opal O. Green  
Clerk of County Council

Exhibit "B"

# EXHIBIT

JUL 24 1984 NO. **3**

STATE BUDGET & CONTROL BOARD

000771

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA

AND

OCONEE COUNTY, SOUTH CAROLINA

SECURITY AGREEMENT AND CONDITIONAL ASSIGNMENT

DATED AS OF JULY 31, 1984

000772



STATE OF SOUTH CAROLINA )  
COUNTY OF OCONEE )

SECURITY AGREEMENT  
AND  
CONDITIONAL ASSIGNMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Oconee County, South Carolina, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), SENDS GREETINGS:

WHEREAS, the County is authorized and empowered by Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the acquisition, construction and equipping of the properties hereinafter described; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds and notes for this purpose; and

WHEREAS, these industrial revenue bonds and notes are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments in exchange for the loan of the proceeds of these industrial revenue bonds and notes to these private enterprises; and

WHEREAS, the County has agreed to issue and sell its \$1,350,000 Industrial Revenue Note (Steel Heddle Project), Series 1984 (the "County Note" or "Note"); and

WHEREAS, Citizens and Southern National Bank of South Carolina ("the Bank"), has agreed to purchase the County Note upon

000773

receipt from the County of adequate security for payment of all amounts payable under the Note; and

WHEREAS, the County has agreed to loan to Steel Heddle Mfg. Co., a Pennsylvania corporation (the "Company") the proceeds from the issuance and sale of the County Note upon receipt by the County of the Company's secured note committing it to pay when due all amounts payable under the Note and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the purchase of the County Note and for the better securing of the payment of all amounts payable in accordance with the terms of the Note and for the better securing of the payment of any other amounts herein specified, the County and the Bank agree as follows:

SECTION 1. SECURITY INTEREST.

The County does hereby convey, warrant, mortgage, pledge, assign and grant to the Bank as holder of the County Note and its successors and assigns, and to any subsequent registered owner of the Note, and the Bank does hereby accept, a first security interest in all and singular of the County's right, title and interest in, to or arising under the following:

(a) That certain secured note dated on or about August \_\_, 1984 in the principal face amount of \$1,350,000 executed by the

Company and delivered to the County, naming the County as payee (the "Company Note"), substantially in the form attached as Exhibit C to the Loan Agreement, dated as of July 31, 1984, among the County, the Bank and the Company (the "Loan Agreement"); and

(b) That certain Mortgage and Security Agreement, between the County, as mortgagee/secured party, and the Company, as mortgagor/debtor, dated as of July 31, 1984, in substantially the form attached as Exhibit D to the Loan Agreement, and all amendments thereto (the "Mortgage and Security Agreement"); and

(c) All proceeds payable to the County from disposition by it of the Company Note and the Mortgage and Security Agreement; and

(d) All amounts payable to the County under the Company Note and the Mortgage and Security Agreement.

The things described in (a) through (d), inclusive, hereinafter collectively shall be termed "Collateral."

The Bank, its successors and assigns, and the subsequent registered owners of the County Note shall have and hold the Collateral forever; provided always, however, that this security interest is granted upon the express condition that if the County shall pay or cause to be paid all amounts payable to the registered holders of the County Note under the Note, the Loan Agreement, and this Security Agreement and Conditional Assignment, then the security interest hereby granted shall cease and be discharged; otherwise it shall remain in full force and effect.

SECTION 2. CONDITIONAL ASSIGNMENT.

The County does hereby assign to the Bank, its successors and assigns, and to any subsequent registered owners of the County Note, and the Bank does hereby accept, as collateral security for payment of the Note and any other amounts herein specified, all and singular of the County's right, title and interest in, to or arising under the following:

- (a) Company Note; and
- (b) Mortgage and Security Agreement; and
- (c) All proceeds payable to the County from disposition by it of the Company Note and the Mortgage and Security Agreement.
- (d) All amounts payable to the County under the Company Note and the Mortgage and Security Agreement.

These assignments are made upon the express condition that if the County shall pay or cause to be paid all amounts payable to the registered holders of the County Note under the Note, the Loan Agreement, and this Security Agreement and Conditional Assignment, then these assignments shall cease and be discharged; otherwise they shall remain in full force and effect.

SECTION 3. PROTECTION OF COLLATERAL.

The County will not:

- (a) by affirmative act consent to the creation or existence of any security interest in the Collateral except that granted to the registered holders of the County Note in connection with the transaction described in the Loan Agreement; or



(b) sell, mortgage, transfer, assign or hypothecate its interest in the Collateral except in accordance with the terms of the Loan Agreement and this Security Agreement and Conditional Assignment.

SECTION 4. DEFAULTS AND OTHER PROVISIONS.

An "Event of Default" under this Security Agreement and Conditional Assignment shall occur if and when there shall be an Event of Default under:

- (a) the Loan Agreement, or
- (b) the Mortgage and Security Agreement.

SECTION 5. RIGHTS OF NOTEHOLDER.

The County agrees that when any Event of Default has occurred and is continuing:

(a) The Bank or the successor registered owner of the County Note shall have the rights, duties and remedies of a secured party and the County shall have the rights and duties of a debtor under the Uniform Commercial Code of the State of South Carolina, regardless of where action may be taken to enforce those rights and duties; and

(b) The Bank or the successor registered owner of the County Note may, by notice in writing to the County, declare the entire unpaid balance of the Note to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest, shall be immediately due and payable; and

# EXHIBIT

JUL 24 1984

NO. 3

STATE BUDGET & CONTROL BOARD

(c) The Bank or the successor registered owner of the County Note, personally or by agents or attorneys, shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof; and

(d) The Bank or the successor registered owner of the County Note may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, and either for cash or on credit and on such terms as the registered Noteholder may determine, and at any place, provided, however, that any such sale shall be held in a commercially reasonable manner; and

(e) The Bank or the successor registered owner of the County Note may proceed to protect and enforce the Note and this Security Agreement and Conditional Assignment by suit or suits or proceedings in equity or at law, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(f) The Bank or the successor registered owner of the County Note upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to manage the Collateral and

to collect the rents and profits thereof. The receiver shall be entitled to perform all lawful acts necessary and appropriate for the management of the Collateral including, but not limited to, the execution, cancellation or modification of leases, and the execution or termination of contracts providing for the management of the Collateral, all on such terms as are lawful and are deemed best to protect the security of this Security Agreement and Conditional Assignment. All rents collected shall be applied first to the reasonable costs of taking control of and managing the Collateral and collecting the rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, premiums on insurance policies, taxes, assessments and other charges on the Collateral, and the costs of discharging any obligation or liability arising under the Collateral and then in the manner hereinafter provided. The Bank and the receiver shall have access to the books and records used in the management of the Collateral and shall be liable to account only for those rents actually received. The Bank shall not be liable to the Company, the County or anyone claiming under or through the County, or anyone having an interest in the Collateral by reason of anything done or left undone by the Bank under this paragraph. If the rents of the Collateral are not sufficient to meet the costs of taking control of and managing the Collateral and collecting the rents, the Bank, at its sole option, may advance moneys to meet the costs. Any funds expended by the Bank

to collect the rents and profits thereof. The receiver shall be entitled to perform all lawful acts necessary and appropriate for the management of the Collateral including, but not limited to, the execution, cancellation or modification of leases, and the execution or termination of contracts providing for the management of the Collateral, all on such terms as are lawful and are deemed best to protect the security of this Security Agreement and Conditional Assignment. All rents collected shall be applied first to the reasonable costs of taking control of and managing the Collateral and collecting the rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, premiums on insurance policies, taxes, assessments and other charges on the Collateral, and the costs of discharging any obligation or liability arising under the Collateral and then in the manner hereinafter provided. The Bank and the receiver shall have access to the books and records used in the management of the Collateral and shall be liable to account only for those rents actually received. The Bank shall not be liable to the Company, the County or anyone claiming under or through the County, or anyone having an interest in the Collateral by reason of anything done or left undone by the Bank under this paragraph. If the rents of the Collateral are not sufficient to meet the costs of taking control of and managing the Collateral and collecting the rents, the Bank, at its sole option, may advance moneys to meet the costs. Any funds expended by the Bank



for such purposes shall become indebtedness of the County to the Bank secured by this Security Agreement and Conditional Assignment. Unless the County and the Bank agree in writing to other terms of payment, such amounts shall be payable upon notice from the Bank to the County requesting payment thereof and shall bear interest from the date of disbursement at the Adjusted Rate as stated in the Loan Agreement. The entering upon and taking and maintaining of control of the Collateral by the Bank or the receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of the Bank hereunder.

In case of any sale of the Collateral pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement and Conditional Assignment, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the County Note and any claims for matured and unpaid interest on the Note and any claim for any other amounts arising under the Note.

The proceeds and avails of any sale of the Collateral and the proceeds and the avails of any remedy hereunder shall be paid and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assess-

ments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the registered Noteholders of the amount then owing or unpaid on the Note for principal, interest, any penalties or fines and all allowable collection expenses, and in case such proceeds shall be insufficient to pay in full the whole amount so due and owing or unpaid upon the Note with application to be made first to allowable collection expenses, second to any penalties or fines, third to any unpaid interest, and fourth to unpaid principal, such application to be made upon presentation of the Note, and upon the notation thereof of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the registered Noteholders and unpaid under the Loan Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the County or to whomsoever may be lawfully entitled to receive the same.

No delay or omission of the Bank or any other registered owner of the Note to exercise any right or power arising from any default on the part of the County, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Bank or any other registered owner of the Note of any such default, whether such waiver be full

or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Bank, or any other registered owner of the Note, may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security interests and conditional assignments effected by this Security Agreement and Conditional Assignment or any rights, powers or remedies hereunder; nor shall the Bank or any other registered owner of the Note be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 6. MISCELLANEOUS.

The unenforceability or invalidity of any provision or provisions of this Security Agreement and Conditional Assignment shall not render any other provision or provisions herein contained unenforceable or invalid.

All communications provided for herein shall be in writing and sent by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed given when actually

received by the addressee. The respective addresses of the Company, the Bank and the County are as follows:

As to the Company:      Attention: President  
                                 P. O. Box 1867  
                                 Greenville, SC 29602

As to the Bank:            Attention: Senior Loan Officer  
                                 P. O. Box 1449  
                                 Greenville, SC 29602

As to the County:        Attention: Chairman of  
                                 County Council  
                                 Oconee County Courthouse  
                                 Walhalla, SC 29691

or such other addresses as the Company, the Bank or the County may designate by notice duly given to the other parties. All notices given by any party hereto shall be given to all parties hereto or their successors and assigns.

IT IS THE EXPRESS CONDITION of this Security Agreement and Conditional Assignment that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charges against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County under or in connection with the Company Note, and nothing in this Security Agreement and Conditional



Assignment shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, the Bank and the County have caused these presents to be duly executed and sealed, all as of the 31st day of July, 1984.

(SEAL)

CITIZENS AND SOUTHERN NATIONAL  
BANK OF SOUTH CAROLINA

\_\_\_\_\_  
Witness

By: \_\_\_\_\_

Ben V. Harvey  
Vice President

\_\_\_\_\_  
Witness  
(SEAL)

OCONEE COUNTY, SOUTH CAROLINA

Attest: \_\_\_\_\_

Clerk of County Council  
Opal O. Green

By: \_\_\_\_\_

Norman D. Crain  
Chairman of County Council

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

)  
)  
)

PROBATE

PERSONALLY APPEARED before me \_\_\_\_\_, who being  
duly sworn, says that (s)he saw the corporate seal of Oconee  
County, South Carolina affixed to the foregoing Security Agreement  
and Conditional Assignment, and that (s)he saw Norman D. Crain, as  
Chairman of County Council sign, and Opal O. Green, as Clerk of  
County Council, attest the same, and that (s)he with \_\_\_\_\_  
witnessed the execution and delivery thereof as the free  
act and deed of the County.

SWORN TO before me this  
\_\_\_\_ day of August, 1984

Notary Public for South Carolina

My Commission Expires: \_\_\_\_\_

## EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

)  
)  
)

PROBATE

PERSONALLY APPEARED before me \_\_\_\_\_, who being  
duly sworn, says that (s)he saw the corporate seal of Citizens and  
Southern National Bank of South Carolina affixed to the foregoing  
Security Agreement and Conditional Assignment, and that (s)he saw  
Ben D. Harvey, as Vice President, sign, and that (s)he with \_\_\_\_\_  
witnessed the execution and delivery thereof as the  
free act and deed of the bank.

SWORN TO before me this  
\_\_\_\_ day of August, 1984

Notary Public for South Carolina

My Commission Expires: \_\_\_\_\_

000785

Exhibit "C"

# EXHIBIT

JUL 24 1984 NO. **3**

STATE BUDGET & CONTROL BOARD

000786

STATE OF SOUTH CAROLINA     )  
                                      )  
COUNTY OF OCONEE            )

SECURED NOTE  
1984

KNOW ALL MEN BY THESE PRESENTS that Steel Heddle Mfg. Co., a Pennsylvania corporation (the "Company"), for value received, does promise to pay to the order of Oconee County, South Carolina (the "County"), the principal sum of ONE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$1,350,000), plus interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to sixty-three per cent (63%) of the Prime Rate until maturity computed on the basis of a 360 day year and for the actual number of days elapsed.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate per annum equal to the "Adjusted Rate" (as hereinafter defined).

The "Prime Rate" means the rate of interest announced by Citizens and Southern National Bank of South Carolina (the "Bank") at its principal office in Columbia, South Carolina as its prime rate determined at the close of business on each business day. The "Adjusted Rate" means the rate of interest per annum equal to the Prime Rate plus 1/2% per annum.

In the event there shall occur a "Determination of Taxability" [as defined in the Loan Agreement among the Bank, the County and the Company dated as of July 31, 1984 (the "Loan

000787



Agreement" )] then at all times thereafter this Secured Note shall bear interest at the Adjusted Rate and the Company shall pay to the County within 30 days after demand an amount equal to (i) any penalties and interest on overdue taxes which are payable by the holder of the \$1,350,000 Oconee County, South Carolina Industrial Revenue Note (Steel Heddle Project) Series 1984 (the "County Note" or "Note") as a result of the failure of such holder to include in its gross income the interest received on the Note for the period from the date of the "Event of Taxability" (as defined in the Loan Agreement) and continuing through the Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day of the County Note computed at the Adjusted Rate and the interest actually paid or accrued on the Note for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability; provided that if there is or has been more than one Holder of the Note between the time of the Event of Taxability and the time of the Determination of Taxability, then payments described in (ii) shall be prorated according to the length of time that each Holder has held the Note between the time of the Event of Taxability and the Determination of Taxability and shall be payable to each Holder on that basis and provided, further, that no adjustment shall be made for a period during which interest cannot be included within the income of a Holder for income tax purposes as a result of statutes

of limitation or otherwise. The obligations of the Company described in this paragraph shall survive full payment or prepayment of this Secured Note.

Interest on this Secured Note shall be payable on the fifteenth day of each month, commencing September 15, 1984, until payment in full of the principal hereof.

Principal installments shall be due on the fifteenth day of each month commencing September 15, 1984 and continuing until August 15, 1994. Principal shall be repaid in one hundred twenty equal installments of \$11,250 each.

Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment date shall fall on a Sunday or a holiday, then payment shall be made on the prior business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of Default" (as defined in the Loan Agreement).

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Secured Note and fourth to the principal amount of this Secured Note from time to time remaining unpaid.

All the payments made on this Secured Note shall be payable in legal tender of the United States of America and in immediately available funds.

This Secured Note is given as security for the payment of the County Note, dated the date of this Secured Note and issued by the County under the terms of the Loan Agreement. Payments of both principal and interest from this Secured Note have been assigned and pledged to the Bank as the original purchaser of the County Note and its registered assigns (the "Noteholders"), under the terms of a Security Agreement and Conditional Assignment, dated as of July 31, 1984 (the "Security Agreement and Conditional Assignment"), and all such payments will be made directly to the Noteholders for the account of the County pursuant to the Security Agreement and Conditional Assignment.

Under the Loan Agreement, the County is loaning to the Company the proceeds of the sale of the County Note so that the Company can pay for facilities in the County for the development, manufacture, storage and sale of metal wire and other metal products (such facilities being hereinafter termed the "Project"). The Company will use these funds solely to pay expenses incidental to the Project.

This Secured Note is secured by a Mortgage and Security Agreement between the County, as mortgagee/secured party, and the

Company, as mortgagor/debtor, dated as of July 31, 1984 (the "Mortgage and Security Agreement").

The Company shall have the right at any time to prepay this Secured Note in whole or in part, without penalty, provided that notice of such prepayment shall have been given to the County at least 30 days in advance and shall be in writing. All partial prepayments of principal shall be applied to the unpaid installments of principal in the inverse order of their regular maturities.

Upon the occurrence of an "Event of Default" under the Loan Agreement, the County (or the Noteholders as assignees of the County) may, at its option and by notice in writing to the Company, declare the entire unpaid balance hereunder immediately due and payable and may take any action or proceeding at law or in equity which it may deem advisable for the protection of its interest to collect and enforce payment.

It is agreed that in the event any part of the amounts due hereunder be not paid when due, or if this Secured Note be placed in the hands of an attorney for collection, or if this debt or any part be collected by an attorney or by legal proceedings of any kind, all reasonable costs and expenses incident upon such collection (including attorneys' fees) shall be added to the



amount due upon this Secured Note, and be collectible as a part hereof.

As to this Secured Note and all instruments securing this indebtedness, the undersigned and endorers severally agree that the maturity of this Secured Note, or any payment hereunder, may be extended from time to time without in any way affecting the liability of the undersigned or said endorers.

IN WITNESS WHEREOF, the Company has caused this Secured Note to be duly executed on the \_\_\_\_ day of August, 1984.

(SEAL)

STEEL HEDDLE MFG. CO.

Attest: \_\_\_\_\_  
J. K. Leaphart  
Secretary

By: \_\_\_\_\_  
Albert J. Kieny  
President

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

Exhibit "D"

# EXHIBIT

JUL 24 1984 NO. **3**

STATE BUDGET & CONTROL BOARD

000793

OCONEE COUNTY, SOUTH CAROLINA

AND

STEEL HEDDLE MFG. CO.

MORTGAGE AND SECURITY AGREEMENT

DATED AS OF JULY 31, 1984

000794

STATE OF SOUTH CAROLINA }  
COUNTY OF OCONEE }

MORTGAGE AND SECURITY AGREEMENT

TO ALL WHOM THESE PRESENTS MAY CONCERN, Steel Heddle Mfg. Co., a Pennsylvania corporation (the "Company"), SENDS GREETINGS:

WHEREAS, OCONEE COUNTY, SOUTH CAROLINA, a political subdivision and a body politic and corporate of the State of South Carolina (the "County"), is authorized and empowered by Title 4, Chapter 29 of the Code of Laws of South Carolina, 1976, as amended (the "Act"), to lend funds to private enterprises to assist in the construction, acquisition and installation of the properties hereinafter described; and

WHEREAS, the County is further authorized by the Act to issue industrial revenue bonds and notes for this purpose; and

WHEREAS, these industrial revenue bonds and notes are limited obligations of the County payable by the County solely from revenues received by the County from private enterprises as payments on notes executed and delivered to the County by these private enterprises in exchange for the loan of the proceeds of these industrial revenue bonds and notes to such private enterprises; and

WHEREAS, the County has agreed to issue and sell its \$1,350,000 Industrial Revenue Note (Steel Heddle Project) Series 1984 (the "County Note" or "Note"); and



WHEREAS, Citizens and Southern National Bank of South Carolina, a national banking association (the "Bank"), has agreed to purchase the County Note upon receipt from the County of adequate security for payment of all amounts payable under the Note; and

WHEREAS, the County has agreed to loan to the Company the proceeds from the issuance and sale of the County Note upon receipt by the County of the Company's \$1,350,000 Note committing it to pay when due all amounts payable under the County Note, and also upon receipt by the County from the Company of adequate security for payment of these amounts;

NOW, THEREFORE, KNOW ALL MEN, that in consideration of \$1.00 in hand paid at and before the execution and delivery of these presents and in consideration of the advancement by the County to the Company of the aforementioned funds and for the better securing of the repayment of these funds with interest to the County in accordance with the terms of the Company's aforementioned note and also for the better securing of the repayment of all other indebtedness hereby secured, the County and the Company agree as follows:

SECTION 1. DEFINITIONS.

"Collateral" shall mean all of the property subject to this Mortgage and Security Agreement.

"Company Note" shall mean that secured note dated the date of the issuance and delivery of the County Note and in the

principal amount of \$1,350,000, made by the Company and naming the County as payee, the form of which is attached as Exhibit C to the Loan Agreement. The Company Note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all renewals or extensions or modifications thereof, however evidenced.

"Loan Agreement" shall mean that Loan Agreement, dated as of July 31, 1984, among the County, the Bank and the Company.

SECTION 2. GRANT OF MORTGAGE.

The Company has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto the County, its successors and assigns, and the County does hereby accept all of the following described land, buildings, structures, improvements and fixtures (hereinafter sometimes collectively called the "Premises"), to-wit:

(a) All those pieces, parcels or lots of land, more particularly described in Schedule I attached hereto and made a part hereof; and

(b) All buildings, structures and improvements now located on the land described in Schedule I or afterwards erected on that land; and

(c) All wiring, air-conditioning and plumbing, heating and lightning equipment and other fixtures now located on the land described in Schedule I or afterwards installed on that land,

TOGETHER WITH all and singular the rights, members, hereditaments and appurtenances in any way belonging, relating or appertaining to any of the Premises hereinabove mentioned or which hereafter shall in any way belong, relate or be appurtenant thereto.

TO HAVE AND TO HOLD all and singular the said Premises unto the said County, its successors and assigns forever, provided always, however, that this mortgage is granted upon the express condition that, if the Company shall pay or cause to be paid all amounts payable under the Company Note, the Loan Agreement and this Mortgage and Security Agreement, then this mortgage shall cease and shall become null and void; otherwise, this mortgage shall remain in full force and effect.

The Company covenants that it is lawfully seized of the Premises hereinabove described in fee simple absolute, that it has good right and is lawfully authorized to sell, convey or encumber the same, and that the Premises are free and clear of all prior liens except a lien in favor of South Carolina National Bank pursuant to a Mortgage and Security Agreement dated August 26, 1981 relating to the \$2,500,000 Oconee County, South Carolina Industrial Revenue Bond (Steel-Heddle Mfg. Co. Project) Series 1981 and liens for taxes not yet due. The Company further covenants to warrant and forever defend all and singular the said Premises unto the County forever from and against the Company and all persons (except South Carolina

National Bank as aforesaid) whomsoever lawfully claiming the same or any part thereof.

SECTION 3. GRANT OF SECURITY INTEREST.

The Company does hereby convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a security interest in and to all and singular of the Company's right, title and interest in and to the Premises and all furniture, furnishings and equipment now or hereafter owned by the Company and located on the Premises, including the items listed on Schedule II, and all proceeds of all of the foregoing.

Subject to the provisions of Section 4 of this Mortgage and Security Agreement, the Company does hereby further convey, warrant, mortgage, pledge, assign and grant to the County, its successors and assigns, and the County does hereby accept, a security interest in and to all and singular of the Company's right, title and interest in and to any and all obligations which are purchased with the proceeds of the County Note and the Company Note [said obligations constituting a part of the "Construction Fund" (as defined in the Loan Agreement)] during the Construction Period (as defined in the Loan Agreement), and all replacements or substitutions and proceeds of those obligations.

The County, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that this security interest is granted upon the express condition that if



the Company shall pay or cause to be paid all amounts payable under the Company Note, the Loan Agreement and this Mortgage and Security Agreement, then the security interest hereby granted shall cease and be discharged; otherwise this security interest shall remain in full force and effect.

The Company warrants that it has all right, power and authority to grant to the County security interests in the Collateral for the uses and purposes herein set forth and the Company has good title to the same and, excepting the lien of that certain Mortgage and Security Agreement dated as of August 26, 1981 by the Company in favor of South Carolina National Bank, the Collateral is free and clear of prior liens and the Company will warrant and defend title to the Collateral against all claims and demands of all persons claiming by, through, under or against the Company.

SECTION 4. POSSESSION OF COLLATERAL.

The Company will deposit with the Bank for the account of and as agent for the County any and all obligations purchased in whole or in part with the proceeds of the County Note and the Company Note during the Construction Period. This deposit shall occur contemporaneously with the purchase of such obligations. All cash dividends, interest or other income received on such obligations shall be deposited in and shall become a part of, and subject to the restrictions applicable to the Construction Fund. As and when the Bank, as custodian of the Construction Fund, shall need to

# EXHIBIT

JUL 24 1984 NO. 3

sell, assign or otherwise dispose of such obligations in order to defray costs of the Project, the Bank shall be permitted to do so, so long as the Company satisfies the requirements of the Loan Agreement.

While the Company is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral, other than the Construction Fund, and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the terms of this Mortgage and Security Agreement and the provisions of the Loan Agreement.

## SECTION 5. ASSURANCES AND RECORDATION.

(a) The Company will, at no expense to the County, perform every further act reasonably necessary or proper for the perfection of the mortgages and security interests being herein granted. The Company will cause this Mortgage and Security Agreement and any supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the County in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the County hereunder. The Company will furnish to the Bank evidence of such filings.

(b) The Company upon demand will pay or reimburse the County for all reasonable attorneys' fees, costs and expenses paid or incurred by it in any proceedings or action or dispute of any kind affecting the indebtedness secured hereby, this Mortgage and Security Agreement or the interest created herein or the Collateral, including, but not limited to, any action to foreclose this Mortgage and Security Agreement or to enforce payment of the Company Note secured hereby and any condemnation action involving the Collateral or any action to protect the security hereof; and any such amounts paid by the County shall be added to the indebtedness secured by the lien of this Mortgage and Security Agreement.

SECTION 6. DEFAULTS.

Any one or more of the following events shall be an "Event of Default" under this Mortgage and Security Agreement: (a) if and when an Event of Default shall occur under the Loan Agreement, (b) if and when the Company shall breach any covenant or agreement in this Mortgage and Security Agreement or (c) if any warranty or representation of the Company in this Mortgage and Security Agreement shall have been false or misleading when made in any material respect.

SECTION 7. COUNTY'S RIGHTS.

The Company agrees that when any Event of Default has occurred and is continuing:

(a) The County shall have the rights, duties and remedies of a mortgagee/secured party, and the Company shall have the rights and duties of a mortgagor/debtor, under the laws of the State of South Carolina regardless of where action may be taken to enforce those rights and duties; and

(b) The County may, by notice in writing to the Company, declare the entire unpaid balance of the Company Note to be immediately due and payable, and thereupon the entire unpaid balance, together with all accrued interest thereon, of such Company Note shall be and become immediately due and payable; and

(c) The County personally or by agents or attorneys, shall have the right (subject to compliance with any mandatory legal requirements) to take immediate possession of the Collateral or any portion thereof, and for that purpose may pursue the same wherever it may be found and keep the rents and profits thereof until sold; and

(d) The County may (subject to compliance with any mandatory legal requirements) sell and dispose of said Collateral, or any part thereof, at public or private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the County may determine, and at any place (whether or not it be the location of Collateral or any part thereof), and to whomsoever it shall select (including the County or the Bank), provided, however, that any such sale shall be held in a



commercially reasonable manner and otherwise in compliance with applicable law; and

(e) The County may proceed to protect and enforce this Mortgage and Security Agreement, the Company Note and the Loan Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(f) The County, upon application to a court of competent jurisdiction, shall be entitled, without notice and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Collateral and to collect the rents and profits thereof. The receiver shall be entitled to perform all acts necessary and appropriate for the operation and maintenance of the Collateral including, but not limited to, the execution, cancellation or modification of leases, the making of repairs to the Collateral and the execution or termination of contracts-providing for the management or maintenance of the Collateral, all on such terms as are deemed best to protect the security of this Mortgage and Security Agreement. All rents collected pursuant to this paragraph (f) or pursuant to paragraph (c) shall be applied first

to the reasonable costs of taking control of and managing the Collateral and collecting the rents, including, but not limited to, attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Collateral, premiums on insurance policies, taxes, assessments and other charges on the Collateral, and the costs of discharging any obligation or liability of the Company as lessor or landlord of the Collateral and then in the manner hereinafter provided. The County and the receiver shall have access to the books and records used in the operation and maintenance of the Collateral and shall be liable to account only for those rents actually received. The County shall not be liable to the Company, anyone claiming under or through the Company, or anyone having an interest in the Collateral by reason of anything done or left undone by the Company. If the rents of the Collateral are not sufficient to meet the costs of taking control of and managing the Collateral and collecting the rents, the County, at its sole option, may advance moneys to meet the costs. Any funds expended by the County for such purposes shall become indebtedness of the Company to the County secured by this Mortgage and Security Agreement. Unless the County and the Company agree in writing to other terms of payment, such amounts shall be payable upon notice from the County to the Company requesting payment thereof and shall bear interest from the date of disbursement at the Adjusted Rate as stated in the Loan Agreement. The entering upon and taking and maintaining of control of the

Collateral by the County or the receiver and the application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of the County hereunder.

In case of any sale of the Collateral or of any part thereof (pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage and Security Agreement), the principal of the Company Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Company Note and any claims for accrued interest and allowable costs unpaid thereon.

The proceeds and avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the County of the amount then owing or unpaid on the Company Note for principal, interest, any penalties or fines and all allowable collection expenses; and in case such proceeds shall be insufficient to pay in full the whole

amount so due and owing or unpaid upon the Company Note, with application to be made, first to allowable collection expenses, second to any penalties or fines, third to unpaid interest, and fourth to unpaid principal; such application to be made upon presentation of the Company Note and upon the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the amount, if any, then owing to the County and unpaid under the Loan Agreement and this Mortgage and Security Agreement; and

(d) Fourth, to the payment of the surplus, if any, to the Company or to whomsoever may be lawfully entitled to receive the same.

No delay or omission of the County to exercise any right or power arising from any default on the part of the Company shall exhaust or impair or constitute a waiver of any such right or power or prevent its exercise during the continuance of such default. No waiver by the County of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The County may exercise any one or more or all of the remedies hereunder, and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to each and every other remedy given hereunder or otherwise existing now or



hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional mortgage, security, collateral or guaranty for the payment of the indebtedness secured under this Mortgage and Security Agreement operate to prejudice, waive or affect the mortgages and security interests granted by this Mortgage and Security Agreement or any rights, powers or remedies hereunder; nor shall the County be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

SECTION 8. RIGHTS OF THE BANK.

The Company acknowledges and consents to the granting by the County to the Bank and to any subsequent registered owner of the County Note of a security interest in this Mortgage and Security Agreement and the Company Note and acknowledges and consents to the conditional assignment by the County to the Bank and to any subsequent registered owner of the County Note of this Mortgage and Security Agreement and the Company Note.

This Mortgage and Security Agreement is made for the benefit of the Bank and subsequent registered owners of the County Note and they shall have all rights and remedies of the County under this Mortgage and Security Agreement and shall be entitled to enforce this Mortgage and Security Agreement.

The Company is required to notify the Bank or any subsequent registered owner of the County Note as shown by the registration books kept by the Company as note registrar at the times and to

the extent that it is required to notify the County of any event under this Mortgage and Security Agreement.

SECTION 9. MISCELLANEOUS.

This Mortgage and Security Agreement shall be construed and enforced in accordance with the laws of South Carolina.

When in this Mortgage and Security Agreement one of the parties hereto is named or referred to, the legal representative, successors or assigns of such party shall be included and all covenants and agreements contained in this Mortgage and Security Agreement by or on behalf of the Company or by or on behalf of the County shall bind and inure to the benefit of the respective representatives, successors or assigns of the other, whether so expressed or not.

The headings of the sections, paragraphs and subdivisions of this Mortgage and Security Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

The unenforceability or invalidity of any provision or provisions of this Mortgage and Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

All communications provided for herein shall be in writing and shall be deemed given when actually received by the addressee. The respective addresses of the Company, the County and the Bank are as follows:

As to the Company:

Attention: President  
P. O. Box 1867  
Greenville, SC 29602

As to the County:

Attention: Chairman of  
County Council  
Oconee County Courthouse  
Walhalla, SC 29691

As to the Bank:

Attention: Senior Loan Officer  
P. O. Box 1449  
Greenville, SC 29602

or to the Company or the County or the Bank at such other address as the Company or the County or the Bank respectively may designate by notice duly given to the other parties.

IT IS THE EXPRESS CONDITION of this Mortgage and Security Agreement that nothing herein shall constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and nothing herein shall ever constitute or give rise to any pecuniary liability of the County or any charges against its taxing powers or upon its general credit. Any obligation of the County for the payment of money shall be payable solely from the payments received by the County on or in connection with the Company Note and nothing in this Mortgage and Security Agreement shall be considered as pledging any other funds or assets of the County.

IN WITNESS WHEREOF, the Company and the County have caused these presents to be duly executed and sealed, all as of the 31st day of July, 1984.

(SEAL)

STEEL HEDDLE MFG. CO.

Attest:

J.K. Leaphart  
Secretary

By:

Albert J. Kiery  
President

(SEAL)

Witness:

\_\_\_\_\_  
\_\_\_\_\_

000810

OCONEE COUNTY, SOUTH CAROLINA

Attest:

By: \_\_\_\_\_  
Chairman of County Council  
Norman D. Crain

\_\_\_\_\_  
Opal O. Green  
Clerk of County Council

Witness:

\_\_\_\_\_

\_\_\_\_\_



STATE OF SOUTH CAROLINA  
COUNTY OF OCONEE

)  
)  
)

PROBATE

PERSONALLY APPEARED before me \_\_\_\_\_, who being  
duly sworn, says that (s)he saw the corporate seal of Oconee  
County, South Carolina affixed to the foregoing Mortgage and  
Security Agreement, and that (s)he saw Norman D. Crain, as  
Chairman of County Council sign, and Opal O Green, as Clerk of  
County Council, attest the same, and that (s)he with \_\_\_\_\_  
witnessed the execution and delivery thereof as the free  
act and deed of the County.

SWORN TO before me this  
\_\_\_\_\_ day of August, 1984

\_\_\_\_\_  
Notary Public for South Carolina

My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA  
COUNTY OF OCONEE

)  
)  
)

PROBATE

PERSONALLY APPEARED before me \_\_\_\_\_, who being  
duly sworn, says that (s)he saw Albert J. Kiery as President sign  
and J. K. Leaphart as Secretary of Steel Heddle Mfg. Co. attest  
the foregoing Mortgage and Security Agreement, and that (s)he with \_\_\_\_\_  
witnessed the execution and delivery  
thereof as the free act and deed of said Company.

SWORN TO before me this  
\_\_\_\_\_ day of August, 1984

\_\_\_\_\_  
Notary Public for South Carolina

My Commission Expires: \_\_\_\_\_

000812

JUL 18 1984

INDUCEMENT RESOLUTION  
OF  
THE COUNTY COUNCIL  
OF  
OCONEE COUNTY, SOUTH CAROLINA  
*RESOLUTION 84-1*

The following Resolution of the Oconee County Council was adopted at its regular meeting March 6, 1984.

BE IT RESOLVED BY THE COUNTY COUNCIL OF OCONEE COUNTY, SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council (the "County Council") of Oconee County, South Carolina (the "Issuer") has made the following findings:

1. Steel Heddle Mfg. Co., a Pennsylvania corporation with a place of business in Oconee County (the "Company") has under consideration the acquisition and installation of additional equipment and machinery and the improvement and expansion of existing buildings, equipment and machinery, all with respect to the Company's existing manufacturing facility located in Oconee County, South Carolina (the "Project").
2. The Project, when completed, will employ approximately thirty additional persons.
3. The availability of Industrial Development Revenue Bond financing in Oconee County, South Carolina for the purpose of acquiring, constructing and installing the Project is a material

000813

factor to the Company in determining the feasibility of the Project.

4. The willingness of the County Council to issue its Industrial Development Revenue Bond(s) to assist in financing the Project will promote industrial development in South Carolina and in Oconee County in particular and will develop trade by inducing this enterprise to maintain and expand its manufacturing facility in the State of South Carolina and in the County in particular and it is further the conclusions of the Issuer that (a) the Project will subserve the purposes of Title 4, Chapter 29, Section 4-29-10, et seq. of the 1976 Code of Laws of South Carolina, as amended, (the "Act"), and (b) the Project is anticipated to benefit the general public welfare of the locality by providing employment and other public benefits not otherwise provided locally.

5. The amount necessary to finance the Project is estimated at this time to be up to \$3,000,000.

6. Payments to the Issuer by the Company, as owner of the Project, shall be sufficient to allow the Issuer to meet the payment schedule on its Industrial Revenue Bond(s).

7. Neither the issuance of any Industrial Development Revenue Bond(s) nor the acquisition, construction or installation of the Project will give rise to any pecuniary liability of the Issuer or a charge against its general credit or its taxing powers.

## ARTICLE II

### COMMITMENT TO ASSISTANCE AGREEMENT

Based on the foregoing Findings of Fact and in order to induce the Company to locate and operate the Project in Oconee County, South Carolina, and in order to carry out the purposes of the Act, the Issuer is hereby authorized and committed to enter into an Assistance Agreement with the Company. This Assistance Agreement shall be substantially upon the following terms:

1. The present intent of the Issuer is that, upon request by the Company and subject to compliance with all applicable laws, regulations and rulings, it will issue its Industrial Development Revenue Bond(s) (the "Bond(s)") in an aggregate principal amount not exceeding \$3,000,000 for the purpose of financing the acquisition, construction and installation of the Project.

2. The terms of the Bond(s) (date, maturity schedule, interest rates, denominations, redemption provision) will be determined by a bond purchase contract or similar contract to be entered into between the Company and the purchaser(s) of the Bond(s), subject to the approval of the Issuer.

3. Simultaneously with delivery of the Bond(s), the Issuer will provide to the Company funds to acquire, construct and install the Project and the Company will deliver to the Issuer its note(s) and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be



( substantially in a form commonly utilized in connection with such financial underakings and shall be agreed upon by the Issuer and the Company.

4. The Issuer hereby permits the Project to commence prior to the issuance and delivery of the Bond(s). Contracts for the acquisition, construction and installation of the machinery, equipment, building improvements and related property may be executed by the Company in its own discretion and on such terms and with such conditions as the Company may determine in its own discretion. The Company is authorized by the Issuer on its behalf to advance any interim acquisition or other funds required in connection with the Project and, to the extent permitted by law, shall be reimbursed therefor from the proceeds of the Bond(s).

( 5. The Issuer will assist in the prompt preparation of all documents required in connection with the issuance of the Bond(s) and will proceed with seeking approval of the Bond(s) from the South Carolina State Budget and Control Board.

6. If for any reason the Bond(s) are not delivered within one year of adoption of this Inducement Resolution, the provisions of the Assistance Agreement, at the option of either party thereto evidenced in writing, may be cancelled, and neither party shall have any rights against the other, and no third parties shall have any rights against either party except the Company will pay the Issuer for all expenses which are incurred by the Issuer in connection with the issuance of the Bond(s).

7. Nothing in the Assistance Agreement shall prevent the Company from entering into any other mode of financing, if it so elects.

8. The Company, in entering into the Assistance Agreement, agrees to indemnify, defend and hold the Issuer harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the acquisition, installation and operation of the Project and occurring in the course of the Issuer's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the Issuer.

9. Neither the Project nor any charges in connection with the Project or the equipping, operation and maintenance of the Project or the Bond(s), including the payment of principal of, or premium, if any, or interest on, the Bond(s), shall constitute or give rise to a pecuniary liability of the Issuer or a charge against the general credit or taxing power of the Issuer.

10. The Assistance Agreement shall become effective as of March 6, 1984.

### ARTICLE III

#### EXECUTION

All documents required in connection with issuance of the Bond(s) may be executed by the Chairman of the County Council and attested by the Clerk of County Council.

\* \* \*

The foregoing constitutes a true copy of an Inducement Resolution duly adopted by the County Council of Oconee County, South Carolina on March 6, 1984 inducing Steel Heddle Mfg. Co. to undertake the Project described herein.

March 6, 1984

*Opal O. Green*

\_\_\_\_\_  
Clerk, County Council  
Oconee County

ASSISTANCE AGREEMENT

WHEREAS, Steel Heddle Mfg. Co., a Pennsylvania corporation (the "Company") has proposed the acquisition and installation of additional equipment and machinery and the expansion and improvement of existing buildings, equipment and machinery, all with respect to the Company's existing manufacturing facility located in Oconee County, South Carolina (the "Project").

WHEREAS, the undertaking of this Project depends in part upon the willingness of Oconee County, South Carolina (the "Issuer") to issue Industrial Revenue Bond(s) (the "Bond(s)") to finance the acquisition, construction and installation of this Project; and

WHEREAS, the County Council of the Issuer by Inducement Resolution adopted on March 6, 1984 has determined that this assistance should be extended by the Issuer to the Company.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OTHER VALUE,

1. The present intent of the Issuer is that, upon request by the Company and subject to compliance with all applicable laws, regulations and rulings, it will issue its Industrial Development Revenue Bond(s) (the "Bond(s)") in an aggregate principal amount not exceeding \$3,000,000 for the purpose of financing the acquisition, construction and installation of the Project.



( 2. The terms of the Bond(s) (date, maturity schedule, interest rates, denominations, redemption provision) will be determined by a bond purchase contract or similar contract to be entered into between the Company and the purchaser(s) of the Bond(s), subject to the approval of the Issuer.

3. Simultaneously with delivery of the Bond(s), the Issuer will provide to the Company funds to acquire, construct and install the Project and the Company will deliver to the Issuer its note(s) and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be substantially in a form commonly utilized in connection with such financial undertakings and shall be agreed upon by the Issuer and the Company.

( 4. The Issuer hereby permits the Project to commence prior to the issuance and delivery of the Bond(s). Contracts for the acquisition, construction and installation of the machinery, equipment, building improvements and related property may be executed by the Company in its own discretion and on such terms and with such conditions as the Company may determine in its own discretion. The Company is authorized by the Issuer on its behalf to advance any interim acquisition or other funds required in connection with the Project and, to the extent permitted by law, shall be reimbursed therefor from the proceeds of the Bond(s).

5. The Issuer will assist in the prompt preparation of all documents required in connection with the issuance of the Bond(s)

and will proceed with seeking approval of the Bond(s) from the South Carolina State Budget and Control Board.

6. If for any reason the Bond(s) are not delivered within one year of the date hereof, the provisions of this proposal and the agreement resulting from its acceptance by the Company, at the option of either party hereto evidenced in writing, may be cancelled, and neither party shall have any rights against the other, and no third parties shall have any rights against either party except the Company will pay the Issuer for all expenses which are incurred by the Issuer in connection with the issuance of the Bond(s).

7. Nothing herein shall prevent the Company from entering into any other mode of financing, if it so elects.

8. The Company, in entering into this agreement, agrees to indemnify, defend and hold the Issuer harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the acquisition, installation and operation of the Project and occurring in the course of the Issuer's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the Issuer.

9. Neither the Project nor any charges in connection with the Project or the equipping, operation and maintenance of the

Project or the Bond(s), including the payment of principal of, or premium, if any, or interest on, the Bond(s), shall constitute or give rise to a pecuniary liability of the Issuer or a charge against the general credit or taxing power of the Issuer.

10. This Agreement shall be effective as of March 6, 1984.

STEEL HEDDLE MFG. CO.

OCONEE COUNTY,  
SOUTH CAROLINA

By: \_\_\_\_\_

By: *Norman Davis*  
Chairman, County Council  
Oconee County

Attest:

*Opal O. Green*  
Clerk, County Council  
Oconee County

ASSISTANCE AGREEMENT

WHEREAS, Steel Heddle Mfg. Co., a Pennsylvania corporation (the "Company") has proposed the acquisition and installation of additional equipment and machinery and the expansion and improvement of existing buildings, equipment and machinery, all with respect to the Company's existing manufacturing facility located in Oconee County, South Carolina (the "Project").

WHEREAS, the undertaking of this Project depends in part upon the willingness of Oconee County, South Carolina (the "Issuer") to issue Industrial Revenue Bond(s) (the "Bond(s)") to finance the acquisition, construction and installation of this Project; and

WHEREAS, the County Council of the Issuer by Inducement Resolution adopted on March 6, 1984 has determined that this assistance should be extended by the Issuer to the Company.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OTHER VALUE,

1. The present intent of the Issuer is that, upon request by the Company and subject to compliance with all applicable laws, regulations and rulings, it will issue its Industrial Development Revenue Bond(s) (the "Bond(s)") in an aggregate principal amount not exceeding \$3,000,000 for the purpose of financing the acquisition, construction and installation of the Project.

000823



2. The terms of the Bond(s) (date, maturity schedule, interest rates, denominations, redemption provision) will be determined by a bond purchase contract or similar contract to be entered into between the Company and the purchaser(s) of the Bond(s), subject to the approval of the Issuer.

3. Simultaneously with delivery of the Bond(s), the Issuer will provide to the Company funds to acquire, construct and install the Project and the Company will deliver to the Issuer its note(s) and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be substantially in a form commonly utilized in connection with such financial undertakings and shall be agreed upon by the Issuer and the Company.

4. The Issuer hereby permits the Project to commence prior to the issuance and delivery of the Bond(s). Contracts for the acquisition, construction and installation of the machinery, equipment, building improvements and related property may be executed by the Company in its own discretion and on such terms and with such conditions as the Company may determine in its own discretion. The Company is authorized by the Issuer on its behalf to advance any interim acquisition or other funds required in connection with the Project and, to the extent permitted by law, shall be reimbursed therefor from the proceeds of the Bond(s).

5. The Issuer will assist in the prompt preparation of all documents required in connection with the issuance of the Bond(s)

and will proceed with seeking approval of the Bond(s) from the South Carolina State Budget and Control Board.

6. If for any reason the Bond(s) are not delivered within one year of the date hereof, the provisions of this proposal and the agreement resulting from its acceptance by the Company, at the option of either party hereto evidenced in writing, may be cancelled, and neither party shall have any rights against the other, and no third parties shall have any rights against either party except the Company will pay the Issuer for all expenses which are incurred by the Issuer in connection with the issuance of the Bond(s).

7. Nothing herein shall prevent the Company from entering into any other mode of financing, if it so elects.

8. The Company, in entering into this agreement, agrees to indemnify, defend and hold the Issuer harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the acquisition, installation and operation of the Project and occurring in the course of the Issuer's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the Issuer.

9. Neither the Project nor any charges in connection with the Project or the equipping, operation and maintenance of the

Project or the Bond(s), including the payment of principal of, or premium, if any, or interest on, the Bond(s), shall constitute or give rise to a pecuniary liability of the Issuer or a charge against the general credit or taxing power of the Issuer.

10. This Agreement shall be effective as of March 6, 1984.

STEEL HEDDLE MFG. CO.

OCONEE COUNTY,  
SOUTH CAROLINA

By: \_\_\_\_\_

By: Norman D. Cain  
Chairman, County Council  
Oconee County

Attest: Opal O. Green  
Clerk, County Council  
Oconee County

EXHIBIT  
JUL 24 1984 NO. 3  
S.A.E BUDGET & CONTROL BOARD

*Tested  
10/29/84  
dur*

Ernst & Whinney

7/24/84

1600 Daniel Building  
Greenville, South Carolina 29602

803/242-5740

October 26, 1984



State Budget and Control Board  
600 Wade Hampton Office Building  
Columbia, South Carolina 29211

Oconee County, South Carolina  
Form 8038

Gentlemen:

Please find enclosed Form 8038, Information Return for Private Activity  
Bond Issues, for Oconee County, South Carolina.

Should you have further questions, please do not hesitate to contact me.

Very truly yours,

*Robert M. Baldwin*

Robert M. Baldwin  
Tax Supervisor

RMB:jdw  
Enclosure  
Copy to Jody A. Greenstone  
Randy Smith

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000827



481 PAGE 749 933

**Part III** Proceeds of Issue

|   |           |
|---|-----------|
| 12 Total purchase price (regs. section 1.103-13(d)(2)) . . . . .  | 1,350,000 |
| 13 Face amount of issue . . . . .   | 1,350,000 |
| 14 Bond issuance costs . . . . .  | 20,600    |
| 15 Amounts allocated to reasonably required reserve or replacement fund (regs. section 1.103-14(d)) . . . . . | -0-       |
| 16 Lendable proceeds of the issue (see instructions) . . . . .  | 1,329,400 |

**Part IV** Description of Financed Property (Do not complete for student loan bonds)

|   |            |
|---|------------|
| 17 a Cost of 3-yr. ACRS property (or portion thereof financed by issue) . . . . .   | 190,000    |
| b Cost of 5-yr. ACRS property (or portion thereof financed by issue) . . . . .      |            |
| c Cost of 10-yr. ACRS property (or portion thereof financed by issue) . . . . .     | 1,160,000  |
| d Cost of 15-yr. ACRS property (or portion thereof financed by issue) . . . . .     |            |
| e Cost of land (or portion thereof financed by issue) . . . . .                     |            |
| f Cost of other property financed by the issue . . . . .                            |            |
| 18 a Proceeds used to refund prior issue . . . . .                                  |            |
| b If issue is an advance refunding, enter the earliest call date . . . . .          |            |
| 19 Average weighted economic life of the project (complete only for IDBs) . . . . . | 34.4 years |

**Part V** Description of Initial Principal Users (Do not complete for student loan bonds)

## 20 Initial Principal Users:

| (A)<br>User | (B)<br>Name           | (C)<br>Address                       | (D)<br>Employer identification<br>number |
|-------------|-----------------------|--------------------------------------|--|
| (i)         | Steel Heddle Mfg. Co. | P. O. Box 1864, Greenville, SC 29602 | 23-1120950                               |
| (ii)        |                       |                                      |  |
| (iii)       |                       |                                      |  |
| (iv)        |                       |                                      |  |
| (v)         |                       |                                      |  |
| (vi)        |                       |                                      |  |
| (vii)       |                       |                                      |  |

## 21 Common parents (if any) of initial principal users listed above:

| (A)<br>User<br>(from above) | (B)<br>Name | (C)<br>Address | (D)<br>Employer identification<br>number |
|-----------------------------|-------------|----------------|--|
|                             |             |                |  |
|                             |             |                |  |
|                             |             |                |  |
|                             |             |                |  |
|                             |             |                |  |
|                             |             |                |  |

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET &amp; CONTROL BOARD

**Part VI** Approval of Issue (Complete only for IDBs)22 Name of Governmental units approving issue ► Oconee County Council23 Names and positions of applicable elected representatives or date of referenda approving issue ► List Attached

|                                |   |                                      |   |
|--------------------------------|---|--------------------------------------|---|
| Please<br>Sign<br>Here         | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. |                                      |   |
|                                | Signature of officer  | Date                                 | Title   |
| Paid<br>Preparer's<br>Use Only | Preparer's signature  | Date                                 | Check if self-employed <input type="checkbox"/> |
|                                | Firm's name (or yours, if self-employed) and address  | 8280-92-6663                         | Zip code  |
|                                | ERNST & WHINNEY, 34-6565596   | 1600 DANIEL BLDG., GREENVILLE, S. C. | 29602   |

OCONEE COUNTY, SOUTH CAROLINA  
57-6000391

Description for line 10, column (C):

Interest shall be compiled on the outstanding principal amount from day to day at a rate of interest per annum equal to sixty-three per cent (63%) of the Prime Rate until maturity computed on the basis of a 360 day year and for the actual number of days elapsed. The "Prime Rate" means the rate of interest established and published internally by the Citizens and Southern National Bank of South Carolina from time to time as its Prime Rate.

Line 23, List of Names & Positions of Applicable Elected Representatives:

| <u>Name</u>       | <u>Position</u>      |
|-------------------|----------------------|
| Norman D. Crain   | Chairman, Supervisor |
| Julius R. Earle   | Council Person       |
| Larry C. Brandt   | Council Person       |
| Michael E. Harper | Council Person       |
| Larry A. Butts    | Council Person       |
| Alton K. Williams | Council Person       |

EXHIBIT

JUL 24 1984 NO. 3

STATE BUDGET & CONTROL BOARD

000830

# EXHIBIT

JUL 24 1984

NO. 4

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD  
BLUE AGENDA  
ITEM NUMBER

2

AGENCY: Local Government

SUBJECT: Expenditures June 30 - July 10, 1984

Please refer to the attached report for details. It includes 23 projects involving a total expenditure of \$212,600 in State grant funds. The report shows that 343 applications involving \$4,604,982 were approved during fiscal year 1983-84 and that there was an ending balance of \$101.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

Agenda item worksheet and referenced report

000831



# EXHIBIT

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

JUL 24 1984

NO. 4

For meeting scheduled for:

July 24, 1984

### STATE BUDGET & CONTROL BOARD

☒ Blue Agenda

☐ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By: Division of Local Government
2. Subject: Expenditures for the period June 30 through July 10--Final Report FY 83-
3. Summary Background Information:

The reference report includes 23 projects involving a total expenditure of \$212,600 in state grant funds. This report shows that 343 applications involving \$4,604,982 were approved during FY 83-84. There is an ending balance of \$101.

4. What is Board Asked To Do?

Receive as information

5. Supporting Documents:

List Those Attached

Attached report

List Those Not Attached But Available  
from Submitter

000832

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF July 1984

| APPLICATIONS                 | TO  | AMOUNT      |
|------------------------------|-----|-------------|
| Balance Available For Grants | 343 | \$ 101      |
| Approved To Date             |     | \$4,604,982 |
| Disapproved To Date          |     |             |
| Pending                      |     |             |

(Above Figures Include Items In This Report)

Final FY 84 report

Expenditures for the period June 1 through July 10, 1984

| Name & Address of Applicant   | Date of Application | State Funds Requested | Other Funds |        | Date Approved Or Disapproved | Amount Approved | Brief Description of Project   |
|---|---------------------|-----------------------|-------------|--------|------------------------------|-----------------|--|
|   |                     |                       | Federal     | Local  |                              |                 |  |
| 1. Town of Six Mile<br>P.O. Box N<br>Six Mile, SC 29682               | 4/18/84             | 5,000                 | ----        | 11,530 | 6/1/84                       | 5,000           | Purchase of a fire truck   |
| 2. Georgetown County<br>Courthouse<br>Georgetown, SC 29442            | 5/30/84             | 100                   | ----        | ----   | 6/1/84                       | 100             | Installation of road signs in the Plantersville community  |
| 3. Marion Rural Fire Department<br>P.O. Box 360<br>Marion, SC 29571   | 5/31/84             | 1,000                 | ----        | 6,500  | 6/1/84                       | 1,000           | Purchase of equipment  |
| 4. City of Hartsville<br>133 W. Carolina Ave.<br>Hartsville, SC 29550 | 5/29/84             | 5,000                 | ----        | ----   | 6/1/84                       | 5,000           | Purchase of breathing apparatus (Survivor XL-30) for the fire department   |
| 5. Georgetown County<br>Courthouse<br>Georgetown, SC 29442            | 5/24/84             | 10,000                | ----        | ----   | 6/5/84                       | 10,000          | Repairs to a building to be used as a community center in the North Santee area                                    |
| 6. Chesterfield County<br>Courthouse<br>Chesterfield, SC 29709        | 4/9/84              | 18,000                | ----        | 26,000 | 6/5/84                       | 18,000          | Completion of the renovation of the building to be used as a medical clinic for Jefferson and the surrounding area |

EXHIBIT

JUL 24 1984 NO. 4

STATE BUDGET & CONTROL BOARD

000833

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF July 1984 Cont'd

| APPLICATIONS                 | NO. | AMOUNT |
|------------------------------|-----|--------|
| Balance Available For Grants |     |        |
| Approved To Date             |     |        |
| Disapproved To Date          |     |        |
| Pending                      |     |        |

(Above Figures Include Items In This Report)

2

| Name & Address of Applicant  | Date of Application | State Funds Requested | Other Funds         |       | Date Approved Or Disapproved | Amount Approved | Brief Description of Project  |
|--|---------------------|-----------------------|---------------------|-------|------------------------------|-----------------|---|
|  |                     |                       | Federal             | Local |                              |                 |   |
| 7. Sumter County<br>City-County Complex<br>Sumter, SC 29150              | 4/24/84             | 6,000                 | ----                | ----  | 6/5/84                       | 6,000           | Construction of a farmers market for the small, limited resource farmer                                   |
| 8. Lugoff Water District<br>P.O. Box 125<br>Lugoff, SC 29078             | 3/20/84             | 25,000                | 51,500 <sup>a</sup> | ----  | 6/5/84                       | 25,000          | Extension of water main to service a low to moderate income area  |
| 9. South Lynches Fire District<br>223 South Blvd.<br>Lake City, SC 29560 | 5/25/84             | 2,000                 | ----                | ----  | 6/5/84                       | 2,000           | Installation of signs to locate water points  |
| 10. City of Hartsville<br>133 W. Carolina Ave.<br>Hartsville, SC 29550   | 5/29/84             | 3,500                 | ----                | ----  | 6/5/84                       | 3,500           | Feasibility study of providing sewer service to a potential 400 acre industrial site                      |
| 11. Orangeburg County<br>P.O. Box 1000<br>Orangeburg, SC 29116           | 6/5/84              | 46,000                | ----                | ----  | 6/5/84                       | 46,000          | Purchase of equipment for the twenty three organized fire departments in Orangeburg County                |
| 12. Clarendon County<br>Courthouse<br>Manning, SC 29102                  | 5/2/84              | 10,000                | ----                | ----  | 6/8/84                       | 10,000          | Planning for the construction of an Intensive Care--Coronary Care Unit at the Clarendon Memorial Hospital |

FmHA loan

## EXHIBIT

JUL 24 1984 NO. 4

STATE BUDGET & CONTROL BOARD

000834

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF July 1984 Cont'd

| APPLICATIONS                 | DA | AMOUNT |
|------------------------------|----|--------|
| Balance Available For Grants |    |        |
| Approved To Date             |    |        |
| Disapproved To Date          |    |        |
| Pending                      |    |        |

(Above Figures Include Items In This Report)

| Name & Address of Applicant  | Date Of Application | State Funds Requested | Other Funds |       | Date Approved Or Disapproved | Amount Approved | Brief Description of Project  |
|--|---------------------|-----------------------|-------------|-------|------------------------------|-----------------|---|
|  |                     |                       | Federal     | Local |                              |                 |   |
| 13. Newberry County<br>P.O. Box 156<br>Newberry, SC 29108                | 4/18/84             | 12,000                | ----        | ----  | 6/8/84                       | 12,000          | Repairs and improvement to the facility serving adult mentally handicapped adults         |
| 14. Town of Lincolnville<br>P.O. Box 536<br>Summerville, SC 29484        | 6/11/84             | 5,000                 | ----        | ----  | 6/12/84                      | 5,000           | Exterior painting of Town Hall  |
| 15. Orangeburg County<br>P.O. Box 1000<br>Orangeburg, SC 29115           | 6/13/84             | 9,500                 | ----        | ----  | 6/19/84                      | 9,500           | Repairs and improvements to Goodland Ballfield  |
| 16. Piney Grove Neighborhood Service, Inc.<br>Rt. 1<br>Patrick, SC 29584 | 6/19/84             | 1,500                 | ----        | ----  | 6/19/84                      | 1,500           | Construction of restroom facilities at the community center.                              |
| 17. Lancaster County<br>P.O. Box 730<br>Lancaster, SC 29720              | 6/27/84             | 15,000                | ----        | ----  | 6/27/84                      | 15,000          | Installation of heating and air conditioning at the community center on East Barr Street  |
| 18. York County<br>P.O. Box 66<br>York, SC 29745                         | 6/27/84             | 5,000                 |             |       | 6/28/84                      | 5,000           | Plans for the construction of a new facility to house the alcohol and drug abuse programs |

# EXHIBIT

JUL 24 1984 NO. 4

STATE BUDGET & CONTROL BOARD

000835



BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENTS

RURAL IMPROVEMENT FUNDS

REPORT OF July 1984 Cont'd

| APPLICATIONS                 | BY | AMOUNT |
|------------------------------|----|--------|
| Balance Available For Grants |    |        |
| Approved To Date             |    |        |
| Disapproved To Date          |    |        |
| Pending                      |    |        |

(Above Figures Include Items In This Report)

4

| Name & Address of Applicant   | Date Of Application | State Funds Requested | Other Funds |                     | Date Approved Or Disapproved | Amount Approved | Brief Description of Project   |
|---|---------------------|-----------------------|-------------|---------------------|------------------------------|-----------------|--|
|   |                     |                       | Federal     | Local               |                              |                 |  |
| 19. Town of Ware Shoals<br>Mill St.<br>Ware Shoals, SC 29692                                    | 6/28/84             | 13,000                | ----        | 13,000 <sup>b</sup> | 6/29/84                      | 10,000          | Repairs to the community swimming pool                                     |
| 20. Town of Cowpens<br>P.O. Box 10<br>Cowpens, SC 29330   | 6/27/84             | 3,000                 | ----        | ----                | 7/3/84                       | 3,000           | Repairs to the old Southern Railroad Depot for use as a community building |
| 21. Marlboro County<br>P.O. Box 419<br>Bennettsville, SC 29512                                  | 6/28/84             | 6,000                 | ----        | ----                | 7/3/84                       | 6,000           | Construction of a farmer's market for the small, limited resource farmer   |
| 22. Pineville--Eadytown Community<br>Recreation League<br>Rt. 1, Box 225<br>Pineville, SC 29468 | 6/28/84             | 9,000                 | ----        | ----                | 7/9/84                       | 9,000           | Construction of recreation facilities                                      |
| 23. Dillon County<br>P.O. Box 449<br>Dillon, SC 29536   | 6/29/84             | 5,000                 | ----        | ----                | 7/10/84                      | 5,000           | Completion of the interior of the Floydale community center                |

# EXHIBIT

JUL 24 1984

NO. 4

STATE BUDGET & CONTROL BOARD

000836

# EXHIBIT

JUL 24 1984

NO. 5

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD  
BUDGET AGENDA

ITEM NUMBER

3

AGENCY: Francis Marion College

SUBJECT: Fee Increase

President Stanton advises that the State College Board of Trustees on July 11 authorized Francis Marion College to increase its fees from \$940 per academic year to \$1,020 per academic year, an increase of \$80. He indicates that \$40 per year will be applied to the education and general budget and that \$40 per year will be used to establish a maintenance and renovation reserve fund to finance various permanent improvements on the College campus.

President Stanton points out that the \$80 increase will generate \$195,200 total.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

Stanton July 12 letter to Putnam plus attachments

000837



# FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 669-4121

RECEIVED

JUL 13 1984

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

Office of the President

July 12, 1984

## EXHIBIT

JUL 24 1984 NO. 5

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam  
Executive Director  
State Budget and Control Board  
Post Office Box 12444  
Columbia, South Carolina 29211

Dear Mr. Putnam:

In accordance with provisions in The Appropriation Bill, this is to advise that the State College Board of Trustees at its meeting on July 11, 1984, authorized Francis Marion College to increase its fees from \$940 per academic year to \$1,020 per academic year.

The information requested is presented below:

- (1) Current Fee - \$940 per student per academic year.  
Education and General Revenue - \$2,284,937 (current fee).
- (2) Revised Fee - \$1,020. This is an \$80 increase; \$40 per year for Education and General Budget and \$40 per year to establish a Maintenance and Renovation Reserve Fund to support the implementation of the 1984-85 Annual Permanent Plan.  
Effective Date - Fall, Semester, 1984  
Number of Students to be assessed--2,440  
FTE based on Fall Enrollment, 1983.  
Revenue Generated by the Fee:
 

|   |           |
|---|-----------|
| (a) Education and General Revenue           | \$97,600  |
| (b) Maintenance and Renovation Reserve Fund | \$97,600  |
| TOTAL                                       | \$195,200 |

If additional information is required relating to this matter, please contact me.

Sincerely yours,

Thomas C. Stanton  
President

TCS/sgc

cc: Mr. N. Casey Frederick

000838

SECTION 15  
COMMISSION ON HIGHER EDUCATION

|                                | TOTAL<br>FUNDS | GENERAL<br>FUNDS |
|--------------------------------|----------------|------------------|
| TOTAL EMPLOYEE BENEFITS        | 109,003        | 109,003          |
| TOTAL COMMISSION OF HIGHER ED. | 3,184,768      | 3,184,768        |
| TOTAL AUTHORIZED FTE POSITIONS | (22.00)        | (22.00)          |

Provided, That the amount appropriated in this Section for "Southern Regional Education Board Contract Programs," whatever amount may be necessary and appropriated is to be used by the Commission to pay to the Southern Regional Education Board the required contract fees for South Carolina students enrolled under the Contract for Services program of the Southern Regional Education Board, in specific degree programs in specified institutions.

Provided, Further, That of the funds appropriated herein for the Desegregation Allocation to CHE for Other Institutions, the Commission on Higher Education shall allocate such funds to the affected higher education institutions and state agencies upon Commission approval of the requests from higher education institutions and state agencies in accordance with the approved State Desegregation Plan. Such approved allocation shall be disseminated to the news media so that the general public may be aware of how these funds will be spent.

→ Provided, Further, That all colleges and universities must notify the Ways and Means Committee, the Senate Finance Committee, the State Budget and Control Board, and the Joint Appropriations Review Committee of any fee increase within ten days of the approval of the increase by the respective board of trustees of the college or university. The notification must provide: ←

(1) The current amount of fee per student, the estimated, or if available, the actual amount of revenue to be generated by the current fee;

(2) The amount of fee increase approved, the new per-student fee, the effective date of the new fee, an estimate of the number of students to be assessed the new fee, and the total estimated revenue to be generated by the new fee.

Provided, Further, That before any local area higher education commission may acquire or dispose of any real property, except undeveloped real property, the approval of the Budget and Control Board must be obtained.

## EXHIBIT

JUL 24 1984      NO. 5

000839

STATE BUDGET & CONTROL BOARD



# EXHIBIT

JUL 24 1984 NO. 6

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD AGENDA  
MEETING OF JULY 24, 1984 ITEM NUMBER

4

AGENCY: Executive Director

SUBJECT: Personal Use of State-owned Automobiles

The 1984-85 General Appropriations Act removed the provision which directed the Board to institute a charge for the personal use of State-owned motor vehicles and replaced it with a provision directing the Board to establish a formula for calculating and a method for reporting economic value of the personal use of State-owned motor vehicles.

A plan for complying with Section 156 of Part I of the Appropriations Act is presented in the attachments.

BOARD ACTION REQUESTED:

Consider for adoption.

ATTACHMENTS:

Putnam July 13 memorandum plus referenced plan

000840

# EXHIBIT

State of South Carolina

## State Budget and Control Board

JUL 24 1984

NO. 6

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

Box 12444  
Columbia  
29211

### STATE BUDGET & CONTROL BOARD

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

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 13, 1984

MEMORANDUM TO: Budget and Control Board Members  
FROM: William T. Putnam *WTP*  
SUBJECT: Personal Use of State Owned Automobiles

Part I, Section 164 of the 1983-84 Appropriations Act, reads as follows:

The General Assembly, in recognition of the need to meet certain reporting requirements relating to information returns to be submitted to the Internal Revenue Service, hereby directs the Budget and Control Board to immediately institute a charge for the personal use of State-owned motor vehicles.

In the 1984-85 General Appropriations Act this section was omitted and was replaced by Section 156, Part I, which reads as follows:

The General Assembly, in recognition of the need to meet certain reporting requirements relating to information returns to be submitted to the Internal Revenue Service, hereby directs the Budget and Control Board to establish a formula for calculating and a method for reporting economic value of the personal use of State-owned motor vehicles.

We have attached a formula and a plan for your study, and would appreciate your contacting Bill McInnis at 758-5606 if you have any questions or concerns. I will be out of town during the week of July 16, but have asked Bill McInnis to include this plan on the blue agenda for the meeting of July 24, 1984, unless he hears otherwise from one or more of you.

WTP/nk

Attachment

000841

# EXHIBIT

JUL 24 1984 NO. 6

BUDGET AND CONTROL BOARD  
Plan for Complying With Part I, Section 156  
General Appropriations Act for 1984-85

STATE BUDGET & CONTROL BOARD

1. No personal use of a State-owned automobile will be permitted except for commuting and emergency situations which may arise.
2. The economic value for commuting or emergency personal use will be computed at 20.5c per mile.
3. Reporting procedures for determining the number of miles driven which are presently in place will be continued.
4. The Budget and Control Board will furnish a year-end report form to each agency, and the agency head or his/her designee will be responsible for completing the form, certifying as to its accuracy, and submitting it to the Division of Motor Vehicle Management on or before January 8, 1985.
5. After the forms have been collected, they will be forwarded to the Comptroller General's Office, and the amounts will be included on a W2 form for federal reporting purposes.
6. Payment must be made for commuting and emergency personal use through June 30, 1984. For the calendar year 1984, the economic value will be computed for miles driven between July 1, 1984, and December 31, 1984.
7. The same individuals who are excluded from the requirements of paying for personal use of State-owned automobiles presumably would be excluded from the requirements of reporting economic value. Individuals receiving the assignment of a State-owned automobile in the future will be subject to the same procedures for determination of status as were conducted at the time of implementation of the personal usage charge on January 1, 1984.

7/13/84 WTP/nk

000842

# EXHIBIT

JUL 24 1984

NO. 7

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD AGENDA

MEETING OF JULY 24, 1984

ITEM NUMBER

5

AGENCY: General Services (Property Management)

SUBJECT: Easements

- (a) An easement is proposed which would permit the Department of the Navy to construct, operate and maintain an amphibious vehicle launch ramp at the Naval Weapons Station in the waters of Goose Creek, Charleston County.
- (b) An easement is proposed which would permit the City of Charleston Commissioners of Public Works to install, operate and maintain a subaqueous 30-inch ductile water line across the Stono River and Penny's Creek in Charleston County.

BOARD ACTION REQUESTED:

Approve.

ATTACHMENTS:

Agenda item worksheets plus attachments

000843



BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

July 24, 1984

☒ Blue Agenda  
☐ Regular Session Agenda  
☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Property Management Section - General Services Division

(b) Authorized Official Signature: Charles I. Small, Asst. Dir. of General Services

2. Subject:

Right-of-Way Easement, Department of the Navy

3. Summary Background Information:

The Department of the Navy plans to construct, operate and maintain an amphibious vehicle launch ramp at the Naval Weapons Station, in the waters of Goose Creek, Charleston County, South Carolina.

This Easement has been reviewed and approved by the Attorney General's Office and executed by Mr. M. D. Miller on behalf of the Department of the Navy.

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve Easement

5. What is recommendation of the Board Division involved?

Approval of Easement

6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

1. Original Easement
2. Copy of memo, Attorney General's Office

000844

(a)

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK  
ATTORNEY GENERAL

DIVISION OF GENERAL SERVICES  
300 GERVAIS STREET  
COLUMBIA SC 29201  
TELEPHONE 803 758 3688



July 12, 1984

MEMORANDUM

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

TO: Charles Small  
Property Management

FROM: Delphine Bigony *DB*

SUBJECT: Right-of-Way Easement  
Department of the Navy

Enclosed herein please find an original Right-of-Way Easement to the United States of America, Department of the Navy, for the purpose of constructing, operating, and maintaining an amphibus vehicle launch ramp at the Naval Weapons Station, in the waters of Goose Creek, Charleston County, South Carolina. This Easement has been reviewed and approved by the Attorney General's Office and executed by Mr. M. D. Miller on behalf of the Department of the Navy.

Please review this Easement and if same meets with your approval, please submit it to the Budget and Control Board at the appropriate time for its execution.

/db

Enclosure

cc: Kenneth P. Woodington, Attorney  
Mr. Jeffrey F. Havel

000845

# EXHIBIT

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF CHARLESTON )

JUL 24 1984 NO. 7  
EASEMENT  
STATE BUDGET & CONTROL BOARD

THIS EASEMENT, made and entered into this 26<sup>th</sup> day  
of June, 1984, by and between the State  
of South Carolina, Budget and Control Board, as Grantor (here-  
inafter "STATE"), and The United States of America, Department  
of the Navy, as Grantee (hereinafter "NAVY").

## WITNESSETH

WHEREAS, NAVY has the authority to acquire right-of-way  
easements under Public Law 10 U.S.C. 2672. Said NAVY's mailing  
address is Commanding Officer, Southern Division, Naval Facili-  
ties Engineering Command, Post Office Box 10068, Charleston,  
South Carolina 29411; and

WHEREAS, NAVY proposes to construct, operate, and maintain  
an amphibus vehicle launch ramp at the Naval Weapons Station,  
in the waters of Goose Creek, Charleston County, South Carolina.  
Said amphibus vehicle launch ramp and easement area are more par-  
ticularly shown and delineated on Drawing No. PRE-2489 entitled  
"NAVAL WEAPONS STATION, CHARLESTON, S.C., PUBLIC WORKS DEPARTMENT,  
SURVEY OF BOAT RAMP, NAVWPNSTA S. ANNEX," dated 5/16/84, which is  
attached hereto and incorporated herein by reference as Exhibit  
A; and

WHEREAS, the STATE is the prima facie owner, in trust, of  
the beds of navigable streams in the State as well as marshlands  
lying below the mean high water line; and

WHEREAS, pursuant to Section 1-11-90 of the Code of Laws of  
the State of South Carolina, 1976, as amended, the STATE is

000846

empowered to grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, operation, and maintenance of boat ramps over, on, or under such land or marshland as are owned by the STATE; and

WHEREAS, NAVY is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto NAVY, its successors and assigns, a Right-of-Way Easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Charleston County and lying below the mean high water line.

This easement of right-of-way shall be used solely for the purposes incidental with the construction, operation, and maintenance of said amphibus vehicle launch ramp in Goose Creek, Charleston County, South Carolina, which is more particularly described as follows:

Commencing at a brass disc, stamped 4-1942, at the southwest corner of the Transportation Corps Dock on the Cooper River near its Junction with Goose Creek; thence N 48°32' E along the dock face for 1190 feet to a point; thence N 14°13'26" W for 743.26 feet to a point; thence N 42°04'40" E for 44 feet, more or less, to the bank of Goose Creek being the POINT OF BEGINNING; thence N 42°04'40" E parallel to the boat ramp for 40 feet to a point; thence N 48°28'20" W for 62 feet to a point; thence S 42°04'40" W for 34 feet, more or less, to the bank of Goose Creek; thence northwesterly along the bank about 62 feet to the POINT OF BEGINNING. The actual easement area is 40 feet from the mean high water mark on a bearing of N 42°04'40" E and measures 62 feet across on a bearing of N 48°28'20" W.

000847



The amphibus vehicle launch ramp and easement area are more particularly shown and delineated on Drawing No. PRE-2489 entitled "NAVAL WEAPONS STATION, CHARLESTON, S.C., PUBLIC WORKS DEPARTMENT, SURVEY OF BOAT RAMP, NAVWPNSTA S. ANNEX," dated 5/16/84, which is attached hereto and incorporated herein by reference as Exhibit A.

This Easement of right-of-way is subject to all easements and rights-of-way of record or which may be revealed by inspection of the property and extends only to the STATE's prima facie ownership.

NAVY hereby agrees and covenants with the STATE that NAVY, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. NAVY shall use the easement area solely for the purposes incidental with the construction, operation, and maintenance of said amphibus vehicle launch ramp and shall maintain such easement area and launch ramp in good condition.

NAVY further agrees and covenants that NAVY shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the Easement granted herein to the extent allowable by law.

In the event of major mainenance, after construction, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified

000848

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

in writing prior thereto.

NAVY will comply with and be bound by any and all applicable State statutes, regulations, and terms and conditions of any permits or agreements concerning this project and any and all lands and waters involved therewith.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE, if NAVY, its successors and assigns: (1) quits and abandons all use of such amphibus vehicle launch ramp, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms or conditions herein, provided further, it is understood and agreed that this Easement is not to be construed as an Easement granted to the exclusion of the STATE or to others later granted a similar right.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 24 day of July, 1984.

WITNESSES:

Karl M. Hefner

William A. McAnis

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD

BY: Richard W. Riley  
Governor Richard W. Riley

THE UNITED STATES OF AMERICA  
DEPARTMENT OF THE NAVY

Elizabeth L. Doherty

Bertora J. Freeman

BY: M. D. Miller  
for W.M. Robinson, Jr Director  
Real Estate Division

ATTORNEY GENERAL'S OFFICE

Approved: Kenneth B. Woodly

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

PERSONALLY appeared before me William A. McInnis  
and made oath that he/~~she~~ saw the within-named State of South  
Carolina, Budget and Control Board, by Governor Richard W. Riley,  
sign, seal, and as its act and deed deliver the within-written  
Easement, and that he/~~she~~, along with Katherine M. Hepfer,  
witnessed the execution thereof.

William A. McInnis

SWORN to before me this 24th  
day of July, 1984.  
Bonnie G. Williams (L.S.)  
Notary Public for South Carolina

My Commission Expires: May 3, 1989

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF CHARLESTON )

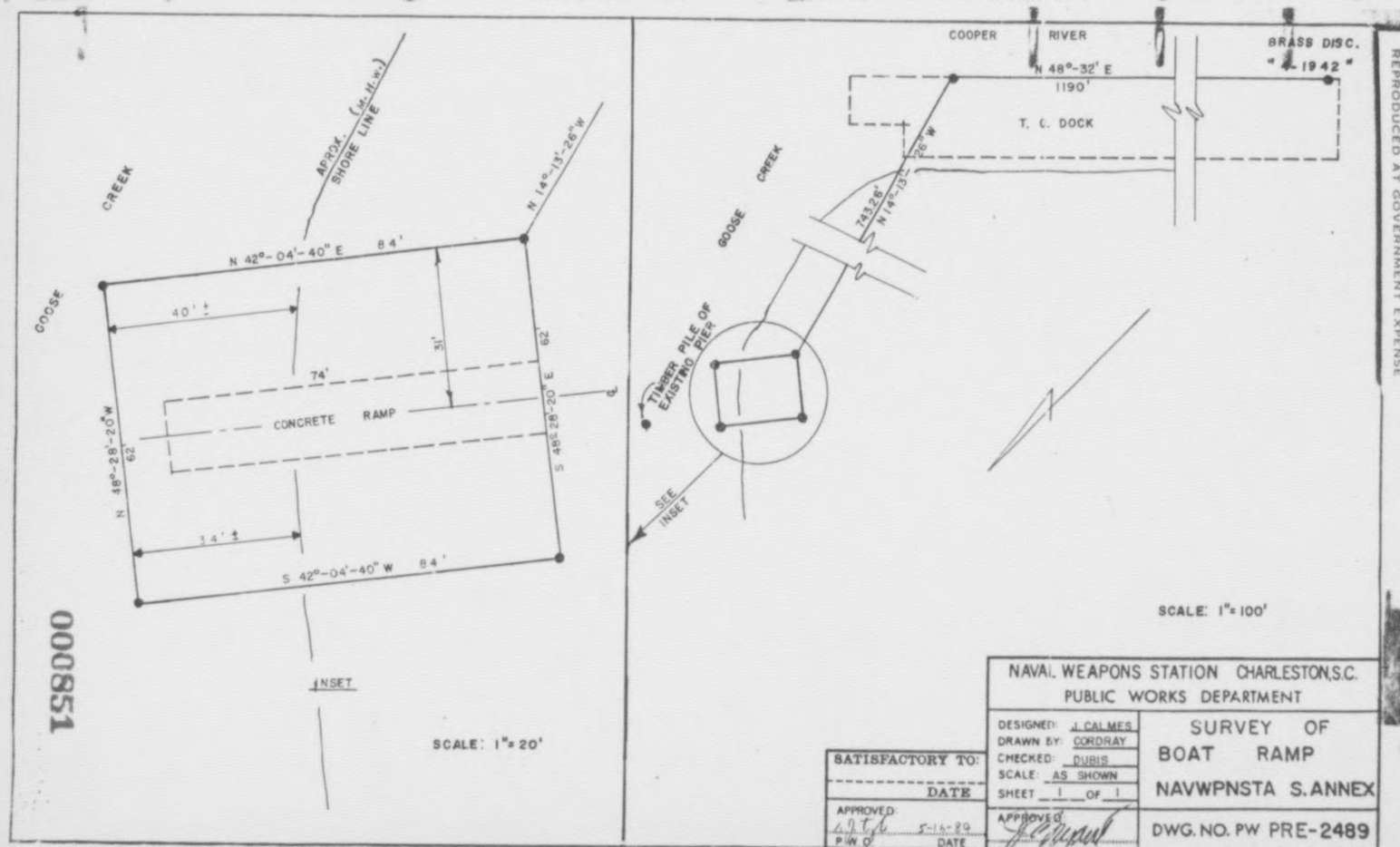
PERSONALLY appeared before me Elizabeth S. Dotson  
and made oath that he/she saw the within-named United States of  
America, Department of the Navy, by its Director of Real Estate,  
M.D. Miller, sign, seal, and as its act and deed deliver the within-  
written Easement, and that he/she, along with Barbara J. Freeman,  
witnessed the execution thereof.

Elizabeth S. Dotson

SWORN to before me this 24th  
day of June, 1984.  
Harley Katter Johnson (L.S.)  
Notary Public for South Carolina

My Commission Expires: 3/25/91

000850





BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

July 26, 1984

☒ Blue Agenda  
☐ Regular Session Agenda  
☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Property Management Section - General Services Division

(b) Authorized Official Signature: Charles I. Small, Asst. Dir. of General Services

2. Subject:

Right-of-Way Easement, Commissioners of Public Works

3. Summary Background Information:

The Commissioners of Public works plan to install, operate, and maintain a subaqueous 30" ductile water line across the Stono River and Penny's Creek in Charleston County, South Carolina.

This Easement has been reviewed and approved by the Attorney General's Office and executed by Mr. John Bettis on behalf of the Commissioners of Public Works.

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve

5. What is recommendation of the Board Division involved?

Approve

6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature:

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

1. original Easement
2. copy of memo, Attorney General's Office

(b)

000852

The State of South Carolina EXHIBIT



JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

T. TRAVIS MEDLOCK  
ATTORNEY GENERAL

DIVISION OF GENERAL SERVICES  
300 GERVASIS STREET  
COLUMBIA S.C. 29201  
TELEPHONE 803 758 3688

July 13, 1984



MEMORANDUM

TO: Charles Small  
Property Management

FROM: Delphine Bigony *DB*

SUBJECT: Right-of-Way Easement  
Commissioners of Public Works

Enclosed herein please find an original Right-of-Way Easement to the Commissioners of Public Works for the purpose of installing, operating, and maintaining a subaqueous 30" ductile water line across the Stono River and Penny's Creek in Charleston County, South Carolina. This Easement has been reviewed and approved by the Attorney General's Office and executed by Mr. John Bettis on behalf of the Commissioners of Public Works. Please review this Easement and submit same to the Budget and Control Board at the appropriate time for their execution.

/db

Enclosure

cc: Kenneth P. Woodington, Attorney  
Mr. Jeffrey F. Havel

000853

# EXHIBIT

STATE OF SOUTH CAROLINA )  
COUNTY OF CHARLESTON )

JUL 24 1984 NO. 7  
EASEMENT

STATE BUDGET & CONTROL BOARD

THIS EASEMENT, made and entered into this 12<sup>th</sup> day of July, 1984, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and The Commissioners of Public Works, as Grantee (hereinafter "COMMISSIONERS").

## WITNESSETH

WHEREAS, COMMISSIONERS, an agency of the City of Charleston, is organized to provide water and waste water service to the City of Charleston and water service to the surrounding area within the State of South Carolina. COMMISSIONER's mailing address is 14 George Street, Post Office Drawer B, Charleston, South Carolina 29402; and

WHEREAS, COMMISSIONERS propose to install, operate, and maintain a subaqueous 30" ductile water line across the Stono River and Penny's Creek in Charleston County, South Carolina. Said subaqueous water line and easement area are more particularly shown and delineated on a Drawing entitled Proposed 30" Ductile Iron Water Main Under The Stono River And Penny's Creek Located In Charleston, South Carolina, dated December 19, 1983, and on Drawings showing each crossing of the waterway individually, which are attached hereto and incorporated herein respectively as Exhibits A, B, and C; and

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and

WHEREAS, pursuant to Section 1-11-90 of the Code of Laws of South Carolina, 1976, as amended, the STATE is empowered to

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grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, installation, operation, and maintenance of water lines over, on, or under such land or marshland as are owned by the STATE; and

WHEREAS, COMMISSIONERS is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto COMMISSIONERS, its successors and assigns, a Right-of-Way Easement in, to, upon and over the below described portions of riverbeds and marshlands; such riverbeds and marshlands situate in Charleston County and lying below the mean high water line.

This Easement of right-of-way shall be used solely for the purposes incidental with the installation, operation, and maintenance of said 30" ductile subaqueous water line across Stono River and Penny's Creek in Charleston County, South Carolina, which is described as follows:

Commencing at a point near the mean high water line on the east side of the Stono River above the bridge where the SC Hwy 700 bridge crossing is located, and extending across the Stono River to the west bank approximately 1,416 feet. The easement area is 20 feet in width and is bounded on the east by property of Anna Ellis, on the northwest by property of Irene C. Brunson, and on the southwest by property of B. A. Foreman.

also

Commencing at a point near the mean high water line on the east side of Penny's Creek above the bridge where the SC Hwy

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700 bridge crossing is located, and extending across Penny's Creek to the west bank approximately 120 feet. The easement area is 20 feet wide and is bounded on the northeast by property of L. Douglas Allen, on the southeast by property of B. A. Foreman, and on the west by property of Fenwick Hall.

The two (2) easement areas are more particularly shown and delineated on a Drawing entitled Proposed 30" Ductile Iron Water Main Under The Stono River And Penny's Creek Located In Charleston, South Carolina, dated December 19, 1983, and on drawings showing each crossing of the waterway individually, which are all attached hereto and incorporated herein by reference as Exhibits A, B, and C.

This Easement of right-of-way is subject to all easements and rights-of-way of record or which may be revealed by inspection of the property and extends only to the STATE's prima facie ownership.

COMMISSIONERS hereby agrees and covenants with the STATE that COMMISSIONERS, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. COMMISSIONERS shall use the easement areas solely for the purposes incidental with the installation, operation and maintenance of said 30" ductile subaqueous water line and shall maintain such easement areas and water line in good condition.

COMMISSIONERS further agrees and covenants that COMMISSIONERS shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is

incident to the installation, operation, maintenance, or use of the Easement granted herein to the extent allowable by law.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

COMMISSIONERS will comply with and be bound by any and all applicable State statutes, regulations, and terms and conditions of any permits or agreements concerning this project and any and all lands and waters involved therewith.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if COMMISSIONERS, its successors and assigns: (1) quits and abandons all use of such 30" ductile water line, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein, provided further, it is understood and agreed that this Easement is not to be construed as an easement granted to the exclusion of the STATE, or to others later granted a similar right.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 24 day of July, 1984.

WITNESS:

Katherine H. Neeson  
William A. McAnis

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD

BY: Richard W. Riley  
Governor Richard W. Riley

WITNESSES:

Mary J. O'Neil  
Elvira R. Oliver

COMMISSIONERS OF PUBLIC WORKS

BY:

John R. Bettis  
John R. Bettis  
Manager and Engineer

ATTORNEY GENERAL'S OFFICE

Approved:

Kenneth P. Woodliff

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

000858

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

PERSONALLY appeared before me William A. McInnis  
and made oath that he/~~she~~ saw the within-named State of South  
Carolina, Budget and Control Board, by Governor Richard W. Riley,  
sign, seal, and as its act and deed deliver the within-written  
Easement and that he/~~she~~, along with Katherine M. Hepfer,  
witnessed the execution thereof.

William A. McInnis

SWORN to before me this

24th day of July, 1984.

Donna R. Williams (L.S.)  
Notary Public for South Carolina

My Commission Expires: May 3, 1989

EXHIBIT

JUL 24 1984 NO. 7

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF CHARLESTON )

PERSONALLY appeared before me Mary F. Carter  
and made oath that he/she saw the within-named Commissioners of  
Public Works by its Manager and Engineer, John R. Bettis, sign,  
seal, and as its act and deed deliver the within-written Easement,  
and that he/she, along with Shelia R. Oliver, witnessed  
the execution thereof.

Mary F. Carter

SWORN to before me this

12th day of JULY, 1984.

Steve W. Zinn (L.S.)  
Notary Public for South Carolina

My Commission Expires: Oct. 14, 1987

000859



1. ALLEN, L. DOUGLAS: ROUTE 2 BOX 256  
JOHN'S ISLAND, SC 29485  
2. FEWICK HALL: 1/4 MEYER LIPMAN  
867 SOUTH COLONY DR APT 109  
CHARLESTON, SC 29407  
3. MOREMAN, B.A.: 2300 BREYARD RD  
CHARLESTON, SC 29407  
4. KEMRLAND, A PARTNERSHIP: 683 PELZER DRIVE  
MOUNT PLEASANT, SC 29464  
5. BRUNSON, IRENE C: BOX 2485 STATION A  
CHARLESTON, SC 29405  
6. LELIS, ANNA SW ETAL: 686 FOLLY RD.  
CHARLESTON, SC 29412

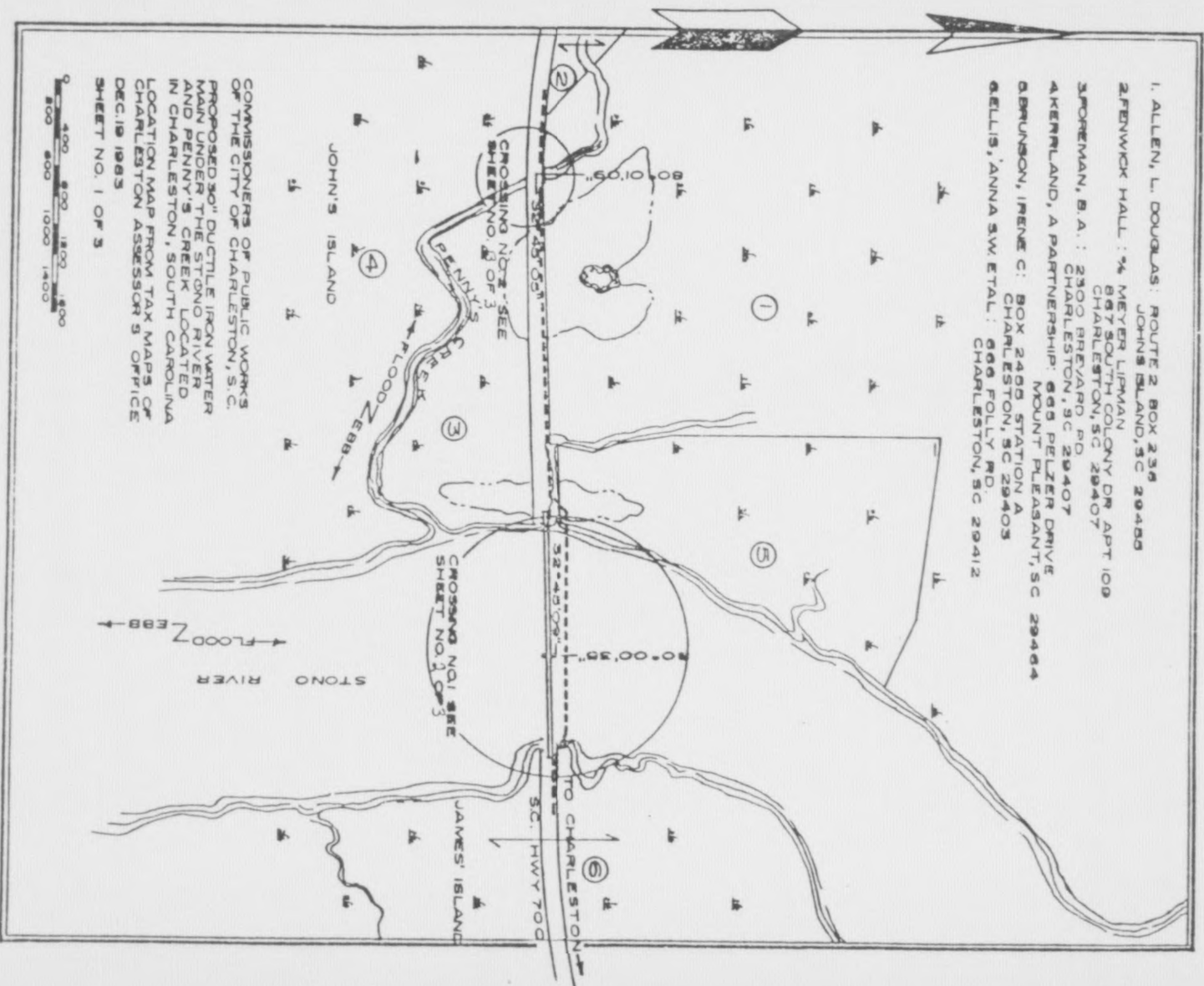


Exhibit A

000860

COMMISSIONERS OF PUBLIC WORKS  
OF THE CITY OF CHARLESTON, S. C.  
PROPOSED 30" WATER MAIN UNDER  
THE STONO RIVER IN COUNTY OF  
CHARLESTON, SOUTH CAROLINA  
APPROXIMATE DISPLACED MATERIAL  
WILL BE 600 CUBIC YARDS. ALL  
DISPLACED MATERIAL SHALL BE  
USED AS BACKFILL

DEC. 19, 1983

SHEET NO. 2 OF 3

SCALE: HORIZ.: 1" = 200'  
VERT.: 1" = 20'

AMS 4949 I SE SERIES V846

↑ FLOOD ZONE ↓

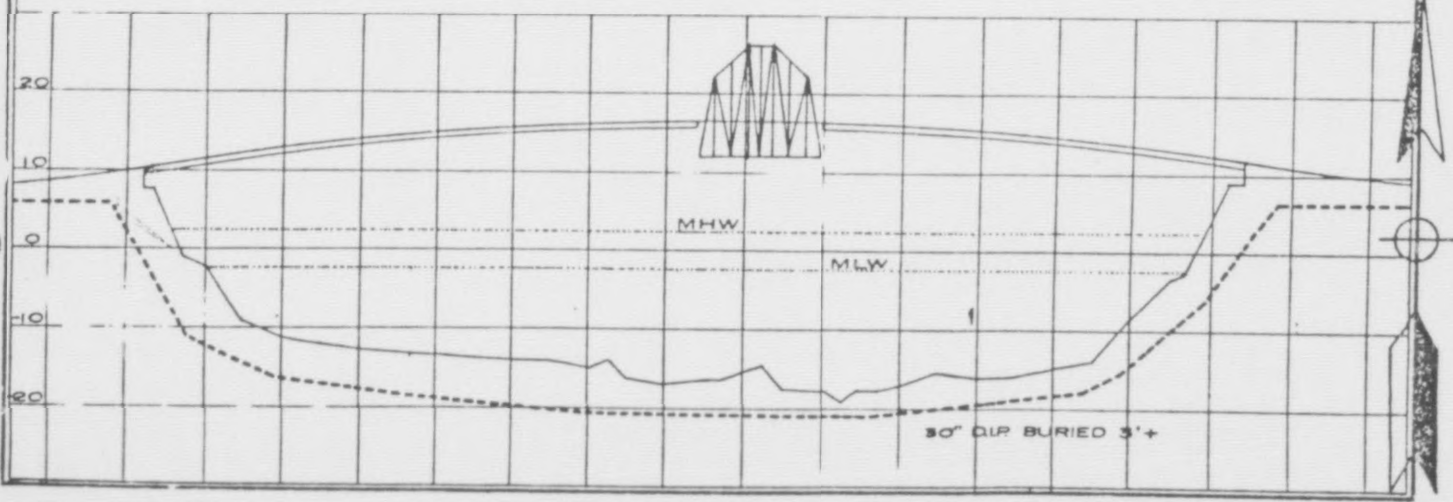
STONO RIVER

80'-00" ±

32° 45' 09"

SC HWY 700

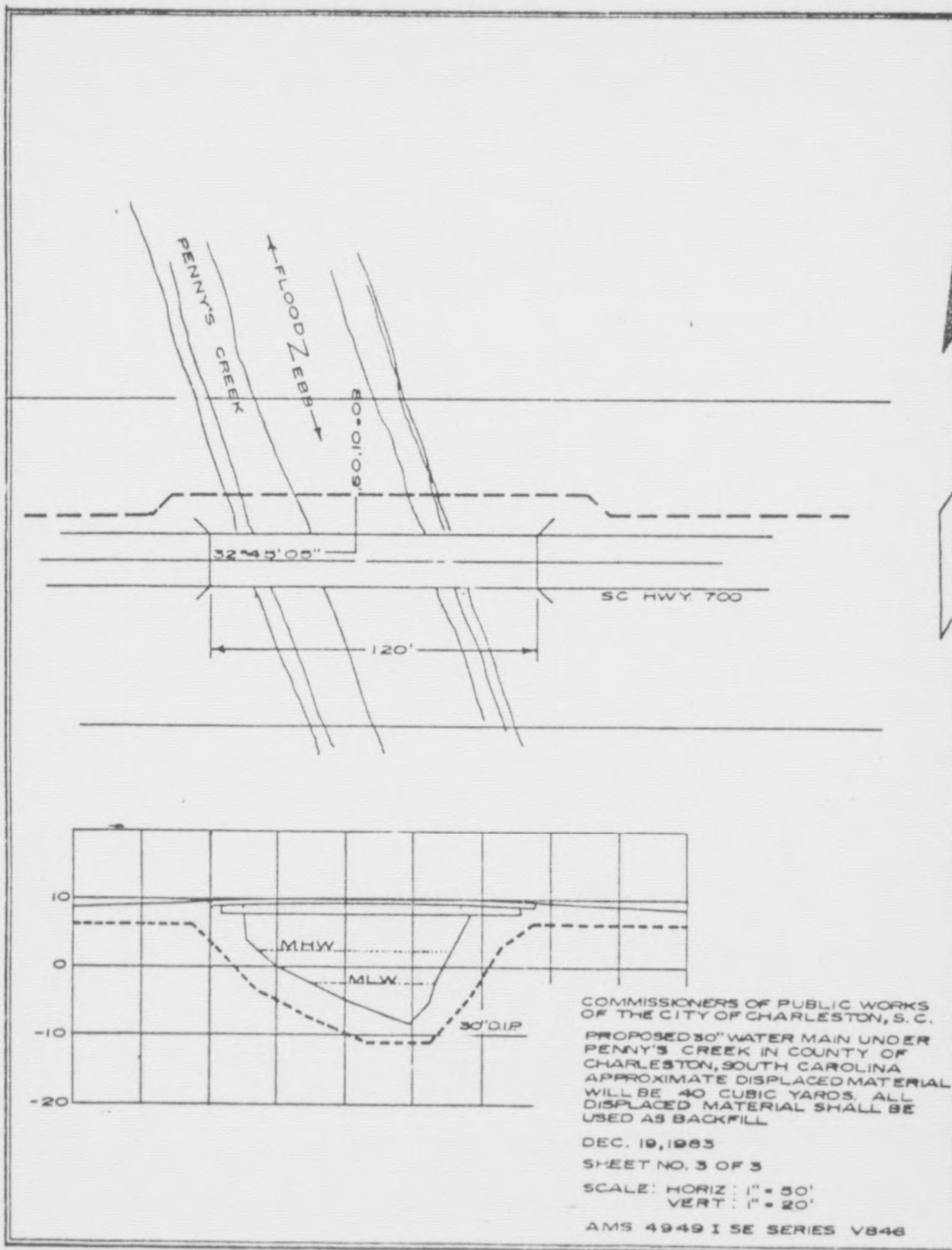
1416'



000861

Exhibit B

6 of 7



# EXHIBIT

JUL 24 1984

NO. 8

STATE BUDGET AND CONTROL BOARD AGENDA  
MEETING OF JULY 24, 1984

ITEM NUMBER

6

AGENCY: Budget Division

SUBJECT: 1983-84 Full-Time-Equivalent Operating Report for June

The Division advises that no changes were made in the position base during the month of June.

Their information indicates that a total of 421.88 full-time-equivalent positions were added during fiscal year 1983-84. A reduction of 309.01 State positions and 13.51 federal positions coupled with an increase of 744.4 other positions produced that net change.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

Agenda item worksheet plus attachments

000863



## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

☒ Blue Agenda  
☐ Regular Session Agenda  
☐ Executive Session Agenda

July 24, 1984

## 1. Submitted By:

(a) Agency: State Budget Division(b) Authorized Official Signature: Samuel A. Collier Jr.2. Subject: 1983-84 FTE Operating Report For The Month of June

## 3. Summary Background Information:

This monthly report is submitted in accordance with Section 149 of the 1983-84 Appropriation Act.

This is the Final Report for Fiscal Year 1984. Total changes for 1983-84 as authorized by the Joint Legislative Committee and the Budget and Control Board are as follows:

|                           | Total<br>FTE<br>Positions | State<br>FTE<br>Positions | Federal<br>FTE<br>Positions | Other<br>FTE<br>Positions |
|---------------------------|---------------------------|---------------------------|-----------------------------|---------------------------|
| FTE Position Base 6/30/84 | 58,730.78                 | 33,954.13                 | 8,370.90                    | 16,405.75                 |
| Less:                     |                           |                           |                             |                           |
| 1983-84 Appropriation Act | 58,308.90                 | 34,263.14                 | 8,384.41                    | 15,661.35                 |
| Total Changes             | 421.88                    | (309.01)                  | (13.51)                     | 744.40                    |

## 4. What is Board asked to do?

Information Only.

EXHIBIT

JUL 24 1984 NO. 8

STATE BUDGET &amp; CONTROL BOARD

## 5. What is recommendation of the Board Division involved?

Collier  
 Recommended By:

## 6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

## 7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
 from Submitter

1. Authorized FTE Position Monthly Report.

000864

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
STATE BUDGET DIVISION  
406 WADE HAMPTON STATE OFFICE BUILDING  
COLUMBIA, S.C. 29201  
(803) 758-3106

EXHIBIT

JUL 24 1984

NO. 8

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



JESSE A. COLES, JR., Ph.D.  
DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 17, 1984

The Honorable James M. Waddell, Jr.  
Joint Legislative Committee on Personal  
Service Financing and Budgeting  
213 Gressette Building  
Columbia, South Carolina 29201

Dear Senator Waddell:

Enclosed, please find a copy of the 1983-84 Operating Report for the month of June, reflecting no change.

Total changes as authorized by the Joint Legislative Committee and the Budget and Control Board are as follows:

|  | Total<br>FTE<br>Positions | State<br>FTE<br>Positions | Federal<br>FTE<br>Positions | Other<br>FTE<br>Positions |
|--|---------------------------|---------------------------|-----------------------------|---------------------------|
| FTE Position Base 6/30/84                      | 58,730.78                 | 33,954.13                 | 8,370.90                    | 16,405.75                 |
| Less:  |                           |                           |                             |                           |
| FTE Positions Per 1983-84<br>Appropriation Act | 58,308.90                 | 34,263.14                 | 8,384.41                    | 15,661.35                 |
| Total Changes                                  | 421.88                    | (309.01)                  | (13.51)                     | 744.40                    |

If you should have any questions please feel free to call.

Sincerely,

Jesse A. Coles, Jr., Ph.D.  
Director

JAC/dd

Enclosure

000865

# EXHIBIT

JUL 24 1984 NO. 8

STATE BUDGET DIVISION  
1983-84 FULL-TIME-EQUIVALENT POSITION STATE BUDGET & CONTROL BOARD  
OPERATIONAL REPORT  
FOR THE MONTH OF JUNE, 1984

| SECTION<br>NO. | AGENCY  | TOTAL<br>FTE<br>POSITIONS | STATE<br>FTE<br>POSITIONS | FEDERAL<br>FTE<br>POSITIONS | OTHER<br>FTE<br>POSITIONS |
|----------------|---|---------------------------|---------------------------|-----------------------------|---------------------------|
|                | Total Authorized FTE Position<br>Base 6/1/84  | 58,730.78                 | 33,954.13                 | 8,370.90                    | 16,405.75                 |
|                | June<br>Authorized Changes                    |                           |                           |                             |                           |
|                |   | <u>NO CHANGE</u>          |                           |                             |                           |
|                | Total Authorized FTE<br>Position Base 6/30/84 | 58,730.78                 | 33,954.13                 | 8,370.90                    | 16,405.75                 |
|                | Total Filled FTE Positions<br>6/30/84         | 54,187.16                 | 31,781.02                 | 7,284.00                    | 15,122.14                 |
|                | Total Vacant FTE Positions<br>6/30/84         | 4,543.62                  | 2,173.11                  | 1,086.90                    | 1,283.61                  |

Note: This report does not include 698.00 Legislative employees.

Prepared By:  
The State Budget Division  
July 17, 1984

000866

# EXHIBIT

JUL 24 1984

NO. 9

STATE BUDGET AND CONTROL BOARD AGENDA  
MEETING OF JULY 24, 1984

ITEM NUMBER

7

AGENCY: Budget Division

SUBJECT: Statutory Report on Appropriations Bill (Final)

The attached report shows a 1984-85 spending limit of \$2,659,110,578; a State employee full-time-equivalent limit of 41,105.02 with the final appropriations act providing for 35,938.85 positions; and the detailed analysis of the authorized positions included.

Please refer to attachments for details.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

Agenda item worksheet plus attachment

000867



## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

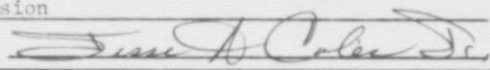
For meeting scheduled for:

July 24, 1984

☒ Blue Agenda☐ Regular Session Agenda☐ Executive Session Agenda

## 1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: 

## 2. Subject:

State Budget Division Statutory Report

## 3. Summary Background Information:

At each step in the Appropriation process the State Budget Division is required, by law, to submit several statutory reports to the next committee then considering the Bill. Attached is the required report on the Final 1984-85 Appropriation Bill which reflects all changes through the Free Conference and the Governor's Vetoes.

EXHIBIT

JUL 24 1984

NO. 9

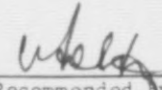
STATE BUDGET &amp; CONTROL BOARD

## 4. What is Board asked to do?

For Information Only.

## 5. What is recommendation of the Board Division involved?

For Information Only.

  
Recommended By:

## 6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

## 7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

1. State Budget Division's  
Statutory Report.

000868

EXHIBIT

JUL 24 1984 NO. 9

STATE BUDGET & CONTROL BOARD

STATE BUDGET DIVISION  
REPORT  
ON THE  
FINAL  
APPROPRIATION BILL  
THROUGH  
THE FREE CONFERENCE  
AND  
GOVERNOR'S VETOES

July 10, 1984

000869

# EXHIBIT

JUL 24 1984 NO. 9

STATE BUDGET & CONTROL BOARD

## STATE BUDGET DIVISION 1984-85 ESTIMATED ANNUAL LIMITATION ON STATE SPENDING

## GENERAL FUND PLUS STATE HIGHWAY TRUST FUND

### Calculation of the 1983-84 Expenditure Base:

|   |                  |
|---|------------------|
| 1983-84 Appropriation Act   | \$ 2,121,900,556 |
| Less: Deobligated Debt Service Fund   | (9,100,000)      |
| Estimated General Fund Lapses   | (4,000,000)      |
| 1983-84 Highway Department Estimated Revenue<br>Per 1983-84 Detailed Budget                   | 246,844,000      |
| Part III, 1983-84 Surplus Appropriated to the<br>General Reserve Fund                         | 40,443,293       |
| Part IV, 1983-84 Supplemental Appropriation as<br>Contained in the 1984-85 Appropriation Bill | 52,448,595       |
| 1983-84 Total Estimated Expenditures  | \$ 2,448,536,444 |
| Three Year Average Personal Income Growth for<br>Calendar Years 1981, 1982, and Est. 1983     | X 1.0860         |
| 1984-85 Spending Limit  | \$ 2,659,110,578 |

In Compliance with Section 11-33-40 of the 1981 Cumulative Supplement to the 1976 Code.

July 10, 1984

000870

1984-85

FTE

POSITION

REPORT

July 10, 1984

000871



# EXHIBIT

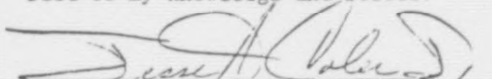
JUL 24 1984 NO. 9

STATE BUDGET DIVISION  
1984-85  
COMPUTATION OF ANNUAL LIMITATION ON  
THE NUMBER OF STATE EMPLOYEES

STATE BUDGET & CONTROL BOARD

|   |  |
|---|--|
| 1980-81 State Population  | <u>3,191,996</u>                         |
| 1980-81 State Employees (FTE)   | <u>38,183.69</u>                         |
| 1980-81 Ratio of State Employees (FTE)<br>To Total State Population           | $\frac{38,183.69}{3,191,996} = 1.1962\%$ |
| 1984-85 State Population Estimate   | 3,436,300                                |
| 1980-81 State Employees (FTE) Ratio<br>to Total State Population              | X .011962                                |
| 1984-85 State Employees (FTE) Limitation                                      | <u>41,105.02</u>                         |
| 1984-85 Budget & Control Board Recommendation<br>State Funded Employees (FTE) | <u>35,088.05</u>                         |
| 1984-85 Ways & Means Committee Bill<br>State Funded Employees (FTE)           | <u>35,232.75</u>                         |
| 1984-85 House Bill<br>State Funded Employees                                  | <u>35,662.75</u>                         |
| 1984-85 Senate Finance Committee<br>State Funded Employees (FTE)              | <u>35,921.85</u>                         |
| 1984-85 Senate Bill<br>State Funded Employees (FTE)                           | <u>35,928.85</u>                         |
| 1984-85 Free Conference Bill<br>State Funded Employees (FTE)                  | <u>35,938.85</u>                         |

In Compliance with Section 11-33-50 of the 1981 Cumulative Supplement to the 1976 Code, I certify that the above information is true and correct to the best of my knowledge and belief.

  
Jesse A. Coles, Jr., Director

STATE BUDGET DIVISION

July 10, 1984

000872

# EXHIBIT

JUL 24 1984 NO. 9

STATE BUDGET & CONTROL BOARD

STATE BUDGET DIVISION  
LIMITATION ON NUMBER OF STATE EMPLOYEES  
FOR FISCAL YEAR 1984 - 85

|                                     |             |
|-------------------------------------|-------------|
| 1984-85 State Employees (FTE) Limit | 41,105.02   |
| 1983-84 Appropriated (FTE) Base     | 34,961.14   |
|                                     | <hr/>       |
| 1984-85 (FTE) Growth Allowable      | 6,143.88    |
|                                     | <hr/> <hr/> |

July 10, 1984

000873

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
STATE BUDGET DIVISION  
406 WADE HAMPTON STATE OFFICE BUILDING  
COLUMBIA, S.C. 29201  
(803) 758-3106

EXHIBIT

JUL 24 1984 NO. 9

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



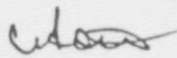
JESSE A. COLES, JR., Ph.D.  
DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

MEMORANDUM

FROM: Curtis Holt   
SUBJECT: Authorized FTE Positions Analysis Report  
DATE: July 10, 1984

The following is a brief description of each schedule included in the above referenced report:

Schedule I - This report reflects the bottom line net change in FTE Positions by committee. It gives a complete summarized picture of the state-wide authorized FTE Positions beginning with the appropriated headcount as contained in the previous Appropriation Act.

Schedule II and its Attachment - Is a cumulative report reflecting the net new FTE Positions added by each committee in the appropriation process. If a subsequent committee deletes any FTE Positions added by a previous committee, the entries will be identified by (0.00). The bottom line of the last two columns should always give the cumulative new FTE Positions added to the Appropriation Bill. The Explanation and Justification for action by each committee is attached.

Schedule III - Is a report that combines Schedule IV authorized FTE Positions added or deleted and Schedule V new FTE Positions added and reflects the net action of the last committee considering the bill.

Schedule IV - This report reflects all action on existing FTE Positions taken by the last committee considering the bill. It shows all existing FTE Positions added, deleted, transferred and/or restored.

Schedule V - Is a report reflecting only the new FTE Positions added by the previous committee considering the bill.

Schedule VI - Is a report reflecting new FTE Positions and costs for such positions as added by each committee.

CH:bd

000874

## SCHEDULE I

STATE BUDGET DIVISION  
ANALYSIS OF 1983-84  
FTE POSITION BASE

|  | <u>TOTAL<br/>FTE<br/>POSITIONS</u> | <u>STATE<br/>FTE<br/>POSITIONS</u> | <u>FEDERAL<br/>FTE<br/>POSITIONS</u> | <u>OTHER<br/>FTE<br/>POSITIONS</u> |
|--|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| FTE Positions Authorized in the<br>1983-84 Act   | 59,006.90                          | 34,961.14                          | 8,384.41                             | 15,661.35                          |
| 1983-84 FTE Reconciliation<br>Adjustments as of 9/30/83  | 49.41                              | 4.12                               | (74.71)                              | 120.00                             |
| 1983-84 Certified FTE Position Base  | 59,056.31                          | 34,965.26                          | 8,309.70                             | 15,781.35                          |
| 1983-84 Authorized FTE Position<br>Operational Adjustment as of 11/30/83                         | 18.27                              | 3.82                               | 12.70                                | 1.75                               |
| 1983-84 Adjusted FTE Position Base<br>11/30/83   | 59,074.58                          | 34,969.08                          | 8,322.40                             | 15,783.10                          |
| <u>1984-85</u>   |                                    |                                    |                                      |                                    |
| <u>Recommended Changes</u>   |                                    |                                    |                                      |                                    |
| Schedule II - New FTE Positions<br>Recommended by the B & C Board                                | 575.98                             | 468.70                             | 34.17                                | 73.11                              |
| Schedule III - New State Funded FTE<br>Positions Resulting From Changes<br>in Sources of Funding | 0                                  | (21.84)                            | (80.82)                              | 102.66                             |
| Agency Requested FTE Positions<br>Adjustment   | (120.09)                           | (327.89)                           | (46.02)                              | 253.82                             |
| Net Changes for 1984-85  | 455.89                             | 118.97                             | (92.67)                              | 429.59                             |
| The 1984-85 Position Base as<br>Recommended by the B & C Board                                   | 59,530.47                          | 35,088.05                          | 8,229.73                             | 16,212.69                          |
| Change   | 273.00                             | 144.70                             | 34.30                                | 94.00                              |
| The 1984-85 Position (FTE) Base as<br>Appropriated by the Ways & Means<br>Committee              | 59,803.47                          | 35,232.75                          | 8,264.03                             | 16,306.69                          |
| Change   | 476.50                             | 430.00                             | 0                                    | 46.50                              |
| The 1984-85 Position (FTE) Base as<br>Appropriated by the House Change                           | 60,279.97                          | 35,662.75                          | 8,264.03                             | 16,353.19                          |
| Change   | 618.88                             | 259.10                             | 83.66                                | 276.12                             |
| The 1984-85 Position (FTE) Base as<br>Appropriated by the Senate Finance<br>Committee            | 60,898.85                          | 35,921.85                          | 8,347.69                             | 16,629.31                          |
| Change   | 0                                  | 7.00                               | 0                                    | (7.00)                             |
| The 1984-85 Position (FTE) Base as<br>Appropriated by the Senate                                 | 60,898.85                          | 35,928.85                          | 8,347.69                             | 16,622.31                          |
| Change   | 10.00                              | 10.00                              |                                      |                                    |
| The 1984-85 Position (FTE) Base as<br>Appropriated by the Free Conference                        | 60,908.85                          | 35,938.85                          | 8,347.69                             | 16,622.31                          |

July 10, 1984

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STATE BUDGET DIVISION  
CUMULATIVE ANALYSIS OF NEW FTE POSITIONS  
ADDED TO THE 1984-85 APPROPRIATION BILL  
BY COMMITTEE

000877

| SEC<br>NO | AGENCY                  | B & C BOARD<br>RECOMMENDATION |              | WAYS & MEANS<br>COMMITTEE |              | HOUSE OF<br>REPRESENTATIVES |              | SENATE FINANCE<br>COMMITTEE |              | SENATE       |              | FREE<br>CONFERENCE |              | CUMULATIVE<br>REPORT |              |
|-----------|-------------------------|-------------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|--------------|--------------|--------------------|--------------|----------------------|--------------|
|           |                         | TOTAL<br>FTE                  | STATE<br>FTE | TOTAL<br>FTE              | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE | STATE<br>FTE | TOTAL<br>FTE       | STATE<br>FTE | TOTAL<br>FTE         | STATE<br>FTE |
| 14        | B&C-Retirement          | 1.00                          | 0.00         |                           |              |                             |              |                             |              |              |              |                    |              | 1.00                 | 0.00         |
| 15        | Comm on Higher Educ     | 1.50                          | 1.50         |                           |              |                             |              | 0.33                        | 0.33         |              |              |                    |              | 1.83                 | 1.83         |
| 17        | The Citadel             | 4.00                          | 0.00         |                           |              |                             |              | 1.00                        | 1.00         |              |              |                    |              | 5.00                 | 1.00         |
| 19        | College of Charleston   | 13.75                         | 0.00         |                           |              |                             |              |                             |              |              |              |                    |              | 13.75                | 0.00         |
| 20        | Francis Marion College  | 17.25                         | 9.56         |                           |              |                             |              |                             |              |              |              |                    |              | 17.25                | 9.56         |
| 21        | Lander College          | 7.50                          | 4.99         |                           |              |                             |              |                             |              |              |              |                    |              | 7.50                 | 4.99         |
| 22        | State College           | 25.00                         | 0.00         |                           |              |                             |              | 2.00                        | 2.00         |              |              |                    |              | 27.00                | 2.00         |
| 23        | USC-Union Campus        |                               |              |                           |              |                             |              | 1.00                        | 1.00         |              |              |                    |              | 1.00                 | 1.00         |
| 24        | Winthrop College        | 24.00                         | 11.20        |                           |              |                             |              |                             |              |              |              |                    |              | 24.00                | 11.20        |
| 27        | Tech & Comp Educ        | 3.50                          | 3.50         |                           |              |                             |              | 269.00                      | 269.00       |              |              |                    |              | 272.50               | 272.50       |
| 28        | Dept of Education       | 1.00                          | 1.00         | 3.00                      | 3.00         | 24.50                       | 8.00         | 21.00                       | 0.00         |              |              |                    |              | 49.50                | 12.00        |
| 29        | ETV                     | 2.00                          | 2.00         | 10.00                     | 10.00        | (9.00)                      | (9.00)       | 17.00                       | 17.00        |              |              |                    |              | 20.00                | 20.00        |
| 31        | Vocational Rehab        | 3.00                          | 3.00         |                           |              |                             |              |                             |              |              |              |                    |              | 3.00                 | 3.00         |
| 32        | School for Deaf & Blind | 2.00                          | 2.00         | 3.00                      | 3.00         |                             |              |                             |              |              |              |                    |              | 5.00                 | 5.00         |
| 33        | Archives & History      | 3.00                          | 3.00         |                           |              |                             |              |                             |              |              |              |                    |              | 3.00                 | 3.00         |
| 36        | Arts Commission         | 1.00                          | 1.00         | 1.00                      | 1.00         |                             |              | (1.00)                      | (1.00)       |              |              |                    |              | 1.00                 | 1.00         |
| 37        | Museum Commission       | 4.00                          | 4.00         |                           |              |                             |              | 1.00                        | 1.00         |              |              |                    |              | 5.00                 | 5.00         |

STATE BUDGET DIVISION  
 CUMULATIVE ANALYSIS OF NEW FTE POSITIONS  
 ADDED TO THE 1984-85 APPROPRIATION BILL  
 BY COMMITTEE

| SEC<br>NO | AGENCY                  | B & C BOARD<br>RECOMMENDATION |              | WAYS & MEANS<br>COMMITTEE |              | HOUSE OF<br>REPRESENTATIVES |              | SENATE FINANCE<br>COMMITTEE |              | SENATE       |              | FREE<br>CONFERENCE |              | CUMULATIVE<br>REPORT |              |
|-----------|-------------------------|-------------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|--------------|--------------|--------------------|--------------|----------------------|--------------|
|           |                         | TOTAL<br>FTE                  | STATE<br>FTE | TOTAL<br>FTE              | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE | STATE<br>FTE | TOTAL<br>FTE       | STATE<br>FTE | TOTAL<br>FTE         | STATE<br>FTE |
| 38        | DHEC                    | 44.00                         | 44.00        | 6.00                      | 6.00         | (7.00)                      | (7.00)       | 201.16                      | 11.00        |              |              |                    |              | 244.16               | 54.00        |
| 39        | Mental Health Dept      | 188.00                        | 125.00       |                           |              |                             |              | 22.00                       | 7.00         |              |              |                    |              | 210.00               | 132.00       |
| 40        | Mental Retardation      |                               |              | 98.00                     | 0.00         |                             |              | 38.00                       | 0.00         |              |              |                    |              | 136.00               | 0.00         |
| 41        | Alcohol & Drug Abuse    |                               |              |                           |              |                             |              | 1.00                        | 0.00         |              |              |                    |              | 1.00                 | 0.00         |
| 42        | Dept of Social Svcs     | 11.00                         | 5.83         | 67.00                     | 33.50        |                             |              | 69.00                       | 34.50        |              |              |                    |              | 147.00               | 73.83        |
| 43        | John De La Howe         | 3.00                          | 3.00         |                           |              |                             |              |                             |              |              |              |                    |              | 3.00                 | 3.00         |
| 44        | Foster Care Review Bd   |                               |              |                           |              |                             |              | 2.00                        | 2.00         |              |              |                    |              | 2.00                 | 2.00         |
| 47        | Commission on Aging     | 1.00                          | 0.00         |                           |              |                             |              |                             |              |              |              |                    |              | 1.00                 | 0.00         |
| 49        | Human Affairs           |                               |              | 3.00                      | 3.00         |                             |              |                             |              |              |              |                    |              | 3.00                 | 3.00         |
| 51        | Comm on Women           | 0.50                          | 0.50         |                           |              |                             |              |                             |              |              |              |                    |              | 0.50                 | 0.50         |
| 52        | Corrections Dept        | 119.00                        | 119.00       | 59.00                     | 59.00        | 442.00                      | 442.00       | (176.00)                    | (176.00)     |              |              |                    |              | 444.00               | 444.00       |
| 53        | Parole & Comm Corret    | 46.00                         | 36.00        |                           |              |                             |              | 24.00                       | 24.00        |              |              |                    |              | 70.00                | 60.00        |
| 54        | Youth Services          | 50.00                         | 50.00        |                           |              |                             |              |                             |              |              |              |                    |              | 50.00                | 50.00        |
| 55        | Law Enforc Trng Council | 8.00                          | 0.00         |                           |              |                             |              |                             |              |              |              |                    |              | 8.00                 | 0.00         |
| 57        | Water Resources         |                               |              | 3.00                      | 3.00         |                             |              | 7.00                        | 7.00         |              |              |                    |              | 10.00                | 1.00         |
| 59        | Forestry Commission     |                               |              | 4.00                      | 4.00         |                             |              |                             |              |              |              |                    |              | 4.00                 | 4.00         |
| 60        | Agriculture Dept        | 3.00                          | 0.00         |                           |              |                             |              |                             |              |              |              |                    |              | 3.00                 | 0.00         |

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SCHEDULE II

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STATE BUDGET DIVISION  
CUMULATIVE ANALYSIS OF NEW FTE POSITIONS  
ADDED TO THE 1984-85 APPROPRIATION BILL  
BY COMMITTEE

| SEC<br>NO | AGENCY                | B & C BOARD<br>RECOMMENDATION |              | WAYS & MEANS<br>COMMITTEE |              | HOUSE OF<br>REPRESENTATIVES |              | SENATE FINANCE<br>COMMITTEE |              | SENATE       |              | FREE<br>CONFERENCE |              | CUMULATIVE<br>REPORT |              |
|-----------|-----------------------|-------------------------------|--------------|---------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|--------------|--------------|--------------------|--------------|----------------------|--------------|
|           |                       | TOTAL<br>FTE                  | STATE<br>FTE | TOTAL<br>FTE              | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE                | STATE<br>FTE | TOTAL<br>FTE | STATE<br>FTE | TOTAL<br>FTE       | STATE<br>FTE | TOTAL<br>FTE         | STATE<br>FTE |
| 87        | Barber's Exam Bd      |                               |              |                           |              |                             |              | 0.48                        | 0.48         |              |              |                    |              | 0.48                 | 0.48         |
| 91        | Cosmetology Bd        | 1.00                          | 1.00         |                           |              |                             |              |                             |              |              |              |                    |              | 1.00                 | 1.00         |
| 99        | Nursing Home Admin    | 0.25                          | 0.25         |                           |              |                             |              |                             |              |              |              |                    |              | 0.25                 | 0.25         |
| 108       | Residential Hs Admin  |                               |              | 1.00                      | 1.00         |                             |              |                             |              |              |              |                    |              | 1.00                 | 1.00         |
| 112       | Veterinary Medical Bd |                               |              |                           |              |                             |              | 0.24                        | 0.24         |              |              |                    |              | 0.24                 | 0.24         |
| 113       | Aeronautics Comm      | 2.00                          | 2.00         |                           |              |                             |              |                             |              |              |              |                    |              | 2.00                 | 2.00         |
| 119       | Hwys & Public Trans   | 4.00                          | 0.00         |                           |              |                             |              | 93.00                       | 0.00         |              |              |                    |              | 97.00                | 0.00         |
| TOTAL     |                       | 672.57                        | 481.04       | 273.00                    | 140.70       | 481.50                      | 435.00       | 620.41                      | 255.00       | 0.00         | 0.00         | 10.00              | 10.00        | 2,057.48             | 1,321.74     |

July 10, 1984

STATE BUDGET DIVISION'S  
EXPLANATION AND JUSTIFICATION  
FOR ALL NEW FTE POSITIONS  
AS CONTAINED IN THE  
FREE CONFERENCE AND GOVERNOR'S VETOES

SECTION 3B - HOUSE OF REPRESENTATIVES (A05)

Two (2.00) State Funded FTE Positions - Medical Technicians to provide adequate services to the General Assembly. (WMG)

Delete Two (2.00) State Funded FTE Positions (Medical Technicians). (SEN)

Add The Two (2.00) State Funded FTE Positions (Medical Technicians) Back In - To provide adequate services to the General Assembly. (FCC)

CUMULATIVE: TOTAL 2.00 STATE 2.00

SECTION 3E - LEGISLATIVE PRINTING & TECHNICAL RESEARCH (A17)

Fourteen (14.00) State Funded FTE Positions - Transferred (12.80) FTE Positions to Legislative Printing from B & C Board-IRM and added (1.20) new FTE position to raise positions to even number since Legislative Department does not use fraction on head count. (SFC)

CUMULATIVE: TOTAL 14.00 STATE 14.00

SECTION 3H16 - JT. LEGISLATIVE CONSUMER AFFAIRS STUDY COMMITTEE (A30)

One (1.00) State Funded FTE Position - This position is a permanent part-time position and is presently filled. (BCB)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 4 - JUDICIAL DEPARTMENT (B04)

Point Seven (0.07) State Funded FTE Position - To adjust authorized FTE Base due to re-alignment relative to establishment of Court of Appeals. (JC)

One (1.00) State Funded FTE Position - Due to staffing of new Appellate Court. (BCB)

Seven (7.00) State Funded FTE Positions - Three (3.00) Attorney's and two (2.00) Administrative Specialists for the Court of Appeals and two (2.00) personnel positions for Finance and Personnel - Administration. (SFC)

CUMULATIVE: TOTAL 8.07 STATE 8.07

SECTION 5B - STATE LAW ENFORCEMENT DIVISION (SLED) (D10)

Point Forty-Five (0.45) State Funded FTE Position - To adjust authorized FTE Base due to increased working hours of permanent part-time people. (JC)

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Thirty (30.00) Other Funded FTE Positions - SLED Agent I's to enhance surveillance of illegal drug activities in local school districts. (HOU)

The above thirty (30.00) Other funded FTE positions were deleted by (SFC).

One (1.00) State Funded FTE Position - Criminologist II for General Law Enforcement, to examine evidence and documents used in prosecution of cases, drugs and related crimes. (SFC)

Two (2.00) State Funded FTE Positions - SLED Agent I's for location in Spartanburg and Newberry. (SFC)

Eight (8.00) State Funded FTE Positions - SLED Agent I's to enhance surveillance of illegal drug activities in statewide school districts. (FCC)

CUMULATIVE: TOTAL 11.45 STATE 11.45

#### SECTION 5C - GOVERNOR'S OFFICE OF EXECUTIVE POLICY & PROGRAMS (D17)

One (1.00) State Funded FTE Position - Program Coordinator, Ombudsman for program involving Nursing Homes. (WMC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

#### SECTION 7 - SECRETARY OF STATE (E08)

Five (5.00) State Funded FTE Positions - These positions are four (4.00) clerical positions for office automation and one (1.00) Field Agent for the Administration of Securities Act Program. (BCB)

CUMULATIVE: TOTAL 5.00 STATE 5.00

#### SECTION 11A - S.C. SENTENCING & GUIDELINES COMMISSION (E23)

One (1.00) State Funded FTE Position - Clerical Specialist A to provide temporary help to staff for clerical duties and to possibly do some legal research. (SEN)

CUMULATIVE: TOTAL 1.00 STATE 1.00

#### SECTION 12 - ADJUTANT GENERAL'S OFFICE (E24)

Two (2.00) Federal Funded FTE Positions - To be assigned to the Leesburg Weekend Army National Guard Training Site to provide support services. (JC)

Five (5.00) State, Federal & Other Funded FTE Positions - One (1.00) State FTE position represents a clerical position in the Military Personnel Program to operate a new Microfilmer Retriever Terminal which will maintain National Guardsmen records. Four (4.00) Federal & Other FTE positions were budgeted in anticipation of additional Federal funds from FEMA. (BCB)

One (1.00) State & Federal Funded FTE Position - An Environmentalist III of which point twenty (0.25) FTE is State funded and point seventy-five (0.75) FTE is Federal funded, to perform environmental duties as required by the Department of Army and the National Guard Bureau. (SFC)

One (1.00) Federal & Other Funded FTE Position - This position represents point twenty-five (0.25) Federal FTE and point seventy-five Other FTE in the net of one (1.00) new Federal position approved 1-83 with subsequent action of two (2.00) positions reflecting a funding change reducing Federal 0.75 and increasing Other 0.75. (Approved previously by the Joint Committee & the B & C Board.) (SFC)

CUMULATIVE: TOTAL 9.00 STATE 1.25

SECTION 13 - STATE ELECTION COMMISSION (E28)

One (1.00) State Funded FTE Position - Computer Programmer III; agency does not have a computer programmer on staff to assist in the voter registration records. (SFC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 14B - B & C BOARD - BUDGET DIVISION (F06)

Three (3.00) State Funded FTE Positions - State Budget Analyst II's to fill a shortage of analysts to adequately review and monitor the budgets of the various state agencies. (SFC)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 14C - B & C BOARD - RESEARCH & STATISTICAL SERVICES (F08)

Three (3.00) Other Funded FTE Positions - These positions are needed for computer and administrative support for the Real Property Appraisal Program. No state funds required. (BCB)

CUMULATIVE: TOTAL 3.00 STATE 0.00

SECTION 14D - B & C BOARD - INFORMATION RESOURCES MANAGEMENT (F10)

Four Point Seventy-Five (4.75) State Funded FTE Positions - These positions are to support the Microwave Program which has only been partially staffed. (BCB)

Ten Point Eighty (10.80) State Funded FTE Positions - These new positions were needed to support the Computerized Services for the Legislative Divisions. Funding was provided in the 1983-84 Appropriation Act, however, no positions were included. (JC)

Two (2.00) Other Funded FTE Positions - These positions are to support the Computerized Services for the Legislative Divisions and were roved previously approved in the B & C Board's overall personnel plan. Funding is Other Funds. (JC)

Two (2.00) FTE Positions Funding Change From Other To State - These positions were added as New Positions in the Budget and Control Board's recommendations. (WMC)

Twelve Point Eight (12.80) State Funded FTE Positions - Transferred to Legislative Printing. (SFC)

CUMULATIVE: TOTAL 4.75 STATE 4.75

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SECTION 14E - B & C BOARD - GENERAL SERVICES DIVISION (F12)

Six Point Forty-Eight (6.48) State & Other Funded FTE Positions - Two (2.00) State funded positions to provide inspection service for manufactured housing, one (1.00) Other funded position to support central supply operations, one (1.00) Other funded position to support central state warehousing and two point forty-eight (2.48) positions to support engineering operations of which (1.12) FTE is State funded and (1.36) FTE is Other funded. (BCB)

One (1.00) State Funded FTE Position - A new position of Field Inspector, grade 26, was added to Program VI C 3 Barrier Free Design. (WMC)

One (1.00) Other Funded FTE Position - Added to classified positions in the Engineering & Energy Division; an agreement has been entered into with Clemson University to do energy audits on state owned buildings. (SFC)

CUMULATIVE: TOTAL 8.48 STATE 4.12

SECTION 14F - B & C BOARD - STATE FIRE MARSHAL (F14)

Five (5.00) State Funded FTE Positions - Two (2.00) Fire Life and Safety Inspectors, two (2.00) L.P. Gas Inspectors and one (1.00) Key punch Operator were needed to provide inspection service and to provide information to the National Reporting System. (BCB)

CUMULATIVE: TOTAL 5.00 STATE 5.00

SECTION 14G - B & C BOARD - MOTOR VEHICLE MANAGEMENT (F16)

One (1.00) Other Funded FTE Position - This position is for one additional Auto Mechanic to relieve the backlog of repair service and maintain reasonable service time for repair of vehicles. No State Funds Required. (JC)

CUMULATIVE: TOTAL 1.00 STATE 0.00

SECTION 14H - B & C BOARD - STATE PERSONNEL DIVISION (F24)

Four (4.00) Other Funded FTE Positions - Three (3.00) positions were necessary to provide adequate services to active and retired employees covered by the State's group health plan and one (1.00) position for the Wellness Program. No State Funds Involved. (BCB)

CUMULATIVE: TOTAL 4.00 STATE 0.00

SECTION 14K - B & C BOARD - RETIREMENT SYSTEM (F29)

One (1.00) Other Funded FTE Position - This position is needed to provide administrative service for retirees. The number of active retirees has increased substantially and service must be maintained. No State funds involved. (BCB)

CUMULATIVE: TOTAL 1.00 STATE 0.00

SECTION 15 - COMMISSION ON HIGHER EDUCATION (H03)

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One Point Fifty (1.50) State Funded FTE Positions - These positions are needed to assure the optimum rate of four (4) academic program services annually to avoid program duplications. (BCB)

Point Thirty-Three (0.33) State Funded FTE Positions - To round off authorized FTE base to one (1.00) so that a full-time person may be hired due to part-time (0.67) FTE position retiring June 30, 1984. (SFC)

CUMULATIVE: TOTAL 1.83 STATE 1.83

#### SECTION 17 - THE CITADEL (H09)

Four (4.00) Federal Funded FTE Positions - These positions are required to compliment a grant from National Science Foundation titled "Establishment and Funding Support for a Comprehensive Seismic Safety Technology and Development Council". These positions will terminate with expiration of the grant provided it is not renewed. (BCB)

One (1.00) State Funded FTE Position (Desegregation Funds) - To establish minority internship position as part of the Internship Program. (SFC)

CUMULATIVE: TOTAL 5.00 STATE 1.00

#### SECTION 19 - COLLEGE OF CHARLESTON (H15)

Thirteen Point Seventy-Five (13.75) Other Funded FTE Positions - Three point seventy-five (3.75) positions are required in Instruction due to expansion in Computer Science and Business Administration Programs, three (3.00) positions are required to meet the expanded need in Student Services for advisors and counselors, four (4.00) positions are required in institutional support to meet the needs in Bursar, Purchasing and Computer Services, and three (3.00) positions are required in the Operations and Maintenance of Plant due to expansion in the college's Physical Education. (BCB)

CUMULATIVE: TOTAL 13.75 STATE 0.00

#### SECTION 20 - FRANCIS MARION COLLEGE (H18)

Seventeen Point Twenty-Five (17.25) State & Other Funded FTE Positions - Nine point fifty-six (9.56) State funded FTE positions and seven point sixty-nine (7.69) Other funded FTE positions are requested to meet the needs of an increased student body and also to reduce the part-time faculty in order to meet the re-accreditation requirements. (BCB)

CUMULATIVE: TOTAL 17.25 STATE 9.56

#### SECTION 21 - LANDER COLLEGE (H21)

Seven Point Fifty (7.50) State & Other Funded FTE Positions: (4.99) State and (2.51) Other funded FTE positions - Four point sixty (4.60) FTE positions in Instruction for student body growth, point ninety (0.90) FTE positions in Student Services for student body growth, and two (2.00) FTE positions in Operation and Maintenance of Plant for student body growth. (BCB)

CUMULATIVE: TOTAL 7.50 STATE 4.99

000885

#### SECTION 22 - S.C. STATE COLLEGE (H24)

Four (4.00) Federal & Other Funded FTE Positions - Three (3.00) FTE positions are Federal funded to adequately staff the 1890 Extension program. One (1.00) FTE position is Other funded to meet the needs of the new full inter-collegiate athletic program. (JC)

Twenty-One (21.00) Federal & Other Funded FTE Positions: (19.00) Federal and (2.00) Other - Seven (7.00) FTE positions are in Research for program growth and expansion, twelve (12.00) FTE positions are in Public Service for program growth and expansion, two (2.00) FTE positions are in Auxiliary Enterprises for expanded student services. (BCB)

Two (2.00) State Funded FTE Positions (Desegregation Funds) - To enhance academic programs at a traditionally Black institute. (SFC)

CUMULATIVE: TOTAL 27.00 STATE 2.00

#### SECTION 23J - USC - UNION CAMPUS (H40)

One (1.00) State Funded FTE Position (Desegregation Funds) - To establish minority internship position as part of the Internship Program. (SFC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

#### SECTION 24 - WINTHROP COLLEGE (H47)

Twenty-Four (24.00) State & Other Funded FTE Positions: (11.20) State and (12.80) Other - Six (6.00) FTE positions in Instruction for student body growth, four (4.00) FTE positions in Institutional Support for development and fund raising, six (6.00) FTE positions in Operation and Maintenance of Plant for student body growth, and eight (8.00) positions in Auxiliary Enterprises for student body growth. (BCB)

CUMULATIVE: TOTAL 24.00 STATE 11.20

#### SECTION 27 - STATE BOARD FOR TECH & COMPREHENSIVE EDUCATION (H59)

Three Point Fifty (3.50) State Funded FTE Positions - Two point fifty (2.50) FTE positions are needed to support the joint data system with the Department of Education and one (1.00) FTE position for Denmark Tech Desegregation Plan. (BCB)

Two Hundred Sixty-Nine (269.00) State Funded FTE Positions - These positions were added as follows:

Formula Funding (266.00)

Desegregation Plan (2.00)

Agriculture Coordinator (1.00) (SFC)

CUMULATIVE: TOTAL 272.50 STATE 272.50

#### SECTION 28 - DEPARTMENT OF EDUCATION (H63)

One (1.00) State Funded FTE Position - This position is for the proposed leadership academy program. (BCB)

000886

Three (3.00) State Funded FTE Positions - Auditors to provide adequate internal auditing services for the Department of Education. Recommended by the State Auditor in the last three (3) audit reports of the Department. (WMC)

Twenty-Four Point Fifty (24.50) State & Other Funded FTE Positions - Sixteen point fifty (16.50) Other FTE positions were added to staff the Education Improvement Program and eight (8.00) State FTE positions were added to Transportation to decrease the one mile walking distance from a main bus route to one-half mile. (HOU)

Twenty-One (21.00) Other Funded FTE Positions - These positions were for the Education Improvement Act. Fifteen (15.00) FTE positions to oversee the implementation of the Act, five (5.00) FTE positions for the school intervention program, and one (1.00) FTE position for the high school exit exam program. (SFC)

CUMULATIVE: TOTAL 49.50 STATE 12.00

#### SECTION 29 - EDUCATIONAL TELEVISION COMMISSION (H67)

Two (2.00) State Funded FTE Positions - These positions are for Field Technicians to support the maintenance and repair of equipment in the various educational institutions. (BCB)

~~Ten (10.00) State Funded FTE Positions - One (1.00) FTE position for the Early Childhood Development Program and nine (9.00) FTE positions for the operation of the new Spartanburg Production Center. (WMC)~~

Deleted nine (9.00) of the above positions for the Spartanburg Production Center leaving a total of one (1.00) State Funded FTE Position. (HOU)

Nine (9.00) State Funded FTE Positions - To staff the Spartanburg studio. This was completed sometime ago and these positions will permit operation to begin 7-1-74. (SFC)

One (1.00) State Funded FTE Position - For operation and maintenance of the Conway tower. (SFC)

Seven (7.00) State Funded FTE Positions - These positions were needed for implementation of the Statewide Closed Circuit Network. (Approved previously by the Joint Committee and the B & C Board.) (SFC)

CUMULATIVE: TOTAL 20.00 STATE 20.00

#### SECTION 31 - VOCATIONAL REHABILITATION (H73)

Three (3.00) State Funded FTE Positions - These positions will be used in a new pilot program which will provide a sheltered work environment for clients who are considered inappropriate for permanent placement in competitive employment. (BCB)

CUMULATIVE: TOTAL 3.00 STATE 3.00

#### SECTION 32 - SCHOOL FOR THE DEAF AND THE BLIND (H75)

Two (2.00) State Funded FTE Positions - These positions are to extend service to deaf impaired children of pre-school age, not now served. (BCB)

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Three (3.00) State Funded FTE Positions - Additional staff for severely emotionally handicapped students. (WMC)

CUMULATIVE: TOTAL 5.00 STATE 5.00

SECTION 33 - DEPARTMENT OF ARCHIVES AND HISTORY (H79)

Three (3.00) State Funded FTE Positions - Two (2.00) of the positions are for the expansion of the State Records Center and the one (1.00) remaining position is for an architect in the Historical Program. (BCB)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 36 - ARTS COMMISSION (H91)

One (1.00) State Funded FTE Position - This represents a new clerical position to assist the arts coordinators as their duties have expanded in the Grant Program. (BCB)

~~One (1.00) State Funded FTE Position - This position is an Assistant Project Administrator requested in the State Film Office due to the increase in activity of attracting the film industry. (WMC)~~

Transferred the above position to Section 67 - State Development Board. (SFC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 37 - MUSEUM COMMISSION (H95)

Four (4.00) State Funded FTE Positions - Three (3.00) FTE positions are for the design and construction of exhibits in preparing for the opening of the Museum. The remaining one (1.00) FTE position is to assist in the administrative functions of the agency. (BCB)

One (1.00) State Funded FTE Position - This position represents a Natural History Researcher who will gather information for the documentation of collections. (SFC)

CUMULATIVE: TOTAL 5.00 STATE 5.00

SECTION 38 - DEPARTMENT OF HEALTH & ENVIRONMENTAL CONTROL (J04)

~~Forty-Four (44.00) State Funded FTE Positions - Nineteen (19.00) FTE positions to implement monitoring of Environmental Activities at Savannah River Plant (SRP), six (6.00) FTE positions to provide additional Field Technicians to improve services within the Environmental Sanitation Program, nineteen (19.00) FTE positions to provide Health Educators and Nurses to improve services in V.D. Control and Family Planning. (BCB)~~

Deleted seven (7.00) of the above positions leaving a total of twelve (12.00) FTE positions to implement monitoring of Environmental Activities at Savannah River Plant and a total of thirty-seven (37.00) State Funded FTE Positions. (HOU)

Six (6.00) State Funded FTE Positions - These positions were added to Radiological Health: one (1.00) Environmental Engineering Associate I, four (4.00) Health Physicist

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I's, and one (1.00) Chemist I to increase the number of permits for Radiological Health. (WMC)

Ten (10.00) State Funded FTE Positions - To add nine (9.00) Public Health Nurses and one (1.00) Administrative Support Specialist to the T.B. Control Program. (SFC)

Twelve (12.00) Federal Funded FTE Positions - To be assigned to the Maternal and Child Health Program (Previously approved by JC & BCB for FY 83-84). (SFC)

Twenty-Seven Point Sixty-Six (27.66) Federal Funded FTE Positions - To be assigned to the Health Districts in the Women, Infants and Children Program (Previously approved by JC & BCB for FY 83-84). (SFC)

One Hundred Twelve Point Fifty (112.50) Other Funded FTE Positions - To be assigned in the Health Districts for the Home Health Services Program (Previously approved by JC & BCB for FY 83-84). (SFC)

Thirty-Eight (38.00) Federal Funded FTE Positions - To be assigned to the Community Long Term Care Program to allow for statewide expansion of the program. (SFC)

One (1.00) State Funded FTE Position - Add back one Chemist II position to Savannah River Plant monitoring previously deleted by the House. (SFC)

CUMULATIVE: TOTAL 244.16 STATE 54.00

#### SECTION 39 - MENTAL HEALTH DEPARTMENT (J12)

Sixty-Three (63.00) Other Funded FTE Positions - These positions are required to implement the Emergency Stabilization Program to reduce the number of admissions to State Hospital. (JC)

One Hundred Twenty-Five (125.00) State Funded FTE Positions - Ninety-Five (95.00) FTE positions to begin operations at the new Harris Hospital Facility at Anderson, S.C., ten (10.00) FTE positions to restore previous reductions at Morris Village, twenty (20.00) FTE positions to provide adequate security at the Cooper Building to allow transfer of patients from Stoney Building at CCI. (BCB)

Seven (7.00) State Funded FTE Positions - To add five (5) Psychologists and two (2) clerical staff to Berkley Community Mental Health Clinic to upgrade the clinic to a Community Mental Health Center. (SFC)

Fifteen (15.00) Other Funded FTE Positions - Added to Hall Institute to improve the Research and Education Effort. (SFC)

CUMULATIVE: TOTAL 210.00 STATE 132.00

#### SECTION 40 - DEPARTMENT OF MENTAL RETARDATION (J16)

Ninety-Eight (98.00) Other Funded FTE Positions - For Mental Retardation Specialist I's to equalize staffing patterns among institutions at the Department of Mental Retardation. (WMC)

Thirty-Eight (38.00) Other Funded FTE Positions - To provide twenty (20) Special Education Teachers and eighteen (18) Associate Teachers to increase pupil classroom time in accordance with the Education Improvement Act of 1984. (SFC)

CUMULATIVE: TOTAL 136.00 STATE 0.00

SECTION 41 - COMMISSION ON ALCOHOL & DRUG ABUSE (J20)

One (1.00) Other Funded FTE Positions - For a Community Substance Abuse Specialist to provide coordination for EIA improvement for substance abuse in schools. (SFC)

CUMULATIVE: TOTAL 1.00 STATE 0.00

SECTION 42 - DEPARTMENT OF SOCIAL SERVICES (L04)

Eleven (11.00) State & Federal Funded FTE Positions - Five point eighty-three (5.83) State FTE positions associated with the expansion of the Community Long Term Care Program and five point seventeen (5.17) Federal FTE positions from matching federal funds. (BCB)

Sixty-Four (64.00) State & Federal Funded FTE Positions: (32.00) State FTE Positions and (32.00) Federal Positions - Approved for the newly established Medically Needy Program. All positions are Economic Service related and are necessary to perform certification functions associated with the medically needy client group. (WMC)

Three (3.00) State & Federal Funded FTE Positions: (1.50) State FTE Positions and (1.50) Federal FTE Positions - Approved for the Medical Assistance-Management Program to be utilized in third party liability claim collections. (WMC)

Sixty-Nine (69.00) State & Federal Funded FTE Positions: (34.50) State and (34.50) Federal - Classified as Economic Services Generalists in the Generic Services Program. Positions necessary to improve county staffs to more adequately serve clients and reduce program error rates. (SFC)

CUMULATIVE: TOTAL 147.00 STATE 73.83

SECTION 43 - JOHN DE LA HOWE SCHOOL (L12)

Three (3.00) State Funded FTE Positions - To provide for one (1.00) maintenance worker, ~~one (1.00) teacher, and one (1.00) teacher's aide~~. (BCB)

Replaced the teacher and teacher's aide with one (1.00) Agriculture Supervisor and one (1.00) Dietician II. (WMC)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 44 - FOSTER CARE REVIEW BOARD FOR CHILDREN (L16)

One (1.00) State Funded FTE Position - An Attorney I to relive backlog of court cases. (SFC)

One (1.00) State Funded FTE Position - A Program Information Coordinator I to relieve backlog of cases that need to be reviewed under Federal and State regulations at a local level. (SFC)

CUMULATIVE: TOTAL 2.00 STATE 2.00

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SECTION 47 - COMMISSION ON AGING (L28)

One (1.00) Federal Funded FTE Position - Changed from Special Contract Employee to a classified position with no additional funding. (BCB)

CUMULATIVE: TOTAL 1.00 STATE 0.00

SECTION 49 - S.C. COMMISSION ON HUMAN AFFAIRS (L36)

Three (3.00) State Funded FTE Positions - Two (2.00) Human Affairs Investigator II's due to an increase in case load for the Compliance Program within the agency. One (1.00) Administrative Specialist B to work with the above positions. (WMC)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 51 - COMMISSION ON WOMEN (L44)

Point Fifty (0.50) State Funded FTE Position - To meet the work load and demands of the office regarding increased requests for information. (BCB)

CUMULATIVE: TOTAL 0.50 STATE 0.50

SECTION 52 - CORRECTIONS DEPARTMENT (N04)

~~One Hundred-Nineteen (119.00) State Funded FTE Positions - To start up Phase II of operational phase-in of Leiber Correctional Institution which is scheduled to become partially operational on January 1, 1985. (BCB)~~

~~Fifty-Nine (59.00) State Funded FTE Positions - Two (2.00) Vocational Instructors in the Work and Vocational Activities Program, Fifty-Seven (57.00) unfunded positions within the Institutional Program. If the agency does not receive additional funding a reallocation of resources will be necessary. (WMC)~~

~~Deleted One Hundred Seventy-Six (176.00) State Funded FTE Positions associated with start-up of Leiber Correctional Institution leaving a total of two (2.00) State Funded FTE Positions. Funding was allocated to Other Operating for increased prisoner load. (SFC)~~

Four Hundred Forty-Two (442.00) State Funded FTE Positions - Made up of Correctional Officers and support personnel to improve conditions in prison life in accordance with proposed settlement of Nelson vs. Leeke Law Suit. (HOU)

CUMULATIVE: TOTAL 444.00 STATE 444.00

SECTION 53 - PAROLES & COMMUNITY CORRECTIONS (N08)

Forty-Six (46.00) State & Federal Funded FTE Positions - Thirty-six (36.00) State funded FTE positions to provide new Probation and Parole Agents to help take care of additional work load created by Emergency Powers Release Act, ten (10.00) Other funded FTE positions to be funded by anticipated Supervised Furlough Program to support additional work load by Community Corrections Act. (BCB)

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Twenty-Four (24.00) State Funded FTE Positions - Fifteen (15.00) Parole Agents and nine (9.00) Administrative Support Specialists to help with increased client load due to Emergency Powers Act. (SFC)

CUMULATIVE: TOTAL 70.00 STATE 60.00

SECTION 54 - DEPARTMENT OF YOUTH SERVICES (N12)

Fifty (50.00) State Funded FTE Positions - For Youth Counselors which will improve security and expand services to clients in institutional setting. (BCB)

CUMULATIVE: TOTAL 50.00 STATE 50.00

SECTION 55 - LAW ENFORCEMENT TRAINING COUNCIL (N20)

Eight (8.00) Other Funded FTE Positions - To provide one (1.00) clerical position to support Data Management notes, two (2.00) Maintenance Workers to provide adequate maintenance for facilities, two (2.00) Criminology Instructors: one for Juvenile Crime and one for White Collar Crimes, one (1.00) Attorney to provide legal training and two (2.00) Audiovisual positions to improve the training program. (BCB)

CUMULATIVE: TOTAL 8.00 STATE 0.00

SECTION 57 - WATER RESOURCES COMMISSION (P04)

Three (3.00) State Funded FTE Positions - One (1.00) Geologist I, one (1.00) Civil Engineer I, and one (1.00) Public Information Specialist to conduct a ground water and surface water study of the Piedmont area. (WMC)

Seven (7.00) State Funded FTE Positions - Three (3.00) FTE positions for Hilton Head Island Ground Water Management Study, two (2.00) FTE positions for new Piedmont Office, one (1.00) Senior Accountant in Administration, and one (1.00) Project Administrator for the Aquatic Plant Management Program. (SFC)

CUMULATIVE: TOTAL 10.00 STATE 10.00

SECTION 59 - STATE FORESTRY COMMISSION (P12)

Four (4.00) State Funded FTE Positions - One (1.00) Forest Law Enforcement Chief, two (2.00) Forester I's and one (1.00) Administrative Support Specialist to establish a Forest Fire Law Enforcement Program. (WMC)

CUMULATIVE: TOTAL 4.00 STATE 4.00

SECTION 60 - DEPARTMENT OF AGRICULTURE (P16)

Three (3.00) Other Funded FTE Positions - To provide security at the State Farmer's Market. (JC)

CUMULATIVE: TOTAL 3.00 STATE 0.00

SECTION 61 - FAMILY FARM DEVELOPMENT AUTHORITY (P18)

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Four (4.00) State & Other Funded FTE Positions: (3.00) State and (1.00) Other - These positions represent the establishment of an agency head and staff. (BCB)

CUMULATIVE: TOTAL 4.00 STATE 3.00

SECTION 62 - CLEMSON UNIVERSITY - PSA (P20)

One (1.00) State Funded FTE Position - To provide legal service to the Regulatory and Public Service Activities of Clemson-PSA. (WMC)

Two (2.00) State Funded FTE Positions - To establish Two (2.00) Plant Breeders at the request of the Agriculture Commission. (SFC)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 63 - DEPARTMENT OF WILDLIFE & MARINE RESOURCES (P24)

Three (3.00) State Funded FTE Positions - Two (2.00) Technicians and one (1.00) Biologist for the Shellfish Relay Program. (BCB)

Eighteen (18.00) State Funded FTE Positions - To be added as follows:

One (1.00) Attorney IV to assist Attorney General's Office because of work load increase in Law Enforcement and Marine Resources.

One (1.00) Administrative Specialist A to assist in the issuance of fishing and hunting licenses.

Two (2.00) positions in Information and Public Affairs are to coordinate the program known as Project Wild, the education of students in Natural Resources.

Eight (8.00) Conservation Officers and one (1.00) Radio Operator in various counties.

Four (4.00) Wildlife Biologists and Wildlife Technicians for the Marine Resources Center located in Charleston. (SFC)

CUMULATIVE: TOTAL 21.00 STATE 21.00

SECTION 64 - COASTAL COUNCIL (P25)

Point Twenty-Five (0.25) Federal Funded FTE Positions - To increase the working hours of one part-time employee to full-time. (JC)

CUMULATIVE: TOTAL 0.25 STATE 0.00

SECTION 65 - SEA GRANTS CONSORTIUM (P26)

One (1.00) Federal Funded FTE Position - This position will be an additional Public Information Specialist to disseminate studies made by the Consortium. (BCB)

CUMULATIVE: TOTAL 1.00 STATE 0.00

SECTION 66 - PARKS, RECREATION & TOURISM (P28)

Seven (7.00) State & Other Funded FTE Positions - Three (3.00) State FTE positions represent additional Maintenance Mechanics needed for continued maintenance of park

000893

facilities, four (4.00) Other FTE positions are required for the development of two new state parks, Lake Hartwell and Lake Wateree. (BCB)

CUMULATIVE: TOTAL 7.00 STATE 3.00

SECTION 67 - STATE DEVELOPMENT BOARD (P32)

Five (5.00) State Funded FTE Positions - Four (4.00) Marketing Research Analysts to support the Targeted Industry Program, and one (1.00) Public Information Specialist. (BCB)

One (1.00) State Funded FTE Position - Transfer of new position included in the Film Office from the Arts Commission. (SFC)

CUMULATIVE: TOTAL 6.00 STATE 6.00

SECTION 67A - S.C. JOBS-ECONOMIC DEVELOPMENT AUTHORITY (P34)

Five (5.00) Federal Funded FTE Positions: Unclassified - To staff Economic Development Authority created by Act No. 145 of 1983. (JC)

Changed Four (4.00) of the above Federal Funded FTE Positions to State Funded Positions. (SFC)

CUMULATIVE: TOTAL 5.00 STATE 4.00

SECTION 72 - INDUSTRIAL COMMISSION (R08)

One (1.00) State Funded FTE Position - To increase staff in the Accounting section due to a heavy increase in work load. (BCB)

One (1.00) State Funded FTE Position - Executive Support Specialist to provide assistance to the Executive Director. (SFC)

One (1.00) State Funded FTE Position - Clerical Specialist B to keep file room up-to-date from a heavy increase in claims processed. (SFC)

CUMULATIVE: TOTAL 3.00 STATE 3.00

SECTION 73 - STATE WORKERS' COMPENSATION FUND

One (1.00) Other Funded FTE Position - One (1.00) Worker's Compensation Safety Engineer to provide assistance to agency's clients. (WMC)

One (1.00) Other Funded FTE Position - A Victim/Witness Representative who would be used by various Solicitor Offices throughout the State to help with the Victim/Witness Assistance Program in their district. (SFC)

One (1.00) Other Funded FTE Position - An Administrative Specialist C to help administer the Victim/Witness Program. (SFC)

CUMULATIVE: TOTAL 3.00 STATE 0.00

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SECTION 74 - SECOND INJURY FUND (R16)

One (1.00) Other Funded FTE Position - Compensation Claims Field Representative to offset work load due to increase in claims filed with the Agency. (SFC)

One (1.00) Other Funded FTE Position - Administrative Specialist B needed due to the heavy increase in office activity. (SFC)

CUMULATIVE: TOTAL 2.00 STATE 0.00

SECTION 76C - BOARD OF FINANCIAL INSTITUTIONS-CONSUMER FINANCE (R25)

One (1.00) State Funded FTE Position - An Administrative Specialist B to reduce office work load and assist current personnel in Agency's statutory requirements. (SFC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 77 - DEPARTMENT OF CONSUMER AFFAIRS (R28)

Two (2.00) State Funded FTE Positions - One (1.00) Consumer Investigator II and one (1.00) Administrative Specialist C to set up a third investigative team. (WMC)

One (1.00) State Funded FTE Position - One (1.00) Attorney II to provide legal information for the third investigative team. (HOU)

One (1.00) State Funded FTE Position - A Paralegal Assistant to help Agency Director in preparing rate cases. (SFC)

CUMULATIVE: TOTAL 4.00 STATE 4.00

SECTION 79 - LABOR DEPARTMENT (R36)

Two (2.00) State & Federal Funded FTE Positions - One Point Eighty (1.80) Federal FTE position with a point twenty (0.20) State FTE match used to increase the number of Industrial Hygienist III's in the Consultation Private Sector Program. (WMC)

CUMULATIVE: TOTAL 2.00 STATE 0.20

SECTION 80 - TAX COMMISSION (R44)

Four (4.00) State Funded FTE Positions - To staff requested new district offices. (WMC)

Ten (10.00) State Funded FTE Positions - These positions were added to develop and maintain the Agency's System Development Project: one (1.00) Data Base Admin. I; one (1.00) System Programmer II; two (2.00) Senior System Analysts' two (2.00) Programmer Analyst II's; two (2.00) Computer Programmer III's; one (1.00) Computer Programmer II's; and one (1.00) Business & Financial Analyst. (SFC)

CUMULATIVE: TOTAL 14.00 STATE 14.00

SECTION 81 - ALCOHOLIC BEVERAGE CONTROL COMMISSION (R48)

000895



One (1.00) State Funded FTE Position - To increase the number of Field Agents due to increased work load on the agency. (WMC)

One (1.00) State Funded FTE Position - To increase the number of Field Agents due to increased work load on the agency. (SEN)

CUMULATIVE: TOTAL 2.00 STATE 2.00

SECTION 85 - BOARD OF ARCHITECTURAL EXAMINERS (R68)

Point Fifty-Two (0.52) State Funded FTE Position - To handle increased working hours for the Secretary and Investigator due to the demands in office. (JC)

CUMULATIVE: TOTAL 0.52 STATE 0.52

SECTION 87 - BOARD OF BARBER EXAMINERS (R72)

Point Forty-Eight (0.48) State Funded FTE Position - To increase existing Clerical Specialist C position to full-time due to demands in the office. (SFC)

CUMULATIVE: TOTAL 0.48 STATE 0.48

SECTION 91 - BOARD OF COSMETOLOGY (R84)

Point Fifty (0.50) State Funded FTE Position - To properly document, investigate and resolve complaints. (JC)

Point Fifty (0.50) State Funded FTE Position - To increase existing Special Investigator position to full-time. (BCB)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 99 - NURSING HOME ADMINISTRATORS (S12)

Point Twenty-Five (0.25) State Funded FTE Position - Increase in working hours for part-time employee to handle increased demands of the office. (BCB)

CUMULATIVE: TOTAL 0.25 STATE 0.25

SECTION 108 - RESIDENTIAL HOME BUILDERS (S40)

One (1.00) State Funded FTE Position - One (1.00) Special Investigator to call on building officials and check building permits to police the area of unlicensed builders. (WMC)

CUMULATIVE: TOTAL 1.00 STATE 1.00

SECTION 112 - VETERINARY MEDICAL BOARD (S56)

Point Twenty-Four (0.24) State Funded FTE Position - To increase working hours for part-time employee due to administrative demands. (SFC)

000896

CUMULATIVE: TOTAL 0.24 STATE 0.24

SECTION 113 - AERONAUTICS COMMISSION (U04)

Two (2.00) State Funded FTE Positions - To improve aircraft maintenance capability.  
(BCB)

CUMULATIVE: TOTAL 2.00 STATE 2.00

SECTION 119 - S.C. DEPT OF HIGHWAYS & PUBLIC TRANSPORTATION (X50)

Four (4.00) Other Funded FTE Positions - Two (2.00) FTE positions to staff the Public Transportation Program and two (2.00) FTE positions transferred from the Attorney General's Office. Positions are funded with Other (Highway Trust Fund) funds. (JC)

Ninety-Three (93.00) Other Funded FTE Positions - These positions are for as follows:

Highway Engineering - Sixty-Five (65.00) FTE positions

Motor Vehicle Division - Twenty-Two (22.00) FTE positions

Law Enforcement Division - Six (6.00) FTE positions

(All positions funded from Highway Trust Fund.) (SFC)

CUMULATIVE: TOTAL 97.00 STATE 0.00

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CUMULATIVE

TOTALS: TOTAL 2,057.48 STATE 1,321.74

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NEWFTEXP

July 10, 1984

000897

## SCHEDULE III

868000

STATE BUDGET DIVISION  
 FTE POSITION CHANGE ANALYSIS  
 BY THE FREE CONFERENCE  
 AND GOVERNOR'S VETOES  
TO THE 1984-85 APPROPRIATION BILL

| SECTION<br>NUMBER | AGENCY                       | NEW<br>FTE POSITIONS<br>ADDED OR DELETED |       | AUTHORIZED<br>FTE POSITIONS<br>ADDED OR DELETED |       | NET CHANGE |       |
|-------------------|------------------------------|--|-------|---|-------|------------|-------|
|                   |                              | TOTAL                                    | STATE | TOTAL   | STATE | TOTAL      | STATE |
|                   |                              | FTE                                      | FTE   | FTE   | FTE   | FTE        | FTE   |
| 3B                | The House of Representatives | 2.00                                     | 2.00  |   |       | 2.00       | 2.00  |
| 5B                | Governor's Office-SLED       | 8.00                                     | 8.00  |   |       | 8.00       | 8.00  |
|                   | TOTAL                        | 10.00                                    | 10.00 | 0   | 0     | 10.00      | 10.00 |

July 10, 1984

## SCHEDULE IV

STATE BUDGET DIVISION  
ANALYSIS OF NEW FTE POSITIONS  
AS ADDED OR DELETED BY THE  
FREE CONFERENCE AND GOVERNOR'S VETOES  
TO THE 1984-85 APPROPRIATIONS BILL

| <u>SECTION<br/>NUMBER</u> | <u>AGENCY</u>                | <u>TOTAL<br/>FUNDS</u> | <u>STATE<br/>FUNDS</u> | <u>FEDERAL<br/>FUNDS</u> | <u>OTHER<br/>FUNDS</u> |
|---------------------------|------------------------------|------------------------|------------------------|--------------------------|------------------------|
| 3B                        | The House of Representatives | 2.00                   | 2.00                   |                          |                        |
| 5B                        | Governor's Office-SLED       | 8.00                   | 8.00                   |                          |                        |
|                           | TOTAL                        | 10.00                  | 10.00                  |                          |                        |

NOTE: See Explanation and Justification following Schedule II

July 10, 1984

000899



STATE BUDGET DIVISION  
ANALYSIS OF AUTHORIZED FTE POSITIONS ADDED OR DELETED  
BY THE FREE CONFERENCE AND GOVERNOR'S VETOES  
IN THE 1984-85 APPROPRIATION BILL

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| <u>SECTION<br/>NUMBER</u> | <u>AGENCY</u> | <u>TOTAL<br/>FUNDS</u> | <u>STATE<br/>FUNDS</u> | <u>FEDERAL<br/>FUNDS</u> | <u>OTHER<br/>FUNDS</u> |
|---------------------------|---------------|------------------------|------------------------|--------------------------|------------------------|
|---------------------------|---------------|------------------------|------------------------|--------------------------|------------------------|

NONE

July 10, 1984

000900

# EXHIBIT

JUL 24 1984 NO. 9

STATE BUDGET & CONTROL BOARD

SCHEDULE VI

000901

## STATE BUDGET DIVISION 1984-85 NEW POSITION COST REPORT BY COMMITTEES

| B & C Board  |              | Ways & Means |              | House        |              | Senate Finance |              | Senate       |              |
|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| <u>TOTAL</u> | <u>STATE</u> | <u>TOTAL</u> | <u>STATE</u> | <u>TOTAL</u> | <u>STATE</u> | <u>TOTAL</u>   | <u>STATE</u> | <u>TOTAL</u> | <u>STATE</u> |
| \$9,095,532  | \$6,091,758  | \$2,431,638  | \$1,350,501  | \$4,237,517  | \$3,325,917  | \$7,057,556    | \$5,407,139  | \$114,031    | (\$6,483)    |
| (672.57)     | (481.04)     | (273.00)     | (140.70)     | (481.50)     | (435.00)     | (620.41)       | (255.00)     | - 0 -        | - 0 -        |

| Free Conference |              | Cumulative Total |              |
|-----------------|--------------|------------------|--------------|
| <u>TOTAL</u>    | <u>STATE</u> | <u>TOTAL</u>     | <u>STATE</u> |
| \$ 156,000      | \$ 156,000   | \$23,092,274     | \$16,324,832 |
| (10.00)         | (10.00)      | (2057.48)        | (1321.74)    |

July 10, 1984

# EXHIBIT

JUL 24 1984

NO. 10

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD  
ITEM NUMBER

8

AGENCY: Fire Marshal

SUBJECT: Activity Report for May and June, 1984

Please refer to the attached report for details on the activities of the State Fire Marshal Division for the months of May and June, 1984.

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

Agenda item worksheet and referenced report.

000902

BUDGET AND CONTROL BOARD  
AGENDA ITEM WORKSHEET

For meeting scheduled for:

July 24, 1984

☒ Blue Agenda  
☐ Regular Session Agenda  
☐ Executive Session Agenda

1. Submitted By: Division of State Fire Marshal

2. Subject: Report for May and June, 1984

3. Summary Background Information:

Please see attached for details.

EXHIBIT

JUL 24 1984 NO. 10

STATE BUDGET & CONTROL BOARD

4. What is Board Asked To Do?

Receive as information.

5. Supporting Documents:

List Those Attached

Summary Report of Activities of  
Division of State Fire Marshal,  
May and June, 1984

List Those Not Attached But Available  
from Submitter

000903



# EXHIBIT

SUMMARY REPORT OF ACTIVITIES OF DIVISION OF STATE FIRE MARSHAL  
May and June 1984

JUL 24 1984

NO. 10

STATE BUDGET & CONTROL BOARD

## FIRE AND LIFE SAFETY

Resident Fire Marshal Certification - The Resident Fire Marshal Certification Course which was presented through Educational Television ended on May 8, 1984. The course was presented at each of the sixteen State TEC centers with Deputy State Fire Marshals from the Division serving as on-site coordinators. There were 235 participants and 162 persons completed the course and received certificates.

Training Program - During the month of May, the Division conducted a fire and life safety course designed for fire safety personnel from all state penal institutions. The course was developed to give on-site inspection instructions to representatives from each institution on a weekly basis. The program would serve to reduce the chances of fire through detection of hazards with correction before the annual inspections were conducted by Deputy State Fire Marshals.

Deputy State Fire Marshals attended a training seminar sponsored by the South Carolina Fire Inspectors' Association, May 14 - May 18, 1984.

Inspection Activities - Following is a summary of the inspection activities for May and June, 1984, and an annual summation of inspections by Deputy State Fire Marshals:

| <u>Inspections</u>     | <u>May/June Totals</u> | <u>Yearly Totals</u> |
|------------------------|------------------------|----------------------|
| Educational Facilities | 254                    | 1,527                |
| Residential Facilities | 113                    | 500                  |
| Requested Inspections  | 95                     | 653                  |
| Institutional Training | 141                    | 853                  |

Fire Marshal's Appeals Panel - The following appeals were heard by the Fire Marshal's Appeals Panel during May and June: Trinity Methodist Church Day Care and J & J Day Care were heard on June 8. In each case, after testimony was presented, the appeal was continued pending more information. Tiny Tots Day Care appeal was heard on June 18, 1984, and a decision was made in favor of the appellant.

Arson Control Program - Legislation placed the new Arson Control Program under the Division of State Fire Marshal. Preliminary plans are underway to implement the program.

## LIQUEFIED PETROLEUM (LP) GAS

Licensing Program - During the month of May, the LP Gas Section mailed the annual license renewal applications to all dealers, branch dealers, and subdealers. The return of the completed applications has been slow. The LP Gas Section is reviewing the process to effect expedient return of applications next year. In an effort to assist the firms, the LP Gas Section is working with the Attorney General's Office to implement a licensing package that will eliminate all unnecessary questions and paperwork associated with renewal in the future.

000904

Division of State Fire Marshal  
Summary of Activities, May and June 1984  
Page 2

Certification Examinations - During May and June, a revised subdealer qualification examination was put into service. The new examination is a more comprehensive test of an applicant's knowledge of LP-Gas. Since the administration of the examinations is being done by the LP-Gas Inspectors in the field, more firms are having their employees become certified.

Inspection Activities - The eight (8) LP Gas Inspectors averaged 4,000 inspections for the months of May and June. Inspections of bulk plants, individual installations, bulk trucks and cylinder filling facilities averaged 24,000 for the ending fiscal year.

FIREWORKS

Permits for Fireworks Displays - During the month of June, the Division received forty-eight (48) applications for Class "B" fireworks displays. Each application was reviewed to determine compliance with State Rules and Regulations. Four (4) applications were denied because the permittees could not meet the distance requirements as outlined in Regulation 19-363-B, and/or C. One denial was appealed to the Fire Commission and subsequently to the Fire Marshal's Appeals Panel. The denial was sustained. As a result of the distance requirement in the regulations, the Fire Commission intends to review the regulations at their next meeting.

Fireworks Display Operators Examination - On June 23, the semi-annual examination of display operators of Class "B" fireworks was held at the Criminal Justice Academy. Thirty-one (31) persons were tested. The examination has been changed from a true/false test to a multiple choice format with five (5) technical questions incorporated into the examination. Eighty (80) percent of the applicants passed the test and were certified.

000905

# EXHIBIT

JUL 24 1984

NO. 1 1

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

BLUE AGENDA  
ITEM NUMBER

9

AGENCY: Executive Director

SUBJECT: Interviewee Travel Expense Payments

Reports on the payment of interviewee travel expenses have been received from the following agencies:

- |                            |   |
|----------------------------|---|
| (a) College of Charleston  | 4 |
| (b) Francis Marion College | 3 |

BOARD ACTION REQUESTED:

Receive as information.

ATTACHMENTS:

000906



THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

JUL 20 1984

EXHIBIT

JUL 24 1984

NO. 11

Office of the President

STATE BUDGET & CONTROL BOARD

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

Name of Recruit:

*Phillip Powell*

City Address:

*Ottawa Illinois*

Position to be Filled:

*Assistant Reference Librarian*

Travel Dates:

From

*June 17*

To

*June 18, 1984*

Total Travel Reimbursement:

*David Cohen 7.00, Sheila Jones 3.00*

Significance of position warrants such costs and the payment is more cost efficient than sending representatives to the recruits' home town.

Approved By:

*Edward M. Collins, Jr.*  
Edward M. Collins, Jr.  
President

Original: Account Payable

Copy:

Budget and Control Board

000907

FOUNDED 1770





# THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

Office of the President

## EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

Name of Recruit: Kenneth Jensen  
City Address: Florida Ill.  
Position to be Filled: Faculty BA/Eden  
Travel Dates: From March 1 To March 2, 1984  
Total Travel Reimbursement: Travel Expense \$ 601.50

Significance of position warrants such costs and the payment is more cost efficient than sending representatives to the recruits' home town.

Approved By: Edward M. Collins, Jr.  
Edward M. Collins, Jr.  
President

Original: Account Payable  
✓ Copy: Budget and Control Board

000908

FOUNDED 1770



# THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

Office of the President

## EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

Name of Recruit: Frances Coleman  
City Address: Wingate Park NC  
Position to be Filled: Faculty Biology Dept.  
Travel Dates: From June 25 To June 27, 1984  
Total Travel Reimbursement: Super Market \$ 7.00

Significance of position warrants such costs and the payment is more cost efficient than sending representatives to the recruits' home town.

Approved By: Edward M. Collins, Jr.  
Edward M. Collins, Jr.  
President

Original: Account Payable  
Copy: Budget and Control Board

000909

FOUNDED 1770

JUL 9 1984



# THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA 29401

Office of the President

## EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

Name of Recruit: James Calnan  
City Address: Chicago Park NC  
Position to be Filled: Faculty Biology  
Travel Dates: From June 25 To June 27, 1984  
Total Travel Reimbursement: Main Marine Hotel \$101.04

Significance of position warrants such costs and the payment is more cost efficient than sending representatives to the recruits' home town.

Approved By: Edward M. Collins Jr.  
Edward M. Collins, Jr.  
President

Original: Account Payable  
Copy: Budget and Control Board

000910

FOUNDED 1770



# FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 669-4121

Office of the Vice President  
for Academic Affairs and  
Dean of the College

May 30, 1984

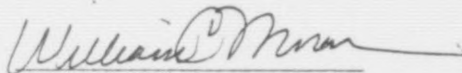
TO: Thomas C. Stanton

FROM: William C. Moran

Your approval is requested to invite Dr. Ramakrishna Koneru to campus for an interview for the position of Assistant/Associate Professor of Computer Science and to pay his travel expenses. The significance of this position is such that it warrants the costs of an interview. Further, the participation of a number of Francis Marion College persons is vital to this particular interview; therefore the costs of bringing Dr. Koneru to the campus would be far less than would be the expense of conducting the interview at his home area or elsewhere. As is our usual policy, candidates residing within South Carolina were considered before candidates from other states were sought.

## Estimated Costs:

|              |           |
|--------------|-----------|
| Travel-----  | \$ 536.00 |
| Food-----    | 20.00     |
| Lodging----- | 45.00     |
| TOTAL        | \$ 601.00 |



William C. Moran  
Dean of the College

Initial Approval 

Date: 5/30/84

## Actual Costs:

|              |                             |
|--------------|-----------------------------|
| Travel-----  | \$ 341.32                   |
| Food-----    | <del>2.65</del> 2.00        |
| Lodging----- | 27.04                       |
| TOTAL        | \$ <del>371.01</del> 370.36 |

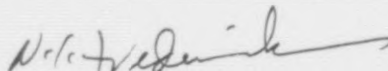
000911

APPROVAL RECOMMENDED  APPROVED

DATE

6-15-84

DATE

  
6/22/84

MAY 30 1984



*Mr. Indelic*

JUL 20 1984



# FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 669-4121

Office of the Vice President  
for Academic Affairs and  
Dean of the College

May 23, 1984

TO: Thomas C. Stanton

FROM: William C. Moran

Your approval is requested to invite Ms. Margarita Rosa Martin to campus for an interview for the position of Temporary Instructor of Political Science and to pay her travel expenses. The significance of this position is such that it warrants the costs of an interview. Further, the participation of a number of Francis Marion College persons is vital to this particular interview; therefore, the costs of bringing Ms. Martin to the campus would be far less than would be the expense of conducting the interview at her home area or elsewhere.

## Estimated Costs:

|              |              |
|--------------|--------------|
| Travel-----  | \$ 69.00     |
| Food-----    | \$ 12.00     |
| Lodging----- | \$ 45.00     |
| <br>TOTAL    | <br>\$126.00 |

*William C. Moran*

William C. Moran  
Dean of the College

Initial Approval: *Thomas C. Stanton*

Date: *5/24/84*

## Actual Costs:

|              |                     |
|--------------|---------------------|
|              | 38.80               |
| Travel-----  | \$ <del>44.62</del> |
| Food-----    | \$                  |
| Lodging----- | \$                  |
| <br>TOTAL    | <br>38.80           |
|              | \$ <del>44.62</del> |

APPROVAL RECOMMENDED *William C. Moran*

DATE: *7-10-84*

APPROVED: *Thomas C. Stanton*

DATE: *7/18/84*

000912

JUL 11 1984

Mr. Judnick



# FRANCIS MARION COLLEGE

BOX F7500, FLORENCE, SOUTH CAROLINA 29501-0056 / (803) 669-4121

Office of the Vice President  
for Academic Affairs and  
Dean of the College

June 21, 1984

## EXHIBIT

TO: Thomas C. Stanton  
  
FROM: William C. Moran

JUL 24 1984 NO. 11  
  
STATE BUDGET & CONTROL BOARD

Your approval is requested to invite Mr. Robert W. Shaff to campus for an interview for the position of Temporary Instructor of Theatre and Speech and to pay his travel expenses. The significance of this position is such that it warrants the costs of an interview. Further, the participation of a number of Francis Marion College persons is vital to this particular interview; therefore the costs of bringing Mr. Shaff to the campus would be far less than would be the expense of conducting the interview at his home area or elsewhere. As is our usual policy, candidates residing within South Carolina were considered before candidates from other states were sought.

### Estimated Costs:

|              |           |
|--------------|-----------|
| Travel-----  | \$ 714.00 |
| Food-----    | 20.00     |
| Lodging----- | 45.00     |
| TOTAL-----   | \$ 779.00 |

*William C. Moran*

William C. Moran  
Dean of the College

Initial Approval *Thomas C. Stanton*  
Date *June 23, 1984*

WCM:mmh

### Actual Costs:

|              |                  |
|--------------|------------------|
| Travel-----  | 44.00            |
| Food-----    | <del>50.60</del> |
| Lodging----- |                  |
| TOTAL-----   | 44.00            |

APPROVAL RECOMMENDED *William C. Moran* APPROVED *Thomas C. Stanton*  
DATE *7-6-84* DATE *7/7/84*

*Noted*  
*7/18/84*

JUN 21 1984 JUL 06 1984

000913

# EXHIBIT

JUL 24 1984

NO. 12

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

REGULAR SESSION  
ITEM NUMBER

4

AGENCY: Department of State

SUBJECT: Civil Contingent Fund Allocation Request

Secretary of State Campbell advises that his office does not have the necessary employees or other operating funds to implement the Perpetual Care Cemetery Act which became law on June 28, 1984. He notes that that Act, among other things, requires the payment of an investigation fee of \$400 and an annual license fee of \$100 which is a substantial increase from the \$25 per year required by previous statute.

Mr. Campbell notes that the Act requires an investigation by the Secretary of State and the filing of four forms annually.

Mr. Campbell has also submitted a proposed budget for the State Cemetery Board amounting to \$18,320. He points out that \$2,562 are included in the Appropriations Act for this activity.

Mr. Campbell also points out that the new requirements and license fees will produce some \$11,500 in revenues which is an increase of about \$9,000 over the old filing fee.

The proposed budget indicates a salary of \$15,000 for the clerk Mr. Campbell indicates is needed immediately. He does not indicate whether or not a position is available.

BOARD ACTION REQUESTED:

Consider

ATTACHMENTS:

Campbell July 16 letter to Putnam plus attachments

000914

State of South Carolina

Department of State

P.O. BOX 11350  
COLUMBIA 29211

JOHN T. CAMPBELL  
SECRETARY OF STATE  
JOHN P. STOKES  
DEPUTY SECRETARY OF STATE

July 16, 1984

RECEIVED

JUL 18 1984

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

STANLEY V. LEWIS  
DEPUTY SECURITIES COMMISSIONER  
816 Keenan Building

EXHIBIT ERIC W. PANTSARI  
DIRECTOR, PUBLIC CHARITIES  
816 Keenan Building

JUL 24 1984 NO. 12

STATE BUDGET & CONTROL BOARD

Mr. William T. Putnam  
Executive Director  
Budget and Control Board  
P. O. Box 12444  
Columbia, South Carolina 29211

Dear Mr. Putnam: *Bill*

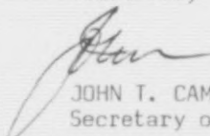
On June 28, 1984, the General Assembly enacted into law an act to amend the Perpetual Care Cemetery Act. This act, among other things, requires an investigation fee of \$400 and an annual license fee of \$100. This is a 75% increase from the fee provided for in the earlier statute which was \$25 per year. This act also requires an investigation by the Secretary of State and also the filing of four (4) forms annually.

Section 39-55-275 gives the board the authority to employ examiners, clerks and stenographers as the administration of this chapter may require. Section 39-55-85 gives the board the authority to collect the sums of money required for the budget from the yearly fees and other sources as provided for in this chapter.

The purpose of this letter is to inform you that this office does not simply have the necessary employees to implement this act at this time; therefore, this is to advise that if we are to implement this act, effective immediately as required by the act, then it is necessary that we have funds to hire a clerk immediately. Also, there will be a need for postage, a desk and chair for this clerk. The present appropriation bill provides for an appropriation of \$2,562. It is estimated that the new requirements and license fees will bring in \$11,500 which will be an increase over the old filing fee of \$9,000. We are attaching a proposed budget to carry us through this fiscal year for the implementation of this act.

Enclosed is a copy of the recently passed act.

Yours very truly,

  
JOHN T. CAMPBELL  
Secretary of State

JTC/er  
Encl.

000915



# EXHIBIT

JUL 24 1984 NO. 12

STATE BUDGET & CONTROL BOARD

## PROPOSED BUDGET

### STATE CEMETERY BOARD

|  |            |
|--|------------|
| Salary for clerk   | 15,000     |
| Travel (board is required to meet twice annually;<br>therefore, incurring mileage expense from member's<br>residence to Columbia and return) | 600        |
| Per diem   | 820        |
| Postage  | 1,000      |
| Stationery & forms (supplies)  | 300        |
| Printing   | <u>600</u> |
| Total proposed budget  | 18,320     |

000916

CIVIL CONTINGENT FUND  
RECEIPTS AND DISBURSEMENTS  
Fiscal Year 1983-84

RECEIPTS

General Appropriations

\$394,624.00

DISBURSEMENTS

EXHIBIT

JUL 24 1984 NO. 1 2

STATE BUDGET & CONTROL BOARD

Agency Allocations:

|  |                  |
|--|------------------|
| B & C Board/Fire Marshal's Office          | 858.00           |
| Family Farm Development                    | 59,500.00        |
| State Library/Anti-illiteracy Program      | 10,000.00        |
| Jobs-Economic Development Authority        | 15,000.00        |
| Board for Veterinary Examiners             | 7,000.00         |
| Bd for TEC and Comprehensive Education     | 13,000.00        |
| Bd of Cert/Environmental Systems Operators | 3,400.00         |
| Bd of Examiners/Optomety                   | 5,000.00         |
| B & C Bd/Property Mgmt/Mt Vernon Mills     | 15,457.67        |
| Attorney General's Ofc/Litigation          | 12,154.46        |
| Treasurer's Ofc/SC vs. Regan               | 5,000.00         |
| Appellate Defense                          | 25,000.00        |
| Catawba Indian Suit/Attorney Gen Ofc       | 15,000.00        |
| Clemson University/Spring Dairy Show       | 5,000.00         |
| DSS/Litigation                             | <u>10,000.00</u> |

Total Agency Allocations:

(201,370.13)

Committee Expenses:

|                                      |                 |
|--------------------------------------|-----------------|
| B & C Board - Meetings               | 1,235.92        |
| Procurement Code Review Panels       | 5,339.50        |
| Council on Productivity              | 2,870.65        |
| Public Service Merit Selection Panel | 493.44          |
| Board of Economic Advisors           | 590.50          |
| Governor's Youth Advisory Council    | <u>4,219.09</u> |

Total Committee Expenses:

(14,749.10)

Other Expenses:

|                                      |                 |
|--------------------------------------|-----------------|
| SE Interstate/Radioactive Waste Mgmt | 25,000.00       |
| Fire Commission/Mid Atlantic Meeting | 2,000.00        |
| Norwegian/American Park of Peace     | 1,000.00        |
| Sinkler Gibbs & Simons               | 8,330.39        |
| The Carolinian                       | 3,000.00        |
| Precision Technology                 | 3,000.00        |
| PAI                                  | 3,000.00        |
| National Tool & Manufacturing        | <u>2,000.00</u> |

Total Other Expenses:

47,330.39

Total Disbursements:

263,449.62

Lapsed to General Fund:

131,174.38

000917

# EXHIBIT

JUL 24 1984

NO. 13

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

2

AGENCY: State College Board of Trustees

SUBJECT: Parking Facilities Bond Anticipation Note  
(College of Charleston)

The State College Board of Trustees asks that the Board approve the issuance and sale of \$700,000 of parking facilities revenue bond anticipation notes of the College of Charleston in anticipation of the issuance of a like amount of bonds. This roll-over would represent a reduction in principal of \$75,000. The initial note which financed the construction of a multi-level parking garage was for \$1,075,000.

The College proposes to use \$75,000 of parking revenues to reduce the principal of the note and to pay \$47,972 from that source for interest on these notes.

BOARD ACTION REQUESTED:

Adopt resolution approving the issuance and sale of \$700,000 State College Board of Trustees Parking Facilities Revenue Bond anticipation notes of the College of Charleston and authorizing the use of parking revenues in the approximate amount of \$122,972 to pay a portion of the principal due on the 1983 note and the interest.

ATTACHMENTS:

Referenced resolution and Applegate July 17 letter to McInnis

000918

# EXHIBIT

JUL 24 1984

NO. 13

STATE OF SOUTH CAROLINA )

College of Charleston

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

4

AGAINST MOTION

0

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

July 24, 1984

William A. McInnis

000919



# EXHIBIT

JUL 24 1984

NO. 13

A RESOLUTION

STATE BUDGET & CONTROL BOARD

O  
R  
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L  
APPROVING THE ISSUANCE AND SALE OF SEVEN HUNDRED THOUSAND (\$700,000) STATE COLLEGE BOARD OF TRUSTEES PARKING FACILITIES REVENUE BOND ANTICIPATION NOTES, SERIES 1984, OF THE COLLEGE OF CHARLESTON, IN ANTICIPATION OF THE ISSUANCE OF STATE COLLEGE BOARD OF TRUSTEES PARKING FACILITIES REVENUE BONDS OF THE COLLEGE OF CHARLESTON AND THE USE OF VARIOUS FUNDS FOR THE PAYMENT OF A PORTION OF THE PRINCIPAL AND INTEREST AMOUNT DUE ON THE \$775,000 STATE COLLEGE BOARD OF TRUSTEES PARKING FACILITIES REVENUE BOND ANTICIPATION NOTES OF THE COLLEGE OF CHARLESTON OF 1983.

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L  
WHEREAS, the State College Board of Trustees (the Board of Trustees), in accordance with Act No. 77 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1975, as amended by Act No. 26 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1981, proposed to issue \$1,265,000 State College Board of Trustees Parking Facilities Revenue Bonds of the College of Charleston (the Bonds), to defray a portion of the cost of the construction of a multi-level parking garage at the College of Charleston (the New Facilities) on land owned by the City of Charleston and leased to the State of South Carolina; and

WHEREAS, in order to raise funds to defray construction costs incurred in connection with the construction of the New Facilities pending the issuance of the Bonds, the Board of Trustees previously issued, pursuant to the authorization of Chapter 17, Title 11, Volume 4, Code of Laws of South Carolina 1976 (the Bond Anticipation Note Statute), \$1,075,000 State College Board of Trustees Parking

000920

Facilities Revenue Bond Anticipation Notes of the College of Charleston, dated August 19, 1981, and maturing August 18, 1982 (the Bond Anticipation Notes of 1981); and

WHEREAS, due to the unfavorable condition of the bond market, the Board of Trustees postponed the issuance of the Bonds to refund the Bond Anticipation Notes of 1981 and issued, pursuant to the Bond Anticipation Note Statute, the \$1,075,000 State College Board of Trustees Parking Facilities Revenue Bond Anticipation Note of the College of Charleston, dated August 5, 1982, and maturing August 4, 1983 (the Bond Anticipation Note of 1982) to refund the Bond Anticipation Notes of 1981; and

WHEREAS, the Board of Trustees again postponed the issuance of the Bonds prior to the maturity of the Bond Anticipation Note of 1982 in order to have a longer operating history for the New Facility (the New Facility having opened for use in October 1982) and issued pursuant to the Bond Anticipation Note Statute \$775,000 State College Board of Trustees Parking Facilities Revenue Bond Anticipation Notes of the College of Charleston, dated August 3, 1983, and maturing August 2, 1984, (the Bond Anticipation Notes of 1983), the proceeds of which, together with other funds available to the Board of Trustees, were used to repay a portion of and to refund the balance of the Bond Anticipation Notes of 1982; and

WHEREAS, due to unfavorable conditions in the bond market and in order to have an even longer operating history for the New Facility, the Board of Trustees again proposes to postpone the issuance of the Bonds and to issue \$700,000 State College Board of Trustees Parking

000921

Facilities Revenue Bond Anticipation Notes of the College of Charleston, dated August 2, 1984, and maturing August 1, 1985 (the Bond Anticipation Notes of 1984), the proceeds of which, together with other funds legally available to the Board of Trustees as hereinafter described, will be used to repay a portion of and to refund the balance of the Bond Anticipation Notes of 1983; and

WHEREAS, THE Board of Trustees has on deposit with the State Treasurer parking revenues from the College of Charleston in the approximate amount of \$140,000 and intends to use a portion of these revenues to pay \$75,000 of the principal amount of the Bond Anticipation Notes of 1983 and interest on the Bond Anticipation Notes of 1983 in the approximate amount of \$47,972; and

WHEREAS, the Board of Trustees is authorized to issue the Bonds only if the State Budget and Control Board shall have first approved the issuance thereof, and consequently Section 11-17-60, Code of Laws of South Carolina 1976, requires the Board of Trustees to obtain the consent or approval of the State Budget and Control Board prior to any borrowing, pursuant to Chapter 17, Title 11, Volume 4, Code of Laws of South Carolina 1976, in anticipation of the issuance of the Bonds,

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board, in meeting duly assembled, as follows:

1. That the State Budget and Control Board, by the adoption of this Resolution, evidences its consent to and approval of the issuance and sale of \$700,000 State College Board of Trustees Parking Facilities Revenue Bond Anticipation Notes, Series 1984, of the College of Charleston pursuant to Chapter 17, Title 11, Volume 4, Code of Laws of

EXHIBIT

JUL 24 1984 NO. 13

STATE BUDGET & CONTROL BOARD

000922

South Carolina 1976, in anticipation of the issuance of State College Board of Trustees Parking Facilities Revenue Bonds of the College of Charleston, pursuant to Act No. 77 of 1975, as amended by Act No. 26 of 1981, at public or private sale and upon such terms and conditions as the Board of Trustees shall determine (subject to the approval of the State Budget and Control Board of any rate of interest required by Section 11-9-350, Code of Laws of South Carolina 1976).

2. That the State Budget and Control Board hereby approves the use of parking revenues of the College of Charleston on deposit with the State Treasurer in the amount of \$75,000 for the payment of a portion of the principal amount due on the Bond Anticipation Note of 1983 and approximately \$47,972 of said revenues for the payment of interest on the Bond Anticipation Notes of 1983.

## EXHIBIT

JUL 24 1984 NO. 13

STATE BUDGET & CONTROL BOARD

000923



JUL 18 1984

McKAY & GUÉRARD, P.A.

Post Office Box 1110  
125 Church Street  
Charleston, South Carolina 29402  
Telephone 803/722-7000

July 17, 1984

Julius W. McKay  
Theodore B. Guérard  
W. E. Applegate, III  
Sherwood M. Cleveland  
Adele J. Pope  
William C. Cleveland\*

John Paul Trouche\*\*  
William P. Simpson  
Samuel W. Howell, IV  
Shawn D. Wallace

\*Also Admitted in California

\*\*Also Admitted in Georgia

of Counsel  
William J. Quirk, P.A.  
Also Admitted in New York

FIRST NATIONAL BANK BUILDING  
P.O. DRAWER 7157  
COLUMBIA, S.C. 29202  
(803) 765-2306

VIA FEDERAL EXPRESS

Mr. William A. McInnis  
Secretary  
State Budget and Control Board  
Room 600, Wade Hampton Office Building  
1200 Senate Street  
Columbia, SC 29201

EXHIBIT

JUL 24 1984 NO. 13

STATE BUDGET & CONTROL BOARD

Re: \$700,000 State College Board of Trustees Parking Facilities  
Revenue Bond Anticipation Notes, Series 1984, of the College  
of Charleston

Dear Bill:

Enclosed please find the original and six copies of a Resolution of the State Budget and Control Board in connection with the issuance of the captioned bonds for consideration by the State Board at its meeting scheduled for Tuesday, July 24, 1984. If the State Board adopts the Resolution, I would appreciate your certifying and returning to me the six copies in the stamped, self addressed envelope provided for your convenience.

000924

McKAY & GUÉRARD, P. A.

Mr. William A. McInnis  
July 17, 1984  
Page Two

Thank you for your assistance in this matter.

Sincerely yours,



W. E. Applegate, III

WEAIII/jam  
Enclosures

cc: The Honorable Grady L. Patterson, Jr.  
Joe E. Berry, Jr., Esquire  
Mr. F. Mitchell Johnson  
Mr. J. Floyd Tyler  
(with enclosures)

EXHIBIT

JUL 24 1984 NO. 13

STATE BUDGET & CONTROL BOARD

000925

# EXHIBIT

JUL 24 1984

NO. 14

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

REGULAR SESSION  
ITEM NUMBER

3

AGENCY: Technical and Comprehensive Education

SUBJECT: Tri-County Technical College Institution Bond Issue

Associate Executive Director Wyman Shealy of the State Board for Technical and Comprehensive Education advises that Tri-County Technical College is extremely anxious to begin construction of a student center which has been in the planning stages since 1978.

Mr. Shealy has forwarded a resolution prepared by the Sinkler Gibbs & Simons firm which was adopted by the State Board for Technical and Comprehensive Education at its June 27 meeting. That resolution provides for the issuance of \$1,200,000 State Institution Bonds for Tri-County Technical College.

The resolution adopted by the State Board indicates that Tri-County Technical College has for some years imposed a tuition fee of \$2.25 per credit hour with a maximum of \$27. It also indicates that the "tuition fee" portion of the charge made to students produced \$168,215 in 1983-84. The College now proposes to finance a portion of the cost of the new student center through the issuance of these bonds. The project will include the renovation of 15,000 square feet of space and the construction of 7,000 square feet.

BOARD ACTION REQUESTED:

Adopt resolution approving the issuance of \$1,200,000 State Institution Bonds for Tri-County Technical College pursuant to Chapter 107 of Title 59 of the South Carolina Code of Laws.

ATTACHMENTS:

Shealy July 11 letter to Putnam plus attachment

000926

RECEIVED  
AUG 27 1984

SINKLER GIBBS & SIMONS

MAILING ADDRESS  
CHARLESTON OFFICE  
POST OFFICE BOX 340  
CHARLESTON, S. C. 29402

PROFESSIONAL ASSOCIATION  
160 EAST BAY STREET  
CHARLESTON, SOUTH CAROLINA  
TELEPHONE AND TELECOPIER  
(803) 722-3366

Budget & Control Board  
Office of Executive Director  
SUITE 1160  
FIRST NATIONAL BANK BUILDING  
POST OFFICE BOX 1458  
COLUMBIA, S. C. 29211  
TELEPHONE AND TELECOPIER  
(803) 765-1855

August 24, 1984

EXHIBIT

JUL 24 1984 NO. 14

STATE BUDGET & CONTROL BOARD

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

Re: \$1,200,000 State Institution Bond Anticipation  
Notes for Tri-County Technical College

Dear Bill:

Pursuant to our telephone conversation of yesterday, I am enclosing a resolution which reflects the action taken by the State Budget and Control Board at its meeting of July 24, 1984. Would you be so kind as to send four certified copies of the resolutions to me when convenient. If you should have any question about the Resolution, please give me a call.

With warm personal regards,

*Will*  
M. William Youngblood, Jr.

MWY/bs  
Enclosure  
cc: Honorable Grady L. Patterson, Jr.

000927



# EXHIBIT

STATE OF SOUTH CAROLINA )

JUL 24 1984  
Tri-County Technical College

NO. 14

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

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

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

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

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

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

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 A. M., on Tuesday, July 24, 1984, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: Senator Dennis (during consideration of this item).

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

FOR MOTION

4

AGAINST MOTION

0

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

That any and all conditions attached to the referenced Board action except that relating to the submission of IRS Form 8038 have been satisfied as of the date of this certificate.

August 27, 1984

William A. McInnis

000928

# EXHIBIT

JUL 24 1984 NO. 14

## A RESOLUTION STATE BUDGET & CONTROL BOARD

AUTHORIZING THE ISSUANCE OF BOND ANTICIPATION NOTES OF THE STATE OF SOUTH CAROLINA, IN ANTICIPATION OF THE ISSUANCE OF STATE INSTITUTION BONDS OF THE STATE OF SOUTH CAROLINA.

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

### SECTION 1

As an incident to the adoption of this Resolution and the issuance of the Bond Anticipation Notes herein authorized, the State Budget and Control Board of the State of South Carolina (the State Board) finds:

1. The State Board is authorized by the provisions of Chapter 107, Title 59, Code of Laws of South Carolina, 1976, as amended, (Chapter 107) to make provision for the issuance of State Institution Bonds in order to raise funds for permanent improvements to the various institutions of higher learning in the State.

2. The statutory limit now controlling the issuance of State Institution Bonds is found in Section 59-107-90 of Chapter 107 and such limitation will permit the issuance of the bond anticipation notes (and ultimately state institution bonds) in the amount herein authorized.

3. On June 27, 1984, the State Board for Technical and Comprehensive Education (the TEC Board) adopted a resolution setting forth all of the findings required to be made by Section 59-107-40 of Chapter 107. A copy of such resolution has been presented to the State Board.

000929

4. While the TEC Board requested the issuance of long term bonds, if possible, this Board has determined that conditions in the municipal market make it prudent to delay such final action. Accordingly, the State Board has determined to empower the State Treasurer to arrange a sale of bond anticipation notes in an amount sufficient to provide temporary financing of the costs of the permanent improvements described in the application. This project is now under construction.

#### SECTION 2

The State Board finds that it is necessary to raise \$1,200,000 for this purpose and has determined that this sum should be raised through the sale of Bond Anticipation Notes authorized by this Resolution.

As soon as market conditions permit, the State Board will offer for sale State Institution Bonds in order to obtain funds with which to pay such Notes.

The application of the TEC Board reflects that the margin required by Article X, Section 13(6)(b) of the South Carolina Constitution will be met.

#### SECTION 3

The State Board is authorized by Chapter 17, Title 11, Code of Laws of South Carolina, 1976, to issue bond anticipation notes to provide the funds in anticipation of the receipt of proceeds of bonds authorized by law to be issued.

#### SECTION 4

Accordingly, it is the purpose of this Resolution to:

(a) authorize the Governor and State Treasurer to effect the issuance of Bond Anticipation Notes to the extent herein set forth and for the purposes herein recited; and

(b) obligate the State of South Carolina to effect the issuance of sufficient State Institution Bonds to provide funds with which to pay the Bond Anticipation Notes herewith authorized.

#### SECTION 5

It is hereby determined that temporary financing pursuant to Chapter 17, Title 11, Code of Laws of South Carolina, 1976, to the extent herein set forth in anticipation of the issuance of State Institution Bonds, shall be immediately undertaken, and that authorization be given to the Governor and State Treasurer which will enable such officers to comply with the directives of this Resolution.

#### SECTION 6

There shall be issued by the State of South Carolina Bond Anticipation Notes of the State of South Carolina, in the aggregate principal amount of \$1,200,000 which shall be dated September 1, 1984, and which shall be expressed to mature on or before September 1, 1984, on a date selected by the State Treasurer.



The proceeds of the Notes shall be applied to the costs of the project authorized in the application of the TEC Board.

SECTION 7

The Notes shall bear interest from September 1, 1984, payable upon the stated maturity hereof, at the rate negotiated by the State Treasurer.

SECTION 8

The Notes shall be numbered from 1 upwards in chronological order, and shall be in the denomination of \$5,000 or any multiple of \$5,000 requested by the purchaser thereof. The Notes shall be payable, both principal and interest, in legal tender upon maturity, at the principal office of a bank in the City of Columbia, State of South Carolina, designated by the State Treasurer, and, at the option of the holder, at the principal office of Morgan Guaranty Trust Company of New York, in the City of New York, State of New York.

SECTION 9

The State Treasurer is authorized to negotiate the sale of the Notes herein authorized. The State Treasurer is specifically authorized to fix the rate of interest to be borne by the Notes at a rate in excess of that prescribed by Section 11-9-350, Code of Laws of South Carolina for 1976.

SECTION 10

The Notes shall be executed on behalf of the State of South Carolina by the Governor of the State of South

Carolina and by the State Treasurer of South Carolina, and the Great Seal of the State of South Carolina shall be reproduced thereon, and the same shall be attested by the Secretary of State of South Carolina, provided that at least one of such signatures shall be a manual signature of the officer signing the Notes.

SECTION 11

The Notes shall be substantially in the form attached hereto as "EXHIBIT A".

SECTION 12

For the payment of the principal of and interest on the Notes, as the same shall fall due, the full faith, credit and taxing power of the State of South Carolina shall be pledged. In addition thereto, so much of the principal proceeds of the State Institution Bonds which shall be issued to provide the funds with which to pay the Notes are hereby pledged and the State Treasurer, upon receipt of the proceeds of such State Institution Bonds, shall and he is hereby directed to apply such proceeds to such payment.

SECTION 13

This Board authorizes, and on behalf of the State of South Carolina, covenants and agrees to effect the issuance of sufficient State Institution Bonds of the State of South Carolina in order that the proceeds thereof will be sufficient to provide for the retirement of all Bond Anticipation Notes hereafter to be outstanding.

SECTION 14

The Notes shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to the purchaser thereof, upon receipt of the proceeds thereof. The proceeds shall be paid to the State Treasurer and applied to meet the purposes described in the application of the University trustees.

SECTION 15

A certified copy of this Resolution shall be transmitted to the Governor and the State Treasurer, as a means of authorizing the issuance of the Notes and apprising them of the action taken by this Board as above set forth.

---

EXHIBIT A

\$ \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
BOND ANTICIPATION NOTE

KNOW ALL MEN BY THESE PRESENTS That the STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the BEARER hereof, the principal sum of

\_\_\_\_\_ DOLLARS

at the principal office of \_\_\_\_\_ in the City of Columbia, State of South Carolina, or, at the option of the holder at the principal office of Morgan Guaranty Trust Company of New York, in the City of New York, State of New York, on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and to pay interest on said principal sum from the date hereof, at the rate of \_\_\_\_\_ percentum (\_\_\_\_%) per annum, payable upon the maturity of this Note.

Both the principal of and the interest on this Note 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.

THIS NOTE is one of an issue of Bond Anticipation Notes, of like date, tenor and effect, except as to



numbering, aggregating \$1,200,000 (the Notes), issued by the State of South Carolina, pursuant to the authorizations of Chapter 17, Title 11, Code of Laws of South Carolina, 1976, in anticipation of the receipt of the proceeds to be derived from the sale of State Institution Bonds of the State of South Carolina to be issued pursuant to Chapter 107 of Title 59, Code of Laws of South Carolina, 1976, as amended. The full faith, credit and taxing power of the State of South Carolina and the proceeds to be derived from the sale of the bonds, in anticipation of which the Notes are issued, are pledged for the payment of the principal of and interest on this Note.

THIS NOTE and the interest hereon are 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.

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, or to be performed precedent to or in the issuance of this Note, do exist, have happened, and have been performed in regular and due time, form and manner.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Note to be signed by the facsimile signature of the Governor of South Carolina and by the manual signature

of the State Treasurer of South Carolina, the Great Seal of the State to be reproduced hereon, the same to be attested by the facsimile signature of the Secretary of State of South Carolina, and this Note to be dated the \_\_\_\_ day of \_\_\_\_\_, 1984.

(SEAL)

\_\_\_\_\_  
Governor of the State of  
South Carolina

\_\_\_\_\_  
State Treasurer

Attest:

\_\_\_\_\_  
Secretary of State



RECEIVED  
JUL 13 1984  
BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

STATE BOARD FOR TECHNICAL  
AND  
COMPREHENSIVE EDUCATION

G. WILLIAM DUDLEY, JR.  
EXECUTIVE DIRECTOR

111 EXECUTIVE CENTER DRIVE  
COLUMBIA, SOUTH CAROLINA 29210

July 11, 1984

The Honorable William T. Putnam  
Executive Director  
State Budget and Control Board  
618 Wade Hampton Office Building  
Columbia, South Carolina 29201

EXHIBIT  
JUL 24 1984 NO. 14  
STATE BUDGET & CONTROL BOARD

Dear Bill:

Please find enclosed a resolution adopted by the State Board for Technical and Comprehensive Education at its meeting of June 27, 1984. The resolution requested is for the issuance of Institutional Bonds in the amount of \$1.2 million on behalf of Tri-County Technical College. The proceeds from the bond issue will be used to construct a student center on the campus of Tri-County TEC. This project was originally approved by the General Assembly in Act 194 of 1979.

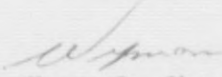
We have had several meetings with Bill Youngblood of the firm of Sinkler, Gibbs & Simons and I feel that it is safe to say that Mr. Youngblood has endorsed the bond issue since he drafted the resolution for the Board. The college began collecting the tuition fees in the fall quarter of 1983 and completed the years experience required with the summer quarter of 1984. The tuition fees are currently on deposit in the State Treasurer's office.

Tri-County TEC is extremely anxious to begin construction as soon as possible. As noted above, the project has been in the planning stages since 1978. Any assistance that you may be able to provide in expediting this request would be greatly appreciated.

If you should have any questions regarding this item, please do not hesitate to call on me.

With kind personal regards,

Sincerely,

  
Wyman D. Shealy  
Associate Executive Director

WDS:bhc  
Enclosure

000938

# EXHIBIT

JUL 24 1984 NO. 14

## A RESOLUTION STATE BUDGET & CONTROL BOARD

BY THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION REQUESTING THE ISSUANCE OF \$1,200,000 STATE INSTITUTION BONDS FOR TRI-COUNTY TECHNICAL COLLEGE PURSUANT TO CHAPTER 107 OF TITLE 59, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

BE IT RESOLVED BY THE STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION, IN MEETING DULY ASSEMBLED:

### ARTICLE I FINDINGS OF FACT

#### Section 1

As an incident to the adoption of this Resolution, the State Board for Technical and Comprehensive Education (the Board) has made the following findings:

1. By the provisions of Act 249 of the Acts of 1977, the General Assembly amended the statute codified in the 1976 South Carolina Code of Laws as Chapter 107, Title 59 (Chapter 107), by including as State Institutions of Higher Learning the technical colleges and centers under the jurisdiction of the Board and thus empowered the State Budget and Control Board (the State Board) to issue State Institution Bonds for such technical colleges and technical centers for the purposes and under the conditions set forth in Chapter 107.

2. Historically, the technical colleges and centers have operated through the means of local tax support, state appropriation and fees and charges imposed upon those who enrolled in such institutions and participated in the courses of study offered therein (the Students). All fees and charges imposed on Students and regulated by action of the Board. Until July of 1977 there was a single charge imposed upon Students which has covered (i) a portion of the cost of operation and maintenance of the facilities of the institution, and (ii) the tuition, matriculation and registration fees imposed upon Students at each institution.

3. By resolution effective as of July 1, 1977, the Board empowered the governing bodies of the individual technical colleges to apportion the single charge theretofore imposed upon Students of such institutions into a "tuition fee" and a "student fee", and it further empowered the governing bodies of such colleges to remit the proceeds of the tuition fee to the State Treasurer in compliance with Section 59-107-30, Code of Laws of South Carolina, 1976.

000939



4. Tri-County Technical College (Tri-County) serves Students within an area comprised of Anderson, Oconee and Pickens Counties. It has for some years imposed a tuition fee of \$2.25 per credit hour with a maximum of \$27. Tri-County does not differentiate its Summer quarter from its other quarters and accordingly has no "summer school term" as contemplated by Section 59-107-30 of the 1976 Code.

5. The "tuition fee" portion of the charge produced for the fiscal year ending June 30, 1984 is the sum of \$168,214.96.

6. Tri-County now proposes to fund a portion of the cost of a new student center through the issuance of State Institution Bonds. The project will consist of 15,000 square feet of renovations and 7,000 square feet of new construction.

7. The Tri-County Technical College Area Commission has requested the Board to make application to the State Board for the issuance of \$1,200,000 State Institution Bonds pursuant to the provisions of Chapter 107, which sum will be used to pay the costs of constructing the building described in paragraph 6. The Board for its part approves the action of the Area Commission and adopts this resolution pursuant to Chapter 107.

## ARTICLE II APPLICATION FOR STATE INSTITUTION BONDS

### Section 1

On behalf of Tri-County, the Board makes application to the State Board for the issuance of \$1,200,000 State Institution Bonds pursuant to the provisions of Chapter 107 to provide moneys to be used to defray the cost of a new student center. Should the State Board determine that conditions in the long term bond market preclude the issuance of bonds at this time, then this application shall be deemed as a request to proceed with the issuance of bond anticipation notes.

### Section 2

It is estimated that the entire proceeds will be required to meet the cost of the improvements described in paragraph 6 of Article I.

### Section 3

The aggregate sum which Tri-County received as tuition fees for the fiscal year ending June 30, 1984 was \$168,214.96.

Section 4

The schedule of tuition fees now in effect at Tri-County is \$2.25 per credit hour for all students, with a maximum fee of \$27.

Section 5

The suggested maturity schedule and pro forma debt service requirements for bonds issued pursuant to this application is set forth as Exhibit A to this Resolution.

Section 6

No State Institution Bonds have been issued on behalf of Tri-County.

Section 7

A calculation establishing the right of Tri-County to seek the issuance of bonds to the extent set forth in this Resolution is set forth as Exhibit B to this Resolution.

Section 8

The Board hereby agrees that the schedule of tuition fees now in effect at Tri-County will be revised from time to time and whenever necessary in order to provide the annual principal and interest requirements of all State Institution Bonds hereafter to be outstanding, which will be issued on behalf of Tri-County.

Section 9

The Secretary of the Board is hereby directed to present a certified copy of this Resolution, together with the Exhibit heretofore referred to, to the Budget and Control Board of South Carolina, as evidence of the formal request of the Board for the issuance of State Institution Bonds or Notes on behalf of Tri-County and the proper officers of Tri-County shall promptly remit to the State Treasurer moneys collected as tuition fees for the fiscal year ended June 30, 1984. Tuition fees for each subsequent quarter shall also be remitted to the State Treasurer as collected.

Section 10

All resolutions or provisions thereof heretofore adopted inconsistent with the requests and authorizations contained herein, are hereby repealed.

\*

\*

\*

EXHIBIT A

TABLE SHOWING MATURITY SCHEDULE AND PRO FORMA DEBT SERVICE REQUIREMENTS OF A PROPOSED ISSUE OF \$1,200,000 STATE INSTITUTION BONDS FOR TRI-COUNTY TECHNICAL COLLEGE, TO BE DATED SEPTEMBER 1, 1984, AT AN ASSUMED INTEREST RATE OF 10%

Level principal and interest payments on a debt of \$1.2 million, amortized over a twenty year term with interest calculated at 10% per annum would be \$140,952.

Tuition fees remitted for the fiscal year ending June 30, 1984 amount to \$168,214.96.

Applying the 90% test required by Article X, Section 13 of the South Carolina Constitution, it is seen that debt service in any year may not exceed \$151,393.

It will therefore be possible to structure a twenty year maturity schedule in compliance with the constitutional test.

EXHIBIT B

(Tri-County Technical College)

PROOF SHOWING COMPLIANCE WITH CHAPTER 107, TITLE 59, SOUTH  
CAROLINA CODE OF LAWS OF 1976, AS AMENDED

|  |                   |
|--|-------------------|
| Amount of tuition fees collected in fiscal<br>year ended June 30, 1984 | \$168,214.96      |
| Multiply by 90%  | 151,393.46        |
| Maximum annual debt service  | <u>140,952.00</u> |
| Margin   | \$ 10,441.46      |

\*Reference is made to subparagraph (b) of paragraph 6 of  
Section 13 of new Article X, South Carolina  
Constitution. The figure \$140,952 reflects level  
principal and interest payments on a debt of \$1.2  
million amortized over a twenty year term, bearing  
interest at an assumed rate of 10%.



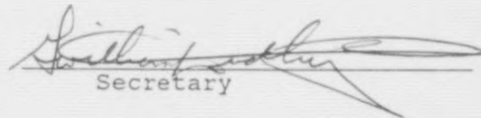
STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, the undersigned, Secretary of the State Board for Technical and Comprehensive Education, do hereby certify that the foregoing is a true, correct and verbatim copy of a Resolution duly adopted by the said Board having been read at a duly called meeting of the Board on June 27, 1984.

Witness my hand and the seal of the State Board for Technical and Comprehensive Education, this 27 day of June, 1984.

(SEAL)

  
Secretary

EXHIBIT

JUL 24 1984

NO. 14

STATE BUDGET & CONTROL BOARD

# EXHIBIT

JUL 24 1984

NO. 15

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

REGULAR SESSION  
ITEM NUMBER

6

AGENCY: Parole and Community Corrections

SUBJECT: Hearing Fee Plan

The 1984-85 Appropriations Act provides that "...the amount appropriated in this section under Program III entitled Parole and Pardons for Hearing Fees shall be used to provide a hearing fee for Parole and Community Corrections Board members under a plan approved by the Budget and Control Board."

The Parole and Community Corrections Board proposes that the fee be applied as follows: A Hearing Fee of \$100 will be paid to each Board member for each meeting attended related to hearing parole and pardon matters. The hearing fee would be in addition to existing per diem and travel allowances.

The Parole and Community Corrections Board currently receives the standard per diem rate (\$35) for two study days and the hearing day for a total of \$105 per "meeting" on parole and pardon matters, plus related travel.

The application of the hearing fee will result in a total payment of \$205 per Board member per meeting, plus related travel.

The Budget Division is of the opinion that this plan meets the legislative intent of the hearing fees appropriations. The agency's budget analyst, David Anderson, recommends approval of the \$100 hearing fee payment for meetings relating to parole and pardon matters only, excluding meetings dealing only with administrative and policy matters.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Putnam July 2 memo to Coles plus attachments

000945

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
STATE BUDGET DIVISION  
406 WADE HAMPTON STATE OFFICE BUILDING  
COLUMBIA, S.C. 29201  
(803) 758-3106



JESSE A. COLES, JR., Ph.D.  
DIVISION DIRECTOR

MEMORANDUM

RECEIVED

JUL 10 1984  
BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

REMBERT C. DENNIS  
CHAIRMAN  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

EXHIBIT

JUL 24 1984 NO. 15

STATE BUDGET & CONTROL BOARD

TO: Mr. William T. Putnam, Executive Director

THRU: Dr. Jesse A. Coles, Jr.  
Preston T. Cantrell

FROM: David L. Anderson *David L. Anderson*

DATE: July 10, 1984

SUBJECT: Parole and Community Corrections Board

I have reviewed the attached plan for the application of Hearing Fees for the Department of Parole and Community Corrections. Additionally, I have contacted representatives of both the Governor's Office and the Department regarding the plan.

It is my opinion that this plan meets the legislative intent of the hearing fees appropriation. I recommend approval of the \$100 hearing fee payment for meetings relating to Parole and Pardon matters only. This would exclude meetings dealing only with administrative and policy matters.

If you have any questions, please let me know.

DLA/pas

000946

# EXHIBIT

State of South Carolina

JUL 24 1984

NO. 15

## State Budget and Control Board

STATE BUDGET & CONTROL BOARD

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

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

Box 12444  
Columbia  
29211

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 12, 1984

Mr. Grady A. Wallace, Commissioner  
Parole and Community Corrections  
2221 Devine Street  
Columbia, South Carolina 29250

Dear Grady:

Your request for Budget and Control Board approval of the proposed Hearing Fee Plan as submitted in your memorandum of June 26, 1984, will be placed on the Board agenda at the meeting of July 24, 1984. This meeting will be held in the Governor's Conference Room and will begin at 10:00 a.m. It will be helpful if you can have someone in attendance in the event that a Board member has any questions.

Yours very truly,

*Bill*

William T. Putnam

WTP/nk

cc: Mr. George W. Chiles, Jr.  
Interim Executive Director

000947



# EXHIBIT

State of South Carolina

JUL 24 1984

NO. 15

## State Budget and Control Board

STATE BUDGET & CONTROL BOARD

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

Box 12444  
Columbia  
29211

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

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

July 2, 1984

RECEIVED  
JUL 3 1984

MEMORANDUM TO: Jesse Coles  
FROM: William T. Putnam *WTP*  
SUBJECT: Parole and Community Corrections Board

Budget & Control Board  
STATE BUDGET DIVISION

Enclosed you will find a memorandum which I received from the Department of Parole and Community Corrections pertaining to a plan for the application of hearing fees. I will appreciate your having a budget analyst review this plan with officials of the Department of Parole and Community Corrections and furnishing me with recommendations so that it can be presented to the Budget and Control Board at the earliest possible time.

If you anticipate any delay in this matter, please let me know so that I may discuss the matter with Messrs. Chiles and Wallace.

WTP/nk

cc: Mr. George W. Chiles, Jr.  
Interim Executive Director

Mr. Grady A. Wallace  
Commissioner

000948

South Carolina Department of Parole and Community Corrections

HON. CHARLES R. SANDERS, JR.  
CHAIRMAN  
DISTRICT THREE

HON. RHETT JACKSON  
SECRETARY  
DISTRICT TWO

HON. JOHN E. HUSS, D.D.  
DISTRICT ONE

HON. H. L. LACKEY  
MEMBER-AT-LARGE



J. P. PRATT II  
EXECUTIVE DIRECTOR

GRADY A. WALLACE  
COMMISSIONER

HON. MARION BEASLEY  
VICE CHAIRMAN  
DISTRICT FOUR

HON. LEE R. CATHCART  
DISTRICT FIVE

HON. WALTER N. LAWSON  
DISTRICT SIX

ADDRESS: 2221 DEVINE STREET  
P. O. BOX 50666  
COLUMBIA, S. C. 29250

M-E-M-O-R-A-N-D-U-M

RECEIVED  
JUN 28 1984  
BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

TO: William T. Putnam  
Executive Director  
Budget and Control Board

FROM: George W. Chiles, Jr.  
Interim Executive Director

Grady A. Wallace  
Commissioner

*GWC.*  
*GAW.*

RE: Parole and Community Correction Board  
Plan for Application of Hearing Fee

DATE: June 26, 1984

The General Appropriations Bill for FY 84-85 contains the following proviso:

"Provided, Further, That the amount appropriated in this section under Program III entitled Parole and Pardons for Hearing Fees shall be used to provide a hearing fee for Parole and Community Corrections Board members under a plan approved by the Budget and Control Board."

The Hearing Fee was recommended by the Budget and Control Board in response to the agency's original request for permanent part-time status and salaries for Parole and Community Corrections Board Members (see attached).

In accordance with the above proviso, we are herein submitting a Plan, on behalf of the Board, for the application of the Hearing Fee. We are requesting that this Plan be presented to the Budget and Control Board for their approval.

The Hearing Fee shall be applied in the following manner:

000949

William T. Putnam  
Page 2  
June 26, 1984

A Hearing Fee of \$100 would be paid to each Board Member for each meeting attended related to hearing parole and pardon matters. The Hearing Fee would be in addition to existing per diem and travel allowances.

The Board currently receives the standard per diem rate (\$35) for two study days and the hearing day for a total of \$105 per "meeting" on parole and pardon matters (plus related travel). The application of the Hearing Fee will result in a total of \$205 per meeting (plus related travel).

Please advise if additional information is desired. Thank you for your assistance.

(1a:Hearing/1)

000950

**SCHEDULE OF ADDITIONAL  
INCREASES**

1984-85 AGENCY NAME TABLE AND COMMUNITY CORRECTIONS

AGENCY CODE

NR

PROGRAM NAME Administration

PROGRAM CODE

01 / 000 / 000

PRIORITY #

5

| LINE NO<br>(1) | ITEMS<br>(2)           | BUDGET REQUEST 84-85 |                |              |              |
|----------------|------------------------|----------------------|----------------|--------------|--------------|
|                |                        | STATE<br>(3)         | FEDERAL<br>(4) | OTHER<br>(5) | TOTAL<br>(6) |
| 010            | Personnel Costs        | 122,466              | -              | -            | 122,466      |
| 020            | No. of Positions (FTE) | ( 7 )                | ( )            | ( )          | ( 7 )        |
| 030            | All Other              | -                    | -              | -            | -            |
| 040            | Total                  | 122,466              | -              | -            | 122,466      |

**IMPACT IF NOT FUNDED AND  
OTHER ALTERNATIVES CONSIDERED**

No feasible funding alternatives available.

If not funded, the existing level of compensation (per diem) may not be sufficient to retain or attract Board members.

**EXPLANATION OF NEED AND PRIORITY ASSIGNMENT**

To provide personnel part-time salaries (FTE) and salaries for the seven (7) member Parole and Community Corrections Board to \$15,000/annum; \$15,000 each to Vice Chairman and Secretary and \$10,000 each to remaining four (4) members plus \$20,466 in employer contributions.

Statistical increases in the South Carolina prison population over the last decade and the expanded responsibilities mandated by the Parole and Community Corrections Act of 1981 have led to a corresponding increase in workload of the Parole and Community Corrections Board. The Board's workload is expected to increase even further by January, 1986 when minimum time raised until parole eligibility is reduced from 1/3 to 1/4 of sentence. With the current workload the Board is required to meet weekly year-round as a full Board or in three (3) member panels. Each Board member is averaging three (3) meeting days per month with two (2) case study days necessary for each meeting. This equates to an average of nine (9) working days per month per Board member. This figure does not include necessary administrative or non-parole decision-making responsibilities in oversight of Department Operations. With the expanded hearing schedule recommended by the 1986 reduction in parole eligibility it is likely the full Board will be meeting three (3) times monthly with up to two (2) panel meetings per week. This would result in each Board member averaging one (1) full Board or panel meeting per week with two (2) case study days per meeting or equivalent to twelve-fifteen (12-15) working days per month.

It is unlikely that the reduction of experienced Board members and the attraction of qualified candidates for Board vacancies can be initiated with the necessary and desirable level of commitment and quality if compensation is inadequate.

FORM 85-16

000951



# EXHIBIT

JUL 24 1984

NO. 16

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

7

AGENCY: Budget Division

SUBJECT: Transfer Requests

The Budget Division recommends approval of the following transfer requests:

(a) 85-1, Insurance Department: \$2,000 general fund, classified positions to contractual services to provide funds needed to cover the cost of temporary services in the Licensing and Taxation Division; and

(b) 85-2, Department of Corrections: \$766,790<sup>✓</sup> general fund from supplies to classified positions to provide the balance of the new position funding related to the Nelson suit. These funds plus the \$1,000,000 included in Part III, Section IV, paragraph D of the 1984-85 Appropriations Act amount to \$1,776,790 (less \$10,000) which is the 50% reduction in new position funding which occurred at the Free Conference Committee. The \$1,000,000 included in the Appropriations Act is to be made only if the State's revenue forecast for fiscal year 1984-85 is increased over the amount provided in the Appropriations Act.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Agenda item worksheets plus attachments

000952

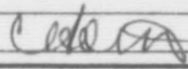
## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

July 24, 1984

Blue Agenda☒ Regular Session AgendaExecutive Session Agenda

## 1. Submitted By:

(a) Agency: State Budget Division(b) Authorized Official Signature: 2. Subject: The Insurance Department Requests To Transfer Personal Service Funding to Contractual Services

## 3. Summary Background Information:

The State Insurance Department requests authorization to transfer \$2,000 Classified Positions General Fund to Contractual Services. The request is made to provide sufficient funding to cover the cost of Manpower Temporary Services in the Licensing and Taxation Division.

## EXHIBIT

JUL 24 1984 NO. 16

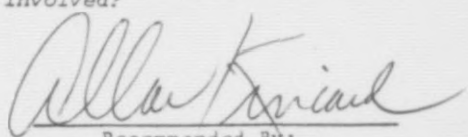
STATE BUDGET &amp; CONTROL BOARD

## 4. What is Board asked to do?

Approve the transfer of \$2,000 from Classified Positions to Contractual Services - Manpower Temporary Services.

## 5. What is recommendation of the Board Division involved?

Recommend Approval.

  
Recommended By:

## 6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

## 7. Supporting Documents:

List Those AttachedList Those Not Attached But Available  
from Submitter

1. Letter dated July 13, 1984
2. Transfer

(a)

000953

|   |                               |                               |                                |   |              |                      |
|---|-------------------------------|-------------------------------|--------------------------------|---|--------------|----------------------|
| AGENCY NUMBER<br>R20  | AGENCY BATCH NUMBER<br>AT8501 | OBJECT CODE HASH TOTAL<br>358 | TOTAL BATCH AMOUNT<br>4,000.00 | BATCH DATE  | BATCH NUMBER | DOCUMENT NUMBER<br>3 |
| AGENCY VOUCHER NUMBER<br><div style="border: 1px solid black; padding: 5px; text-align: center;">AT8501</div>   |                               |                               |                                | CG WARRANT NUMBER<br><div style="border: 1px solid black; height: 20px;"></div>   |              |                      |
| AGENCY TRANSFERRED TO (CRI)<br>NAME<br><div style="border: 1px solid black; padding: 2px;">Same</div> ADDRESS<br><div style="border: 1px solid black; height: 20px;"></div> |                               |                               |                                | AGENCY TRANSFERRED FROM (IDR)<br>NAME<br><div style="border: 1px solid black; padding: 2px;">Insurance Department</div> ADDRESS<br><div style="border: 1px solid black; padding: 2px;">P. O. Box 4067<br/>Columbia, S. C. 29240</div> |              |                      |

## STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD - FINANCE DIVISION

## APPROPRIATION TRANSFER

## TO REQUESTING AGENCY:

This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

 REASON FOR TRANSFER: To provide funds for Manpower temporary services in Licensing & Taxation Division

FROM

| FM | TRANS CODE | AGCY NO | MINI CODE | SUB FUND CODE | SUB SIDIARY ACCOUNT NO | ENCUM BRANCE NO | M O D | PROJECT CODE | AGENCY REFERENCE NUMBER | OBJECT CODE | TRANSACTION AMOUNT | MULTI PURPOSE CODE |
|----|------------|---------|-----------|---------------|------------------------|-----------------|-------|--------------|-------------------------|-------------|--------------------|--------------------|
| 01 | 350        | R20     | 0845      | 1001          |                        |                 |       |              |                         | 0158        | 2,000.00           |                    |
|    |            |         |           |               |                        |                 |       |              |                         | TOTAL       | 158                | 2,000.00           |

EXHIBIT

JUL 24 1984 NO. 16

STATE BUDGET & CONTROL BOARD

TO

| FM | TRANS CODE | AGCY NO | MINI CODE | SUB FUND CODE | SUB SIDIARY ACCOUNT NO | ENCUM BRANCE NO | M O D | PROJECT CODE | AGENCY REFERENCE NUMBER | OBJECT CODE | TRANSACTION AMOUNT | MULTI PURPOSE CODE |
|----|------------|---------|-----------|---------------|------------------------|-----------------|-------|--------------|-------------------------|-------------|--------------------|--------------------|
| 01 | 300        | R20     | 0845      | 1001          |                        |                 |       |              |                         | 0200        | 2,000.00           |                    |
|    |            |         |           |               |                        |                 |       |              |                         | TOTAL       | 200                | 2,000.00           |

 REQUESTED BY W.H. Thomas DATE 7-13-84 STATE BUDGET ANALYST \_\_\_\_\_ DATE \_\_\_\_\_

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

 STATE AUDITOR 000954 DATE \_\_\_\_\_



STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE

2711 MIDDLEBURG DRIVE  
COLUMBIA, SOUTH CAROLINA 29204

MAILING ADDRESS:

P.O. BOX 4067, COLUMBIA, S.C. 29240  
TELEPHONE: (803) 758-3266

ROGERS T. SMITH  
CHIEF INSURANCE COMMISSIONER

INSURANCE COMMISSION

JAMES E. BRIDGETT, JR.  
MARY JEANNE BYRD  
PATRICK D. CUNNING  
WILLIAM S. JONES  
EDWARD K. PRITCHARD, JR.  
BARBARA D. RICHARDSON  
THOMAS E. ROGERS, JR.

July 13, 1984

EXHIBIT

JUL 24 1984 NO. 16

STATE BUDGET & CONTROL BOARD

Mr. Preston Cantrell  
Budget & Control Board  
Finance Division  
P. O. Box 11333  
Columbia, South Carolina 29211

AT8501

Dear Mr. Cantrell:

We respectfully request approval for the following transfer of funds:

|                      | <u>Mini Code</u> | <u>Object Code</u> | <u>Amount</u>     |
|----------------------|------------------|--------------------|-------------------|
| From:                |                  |                    |                   |
| Classified Positions | 0845             | 0158               | <u>\$2,000.00</u> |
| To:                  |                  |                    |                   |
| Contractual Services | 0845             | 0200               | <u>\$2,000.00</u> |

This request is necessary to provide sufficient funds for Manpower Temporary Services in Licensing & Taxation Division.

Thank you for your prompt consideration of this request.

Sincerely yours,

MRS. MIRIAM L. LEEKE  
Director, Administrative Services

MLL/wht/rbg

000955



## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

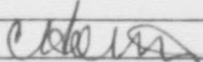
July 24, 1984

Blue Agenda

☒ Regular Session Agenda☐ Executive Session Agenda

## 1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: 

## 2. Subject: The Department of Corrections Requests to Transfer \$766,790 of General Fund From Supplies to Personal Service to Allow for a Full Exemption of the New Position

## 3. Summary Background Information: Funding Delay.

During the Free Conference new position funding was reduced by 50% to allow for a delay. This reduction amounted to ~~\$1,766,790~~ for the Department of Corrections. The General Assembly appropriated \$1,000,000 to the Department to partially fund these positions. This transfer will provide the balance of the new position funding and is necessary to allow the Department to settle the Nelson vs. Leeke Lawsuit in FY 84-85.

1,776,790  
with

## EXHIBIT

JUL 24 1984 NO. 16

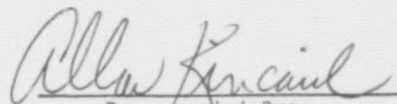
STATE BUDGET &amp; CONTROL BOARD

## 4. What is Board asked to do?

Approve the transfer of \$766,790 from Supplies to Classified Positions.

## 5. What is recommendation of the Board Division involved?

Recommend Approval.

  
 Recommended By:

## 6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

## 7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

1. Letter, Dept. of Corrections dated 7-5-84
2. Transfer

(b)

000956

AGENCY NUMBER N04 AGENCY BATCH NUMBER OBJECT CODE HASH TOTAL 0458 TOTAL BATCH AMOUNT 1,533,580.00 BATCH DATE 07/02/84 BATCH NUMBER DOCUMENT 3

AGENCY VOUCHER NUMBER

AGENCY TRANSFERRED TO (CRI)

NAME  
Corrections

ADDRESS  
P. O. Box 21787  
Columbia, S. C.  
29221

## STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD - FINANCE DIVISION

## APPROPRIATION TRANSFER

## TO REQUESTING AGENCY:

This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

CG WARRANT NUMBER

AGENCY TRANSFERRED FROM (CRI)

NAME  
Corrections

ADDRESS  
P. O. Box 21787  
Columbia, S.C. 29221

REASON FOR TRANSFER: Per recommendation of the House/Senate Conference Committee

| FM    | TRANS CODE | AGCY NO | MINI CODE | SUB FUND CODE | SUB SIDIARY ACCOUNT NO | ENCUM BRANCE NO | M O D | PROJECT CODE | AGENCY REFERENCE NUMBER | OBJECT CODE | TRANSACTION AMOUNT | MULTI PURPOSE CODE | C G R |
|-------|------------|---------|-----------|---------------|------------------------|-----------------|-------|--------------|-------------------------|-------------|--------------------|--------------------|-------|
| 01    | 350        | N04     | 0689      | 1001          |                        |                 |       |              |                         | 0300        | 766,790.00         |                    |       |
| TOTAL |            |         |           |               |                        |                 |       |              |                         |             | 0300               | 766,790.00         |       |

EXHIBIT

JUL 24 1984 NO. 16

STATE BUDGET &amp; CONTROL BOARD

| FM    | TRANS CODE | AGCY NO | MINI CODE | SUB FUND CODE | SUB SIDIARY ACCOUNT NO | ENCUM BRANCE NO | M O D | PROJECT CODE | AGENCY REFERENCE NUMBER | OBJECT CODE | TRANSACTION AMOUNT | MULTI PURPOSE CODE | C G R |
|-------|------------|---------|-----------|---------------|------------------------|-----------------|-------|--------------|-------------------------|-------------|--------------------|--------------------|-------|
| 01    | 300        | N04     | 0689      | 1001          |                        |                 |       |              |                         | 0158        | 766,790.00         |                    |       |
| TOTAL |            |         |           |               |                        |                 |       |              |                         |             | 0158               | 766,790.00         |       |

REQUESTED BY *DeAnn D. Ellis* DATE 7-2-84 STATE BUDGET ANALYST DATE

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

000957

STATE AUDITOR DATE



# south carolina department of corrections

P.O. BOX 21787/4444 BROAD RIVER ROAD/COLUMBIA, SOUTH CAROLINA 29221-1787  
TELEPHONE (803) 756-6444  
WILLIAM D. LEEKE, Commissioner

## EXHIBIT

JUL 24 1984 NO. 16

July 5, 1984

STATE BUDGET & CONTROL BOARD

Mr. David Anderson  
State Budget Division  
Wade Hampton Office Building  
Room 406  
Columbia, South Carolina 29211

Dear Dave,

The appropriation transfer of \$ 766,790.00 from 0689-0300 to 0689-0158 is based upon the recommendation of the House/Senate Conference Committee as a portion of the method by which Corrections will avoid the 50% funding cut for new positions for FY 1984-85.

It is necessary that we have full funding for our new positions since these are positions contained in the proposed settlement of the "Nelson" lawsuit.

Should you have any questions, please let me know.

Sincerely,

DeAnn D. Ellisor,  
Coordinator of Planning and Budgeting

dde:mm

RECEIVED

JUL 06 1984

Budget & Control Board  
STATE BUDGET DIVISION

BOARD OF  
CORRECTIONS

CLARENCE E. WATKINS  
Chairman  
Camden, S.C.

EUGENE N. ZEIGLER  
Vice-Chairman  
Florence, S.C.

GOETZ B. EATON  
Secretary  
Anderson, S.C.

BETTY M. CONDON  
Member  
Mt. Pleasant, S.C.

NORMAN KIRKLAND  
Member  
Bamberg, S.C.

CHARLES C. MOORE  
Member  
Spartanburg, S.C.

GOV. RICHARD W. RILEY, Member, Ex-Officio, Columbia, S.C.

000958

# EXHIBIT

JUL 24 1984 NO. 17

STATE BUDGET AND CONTROL BOARD  
MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD  
ITEM NUMBER

REGULAR SESSION  
ITEM NUMBER

5

AGENCY: Commission on Higher Education

SUBJECT: Civil Contingent Fund Allocation Request

CHE Chairman Sheheen asks that \$250,000 be made available from the Civil Contingent Fund to the Commission on Higher Education for use as matching funds for a National Science Foundation grant to enhance teacher education in science and mathematics.

Chairman Sheheen traces the history of these funds by pointing out that the Board allocated \$500,000 for teacher improvement in its 1984-85 recommendations. That amount was continued in the Ways and Means Committee's recommendations but the House reduced it to \$250,000. That amount also was included in the Senate Finance Committee version and in the bill as it was passed by the Senate.

However, the Conference Committee reduced CHE's appropriation by \$2.25 million including the \$250,000 earmarked for teacher improvement in science and math.

Chairman Sheheen notes that CHE staff discussed this problem with members of the Conference Committee who agreed that the \$250,000 should remain in the CHE budget but, in the final rush, they were inadvertently not replaced.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Sheheen July 12 letter to Governor Riley

000959



EXHIBIT

JUL 24 1984

NO. 17

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

RUTLEDGE BUILDING

1429 SENATE STREET

COLUMBIA, S. C. 29201

HOWARD R. BOOZER  
EXECUTIVE DIRECTOR

TELEPHONE  
803/758-2407

July 12, 1984

The Honorable Richard W. Riley  
Governor of South Carolina  
State House  
Columbia, South Carolina 29201

RECEIVED  
JUL 16 1984  
Kitty  
REFERRED  
ANSWERED

Dear Governor Riley:

Last fall the Budget and Control Board allocated \$500,000 to the Commission on Higher Education for 1984-85 for teacher improvement at the public colleges and universities. This allocation was continued in the House Ways and Means recommendations. The House, however, in balancing the Appropriation Bill, reduced the amount of the allocation to \$250,000. The Commission, along with members of your staff, agreed that \$225,000 of this amount would be used as matching funds for a National Science Foundation Grant for the improvement of the teaching of science and mathematics in the schools.

The \$250,000 was also included in the Senate Finance version and in the Appropriation Bill as passed by the Senate. The Joint Conference Committee, however, deleted \$2.25 million from the Commission's appropriation, including the \$250,000 that had been earmarked for teacher improvement in science and math.

Prior to adjournment, Commission staff discussed this problem with your staff and members of the Conference Committee (Senators Dennis, Lindsay, Smith, and Representatives Lewis, Mangum, and Patterson) and they agreed that the \$250,000 should remain in the Commission budget. In the final rush of the Conference Committee's deliberations, however, these funds (\$250,000) were inadvertently not replaced. We have since confirmed that it was the intent of the Conference Committee that these funds be included in the Commission's appropriation.

Since it was the intent of the Budget and Control Board, the House, and the Senate to make these funds available to the Commission, we respectfully request that they now be added to the Commission's 1984-85 appropriation from the

000960

# EXHIBIT

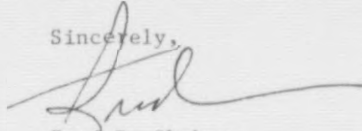
The Honorable Richard W. Riley  
July 11, 1984  
Page 2

JUL 24 1984 NO. 17

## STATE BUDGET & CONTROL BOARD

contingency fund, to be used as matching funds for a National Science Foundation Grant to enhance teacher education in science and mathematics.

Sincerely,



Fred R. Sheheen  
Chairman

FRS:dkj

cc: Members, Budget and Control Board  
Members, Commission on Higher Education

000961

# EXHIBIT

JUL 24 1984

NO. 18

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984 STATE BUDGET & CONTROL BOARD

ITEM NUMBER

8

AGENCY: General Services

SUBJECT: Civil Contingent Fund Allocation Request

The Division of General Services asks for an allocation of \$435 from the Civil Contingent Fund to reimburse the McKinsey Tractor Company, Inc., for costs it incurred in connection with a contested bid award.

McKenzie

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Agenda item worksheet plus Procurement Review Panel Order

000362

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)  
For Meeting Scheduled For: \_\_\_\_\_ Blue Agenda  
July 24, 1984 \_\_\_\_\_ ☒ Regular Session Agenda  
\_\_\_\_\_ Executive Session Agenda

1. Submitted By: \_\_\_\_\_  
(a) Agency: General Services

(b) Authorized Official Signature: \_\_\_\_\_

EXHIBIT

2. Subject: Procurement Review Panel Order

JUL 24 1984

NO. 18

3. Summary Background Information: Pursuant to South Carolina Code, Section 11-35-4210(7), the Procurement Review Panel recommends the Budget and Control Board reimburse Kinsey Tractor Company, Inc. the sum of \$435.00 as reasonable cost.

McKenzie

4. What is Board Asked To Do? Allocate \$435.00 from the Civil Contingent fund to reimburse Kinsey Tractor Company, Inc.

5. What Is Recommendation of the Board Division Involved?  
Approve

6. What is Treasurer's Office Recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

7. Supporting Documents: List Those Not Attached But  
List Those Attached Available From Submitter

1. Procurement Review Panel  
Order dated May 8, 1984

2.

000963



STATE OF SOUTH CAROLINA )  
COUNTY OF RICHLAND )

BEFORE THE SOUTH CAROLINA  
PROCUREMENT REVIEW PANEL

IN THE MATTER OF: )

Award Protest of McKenzie Tractor  
Company, Inc., John Deere Tractor  
Model #2950, State Procurements Bid )  
No. 2-020-1125200-01/11/84-P, Date )  
of Award 2/3/84 )

EXHIBIT

JUL 24 1984 O R D E R NO. 18

STATE BUDGET & CONTROL BOARD

This matter is before the South Carolina Procurement Review Panel (hereinafter "Review Panel") for administrative review pursuant to South Carolina Code of Laws §§11-35-4210(5) and 11-35-4410(5) (1976, as amended) as a result of a Decision issued by the Materials Management Officer and a request for a review of that Decision.

FINDINGS OF FACT

South Carolina Wildlife and Marine Resources Department (hereinafter "Wildlife") determined that it needed a tractor at its Webb Wildlife Center in Garnett, South Carolina. The District Game Biologist filed a Purchasing Requisition requesting a "New John Deere Tractor, model 2950." Thereafter, this request flowed through the appropriate Wildlife Officials and to State Procurements (hereinafter "Procurement"). On or about January 11, 1984, Procurements solicited competitive bids, using a "Brand Name or Equal" specification, from approximately thirty (30) vendors. The bid specifications listed eleven (11) "approximate" features and product requirements to identify the salient characteristics of the equipment sought.

000964

Ten vendors responded to Procurement's bid invitation -- nine (9) bidders offered the John Deere tractor, model #2950 and one (1) bidder, McKenzie Tractor Company, Inc. (hereinafter "McKenzie"), offered an Allis-Chalmers tractor, model #6080 as "equal" (for the purposes of the bid) to the John Deere #2950. McKenzie bid the Allis-Chalmers tractor at a price of \$18,408.00 including tax. Payne and Williams, Inc. (hereinafter "Payne") was the lowest of the John Deere bidders at \$20,549.36 including tax. Thus, McKenzie was the low bidder.

Wildlife and Procurement determined that the McKenzie bid was not responsive in that, among other factors, the Allis-Chalmers tractor, model #6080 was a four (4) cylinder tractor rather than a six (6) cylinder tractor. Payne was awarded the contract and Wildlife received a John Deere tractor, model #2950.

By letter dated March 1, 1984, to the Materials Management Officer, McKenzie timely protested the contract award to Payne on the grounds (1) that the Allis-Chalmers tractor #6080 was "equal" to the John Deere tractor #2950 within the meaning of that designation as defined by the Bid Invitation and (2) that McKenzie's bid was most advantageous to the State of South Carolina in that McKenzie's bid on the Allis-Chalmers tractor was over two thousand (\$2,000.00) dollars less than Payne's bid on the John Deere tractor.

A hearing was held on March 13, 1984 before the Materials Management Officer. The Materials Management Officer issued his decision dated March 21, 1984, upholding McKenzie's protest finding that McKenzie's bid was responsive in that the Allis-Chalmers tractor #6080 was "substantially similar and equivalent" to the John Deere tractor #2950 and further finding that Procurement "failed to award the bid to the lowest responsible bidder."

000965

Wildlife, by letter dated March 29, 1984, received by the Materials Management Officer and forwarded for filing with the Review Panel, requested a hearing before the Review Panel to overturn the decision of the Materials Management Officer. The Review Panel held a hearing in this matter on April 13, 1984.

The Bid Invitation must include the specifications for the product sought and all contractual terms and conditions applicable to the procurement. South Carolina Code §11-34-1520(2) (1976, as amended). Only the evaluation criteria set forth in the Bid Invitation may be used in the evaluation of the bid. South Carolina Code §11-35-1520(7) (1976, as amended). The contract is required to be awarded to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the Bid Invitation. South Carolina Code §11-35-1520(10) (1976, as amended).

The term "specifications" is defined under South Carolina Consolidated Procurement Code Regulation 19-445.2140(4) as follows:

Specification means any description of the physical, functional, or performance characteristics, or of the nature of a supply, service, or construction item. A specification includes, as appropriate, requirements for inspecting, testing, or preparing a supply, service or construction item for delivery. Unless the context requires otherwise, the terms "specification" and "purchase description" are used interchangeably throughout the Regulations.

The purpose of specifications is to serve as the basis for procuring a product or service which is both adequate and suitable for the State's needs in a cost effective manner taking into account:

- (1) Initial acquisition costs;
- (2) The cost of ownership; and
- (3) The cost of operation.

000966

Specifications must clearly describe the State's requirements without being restrictive in nature. South Carolina Procurement Code Regulation 19-445.2140, Subsection B.

A "Brand-Name or Equal" Specification is a specification which uses one or more manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other characteristics needed to meet the State's requirements and which provides for the submission of equivalent products, South Carolina Procurement Code Regulation 19-445.2140, Subsection A, Item 2.

The Bid Invitation at page 10 described "Brand Name or Equal" as follows:

Contract Clause: Brand Name or Equal

- A. The items called for in this bid have been identified by a "Brand Name or Equal" description. Such identification is intended to be descriptive, but not restrictive, and is to indicate the quality and characteristics of products that will be satisfactory. Bids offering "equal" products including products of the brand name manufacturer other than the one described by brand name will be considered for award if such products are clearly identified in the bid response and are determined by the State to:
1. Fully meet the salient characteristics requirements referenced in the bid, or
  2. Meet materially all characteristics of the specified item in the bid.

The approximate dimensions and features are set on page 5 of the Bid Invitation. The 4-cylinder feature is essentially equivalent to the 6-cylinder feature with respect to performance requirements. It is not necessary to set out a detailed analysis comparing the relevant features of the Allis-Chalmers #6080 versus the John Deere #2950. In sum, in the matter under consideration, the alternative

000967



product, the Allis-Chalmer tractor, Model #6080 is substantially similar and equivalent to the John Deere tractor, Model #2950 in all of the relevant characteristics and requirements as set out in the Bid Invitation.

Therefore, it is the finding of the Review Panel that Procurement and Wildlife erroneously declared the McKenzie bid non-responsive.

CONCLUSIONS OF LAW

1. The Review Panel affirms the Decision of the Materials Management Officer dated March 21, 1984.

2. The Allis-Chalmers tractor, Model #6080 is substantially similar and equivalent to the John Deere tractor, Model #2950 in all relevant characteristics and requirements as set out in the Bid Invitation.

3. Procurement and Wildlife erred in declaring the McKenzie bid (the Allis-Chalmers #6080) to be <sup>Non-</sup>~~non-~~<sup>A.K.C</sup> responsive.

4. The McKenzie bid was more than \$2,000.00 lower than the next lowest bid.

5. McKenzie should have been awarded the contract under solicitation.

6. Pursuant to the authority of South Carolina Code §11-35-4210(7) (1976, as amended), the Review Panel recommends that the Budget and Control Board reimburse McKenzie the sum of \$435.00, such sum having been found by the Review Panel to be an equitable and reasonable reimbursement for costs.

IT IS SO ORDERED.

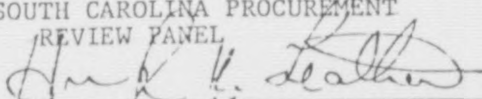
May 8<sup>th</sup>, 1984

EXHIBIT

JUL 24 1984 NO. 18

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA PROCUREMENT  
REVIEW PANEL

  
SENATOR HUGH K. LEATHERMAN,  
CHAIRMAN

000968

# EXHIBIT

JUL 24 1984

NO. 19

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

9

AGENCY: General Services

SUBJECT: Interest Rates, Equipment Acquisitions

The Division of General Services recommends approval of the following equipment acquisitions on which the interest rates have been approved by the State Treasurer's Office:

(a) Archives and History: Purchase IBM System 36 computer system, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.); and

(b) Health and Environmental Control: Purchase 2 IBM System 36 computer systems, 8.89% interest rate, Southern National Leasing (this item was approved at the June 27 meeting at 8.7% with Bankers Leasing, Inc.).

BOARD ACTION REQUESTED:

Approve interest rates on proposed acquisitions, as recommended by the Division of General Services and the State Treasurer's Office.

ATTACHMENTS:

Agenda item worksheets and attachments

000969

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

June 26, 1984

Blue Agenda

☒ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: *John R. [Signature]*

2. Subject: Financing of Information Technology Equipment

3. Summary Background Information:

The South Carolina Department of Archives and History has been approved to purchase an IBM System 36 Computer System. DIRM indicates the system is needed to automate manual functions and improve efficiency. Total cost of the system is \$70,327.25, including tax. Archives will pay for all software, display terminals, control unit, and sales tax.

Amount left to be financed is \$44,493.40. No tax to be financed.

EXHIBIT

JUL 24 1984

NO. 19

*60 months per Harold Perry @*

*Archives & History.*

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve Archives to finance \$44,493.40 of their new computer system.

5. What is recommendation of the Board Division involved?

Recommend approval as requested.

6. What is Treasurer's Office recommendation (if required)?

*7-18-84*

(a) Authorized Official Signature:

*Approved per H. L. P. [Signature] Southern National Learning - 8.89.2*

7. Supporting Documents:

List Those Attached

Letter, Archives  
Letter, Division of IRM  
Equipment List

List Those Not Attached But Available  
from Submitter

Agency Contact:  
Joel Shirley, 758-5816

*7/17/84 [Signature]*

000970

(a)

Equipment List

EXHIBIT

JUL 24 1984 NO. 19

STATE BUDGET & CONTROL BOARD

1 IBM System 36 Computer System with:

256 K Memory, 200 MB Disk Drive, 4900 Work Station,  
5301 Commo, 9005 Commo, 3701 EIA Adapter, 4500 ML  
Adapter, 9101, 9231, 9711, 9701 Communications Features

\$38,305.40

1 5294-001 Remote Control Unit With 2550 & 3701

\$ 3,217.25

6 3180 - 210 Display Terminals

\$ 7,902.00

1 5224-002 Printer w/9501, 9567

\$ 6,188.00

000971





South Carolina Department of Archives and History  
1430 Senate Street  
Columbia, S.C.

P.O. Box 11,669  
Capitol Station 29211-1669  
803-758-5816

EXHIBIT

Jun 4, 1984

Mr. Ted Lightle, Director  
Information Resources Management  
1203 Gervais St.  
Columbia, SC 29201

JUL 24 1984

NO. 19

STATE BUDGET & CONTROL BOARD

Dear Mr. Lightle:

The South Carolina Department of Archives and History is requesting to purchase an IBM System 36 which will be used as an agency wide tool to control our space requirements in the Records Center, list historic sites, and control federal accounting in our Historical Programs Section. We will also use the IBM 36 to account for State funds and we plan to use word processing to prepare camera ready copy for publishing the Temporary Summary Guide as well as the South Carolina Gazette. We also plan to replace our PCCXL 40 when the lease expires next fiscal year by adding additional memory, a tape unit, an additional printer, and three additional terminals to the IBM 36.

We estimate the cost of the IBM 36 and necessary software will be approximately \$70,000. We have estimated the maintenance to be \$331 per month.

Installation of the IBM 36 will not require the addition of any personnel for this department. More than a dozen existing staff members will directly use the new equipment to expedite their work. A broad public who receive services from the department will benefit from our increased efficiency.

This department has long needed the ability to more efficiently retrieve information about its records, have data processing capabilities, maintain better control over space in our Records Center and the microfilm vault, update our accounting systems both State and Federal, and have better access to our historic sites files. In addition, we can, as mentioned above, expand the IBM 36 to handle our existing documentary indexing application. After much study, it appears the IBM 36 has the capabilities to do what we need and can be expanded as our need increases.

We propose to purchase the IBM 36 by paying approximately \$25,000 down (which will purchase the software and all hardware except the processor and printer) and finance the remainder at approximately \$990 per month over five years, if other funding cannot be arranged. We, therefore, need to get a decision on this request as soon as possible to be able to use the \$25,000 we plan to pay down this fiscal year.

000972

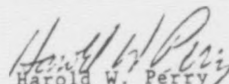
The dollar savings by the installation of the IBM 36 is difficult to determine at this time. However, we know there will be significant savings in staff time, and our efficiency in these areas will be greatly improved.

This purchase has been approved by the director of the department, Mr. Charles E. Lee, and he can be reached at 758-5816.

In addition to the undersigned, if you need additional information you may contact Mr. Joel A. Shirley at 758-5816.

Attached is a printout of the equipment and software plus a purchase order for the IBM System 36, and a copy of how we plan to use this system in the future, as well as specific utilization.

Sincerely,

  
Harold W. Perry  
Assistant Director for  
Administration

HWP:dc

EXHIBIT

JUL 24 1984 NO. 19

STATE BUDGET & CONTROL BOARD

000973

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

Blue Agenda  
☒ Regular Session Agenda  
Executive Session Agenda

June 26, 1984

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Jerry R. Ellis

2. Subject:

Financing of Information Technology Equipment

3. Summary Background Information:

The Department of Health and Environmental Control (DHEC) has been approved by DIRM to purchase two (2) IBM System 36 Computer Systems. These systems will be used in the Home Health Program pilot project. Total cost of the hardware and software will be \$289,944.69, including tax. DHEC wishes to finance \$248,254.44 of the systems for a period of 36 months.

EXHIBIT

JUL 24 1984 NO. 19

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve DHEC to finance \$248,254.44 (including tax) of their new computer systems.

5. What is recommendation of the Board Division involved?

Recommend approval as requested.

6. What is Treasurer's Office recommendation (if required)? 7/18/84

(a) Authorized Official Signature: Approved by L. L. R.

Southern National Leasing - 8.89%

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available from Submitter

letter, DHEC  
 letter, DIRM  
 equipment list

Contact: Lindsay Robinson-EDP-7726  
 John Dowd-Purchasing-5230

000974

(b)

# EXHIBIT

## EQUIPMENT LIST

JUL 24 1984 NO. 19

STATE BUDGET & CONTROL BOARD

| <u>Quantity</u> | <u>Description</u>                       |
|-----------------|--|
| 1               | 5360 Model B24, 256K, 400 M. B, C.P. U.  |
| 1               | 5360 Model B23, 256K, 200 M. B, C. P. U. |
| 4               | 5294 Model 001 Control Unit              |
| 1               | 5294 Model 001 Control Unit              |
| 1               | 5225 Model 004 Printer - 560 <i>lpm</i>  |
| 28              | 5291 Model 001 Display Station           |
| 1               | 5292 Model 002 Display Station           |
| 9               | 5219 Model 002 Printer - 60 <i>cps</i>   |
| 3               | 5224 Model 002 Printer - 240 <i>lpm</i>  |

000975



STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
DIVISION OF INFORMATION RESOURCE MANAGEMENT  
1203 GERVAIS STREET  
COLUMBIA, S.C. 29201  
(803) 758-2771

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

REMBERT C. DENNIS  
CHAIRMAN  
SENATE FINANCE COMMITTEE

TOM C. MANGUM  
CHAIRMAN  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

TED L. LIGHTLE  
DIVISION DIRECTOR  
June 1, 1984

Mr. Harold Stewart  
Information Technology Officer  
Materials Management Office  
Dutch Plaza  
Columbia, South Carolina 29210

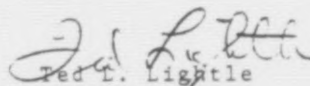
Dear Mr. Stewart:

The enclosed request (PRs #10154 and #10155) from DHEC for IBM System/36 hardware and software is approved for the procurement process. The equipment will be used as part of a pilot demonstration project for DHEC's Home Health Program. System/36 equipment is required because the specialized software needed for the project runs only on this type equipment. All of the equipment is to be leased.

This equipment is currently under State contract.

If you need additional information, please let me know.

Sincerely,

  
Ted L. Lightle  
Director

DS:mp  
Enclosure 1

000976

DIVISION OF INFORMATION RESOURCE MANAGEMENT

Planning/Development  
(803) 758-2771

Program Coordinator  
Administration  
(803) 758-2771

Operations  
Support and Processing  
300 Gervais St.  
(803) 758-3381

Legislative Services  
1105 Pendleton St.  
(803) 758-0394

## South Carolina Department of Health and Environmental Control

2600 Bull Street  
Columbia, S.C. 29201

Commissioner  
Robert S. Jackson, M.D.



Board  
Moses H. Clarkson, Jr., Chairman  
Leonard W. Douglas, M.D., Vice-Chairman  
Barbara P. Nuessle, Secretary  
Gerald A. Kaynard  
Oren L. Brady, Jr.  
James A. Spruill, Jr.  
William H. Hester, M.D.

April 26, 1984

Mr. Larry L. Hamilton, Ph.D., Manager  
Office of Information Technology Planning  
Division of Information Resource Management  
1 Main Street  
Columbia, South Carolina 29201

Dear Mr. Hamilton:

As part of a pilot demonstration program for the Home Health Program in DHEC, we are seeking your approval for procurement of IBM System 36 hardware and operating software. All hardware will be leased. All operating software that can be leased will be but some will have to be purchased. The attached folder from IBM denotes the configuration and items of operating software that must be purchased.

A distributive processing scheme was chosen utilizing the mini computer hardware because the personal computer was not powerful enough to store and process the volume of Home Health data at the different district sites.

Because of the availability of "turnkey" software from ACPI which will only operate on an IBM System 36 or 38, we are requesting your approval of a sole source procurement on the hardware and operating software. A sole source documentation form and requisition for purchase are attached.

The pilot project will last approximately 18 months and will be considered a satisfactory pilot if the system provides:

- (1) More timely data for management decision and improvement in cash flow.
- (2) Cost saving in man hours (in terms of operation of the system, data compiling and management of data, increase in nurse productivity and decrease in cost).
- (3) Necessary information for all components as management information, claim information and information for cost reports.

000977

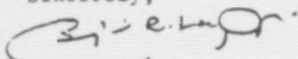
- (4) Quality Control improvements (patients get the number of visits needed and the correct treatment).

Additional information about the application needs of Home Health, the ACPI software modules, and the equipment configuration can be found in the attached memorandum from the Home Health Program.

Since we would like to implement the pilot system at the beginning of the new fiscal year, we would appreciate your speedy review and approval.

Thank you for your assistance. If you need any additional information, please contact me.

Sincerely,



Benjamin R. Lee, Jr.  
Deputy Commissioner for Administration

EXHIBIT

JUL 24 1984 NO. 19

STATE BUDGET & CONTROL BOARD

BRLjr/lb

Attachment

000978

# EXHIBIT

JUL 24 1984 NO. 20

D R A F T

STATE BUDGET & CONTROL BOARD

## REGULATIONS ON ALLOCATION OF STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

### SECTION 1: Calculation and Certification of State Ceiling

The State Ceiling, as established in the Tax Reform Act of 1984 (the Act), shall be calculated by the Secretary of the Budget and Control Board based upon the provisions of the Act and certified to by him as soon as the estimates of the population of the State of South Carolina are published by the Bureau of Census and in no event later than February 1 of each calendar year; provided, that he shall calculate and certify the State Ceiling for the calendar year 1984 no later than fifteen (15) days following the date hereof.

### SECTION 2: Allocation of State Government Agency Bond Limit

The bond limit for all agencies of the State of South Carolina now or hereafter authorized by law to issue private activity bonds as defined in the Act shall be forty (40%) per centum of the State Ceiling less any amount reallocated by the Budget and Control Board to any issuing authority other than a State agency.

### SECTION 3: Allocation of Bond Limit for Issuing Authorities Other Than State Government Agencies

The private activity bond limit for all issuing authorities of the State of South Carolina other than State government agencies shall be sixty (60%) percent of the State Ceiling plus any amount reallocated by the Budget and Control Board from the amount allocated originally to State government agencies authorized to issue private activity bonds. That amount shall be allocated by resolution of the Budget and Control Board on a first-come, first-served basis in response to Authorized Requests by such issuing authorities.

000979



SECTION 4: Authorized Request by a Political Subdivision for an Allocation

For purposes of Section 3, an Authorized Request shall mean, for any bonds issued under the Industrial Revenue Bond Act, Pollution Control Facilities Bond Act, or Hospital Facilities Revenue Bond Act, a request contained in the petition to the Budget and Control Board required by those acts that a portion of the State Ceiling be allocated to the bonds for which the petition has been filed. For private activity bonds issued under any other statutory authority of the State, an Authorized Request shall mean a petition filed with the Budget and Control Board not sooner than the adoption of a bond ordinance or bond resolution authorizing the issuance of such bonds.

SECTION 5: Budget and Control Board May Disapprove or Reduce Authorized Requests

The Budget and Control Board may disapprove or reduce any Authorized Request when it determines that the amount of the allocation requested is disproportionately large in comparison with the public benefits to be derived.

SECTION 6: Filing of Certificate

Prior to the issuance of any private activity Bond, the chairman or other official of the issuing authority shall file with the Secretary of the Budget and Control Board a copy of Internal Revenue Service Form 8038 certifying the exact amount of Bonds being issued. In response, the Secretary of the Budget and Control Board shall certify to such officer that the amount of bonds to be issued combined with the total amount of such Bonds previously issued in that calendar year does not exceed the State Ceiling. The failure by any issuing agency or political subdivision to file the Form 8038 certificate shall have the same effect as if the Budget and Control Board had not allocated a portion of the State Ceiling to such issue of bonds.

SECTION 7: Lapse of Filing

Whenever any filing as provided in Section 6 hereof precedes the date of issue of the Bonds by more than ten (10) days, such filing shall be of no more force and effect and a new filing shall be required prior to the issuance of the bonds.

000980

SECTION 8: Time Limits on Allocations

Any allocation of the State Ceiling granted by the Budget and Control Board shall be rescinded automatically if the bonds for which such allocation has been approved are not issued within ninety (90) days following the adoption of the approving resolution by the Budget and Control Board provided that the entity which filed the Authorized Request must advise the Board's Secretary of the status of the issue within sixty (60) days and again within seventy-five (75) days following the Board's adoption of the approving resolution if the Internal Revenue Service Form 8038 has not been filed before those points in time.

Board allocations are valid only for issues made in the calendar year indicated in the certificate of the Board's Secretary.

SECTION 9: Termination of This Regulation

These Regulations shall be of no force and effect upon the earlier of the amendment or rescission by Congress or declaration of unconstitutionality of Section 621 of the Act, or any portion thereof, by the U.S. Supreme Court.

**EXHIBIT**

JUL 24 1984      NO. 20

STATE BUDGET & CONTROL BOARD

**000981**

# EXHIBIT

JUL 24 1984 NO. 21  
STATE BUDGET AND CONTROL BOARD REGULAR SESSION  
MEETING OF JULY 24, 1984 STATE BUDGET & CONTROL BOARD NUMBER 11

AGENCY: Executive Director

SUBJECT: Civil Contingent Fund Encumbrance

The Office of Executive Director requests that the Board encumber \$1,500 of Civil Contingent Fund monies for microfilming Budget and Control Board minutes and exhibits during 1984-85, on the understanding that these costs will be paid from appropriated funds with a determination to be made late in the fiscal year as to whether or not the encumbered Civil Contingent Fund monies would be needed.

BOARD ACTION REQUESTED:

Approve.

ATTACHMENTS:

000982

# EXHIBIT

JUL 24 1984

NO. 22

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984 STATE BUDGET & CONTROL BOARD NUMBER

12

AGENCY: Personnel Division

SUBJECT: Technical and Comprehensive Education  
Unclassified Positions Compensation Plan

The Division advises that the State Board for Technical and Comprehensive Education is asking for approval of minor changes to its faculty compensation plan approved by the Board on July 12, 1983.

The most significant of the changes requested are increases in the monthly salary supplements for department heads and division chairman (from \$50 to \$100 and from \$100 to \$200 per month, respectively).

The Division points out that TEC also is asking for authorization to adjust the faculty salary ranges by 12% and to award faculty increases from 0% to 15%. They note that school districts in Richland and Lexington Counties are granting increases from 14% to 17% for the academic year 1984-85 and that these changes are necessary to recruit and retain qualified faculty for instructional programs.

BOARD ACTION REQUESTED:

- (a) Approve the changes to the compensation plan for faculty personnel;
- (b) Approve upgrading of salary ranges by 12%; and
- (c) Authorize faculty increases from 0% to 15%, provided no faculty salary exceeds 99% of the agency head's salary.

ATTACHMENTS:

Agenda item worksheet plus attachments

000983



# EXHIBIT

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for: JUL 24 1984 NO. 22 Blue Agenda  
July 24, 1984 STATE BUDGET & CONTROL BOARD X Regular Session Agenda  
Executive Session Agenda

1. Submitted By:  
 (a) Agency: State Personnel Division  
 (b) Authorized Official Signature: Jack S. Mullins
2. Subject: Compensation Plan for Unclassified Positions at the State Board for Technical and Comprehensive Education
3. Summary Background Information:

The State TEC Board is requesting minor changes to the Faculty Compensation Plan that was approved by the Budget and Control Board on July 12, 1983. The most significant of the changes are the increases in the monthly salary supplements for department heads and division chairmen; from \$50 to \$100 and \$100 to \$200 per month respectively. TEC is further requesting authorization to adjust the faculty salary ranges by 12% and to award faculty increases from 0 to 15%. School districts in Richland and Lexington counties are granting increases from 14 to 17% for the academic year 1984-85 and these changes are necessary to recruit and retain qualified faculty for instructional programs.

4. What is Board asked to do?  
 a. Approve the changes to the Compensation Plan for faculty personnel  
 b. Approve upgrading of salary ranges by 12%  
 c. Authorize faculty salary increases from 0 to 15%
5. What is recommendation of the Board Division involved?  
 Approve the requested changes to the Compensation Plan and upgrading of salary ranges and authorize increases of up to 15% provided no faculty salary exceeds 99% of the agency head's salary.

6. What is Treasurer's Office recommendation (if required)?  
 (a) Authorized Official Signature: \_\_\_\_\_

7. Supporting Documents:  

| List Those Attached   | List Those Not Attached But Available from Submitter     |
|---|--|
| a. Letter of July 16, 1984, G. William Dudley, Jr. to Jack S. Mullins | Old and revised compensation plans for faculty personnel |

**000984**



# EXHIBIT

JUL 24 1984 NO. 22

STATE BUDGET & CONTROL BOARD

## STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

G. WILLIAM DUDLEY, JR.  
EXECUTIVE DIRECTOR

111 EXECUTIVE CENTER DRIVE  
COLUMBIA, SOUTH CAROLINA 29210

July 16, 1984

Dr. Jack S. Mullins  
State Director  
Division of State Personnel  
333 Edgar Brown Building  
1205 Pendleton Street  
Columbia, South Carolina 29201

Dear Jack:

Please find attached a revised Faculty Compensation Plan for the TEC Colleges. This plan was adopted by the State TEC Board at its meeting of June 27, 1984, for implementation in the fall quarter of 1984. Changes to the plan itself are minimal and are summarized as follows:

Section I., Sub-paragraph B.

Concurrence of the State Board for Technical and Comprehensive Education and the Budget and Control Board was deleted.

Section I., Sub-paragraph C.

Same as above..

Section II., Sub-paragraph B.

A 25% reduction in teaching load was provided for department heads and division chairmen.

Section II., Sub-paragraph B., Item 2.

The supplement for department heads was increased from \$50 to \$100 per month, and the supplement for division chairmen was increased from \$100 per month to \$200 per month.

000985

Dr. Jack S. Mullins  
July 16, 1984  
Page 2

# EXHIBIT

JUL 24 1984

NO. 22

## Section VI., Sub-paragraph B.

## STATE BUDGET & CONTROL BOARD

The wording was changed in such a manner as to require justification for a waiver of minimum qualifications or placement at more than 50% above the minimum of a salary range. Prior to this change, justification was permissive as opposed to required.

## Section VI., Sub-paragraph J.

This paragraph was added to read:

"In the designation of faculty personnel to positions with administrative responsibilities, care should be taken to insure that there be only one department head per program and one division chairman/dean of instructional division per cluster."

And lastly, under the Minimum Qualifications for faculty personnel, the requirement for teaching experience was deleted.

For several years now in at least three areas of our state teaching salaries in public schools have exceeded the salary ranges of our compensation plan. With the implementation of the Governor's educational plan, it is anticipated that this will become a problem on a statewide basis. It is our understanding that the school districts in Richland and Lexington Counties are granting increases ranging from 14% to 17% for academic year 1984-85. In consideration of this matter, the State Board is recommending the salary ranges for faculty personnel be increased by 12%. Further, that the TEC colleges be authorized to grant increases to faculty personnel from 0 to 15%. It is our feeling that these measures are mandatory if we are to recruit and retain qualified faculty for our instructional programs.

We are requesting that you take whatever steps are necessary to obtain Budget and Control Board approval of: (1) The Compensation Plan for Faculty Personnel; (2) Upgrading of the salary ranges by 12%; and (3) Granting faculty increases from 0 to 15%.

If additional information is necessary, please do not hesitate to call on us.

With kind personal regards,

Sincerely,



G. William Dudley, Jr.  
Executive Director

000986

GWDjr:bhc  
Enclosures



RECEIVED

JUL 26 1984

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

*McLinn*

STATE BOARD FOR TECHNICAL  
AND  
COMPREHENSIVE EDUCATION

G. WILLIAM DUDLEY, JR.  
EXECUTIVE DIRECTOR

111 EXECUTIVE CENTER DRIVE  
COLUMBIA, SOUTH CAROLINA 29210

July 24, 1984

The Honorable William T. Putnam  
Executive Director  
State Budget and Control Board  
Wade Hampton Office Building, Room 618  
Columbia, South Carolina 29201

Dear Bill:

In follow-up to our phone conversation of July 23, we respectfully request that our Faculty Compensation Plan for FY 1984-85 be withdrawn from the State Budget and Control Board agenda for its meeting of July 24. Further, we would appreciate an opportunity to appear before the Personnel Subcommittee of the Budget and Control Board to ask them to reconsider their position on our request to grant increases from 0 to 15% to faculty members.

Thank you for your assistance in this matter.

With kind personal regards,

Sincerely,

Wyman D. Shealy  
Associate Executive Director

WDS:bhc

CC: Jack S. Mullins  
G. William Dudley, Jr.  
Leroy Mosely

000987



# EXHIBIT

JUL 24 1984

NO. 23

STATE BUDGET AND CONTROL BOARD REGULAR SESSION  
MEETING OF JULY 24, 1984

ITEM NUMBER

13

AGENCY: Personnel Division

SUBJECT: Dental Benefits Program Administration Budget

The Personnel Division points out an immediate need to provide administrative support for the Statewide Dental Benefits Program mandated to be in place by February 15, 1985. The Division notes that support is required for marketing, enrolling, accounting, billing, training, data processing and other services to employees. The point out that this support is necessary to ensure that the over 130,000 State agency/school district employees and retirees covered currently under the health benefits program receive proper notification, instruction, and customer services with regard to the new dental benefits program.

The Division notes that it is expected that the administrative costs of the dental program will decrease in 1985-86 because of the large initial cost for marketing and enrollment.

The Division notes that a request is being made for eight new positions, fringe benefits, and temporary help involving \$138,174 for these items plus operating funds in the amount of \$140,865 are requested for a total of \$279,039 to be drawn from the health insurance reserve fund.

BOARD ACTION REQUESTED:

Consider approval of the attached 1984-85 budget for the administration of the dental benefits program with the funds to be drawn from the health insurance reserve fund.

ATTACHMENTS:

Agenda item worksheet plus attachments

000988

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for:

July 24, 1984

Blue Agenda

☒ Regular Session Agenda

Executive Session Agenda

1. Submitted By:

(a) Agency: State Personnel Division

(b) Authorized Official Signature:

*Jack S. Mullins*

2. Subject: Budget for administration of Dental Benefits Program

3. Summary Background Information:

With the Legislative mandate to provide a statewide Dental Benefits Program by February 15, 1985, there is an immediate need to provide administrative support at HRM. The support required is for the marketing, enrolling, accounting, billing, training, data processing and other services to employees. This support is necessary to ensure that the over 130,000 State agency/school district employees and retirees covered currently under the Health Benefits Program receive proper notification, instruction and customer services with regard to the new Dental Benefits Program. It is anticipated that the administrative costs of the dental program will decrease in the 85-86 fiscal year due to the large initial cost for marketing and enrollment.

The request being submitted at this time is for eight new positions, fringe benefits, and temporary help, for a total of \$138,174. Additionally, Operating Funds in the amount of \$140,865 are being requested.

4. What is Board asked to do?

Approve 84-85 budget as requested with monies to be drawn from the Health Insurance Reserve Fund.

5. What is recommendation of the Board Division involved?

Approval

EXHIBIT

JUL 24 1984

NO. 23

6. What is Treasurer's Office recommendation (if required)?

STATE BUDGET & CONTROL BOARD

(a) Authorized Official Signature:

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

Proposed dental budget (84-85) by detail

Proposed dental budget (84-85) by object  
code

Justification of new positions

000989

PROPOSED DENTAL BUDGET 84-85

By Detail  
July 24, 1984

PERSONAL SERVICES:

|                                   | Date Needed | Amount           |
|-----------------------------------|-------------|------------------|
| Classified Positions:             |             |                  |
| Dental Insurance Coordinator (35) | 8-16-84     | 19,309<br>(1.00) |
| Insurance Counselor III (30)      | 10-1-84     | 13,575<br>(1.00) |
| Administrative Specialist A (17)  | 9-16-84     | 8,611<br>(1.00)  |
| Clerical Specialist B (14)        | 9-16-84     | 7,655<br>(1.00)  |
| Accounting Tech. I (20)           | 8-16-84     | 10,722<br>(1.00) |
| Processor (20)                    | 9-16-84     | 9,688<br>(1.00)  |
| Programmer Analyst II (34)        | 8-16-84     | 18,567<br>(1.00) |
| Senior Accountant (33)            | 10-1-84     | 15,271<br>(1.00) |

EXHIBIT

103,398

Fringe Benefits

JUL 24 1984

NO. 23

19,776

Temporary

STATE BUDGET & CONTROL BOARD

15,000

Total Personal Services

\$138,174

OPERATING EXPENSES:

Contractual - Marketing

|  | Active | Retiree | Sub Total | Total  |
|--|--------|---------|-----------|--------|
| NOE's (actives only) 175,000   | 9,000  |         | 9,000     |        |
| (retirees only) 50,000   |        | 3,000   | 3,000     |        |
| 2 Newsletters  | 7,000  | 3,000   | 10,000    |        |
| Brochures (200,000) 8 1/2 X 11<br>(plus folding costs)                 | 6,900  | 3,300   | 10,200    |        |
| (Price for brochures & newsletters based on old requisition)           |        |         |           |        |
| Posters 11X17 (1,000)  | 500    | N/A     | 500       |        |
| Envelopes for retiree letter(25,000)                                   |        | 75      | 75        |        |
| Other Printing   | 3,000  |         | 3,000     |        |
| Teleconference/film expense  | 8,500  |         | 8,500     |        |
| Advertisement in newspaper for bid                                     | 750    |         | 750       |        |
| Telephone (installation, monthly<br>charge, new console for expansion) |        |         | 3,500     |        |
| Bulk mail preparations-Marketing                                       |        | 3,500   | 3,500     |        |
| Newsletters/Letters/Booklets (based on last mailout)                   |        |         |           |        |
| Sub Total  |        |         |           | 52,025 |

Supplies

|  |        |       |        |        |
|--|--------|-------|--------|--------|
| Office (paper, staplers, file folders<br>desk furnishings, large envelopes,<br>etc.) |        |       | 5,000  |        |
| Postage (newsletter mailings,<br>supplies, and miscellaneous<br>correspondence)      | 10,950 | 6,400 | 17,350 |        |
| Books - direct   |        | 2,500 | 2,500  |        |
| Sub Total  |        |       |        | 24,850 |

000990

# EXHIBIT

JUL 24 1984

NO. 23

Fixed Charges  
Office space  
Travel

STATE BUDGET & CONTROL BOARD

9,000 9,000  
15,000

| <u>OPERATING EXPENSES:</u>               | <u>Active</u> | <u>Retiree</u> | <u>Sub Total</u> | <u>Total</u>     |
|--|---------------|----------------|------------------|------------------|
| <u>Equipment</u>                         |               |                |                  |                  |
| 8 Tab Units w/supplies for Insurance     |               |                | 9,900            |                  |
| 3 for Accounting = 11                    |               |                |                  |                  |
| Typewriter                               |               |                | 1,400            |                  |
| Office furnishings for 8                 |               |                |                  |                  |
| (desk, chairs, calculators, tables, etc. |               |                | 9,400            |                  |
| CRTS, printer, installation, maintenance |               |                | 19,290           |                  |
| Sub Total                                |               |                |                  | <u>39,990</u>    |
| Total Operating Expenses                 |               |                |                  | <u>\$140,865</u> |
| TOTAL DENTAL                             |               |                |                  | <u>\$279,039</u> |

## Narrative Explanation:

Approved legislation mandates the implementation of a dental program for active and retired agency and school district employees statewide with a projected effective date of no later than February 15, 1985. Implementation start-up costs and the cost of the first year's operation (84-85) are shown above. Costs projected for 85-86 will be considerably less than the amounts shown for 84-85.

000991



# EXHIBIT

PROPOSED DENTAL BUDGET 84-85  
July 24, 1984

JUL 24 1984 NO. 2 3

STATE BUDGET & CONTROL BOARD

## PERSONAL SERVICES:

| <u>OBJECT CODE</u>      | <u>DESCRIPTION</u>     | <u>AMOUNT</u> |
|-------------------------|------------------------|---------------|
| 0158                    | Classified Positions   | 103,398       |
| 0171                    | Temporary Positions    | 15,000        |
| 1300                    | Employer Contributions | 19,776        |
| Total Personal Services |                        | \$138,174     |

## OPERATING EXPENSES:

| <u>OBJECT CODE</u>       | <u>DESCRIPTION</u>        | <u>AMOUNT</u> |
|--------------------------|---------------------------|---------------|
| 0209                     | Printing, Advertising     | 12,750        |
| 0229                     | Printing-State            | 23,200        |
| 0299                     | Other Contractual         | 8,500         |
| 0301                     | Office Supplies           | 8,075         |
| 0315                     | Postage                   | 20,850        |
| 0415                     | Rental-State Owned        | 9,000         |
| 0601                     | Office Equipment          | 20,700        |
| 0604                     | Data Processing Equipment | 19,290        |
| 0500                     | Travel                    | 15,000        |
| 0216                     | Telephone                 | 3,500         |
| Total Operating Expenses |                           | \$140,865     |

|              |           |
|--------------|-----------|
| TOTAL DENTAL | \$279,039 |
|--------------|-----------|

## SUMMARY

| <u>OBJECT CODE</u> | <u>DESCRIPTION</u>           | <u>AMOUNT</u> |
|--------------------|------------------------------|---------------|
| 0100               | Total Personal Services      | 118,398       |
| 0200               | Total Contract               | 47,950        |
| 0300               | Total Supplies               | 28,925        |
| 0400               | Total Fixed Charges          | 9,000         |
| 0500               | Total Travel                 | 15,000        |
| 0600               | Total Equipment              | 39,990        |
| 1300               | Total Employer Contributions | 19,776        |

|              |           |
|--------------|-----------|
| TOTAL DENTAL | \$279,039 |
|--------------|-----------|

000992

# EXHIBIT

JUL 24 1984 NO. 23

STATE BUDGET & CONTROL BOARD

DENTAL BENEFITS PROGRAM

July 24, 1984

000993

-1-

Insurance Unit Justification

Projected needs for the implementation of Dental Benefits for all active State Agency, School District, and Retired employees along with their dependents is primarily based on the Insurance Unit's experience in administering the group health program which has similar magnitude. All transactions concerning the enrollment, additions, deletions, changes of status, etc., involving covered employees and retirees are carried out by means of a "Notice of Election" form. Consequently, the exposure element of this endeavor is approximately 113,000 active employees and 25,000 retirees.

EXHIBIT

JUL 24 1984      NO. 23

PROCESSOR (Grade 20):

STATE BUDGET & CONTROL BOARD

In consideration of this fact the processing area of the Insurance Unit handled the transaction of 56,640 NOE's in 1983 or an average of 4,720 on a monthly recurring basis. This was for health insurance alone. An insurance processor counsels daily with agency/school district personnel and accounting staff (group leaders) in response to questions on coverage, enrollment, and billing for health insurance. They also respond to questions from employees and their family. There is daily contact with data processing, accounting, and carrier (Blue Cross Blue Shield) staff members. A processor screens all Notice of Elections (health, optional life, Piedmont Healthcare, survivors, retirees) individually for eligibility and completeness; application of contract specifications and State rules and regulations. If the NOE is acceptable and processed, an average of 1580 NOE's per month can be maintained by one processor. If not approved it must be recorded and a return message attached before returning to the group leader for correction. Entries are verified on the group bill and carrier CRT. If any problems are encountered, corrections are calculated and followed up until corrected. Processors also assist in organizing and filing of work processed.

000994

When Dental is added with the same number of employees and retirees as the health program, the volume of transactions should increase no less than 35% after the initial impact of open enrollment on a monthly recurring basis. This necessitates the addition of at least one processor in order to provide adequate services.

## EXHIBIT

JUL 24 1984 NO. 23

INSURANCE COUNSELOR III (Grade 30):

STATE BUDGET & CONTROL BOARD

Naturally workload will also increase in the insurance assistance area where currently each Insurance Counselor receives an average of over 200 phone inquiries per month and interviews over 20 visitors. Currently, Insurance Counselors are over extended by handling cases at this rate per month in addition to their other duties. These duties include: reviewing and investigating life, health and long term disability claims; advising agencies and institutions as to the proper method of filing claims; explaining and presenting benefits programs for agencies and institutions; enrolling legislators and surviving spouses of deceased State employees as well as retirees in the State Insurance Program; determining premiums to be collected from retirees and survivors while processing payments and Notices of Election for retirees and survivors; and maintaining files on all retirees as well as LTD claimants, continued protection, survivors, life claims, etc. Presently, the Insurance Counselors are functionally dedicated according to certain areas: Retirees - one Counselor for agencies and one for school districts; an Insurance Counselor services long term disability claimants exclusively and another handles all health claim inquiries in addition to some supervisory responsibilities. With the addition of Dental, the Retiree Assistants will have to manually code and process all changes involving Dental over and above the health insurance requirements.

000995



Additionally, claims assistance will logically increase dramatically with Dental, thus the definite need for at least one additional Insurance Counselor is essential in order to adequately service employee needs.

## EXHIBIT

ADMINISTRATIVE SPECIALIST A (Grade 17):

JUL 24 1984 NO. 23

CLERICAL SPECIALIST B (Grade 14):

STATE BUDGET & CONTROL BOARD

Also, on a monthly basis in 1983, the receptionist, clerical and secretarial areas handled an average of 4,066 phone calls, 185 visitors, typed 1,752 pages, received 2,884 pieces of mail while sending out 4,029 items in addition to 3,042 I.D. cards monthly; placed an average of over 50 supply orders per month and filed 14,550 items. Because of this ever increasing workload, additional temporary help was brought in and 3,234 supplementary man hours were utilized in order to keep up with the increasing demands. When Dental is added, virtually doubling the current employee exposure, no less than one additional full-time file clerk and one additional secretary will be required. The 3,234 supplementary hours used in 1983 already justify the need for more permanent staff and Dental obviously reinforces this need.

DENTAL INSURANCE COORDINATOR (Grade 35):

Current supervisory personnel can probably handle additional responsibilities through delegation, provided a Dental Coordinator is appointed to be held accountable for overseeing and pulling these many functions together. A Coordinator, along with an Insurance Counselor for claim and enrollment support are essential positions for the success of the Dental Benefits Program. The Dental Coordinator would supervise and coordinate the activities of enrollment, marketing, and claim payment in the Group Dental Benefits program. Encompassed by this span of supervision would be the investigation of claim problems; ensuring that contract stipulations are properly adjudicated by the

000996

Dental Administrator; informs and trains all group leaders in enrollment procedures; monitors implementation of the program, serves as the Division advisor concerning any matters relating to the Dental Program; and maintains all files and monitors data entry of all Dental Claims.

In the beginning, initial open enrollment will be augmented by temporary personnel similar to the handling of Optional Life open enrollment in 1982. Optional Life was similarly implemented very successfully through the appointment of a full-time Coordinator and an administrative assistant. Open enrollment for Optional Life was implemented through the use of current staff, the addition of a permanent coordinator and assistant, the carrier (Metropolitan Life), many additional people throughout the State Personnel Division, and numerous part-time temporaries. This successful experience also contributed to the recommendations provided, as an important resource. Part-time, inexperienced personnel cannot be expected to be effective during mass open enrollment in other than the lower, repetitive, mechanical levels. This is especially true when questions concerning the complexities of dental services and claims are compared to the simplicities associated with life insurance. After the program is established and all employees and their eligible dependents are enrolled, the additional staff requested should be able to adequately manage the program, as in the case of Optional Life, provided estimates run true to form.

The Insurance Unit also relies on support from Insurance Accounting and State Personnel Division Data Processing. These entities will also require additional staffing in order to meet the newly acquired requirements of Dental such as programming and billing development, auditing, etc.

EXHIBIT

JUL 24 1984 NO. 23

000997

STATE BUDGET & CONTROL BOARD

Insurance Accounting Justification

SENIOR ACCOUNTANT (Grade 33):

ACCOUNTING TECH. I (Grade 20):

Within the first year of operations the accounting unit is expecting to collect and payout in excess of seven million dollars in premiums. In order to provide adequate and efficient financial controls, records, and collections we require the addition of two new positions. They are an Accounting Technician I and a Senior Accountant.

While automation of the billing cycle will assist substantially in the area of accounts receivable, at least 75% of the financial record keeping, summarizing, and reporting will have to be performed manually. This process is expected to increase the current work volume by at least 35%. Additionally, due to an increase in the dollar amount to be deducted from the retirement division for retiree-dependent coverage we anticipate an increase in the total number of direct pay subscribers. Currently, there are 827 individuals in this category. With the expected increase in deductions we will also be plagued with the need to collect more returned checks. Furthermore, the volume of physical documents handled, accounted, and filed is expected to increase by at least 45% of the current volume of work being performed on the health insurance, and optional life plans. This will also increase the number of groups whose reconciliations of payroll deductions are manually performed. We currently reconcile approximately 100 groups which includes approximately 45,362 employees.

EXHIBIT

JUL 24 1984

NO. 23

STATE BUDGET & CONTROL BOARD

000998

Therefore, we anticipate the actual manual labor required to implement the dental plan to be comparable to the health insurance plan which now requires six (6) employees. While rearranging responsibilities and duties within the unit will absorb some of this volume, the present staff should be increased by no less than the two positions requested in order to handle the workload outlined.

JUSTIFICATION FOR DATA PROCESSING POSITION FOR DENTAL PROGRAM

PROGRAMMER ANALYST II (Grade 34):

The current responsibilities of the Data Processing Unit of the State Personnel Division are such that any new programs undertaken by our primary users which will require major technical assistance and/or development will cause a shortage of manpower to exist for one or more areas of importance. This situation is the cause of the request for an additional position to handle the design, development, and delivery of a system to perform the processing necessary for the administering of a Statewide Dental Insurance Program.

It is our opinion that the position most suited to develop this system is that which is currently classified as a Programmer Analyst II. This position requires that an individual have more than the minimum allowable experience required for an analyst-type position. This will allow the flexibility to be more selective of applicants with specific job skills that are felt necessary to the handling of this project.

EXHIBIT

JUL 24 1984 NO. 23

STATE BUDGET & CONTROL BOARD

000999



# EXHIBIT

JUL 24 1984

NO. 24

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF JULY 24, 1984 STATE BUDGET & CONTROL BOARD NUMBER

14

AGENCY: Personnel Division

SUBJECT: Renaming of Personnel Division

At the July 10 meeting, the Board approved changing the name of the State Personnel Division to Division of Human Resource Management but asked that a formal resolution be prepared to accomplish that change.

BOARD ACTION REQUESTED:

Adopt a resolution that the Budget and Control Board's Personnel Division be and is herewith renamed the Division of Human Resource Management, effective immediately.

ATTACHMENTS:

Agenda item worksheet

001000

# EXHIBIT

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/83)

For meeting scheduled for: JUL 24 1984 NO. 24 Blue Agenda  
July 24, 1984 STATE BUDGET & CONTROL BOARD X Regular Session Agenda  
Executive Session Agenda

1. Submitted By:

(a) Agency: State Personnel Division

(b) Authorized Official Signature: Jack J. Mullins

2. Subject: Renaming of State Personnel Division

3. Summary Background Information:

At its July 10 meeting, the Board approved the renaming of the State Personnel Division as the Division of Human Resource Management but asked that a formal resolution be prepared:

"RESOLVED that the Budget and Control Board's Personnel Division be, and is herewith, renamed the Division of Human Resource Management, effective immediately, and that all references to the Personnel Division, wherever appearing in statutory law, contracts, regulations, or elsewhere, shall henceforth be read to refer to the Division of Human Resource Management."

4. What is Board asked to do?

Adopt the resolution.

5. What is recommendation of the Board Division involved?

Approval

6. What is Treasurer's Office recommendation (if required)?

(a) Authorized Official Signature: \_\_\_\_\_

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

001001